RED HILL IRON Limited

ABN: 44 114 553 392

Level 2, 9 Havelock Street, West Perth WA 6005
PO Box 1160, West Perth WA 6872
Telephone: (61 8) 9481 8627
Facsimile: (61 8) 9481 8445

E-mail: redhillinfo@redhilliron.com.au
Website: www.redhilliron.com.au

26 June 2015

Company Announcements Office
ASX Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Mineral Resource Estimate for Red Hill Iron Ore Joint Venture increases to 813 million tonnes

API Management Pty Ltd (API), as Manager of the Red Hill Iron Ore Joint Venture (RHIOJV), has forwarded to Red Hill Iron Limited (RHI) an updated Mineral Resource Estimate (MRE) dated 23 June 2015.

The MRE evidences a substantial increase in joint venture resources.

On 7 May 2015, RHI released an updated MRE of **590 million tonnes grading 56.9% iron at a 53% iron cut-off grade** for the RHIOJV that resulted from the settlement of the joint venture dispute relating to the Kens Bore East area.

This new update of the MRE encompasses all Channel Iron Deposits (CID) within the RHIOJV and includes a maiden resource estimate for the Red Hill Creek West CID together with updates to eight CIDs located within the RRHIOJV. The RHIOJV MRE now stands at **813 million tonnes grading 56.5% iron at a 52% iron cut-off grade representing an increase of 223 million tonnes or 38%**.

RHI continues to own a 40% interest in the RHIOJV, which will be maintained on a carry basis by API at no direct cost to RHI until the commencement of commercial production.

Upon commencement of commercial production, RHI may either elect to participate in the continuing RHIOJV operations at the 19% level or elect to convert its joint venture interest to a 2% FOB Royalty on iron ore produced and sold from within the RHIOJV area. In the event of RHI electing to convert to the royalty, all funds advanced on RHI's behalf during the carry phase will be written off and the company's interest in the RHIOJV (which will be restricted to the FOB Royalty), will be debt free.

The full detailed MRE which has been compiled by API and Golder Associates Pty Ltd is attached.

Neil Tomkinson
Chairman

Report from API Management Pty Ltd to the participants in the Red Hill Iron Ore Joint Venture

Re: Updated Mineral Resource Estimates for RHIOJV

API Management Pty Ltd and Golder Associates Pty Ltd (Golder) have updated Mineral Resource estimates for all API Channel Iron Deposits (CID) within the Red Hill Iron Ore Joint Venture (RHIOJV).

The updated Mineral Resource Statement includes the maiden resource estimate for the Red Hill Creek West CID and updates to eight CIDs located within the Red Hill Iron Ore Joint Venture.

The update of Mineral Resource estimates for the Cochrane, Jewel, Kens Bore, Cardo Bore North, Cardo Bore East, Upper Cane, Trinity Bore and Catho Well North deposits, are based on infill and extensional drilling, revised stratigraphic interpretations and improved density information.

Mineral Resource estimates for the Kens Bore and Kens Bore East deposits are reported separately based on changes in ownership and attaching royalty obligations (Kens Bore East lies within the Elvire Project (Debeers Royalty)).

The Mineral Resource estimates are presented in the attached report received from Golder dated 23 June 2015. A Competent Person Statement is contained within the report covering work completed by Golder. In the instance the Mineral Resource Statement is to be issued for public release the following Competent Person Statement should be attached when referring to the resources detailed in this report. Prior to public release of the Mineral Resource Statement consent must be obtained from the Competent Persons. Consents will be provided following review by the Competent Persons of the proposed release document.

Competent Person Statement

The Competent Person responsible for the geological interpretation and the drill hole data used for the resource estimation is Mr Stuart Tuckey who is a full-time employee of API Management Pty Ltd, and Member of the Australasian Institute of Mining and Metallurgy. Stuart Tuckey has sufficient relevant experience to the style of mineralisation and type of deposit under consideration and to the activity for which he is undertaking to qualify as a Competent Person as defined in the JORC Code (2012 Edition).

The information in this statement which relates to Mineral Resources is based on information compiled by Mr Richard Gaze who is a full-time employee of Golder Associates Pty Ltd, and Member and Chartered Professional of the Australasian Institute of Mining and Metallurgy. Richard Gaze has sufficient relevant experience to the style of mineralisation and type of deposit under consideration and to the activity for which he is undertaking to qualify as a Competent Person as defined in the JORC Code (2012 Edition).

Mineral Resource Estimates

API has reviewed the Mineral Resource estimates for each deposit and is satisfied the estimates have been completed to industry standard.

All Mineral Resource estimates are reported at a 52% Fe cut-off. Mineral resources are summarised by deposit in Table 1.

The West Pilbara Iron Ore Project – Stage 1 RHIOJV Mineral Resource Statement is presented in Attachment A.

Table 1. Summary of Mineral Resource estimates for all Channel Iron Deposits within the West Pilbara Iron Ore Project - Stage 1 RHIOJV development area (52% Fe cut-off).

Deposit	Joint Venture	Tonnage Mt	Fe %	SiO_2 %	Al_2O_3 %	Mn %	LOI %	MgO %	P %	S %
Upper Cane	RHIOJV	87	57.9	5.80	3.23	0.03	7.59	0.05	0.084	0.020
Cochrane	RHIOJV	56	56.3	6.23	4.29	0.02	8.26	0.12	0.075	0.020
Jewel	RHIOJV	37	56.0	6.35	4.00	0.02	9.04	0.06	0.060	0.020
Kens Bore	RHIOJV/API Elvire	383	56.8	5.88	3.81	0.03	8.52	0.10	0.075	0.014
Cardo Bore East	RHIOJV	59	57.5	5.56	4.03	0.05	7.35	0.12	0.070	0.018
Cardo Bore North	RHIOJV	11	55.5	6.55	4.52	0.02	8.87	0.05	0.069	0.024
Red Hill Creek West	RHIOJV/API Elvire	28	57.0	5.54	3.32	0.02	7.74	0.07	0.117	0.009
Trinity Bore	RHIOJV	138	54.6	7.38	4.10	0.03	9.79	0.11	0.058	0.022
Catho Well North	RHIOJV	14	54.5	7.56	3.03	0.13	10.43	0.24	0.038	0.015
TOTAL	**TOTAL**	**813**	**56.5**	**6.18**	**3.83**	**0.03**	**8.56**	**0.10**	**0.073**	**0.017**

Refer to Figure 1 for deposit locations.

The updated CID Mineral Resource estimates for the RHIOJV component of the West Pilbara Iron Ore Project – Stage 1 total 813 Mt at 56.5% Fe. 87% of the material (707 Mt) is classified as Measured or Indicated.

The 2015 Mineral Resource estimate (at a 52% Fe cut-off) represents an increase of 223 Mt over the previous total CID resource (590 Mt (at a 53% Fe cut-off). The majority of the increase is attributable to the extension drilling completed at Kens Bore and addition of the Red Hill Creek West deposit to the resource inventory.

Estimation Process

The following flow sheet summarises key activities by API and Golder, all forming part of the resource estimation process.

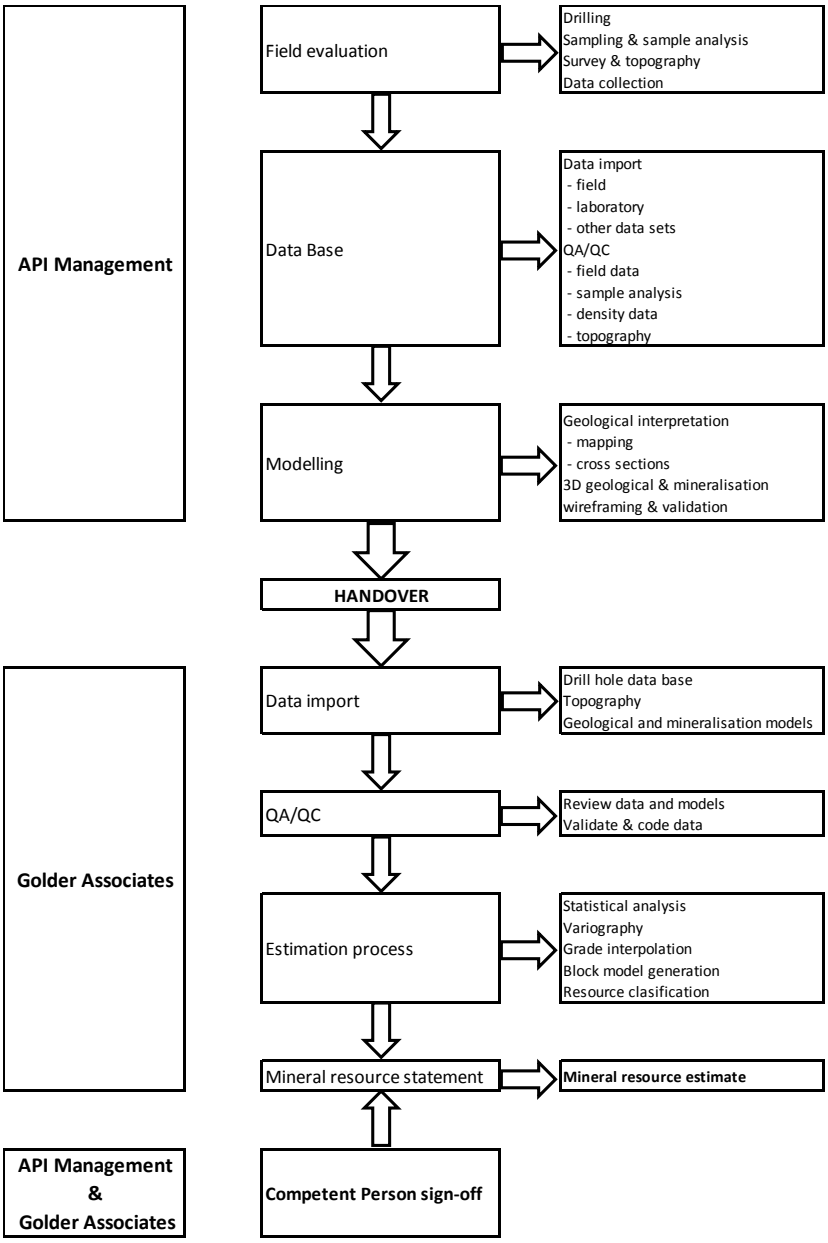
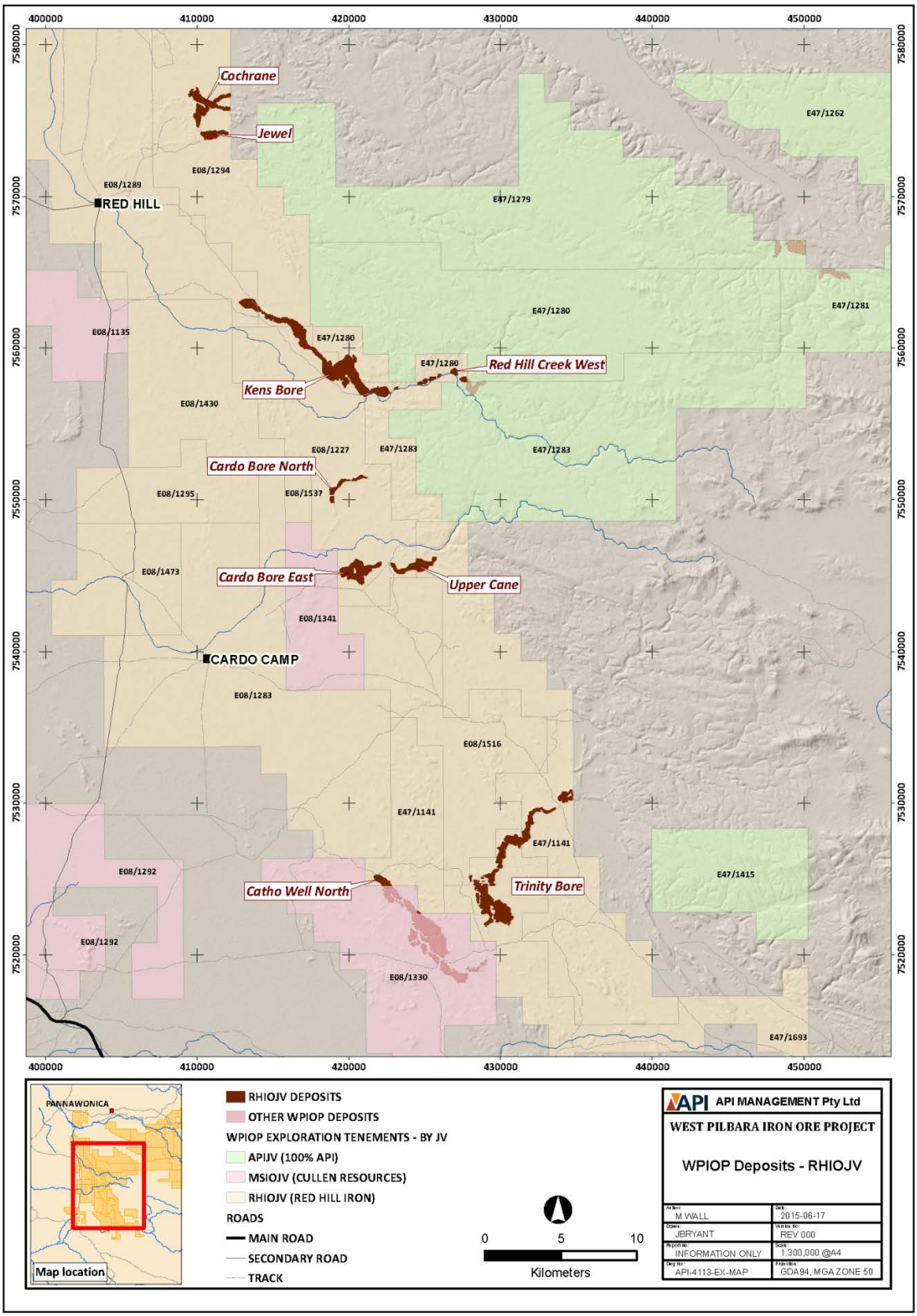


Figure 1. West Pilbara Iron Ore Project – Stage 1 – CID deposit location plan (RHIOJV).


Cochrane
Jewel
RED HILL
Kens Bore
Red Hill Creek West
Cardo Bore North
Cardo Bore East
Upper Cane
CARDO CAMP
Catho Well North
Trinity Bore
E08/1289
E08/1294
E08/1135
E08/1430
E08/1227
E08/1537
E08/1295
E08/1473
E08/1341
E08/1283
E08/1516
E08/1292
E08/1330
E47/1262
E47/1279
E47/1280
E47/1281
E47/1283
E47/1141
E47/1415
E47/1693
400000
410000
420000
430000
440000
450000
7580000
7570000
7560000
7550000
7540000
7530000
7520000
PANNAWONICA
Map location
RHIOJV DEPOSITS
OTHER WPIOP DEPOSITS
WPIOP EXPLORATION TENEMENTS - BY JV
APIJV (100% API)
MSIOJV (CULLEN RESOURCES)
RHIOJV (RED HILL IRON)
ROADS
MAIN ROAD
SECONDARY ROAD
TRACK
0
5
10
Kilometers
API MANAGEMENT Pty Ltd
WEST PILBARA IRON ORE PROJECT
WPIOP Deposits - RHIOJV
Author: M WALL
Date: 2015-06-17
Drawn: JBRYANT
Version No: REV 000
Report No: INFORMATION ONLY
Scale: 1:300,000 @A4
Dwg No: API-4113-EX-MAP
Projection: GDA94, MGA ZONE 50

Geological Interpretation

Three dimensional geological interpretations have been completed for all deposits. Revised geological interpretations are based on increased drill density and extension drilling at the Kens Bore deposit and improved mineralisation surface mapping.

The key mineralised stratigraphic units identified and modelled for the CID include:

- Canga (Dhc)
- Hardcap CID (Zpw)
- Hard Zone CID (Zph)
- Geothitic Zone CID (Zpg)
- Clay Zone (Zpc)
- Mixed Zone CID (Zpm)
- Lithic Zone CID (Zpl)
- Basal Clay Zone (Zpb)
- Basal Conglomerate or Gravel (JK / Zpk)
- Basement (Bsm)

Solid 3D geological models for each of the stratigraphic units listed above were created based on drill hole and mapping data. The geological model was used to constrain the mineralisation and assign material density. Figure 4 shows an example of the construction of the Upper Cane geological model. Not all stratigraphic units are present at each deposit.

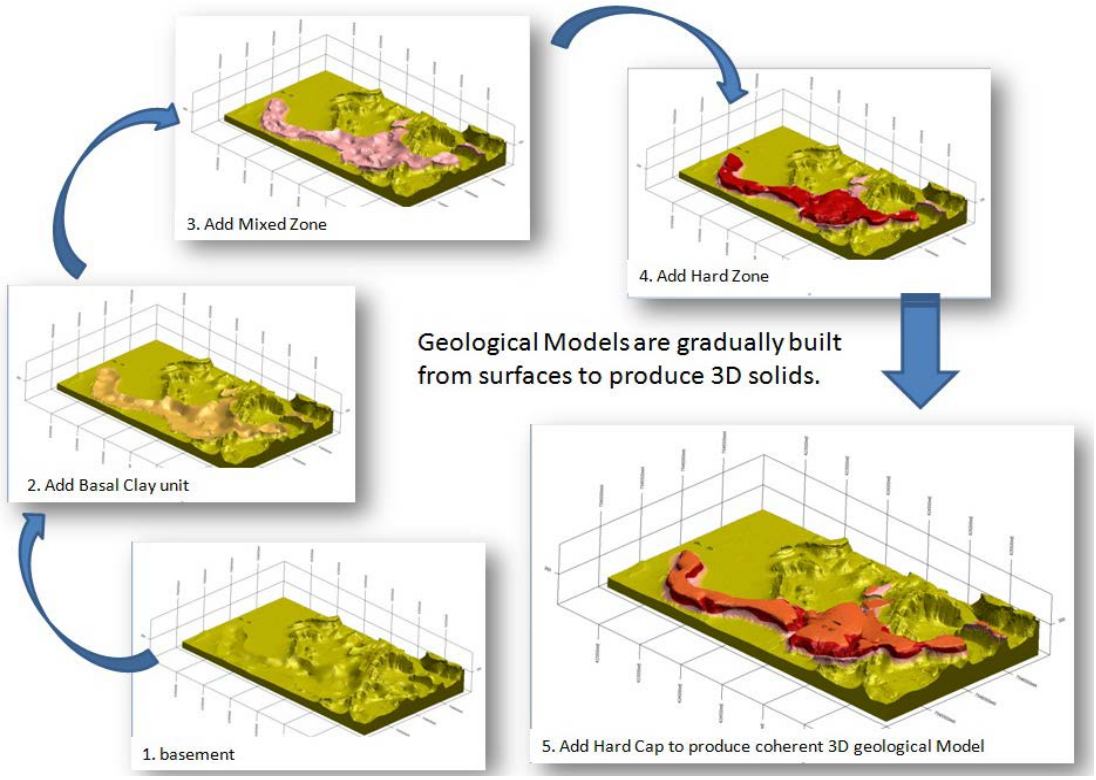


Figure 3 – The Geological Modelling Process

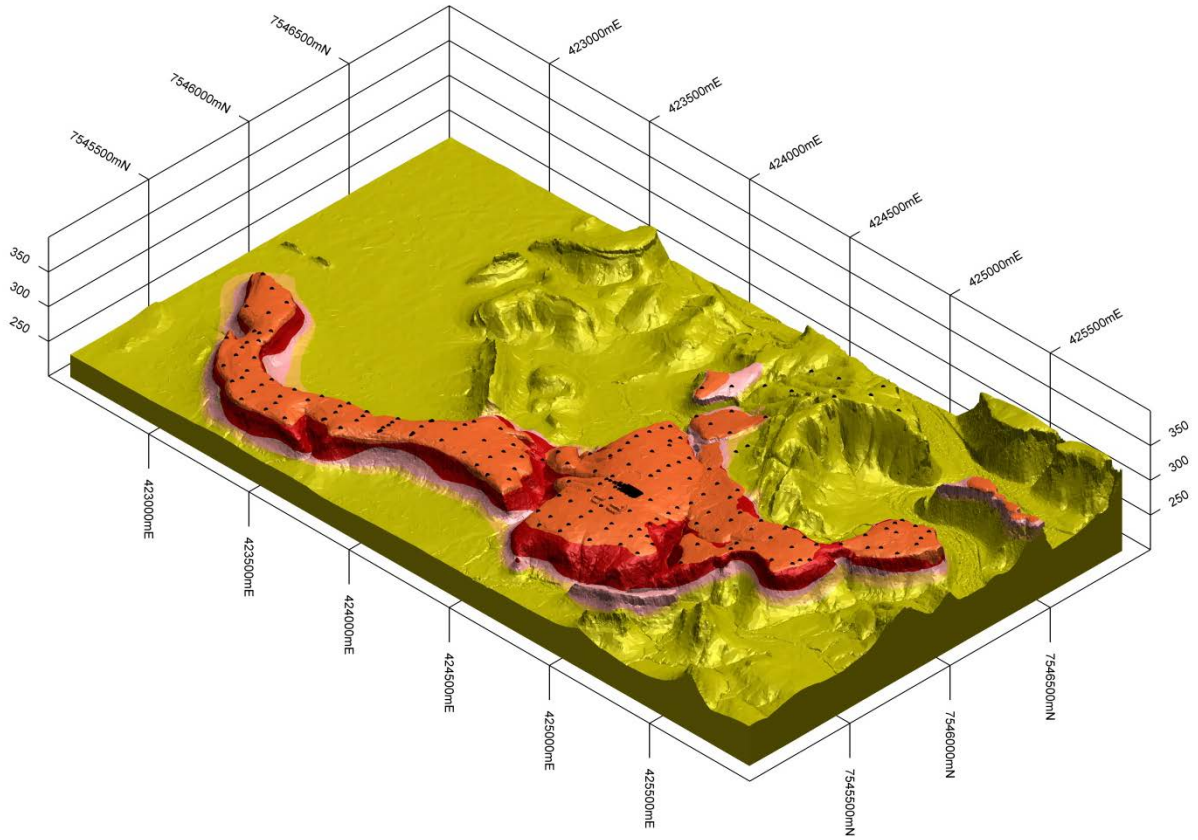


Figure 4 – Geological / stratigraphic model – Upper Cane.

Mineralisation Interpretation

Mineralised outlines were created using a combination of lithological and grade data. Hard boundaries were defined based on the following guidelines:

- 52% Fe applied as a lower cut-off;
- A minimum intercept width of 2m across two sections;
- A maximum consecutive waste intercept of 2m across two sections.

It should be noted that the criteria set out above acted as a guideline only, cut-offs were relaxed in situations where geological continuity would be maintained. Mineralisation was domained by stratigraphic unit.

Internal dilution has been kept to a minimum provided continuity of the mineralised envelopes could be maintained. Zones of lower grade ranging 50-52% Fe were incorporated into the mineralised envelopes if geological continuity could not be maintained.

Mineralised envelopes were constrained by topography and the CID stratigraphy – geological model (Figure 5).

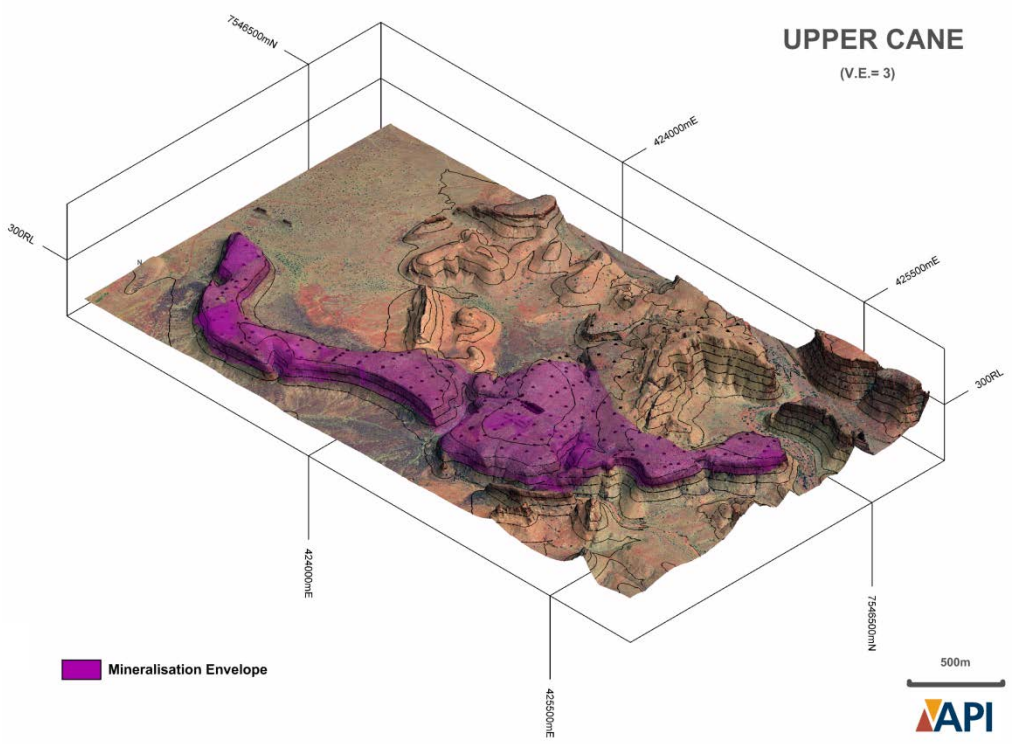


Figure 5 – Modelled Mineralisation Envelope at Upper Cane

Golder undertook statistical and geostatistical analysis on drilling data that was constrained to the modelled mineralisation envelope and mineralised stratigraphic units.

For statistical data analysis, drilling data was composited to 2 m downhole lengths. Analysis was based on eight assay variables: Fe, SiO_2, Al_2O_3, P, S, Mn, MgO and LOI (LOI 1000^oC).

Directional grade variography was completed for all domains in all the deposits, to provide parameters for the Ordinary Kriging method used for resource estimation.

Block Model

Block model were constructed using a parent block size of 25m x 25m x 2m and a sub-block cell size of 5m x 5m x 2m. The mineralised envelope was used to constrain the block model.

Density

API has assigned dry densities to the mineralised stratigraphic units based on 1,335 density determinations completed on diamond drill core and winze stockpile samples collected between May 2008 and May 2015.

The accuracy and representativeness of dry densities determined by API were checked with 225 waxed sample pair densities determined Ammtec (Laboratory) and ALS Laboratories. 17% of all densities were validated in this manner. Based on the validation, a correction factor of -3.5% was applied to API's field densities for the RHIOJV deposits. Correction factors account for voids/porosity and any retained moisture at time of field measurement.

Densities have been assigned to mineralised stratigraphic units based on a global average of the density data set.

Classification

The Mineral Resource estimates were classified by Golder in accordance with the JORC Code (2012 Edition).

The classification approach was both quantitative and qualitative. Quantitatively, the classification is based on estimation performance. Qualitatively, the approach used adjustments based on geological confidence taking into consideration the drill hole spacing, confidence in the geological interpretation / continuity and representativeness of the available assay data.

Measured, Indicated and Inferred categories have been defined.

Cut-Off Grades

The Mineral Resource estimates are reported using a 52% Fe block cut-off grade.

Reporting

The Mineral Resource estimates have been compiled in accordance with the guidelines defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC, 2012 Edition).

Resource Estimates

West Pilbara Iron Ore Project – Stage 1 (RHIOJV)

Mineral Resource estimates for the CIDs within the RHIOJV total 813 Mt at 56.5% Fe.

Table 2. WPIOP - Stage 1 (RHIOJV) Mineral Resource estimate (52% Fe cut-off).

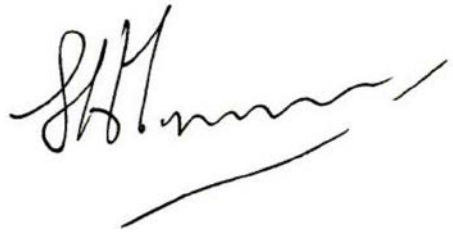
	Classification (JORC, 2012)	Mt	Fe %	SiO_2 %	Al_2O_3 %	Mn %	LOI %	MgO %	P %	S %
WPIOP - Stage 1 RHIOJV	Measured	247	57.2	5.67	3.69	0.02	8.13	0.08	0.079	0.015
	Indicated	460	56.3	6.30	3.84	0.03	8.62	0.10	0.071	0.017
	Inferred	107	55.2	6.80	4.17	0.03	9.31	0.10	0.066	0.019
	TOTAL	**813**	**56.5**	**6.18**	**3.84**	**0.03**	**8.56**	**0.10**	**0.073**	**0.017**

The total Mineral Resource estimate of 813 Mt at 56.5% Fe represents an increase of 223 Mt from the previously released (ASX 7 May 2015) (2010 (Cardo Deposits at 53% Fe cut-off) Mineral Resource for the RHIOJV.

The increase is attributed to;

- reduction in reporting cut-off grade from 53% Fe to 52% Fe (53 Mt);
- discovery and reporting of the maiden resource estimate for the Red Hill Creek West deposit (28 Mt);
- drill-out of the eastern extension to the Kens Bore deposit (107 Mt); and
- revision of the Jewel and Cochrane geological and mineralisation models as a result of additional drilling (23 Mt).

Yours sincerely,



Stuart Tuckey
Manager Exploration
API Management Pty Limited

Attachment A –West Pilbara Iron Ore Project – Stage 1 Mineral Resource Estimates (RHIOJV)

Attachment B – Golder Associates Mineral Resource Statement for Channel Iron Deposits; Cardo Bore East, Cardo Bore North, Cochrane, Jewel, Trinity Bore, Upper Cane, Kens Bore, Catho Well North, Red Hill Creek West

Attachment A – West Pilbara Iron Ore Project – Stage 1 Mineral Resource Estimates (RHIOJV)

Deposit	Classification (JORC, 2012)	Mt	Fe %	SiO_2 %	Al_2O_3 %	Mn %	LOI %	MgO %	P %	S %
Upper Cane RHIOJV	Measured	58	58.6	5.15	3.04	0.02	7.47	0.05	0.077	0.021
	Indicated	26	56.8	6.79	3.55	0.04	7.76	0.07	0.094	0.018
	Inferred	4	54.4	8.84	4.06	0.07	8.32	0.09	0.115	0.013
	TOTAL	87	57.9	5.80	3.23	0.03	7.59	0.05	0.084	0.020
Cochrane RHIOJV	Measured	0	0.0	0.00	0.00	0.00	0.00	0.00	0.000	0.000
	Indicated	52	56.3	6.22	4.30	0.02	8.23	0.12	0.077	0.020
	Inferred	4	56.0	6.44	4.09	0.02	8.65	0.13	0.051	0.017
	TOTAL	56	56.3	6.23	4.29	0.02	8.26	0.12	0.075	0.020
Jewel RHIOJV	Measured	0	0.0	0.00	0.00	0.00	0.00	0.00	0.000	0.000
	Indicated	26	55.9	6.41	4.03	0.02	9.11	0.06	0.060	0.020
	Inferred	11	56.3	6.20	3.92	0.02	8.86	0.06	0.070	0.020
	TOTAL	37	56.0	6.35	4.00	0.02	9.04	0.06	0.060	0.020
Kens Bore RHIOJV	Measured	83	56.1	6.30	3.88	0.03	8.95	0.12	0.085	0.013
	Indicated	81	56.6	5.81	3.77	0.02	8.85	0.10	0.074	0.015
	Inferred	34	55.3	6.66	4.15	0.03	9.54	0.12	0.063	0.013
	TOTAL	198	56.1	6.16	3.88	0.03	9.01	0.11	0.077	0.014
Kens Bore East RHIOJV / API Elvire	Measured	95	57.4	5.54	3.97	0.02	7.89	0.07	0.071	0.015
	Indicated	89	57.5	5.61	3.50	0.02	8.07	0.09	0.073	0.012
	Inferred	1	55.1	7.51	4.13	0.02	8.99	0.13	0.104	0.008
	TOTAL	185	57.4	5.59	3.74	0.02	7.99	0.08	0.072	0.013
Cardo Bore East RHIOJV	Measured	0	0.0	0.00	0.00	0.00	0.00	0.00	0.000	0.000
	Indicated	45	57.9	5.34	3.99	0.06	7.04	0.12	0.072	0.016
	Inferred	14	56.3	6.27	4.13	0.03	8.31	0.10	0.064	0.024
	TOTAL	59	57.5	5.56	4.03	0.05	7.35	0.12	0.070	0.018
Cardo Bore North RHIOJV	Measured	0	0.0	0.00	0.00	0.00	0.00	0.00	0.000	0.000
	Indicated	6	56.2	6.42	4.27	0.03	8.34	0.05	0.070	0.022
	Inferred	5	54.7	6.72	4.82	0.02	9.55	0.05	0.068	0.026
	TOTAL	11	55.5	6.55	4.52	0.02	8.87	0.05	0.069	0.024
Red Hill Creek West RHIOJV / API Elvire	Measured	11	57.8	4.83	3.18	0.03	7.44	0.07	0.110	0.008
	Indicated	14	56.5	5.87	3.48	0.02	8.00	0.07	0.120	0.011
	Inferred	4	56.5	6.45	3.11	0.02	7.66	0.07	0.124	0.008
	TOTAL	28	57.0	5.54	3.32	0.02	7.74	0.07	0.117	0.009
Trinity Bore RHIOJV	Measured	0	0.0	0.00	0.00	0.00	0.00	0.00	0.000	0.000
	Indicated	109	54.7	7.44	4.01	0.03	9.74	0.11	0.057	0.022
	Inferred	29	54.4	7.16	4.44	0.02	9.98	0.10	0.060	0.024
	TOTAL	138	54.6	7.38	4.10	0.03	9.79	0.11	0.058	0.022

Catho Well North RHIOJV	Measured	0	0.0	0.00	0.00	0.00	0.00	0.00	0.000	0.000
	Indicated	12	54.7	7.48	2.98	0.11	10.38	0.24	0.039	0.016
	Inferred	3	53.9	7.86	3.26	0.17	10.64	0.25	0.037	0.012
	TOTAL	14	54.5	7.56	3.03	0.13	10.43	0.24	0.038	0.015

	Classification (JORC, 2012)	**Mt**	**Fe %**	**SiO_2 %**	**Al_2O_3 %**	**Mn %**	**LOI %**	**MgO %**	**P %**	**S %**
WPIOP - Stage 1 RHIOJV	Measured	247	57.2	5.67	3.69	0.02	8.13	0.08	0.079	0.015
	Indicated	460	56.3	6.30	3.84	0.03	8.62	0.10	0.071	0.017
	Inferred	107	55.2	6.80	4.17	0.03	9.31	0.10	0.066	0.019
	TOTAL	**813**	**56.5**	**6.18**	**3.84**	**0.03**	**8.56**	**0.10**	**0.073**	**0.017**

Attachment B

Golder Associates Mineral Resource Statement for Channel Iron Deposits; Cardo Bore East, Cardo Bore North, Cochrane, Jewel, Trinity Bore, Upper Cane, Kens Bore, Catho Well North, Red Hill Creek West

23 June 2015 Document No. 1416167-006-L-Rev0

Mr Stuart Tuckey
API Management Pty Ltd
Level 2, Aquila Centre
1 Preston Street
COMO WA 6152

MINERAL RESOURCE STATEMENT FOR CHANNEL IRON DEPOSITS IN THE RED HILL IRON ORE JOINT VENTURE (RHIOJV): CARDO BORE EAST, CARDO BORE NORTH, COCHRANE, JEWEL, TRINITY BORE, UPPER CANE, KENS BORE, CATHO WELL NORTH, RED HILL CREEK WEST

Dear Stuart,

Golder Associates Pty Ltd (Golder) completed the update of Mineral Resource estimates for nine deposits as well as a Mineral Resource estimate of one new deposit for API Management Pty Ltd (API). The Mineral Resource estimate updates were completed for Cardo Bore East (CBE), Cardo Bore North (CBN), Cochrane (CCH), Jewel (JW), Trinity Bore (TB), Upper Cane (UC), Kens Bore (KB), Catho Well North (CWN). The new Mineral Resource estimate was completed for the Red Hill Creek West (RHCW) deposit. The updates were based on a 52% Fe cut-off mineralisation envelope and new infill drill holes provided by API. The Mineral Resources are classified in accordance with "the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition)". Classification of resources was completed by Golder, based principally on geological confidence, data density and estimation performance. The *in situ* Mineral Resources are constrained to the mineralisation domain boundaries.

The Mineral Resources were prepared under the supervision of Mr Richard Gaze, of Golder Associates Pty Ltd (Golder). Mr Richard Gaze is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code.

GEOLOGY

In the West Pilbara Iron Ore Project (WPIOP) area, the principal type of iron ore occurs as secondary channel iron deposits (CIDs), also known as Robe Pisolite. The CIDs occur as partly dismembered, topographically inverted palaeochannel deposits preserved along major palaeodrainage lines.

A plan view map of the deposit locations is provided in Figure 1. The interpreted mineralisation envelopes and drill hole collar locations are provided in Figure 2 and Figure 3 at each deposit.

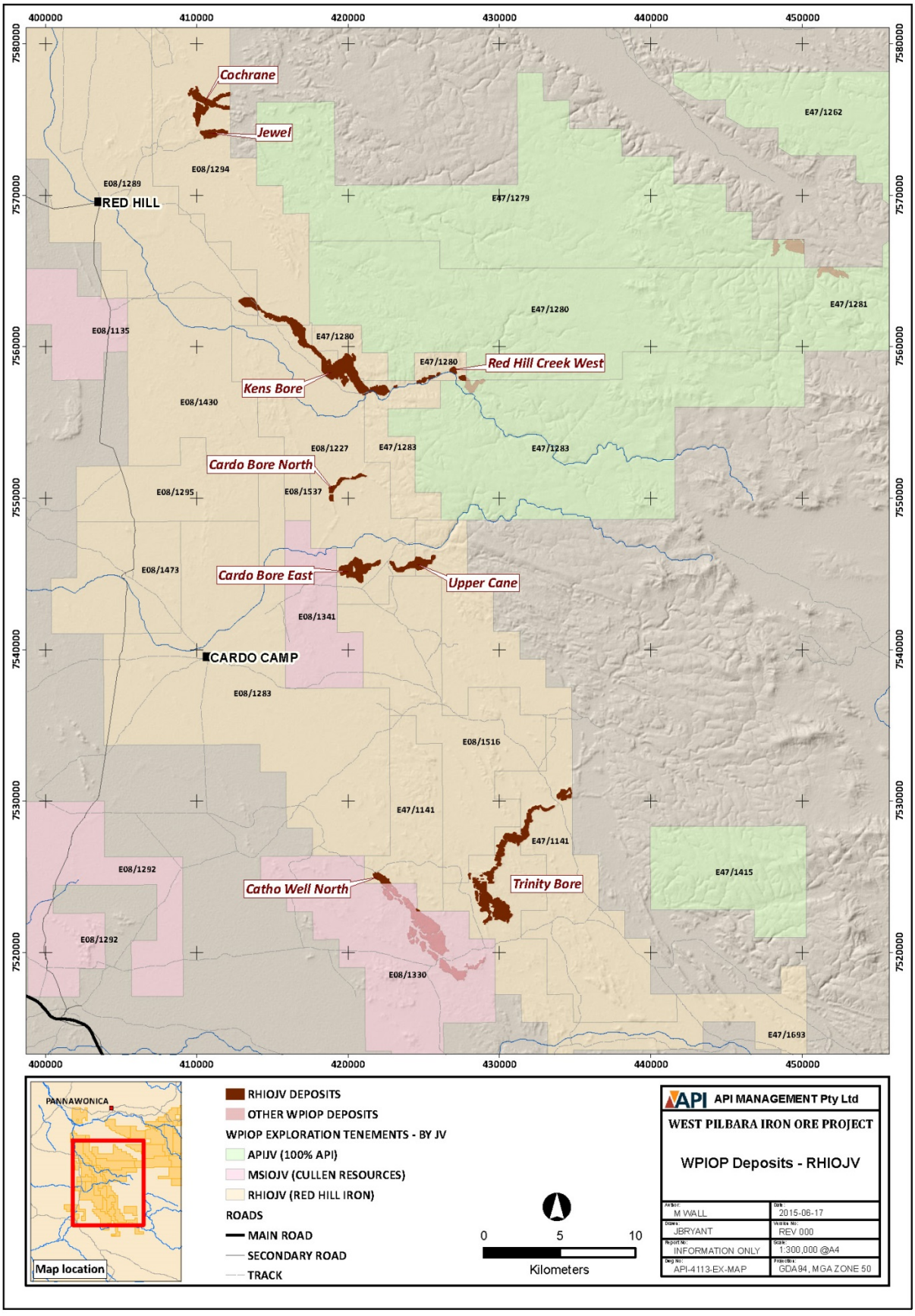


Figure 1: Plan of deposit locations displaying CID Mineral Resources and tenement boundaries (after API)

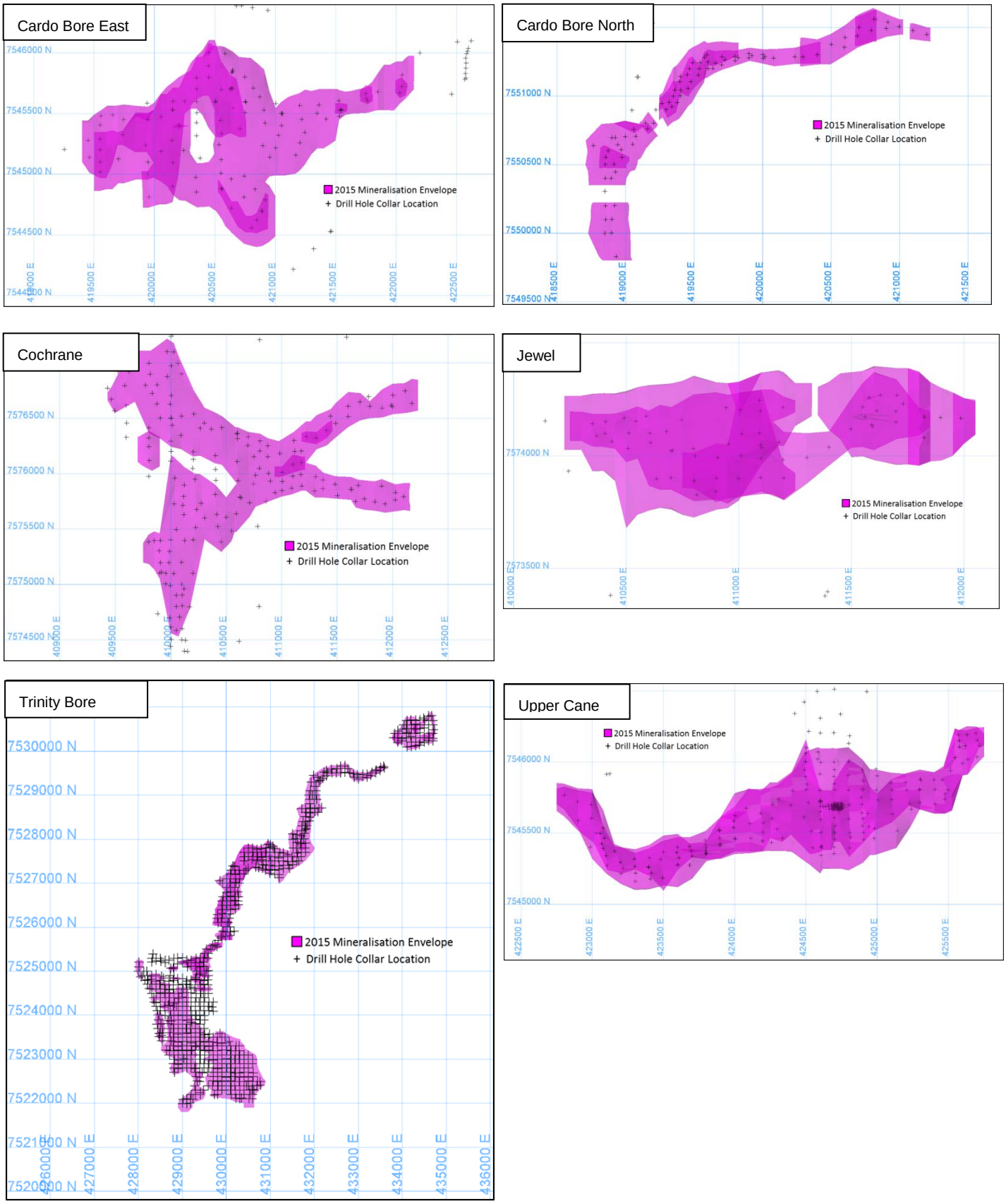


Figure 2: Mineralisation envelopes and drill hole locations for CBE, CBN, CCH, JW, UC, TB deposits.

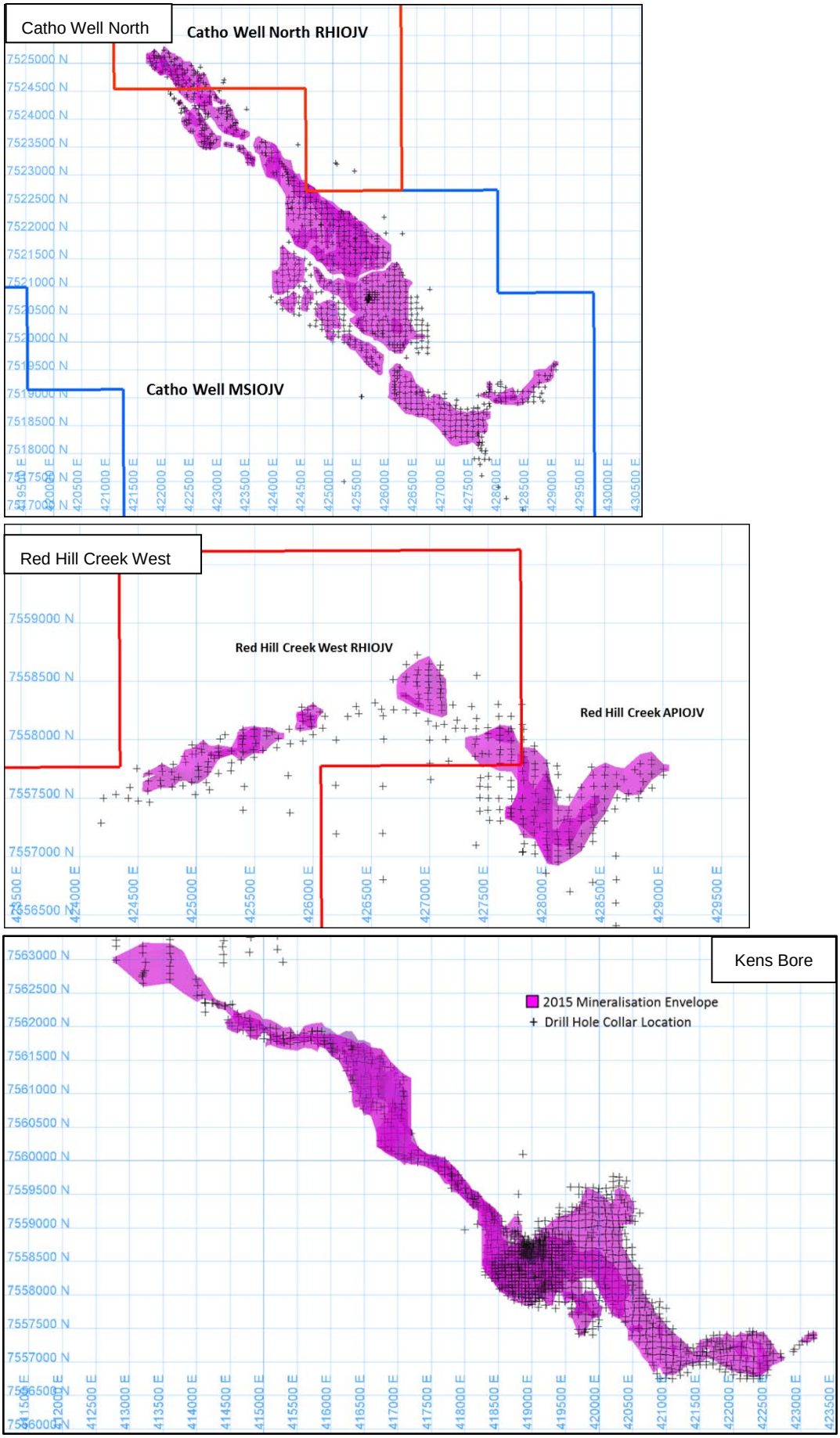


Figure 3: Mineralisation envelopes and drill hole locations by for CWN, RHCW , BH deposits with RHIOJV tenement boundaries in red.

ASSUMPTIONS AND METHODOLOGY

The Mineral Resources are based on a number of factors and assumptions:

- Stratigraphy domains were interpreted and modelled by API and reviewed by Golder. API geologists completed the sectional string interpretation and generated the mineralisation wireframes based on the sectional strings. Golder reviewed the mineralisation wireframes prior to the resource estimation.
- A nominal 52% Fe mineralisation cut-off grade was used to define mineralised domains. "Sub-grade" material (below 52% Fe) was also incorporated in certain areas to maintain continuity. Both stratigraphy and mineralisation domains were used to flag the sample data for statistical analysis and to constrain the grade estimation. A summary of the geological domains which typically apply to each of the deposits is provided in Table 1.
- The most recent topographical surface provided by API was used to define the surface topography. Mineralisation domains were extended to the edge of the mesa defined by the topographic surface where considered appropriate.
- The Mineral Resource estimates are based on all available information as at 15 May 2015.
- Golder has completed a review of the QAQC data provided by API. No significant issues with the QAQC aspects of sampling and assaying were found.
- The survey control for collar positions was considered by Golder to be adequate for the purposes of resource estimation and accepted with no further modifications, apart from some unsurveyed holes which required modifying the collar RL to reflect the topography surface provided by API.

Table 1: Geological Domains for All Deposits

Variable	Code	Description
MINSTR (stratigraphy)	10	Zpw – Hardcap
	20	Zph – Hard Zone
	30	Zpm – Mixed Zone
	40	Zpb – Basal Clay Zone
	50	Zpc – Clay
	60	JK/ Zpk– Basal Conglomerate or Gravel
	70	Bsm – Any Basement Lithology
	80	Otr – Transported Materials/Detritals
	90	Zpg (Goethite Hard Zone)
	100	Dhc (Canga Detrital Unit)
	110	Dsi (Silica Detrital Unit)
	120	Zpl (Lithic Zone)
DOMAIN (Fe mineralisation)	1	HG (>52% Fe) Mineralisation
	0	Waste

- For each deposit, statistical and geostatistical analysis was carried out on drilling data that was composited to 2 m downhole and constrained to the mineralisation and stratigraphy domains.
- *In situ* bulk density values were assigned to each model based on stratigraphy and mineralisation type. The bulk density values are summarised in Table 2. Density values at the Cardo Deposits were provided by API and were based on 1,335 wet and dry (non-waxed) density determinations from 1,054 PQ diamond drill core samples and 281 winze stockpile samples collected between May 2008 and February 2015.
- Using parameters derived from modelled variograms, the interpolation method of Ordinary Kriging (OK) was used to estimate Fe, Al_2O_3, SiO_2, P, S, Mn, MgO and LOI.

- The Mineral Resource is reported using *in situ* tonnes and estimated grades at the 52% Fe cu-off grade, with no dilution/ore loss factors applied or any specific selectivity assumptions other than that implied by the block model parent cell size.

Table 2: *In Situ* Bulk Density values used for all deposits

DOMAIN	MINSTR	Density Assignment
1 (>52% Fe)	10 (Zpw)	2.85
	20 (Zph)	2.85
	30 (Zpm)	2.65
	90 (Zpg)	2.75
	100 (Dhc)	2.85
0 (Waste)	10 (Zpw)	2.80
	20 (Zph)	2.60
	30 (Zpm)	2.60
	40 (Zpb)	2.60
	50 (Zpc)	2.60
	60 (Zpk)	2.60
	70 (Bsm)	2.60

MINERAL RESOURCE STATEMENT

Mineral Resource estimates were classified in accordance with guidelines provided in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition). The classification was based principally on geological confidence, drill hole spacing and grade continuity from available drilling data. Table 3 provides a summary of the Mineral resources at the 52% Fe cut-off grade applied to each deposit under the RHIOJV.

Table 3: *In Situ* Mineral Resources at a 52% Fe Cut-Off Grade

Deposit	Joint Venture	Class	Mt	Fe	SiO_2	Al_2O_3	Mn	LOI	MgO	P	S
Cardo Bore East	RHIOJV	Measured	-	-	-	-	-	-	-	-	-
		Indicated	45	57.92	5.34	3.99	0.06	7.04	0.12	0.072	0.016
		Inferred	14	56.28	6.27	4.13	0.03	8.31	0.10	0.064	0.024
		Total	59	***57.53***	***5.56***	***4.03***	***0.05***	***7.35***	***0.12***	***0.070***	***0.018***
Cardo Bore North	RHIOJV	Measured	-	-	-	-	-	-	-	-	-
		Indicated	6	56.16	6.42	4.27	0.03	8.34	0.05	0.070	0.022
		Inferred	5	54.69	6.72	4.82	0.02	9.55	0.05	0.068	0.026
		Total	11	***55.51***	***6.55***	***4.52***	***0.02***	***8.87***	***0.05***	***0.069***	***0.024***
Cochrane	RHIOJV	Measured	-	-	-	-	-	-	-	-	-
		Indicated	52	56.30	6.22	4.30	0.02	8.23	0.12	0.077	0.020
		Inferred	4	55.96	6.44	4.09	0.02	8.65	0.13	0.051	0.017
		Total	56	***56.28***	***6.23***	***4.29***	***0.02***	***8.26***	***0.12***	***0.075***	***0.020***
Jewel	RHIOJV	Measured	-	-	-	-	-	-	-	-	-
		Indicated	26	55.89	6.41	4.03	0.02	9.11	0.06	0.060	0.020
		Inferred	11	56.32	6.20	3.92	0.02	8.86	0.06	0.070	0.020
		Total	37	***56.01***	***6.35***	***4.00***	***0.02***	***9.04***	***0.06***	***0.060***	***0.020***

Deposit	Joint Venture	Class	Mt	Fe	SiO_2	Al_2O_3	Mn	LOI	MgO	P	S
Trinity Bore	RHIOJV	Measured	-	-	-	-	-	-	-	-	-
		Indicated	109	54.67	7.44	4.01	0.03	9.74	0.11	0.057	0.022
		Inferred	29	54.38	7.16	4.44	0.02	9.98	0.10	0.060	0.024
		Total	***138***	***54.61***	***7.38***	***4.10***	***0.03***	***9.79***	***0.11***	***0.058***	***0.022***
Upper Cane	RHIOJV	Measured	58	58.58	5.15	3.04	0.02	7.47	0.05	0.077	0.021
		Indicated	26	56.81	6.79	3.55	0.04	7.76	0.07	0.094	0.018
		Inferred	4	54.44	8.84	4.06	0.07	8.32	0.09	0.115	0.013
		Total	***87***	***57.88***	***5.80***	***3.23***	***0.03***	***7.59***	***0.05***	***0.084***	***0.020***
Catho Well North	RHIOJV	Measured	-	-	-	-	-	-	-	-	-
		Indicated	12	54.66	7.48	2.98	0.11	10.38	0.24	0.039	0.016
		Inferred	3	53.91	7.86	3.26	0.17	10.64	0.25	0.037	0.012
		Total	***14***	***54.51***	***7.56***	***3.03***	***0.13***	***10.43***	***0.24***	***0.038***	***0.015***
Kens Bore	RHIOJV	Measured	178	56.75	5.90	3.93	0.03	8.39	0.09	0.078	0.014
		Indicated	170	57.08	5.70	3.63	0.02	8.44	0.10	0.074	0.013
		Inferred	35	55.25	6.69	4.15	0.03	9.52	0.12	0.064	0.012
		Total	***383***	***56.76***	***5.88***	***3.82***	***0.02***	***8.52***	***0.10***	***0.075***	***0.014***
Red Hill Creek West	RHIOJV	Measured	11	57.82	4.83	3.18	0.03	7.44	0.07	0.110	0.008
		Indicated	14	56.45	5.87	3.48	0.02	8.00	0.07	0.120	0.011
		Inferred	4	56.54	6.45	3.11	0.02	7.66	0.07	0.124	0.008
		Total	***28***	***56.99***	***5.54***	***3.32***	***0.02***	***7.74***	***0.07***	***0.117***	***0.009***
All	***Combined***	***Measured***	247	57.23	5.68	3.69	0.03	8.13	0.08	0.079	0.015
		Indicated	460	56.33	6.30	3.84	0.03	8.62	0.10	0.071	0.017
		Inferred	107	55.24	6.80	4.17	0.03	9.31	0.10	0.066	0.018
		Total	**813**	***56.46***	***6.18***	***3.84***	***0.03***	***8.56***	***0.10***	***0.073***	***0.017***

The JORC Code Assessment Criteria

The JORC Code, 2012 Edition describes a number of criteria, which must be addressed in the Public Reporting of Mineral Resource estimates. These criteria provide a means of assessing whether or not parts of or the entire data inventory used in the estimate are adequate for that purpose. The Mineral Resource estimates stated in this document were based on the criteria set out in Table 1 of that Code. These criteria are discussed in Table 4 as follows.

Table 4: JORC Code Table 1.

JORC Code Assessment Criteria	Comment
Section 1 Sampling Techniques and Data	
Sampling Techniques *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.* *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	■ RC drill samples for analysis were collected every 2 m down hole directly from the cyclone after passing through a three-tier riffle splitter or cone splitter mounted on the RC drilling rig. Each sample represents approximately 12% (by volume) of the drilling interval with an average weight of 4 kg for a 2 m interval. ■ Sample analysis was completed by SGS Laboratories in Welshpool, WA. Samples were sent direct to the laboratory, sorted, dried and pulverised using a ring mill.

JORC Code Assessment Criteria	Comment
Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	■ All drilling was sampled in accordance with API sampling procedures.
Drilling Techniques *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.), and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	■ The majority of the downhole samples were collected from RC drilling utilising a 5 ¼" face sampling hammer. ■ HQ3 and PQ3 diamond drilling has been completed for QAQC, geotechnical and beneficiation purposes. ■ All diamond drilling was completed using triple tube methods.
Drill Sample Recovery *Method of recording and assessing core and chip sample recoveries and results assessed.* *Measures taken to maximise sample recovery and ensure representative nature of the samples.* *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	■ RC sample recoveries and quality were recorded for each sampling interval by the geologist. Samples were classified as dry, damp or wet. Sample recoveries were based on estimates of the size of drill spoil piles and were recorded as a percentage of the expected total sample volume. The majority of drilling was completed above the water table and sample recovery estimates of 100% were the norm. ■ The cyclone in the RC rig was cleaned in between drill holes to minimise sample contamination. Previous twinned hole studies (diamond vs RC) at API project areas indicate minimal sample bias using RC drilling techniques. ■ Diamond core recoveries were recorded for every run.
Logging *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.), photography.* *The total length and percentage of the relevant intersections logged.*	■ All geological logging was conducted using API procedures and standardised coding. Data is entered directly into ruggedised laptops at the drill site using software that validates data as the geologist logs. ■ Logging data is then emailed to Perth where it undergoes further validation as it is uploaded and stored into the API SQL-based geological database. ■ All diamond core has been photographed.
Sub-Sampling Techniques and Sample Preparation *If core, whether cut or sawn and whether quarter, half or all core taken.* *If non-core, whether riffled, tube sampled, rotary*	■ RC samples were collected in pre-labelled calico bags via a cone splitter mounted directly below the cyclone on the rig. ■ Wet and dry samples were collected via the same technique. ■ Samples were stored on-site prior to being

JORC Code Assessment Criteria	Comment
split, etc., and whether sampled wet or dry. *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* *Whether sample sizes are appropriate to the grain size of the material being sampled.*	transported to the laboratory. Wet samples were allowed to dry before being processed. ■ Samples were sorted, dried and weighed at the laboratory where they were then crushed and riffle split to obtain a sub-fraction for pulverisation. The pulverised sample was reduced further and combined with various reagents prior to oven fusion to create a fused disc for analysis.
Quality of Assay Data and Laboratory Tests *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* *For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	■ Sample analysis was completed by SGS Laboratories in Welshpool, WA. Standards and duplicates were inserted into the sample sequence at the rate of 1 in 50 samples, i.e. every 25th sample was a standard or a duplicate. These samples were used to test the precision and accuracy of the sampling method and laboratory analysis. API conducts monthly checks of all QAQC data. ■ API has previously conducted external reviews (undertaken by Optiro and Geostats) of the geological and assay database. Audit results show an acceptable level of accuracy and precision.
Verification of Sampling and Assaying *The verification of significant intersections by either independent or alternative company personnel.* *The use of twinned holes.* *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* *Discuss any adjustment to assay data.*	■ Comparison of RC and twinned diamond hole assay data distributions show that the drilling methods have similar grade distributions, verifying the suitability of RC samples in the Mineral Resource estimate. ■ API periodically conducts round robin studies on assay results to verify sample analysis. No concerns were highlighted and no adjustments to data have been made. ■ API retain laboratory sample pulps for all samples since 2005.
Location of Data Points *Accuracy and quality of surveys used to locate drill holes (collar and downhole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* *Specification of the grid system used.* *Quality and adequacy of topographic control.*	■ All drill holes are initially surveyed by handheld GPS and later surveyed by differential GPS utilising an independent contractor. ■ Drill hole collar coordinates were verified in ArcGIS and/or MapInfo software utilising aerial photography as part of API's monthly QA/QC procedures. ■ Topographic coverage of all API deposits has been established by aerial survey (LIDAR) with a vertical accuracy of ±0.15 m.

JORC Code Assessment Criteria	Comment
	■ API projects fall within the MGA Zone 50 or 51 (GDA 1994 based) for horizontal data and AHD for vertical data.
Data Spacing and Distribution *Data spacing for reporting of Exploration Results.* *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* *Whether sample compositing has been applied.*	■ Nominal drill spacing at each deposit is 100 m by 100 m spacing, with Cardo Bore East at 200 m by 100 m. ■ Cardo Bore North has been drilled at 100 m by 50 m. ■ Areas of Red Hill Creek West drilled to 100 m by 50 m spacing. ■ Areas of Kens Bore have been drilled to 50 m by 50 m drill and 25 m by 25 m spacing. ■ Short scale trial grade control drilling has also been conducted at Upper Cane. ■ Diamond hole samples were composited for metallurgical testwork however these samples were not included in the Mineral Resource estimate. ■ No sample compositing has been undertaken for RC samples. ■ Resource drilling was designed along grid lines dominantly striking 360°-180° (N-S).
Orientation of Data in Relation to Geological Structure *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	■ All drill holes in the WPIOP Stage 1 area, apart from seven RC holes at Upper Cane, and two RC holes at Catho Well were drilled vertically. These s nine holes were drilled at 60° in order to test the CID where topography restricts access to the limits of the mesa and for geotechnical testwork. ■ Due to the shallow depth of drill holes and the horizontal stratigraphy of the CID it was not considered a requirement to complete downhole orientation surveys. To support this assumption downhole surveys were conducted on 62 drill holes at the Kens Bore, Red Hill Creek, Cochrane, Jewel, Catho Well and Cardo Bore deposits. The average absolute deflection recorded in all drill holes was negligible. ■ The orientation of sampling achieves unbiased sampling of stratigraphic domains.
Sample Security *The measures taken to ensure sample security.*	■ API and SGS communicate on a regular basis and standard chain of custody paperwork is used. Samples are despatched and transported to the laboratory on a regular basis.
Audits and Reviews *The results of any audits or reviews of sampling techniques and data.*	■ QA/QC procedures and rigorous database validation rules ensures sampling and logging data is validated prior to being used by API Geologists. ■ API conducts monthly QA/QC data checks on reference standards and field duplicates. ■ Independent audits of API's sampling techniques and QA/QC assay data have been undertaken. Sampling procedures and the drill hole database is consistent with industry standards.

JORC Code Assessment Criteria	Comment
Section 2 Reporting of Exploration Results	
Mineral Tenement and Land Tenure Status *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	■ The Australian Premium Iron Joint Venture (APIJV - between Aquila Steel Pty Ltd and AMCI (IO) Pty Ltd), the Red Hill Iron Ore Joint Venture (RHIOJV - between API and Red Hill Iron Limited) and the Mt Stuart Iron Ore Joint Venture (MSIOJV – between API and Cullen Exploration Pty Ltd) and the Yalleen Project (Helix Resources – royalty) collectively comprise the broader West Pilbara Iron Ore Project (WPIOP), with each joint venture managed by API Management Pty Ltd (API). ■ There are no known environmental or cultural heritage matters that would impact on the development of the resource areas (subject to relevant approvals).
Exploration Done by Other Parties *Acknowledgment and appraisal of exploration by other parties.*	■ Exploration work completed by API or other parties prior to this report has been summarised in previous ASX releases or are publically available via the Department of Mines and Petroleum online systems.
Geology *Deposit type, geological setting and style of mineralisation.*	■ The Mineral Resources are from Channel Iron Deposits (CID) with mineralisation present as Tertiary Robe Pisolite. CID has been formed by the alluvial and chemical deposition of iron rich sediments in palaeo-river channels after erosion and weathering of lateratised Hamersley Group sediments. ■ Basement varies from Members of the Wyloo Group to Hamersley Group and includes dolomites, chert, volcanoclastics, and basalt (Wyloo Group), and shales to dolomites of the Wittenoom Formation, Mount McRae Shale, and Mt Sylvia Formation (Hamersley Group).
Drill hole information	■ All additional RC drilling results since December 2010 have been incorporated into the Cochrane, Jewel, Kens Bore, Upper Cane, Cardo Bore East, Cardo Bore North, Trinity Bore, and Catho Well North deposits. ■ The Red Hill Creek West Mineral Resource estimate and includes all drilling to date (173 RC drillholes totalling 7,230m).
Data aggregation methods	■ No maximum or minimum grade truncations were performed.
Relationship between mineralisation widths and intercept lengths	■ Mineralisation in each of the areas reported are flat lying and only true mineralisation widths are reported.
Diagrams	■ A plan view map showing the deposit locations are included in the body of the report.
Balance reporting	■ Not applicable. Exploration results have previously been reported. This Table relates to the reporting of the Mineral Resource estimates.

<table>
<tr><th>JORC Code Assessment Criteria</th><th>Comment</th></tr>
<tr><td>Other substantive exploration data</td><td>■ Not applicable. Exploration results have previously been reported. This Table relates to the reporting of the Mineral Resource estimates.</td></tr>
<tr><td>Further work</td><td>■ Exploration work will continue as required, and as a minimum, to maintain the Exploration Licences in good standing.</td></tr>
<tr><td colspan="2">Section 3 Estimation and Reporting of Mineral Resources</td></tr>
<tr><td>Database Integrity
Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.

Data validation procedures used.</td><td>■ All geological data and drilling information is stored in a SQL database in the API Perth office and is managed by API with support from external consultants.
■ API uses Ocris to import data into its SQL database. Custom built configured imports are used to further validate the data on import. Despatching of samples, receipting of assays, and QA/QC is also undertaken in Ocris.
■ API has previously had external consultants review the drill hole database. The database was found to be above industry standard.</td></tr>
<tr><td>Site Visits
Comment on any site visits undertaken by the Competent Person and the outcome of those visits.

If no site visits have been undertaken indicate why this is the case.</td><td>■ Mr Stuart Tuckey (API Competent Person) visited the Mineral Resource deposits on a regular basis as infill drilling was completed.
■ Golder has not undertaken any site visits for this estimation.</td></tr>
<tr><td>Geological Interpretation
Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.

Nature of the data used and of any assumptions made.

The effect, if any, of alternative interpretations on Mineral Resource estimation. The use of geology in guiding and controlling Mineral Resource estimation.

The factors affecting continuity both of grade and geology.</td><td>■ 3D geological and mineralisation modelling is undertaken by API using Micromine software. The method involves interpretation of downhole stratigraphy using surface geologic mapping, lithological logging and downhole assay data. Working field sections are updated at the drill rig by the geologist and these comments are taken into account when creating or editing geological and mineralisation models.
■ Golder reviewed the mineralisation sectional interpretation and carried out the wireframe construction at a 52% cut-off grade, under the supervision of API personnel. Adjustments were made to the API sectional strings where necessary to facilitate wireframing.</td></tr>
<tr><td>Dimensions
The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.</td><td>■ The dimensions of each block model are adequate to cover the extent and variability of each of the deposits.
<table>
<tr><th>Dep.</th><th>Dir.</th><th>Min. (m)</th><th>Max. (m)</th><th>Ext. (m)</th></tr>
<tr><td>CBE</td><td>Easting (X)</td><td>419200</td><td>422400</td><td>3200</td></tr>
<tr><td></td><td>Northing (Y)</td><td>7544200</td><td>7546300</td><td>2100</td></tr>
<tr><td></td><td>RL (Z)</td><td>75</td><td>275</td><td>200</td></tr>
<tr><td>CBN</td><td>Easting (X)</td><td>418500</td><td>421500</td><td>3000</td></tr>
<tr><td></td><td>Northing (Y)</td><td>7549700</td><td>7552000</td><td>2300</td></tr>
</table></td></tr>
</table>

JORC Code Assessment Criteria	Comment

	RL (Z)	150	400	250
CCH	Easting (X)	409000	413000	4000
	Northing (Y)	7574000	7577500	3500
	RL (Z)	0	300	300
JWL	Easting (X)	410100	412200	2100
	Northing (Y)	7573600	7574500	900
	RL (Z)	75	275	200
TB	Easting (X)	427000	435000	8000
	Northing (Y)	7521000	7531000	10000
	RL (Z)	200	400	200
UC	Easting (X)	422500	426000	3500
	Northing (Y)	7544900	7546500	1600
	RL (Z)	100	400	300
CW	Easting (X)	421500	428200	6700
	Northing (Y)	7517800	7525400	7600
	RL (Z)	124	300	176
KB	Easting (X)	412000	424000	12000
	Northing (Y)	7556000	7565000	11000
	RL (Z)	100	300	200
RHC	Easting (X)	424000	426000	600
	Northing (Y)	7556000.0	7546500	400
	RL (Z)	180	400	220

Estimation and Modelling Techniques

The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters, and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.

The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.

The assumptions made regarding recovery of by-products.

Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulfur for acid mine drainage characterisation).

In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.

Any assumptions behind modelling of selective mining units.

- The estimation technique used for the Mineral Resource estimation of all deposits is the geostatistical method of Ordinary Kriging. Parameters were derived from variograms to estimate the average grade for Fe, P, SiO2, Al2O3, LOI, Mn, MgO and S for each block.
- Block sizes were selected with respect to the nominal drilling densities to ensure acceptable local estimation quality.
- The block size selected for each deposit is 25 m (X) by 25 m (Y) by 2 m (Z). The sub-block size is 5 m (X) by 5 m (Y) by 2 m (Z).
- All samples were composited to 2 m for estimation purposes.
- The estimation was conducted in three passes with the search size increasing for each pass. In some domains, where the blocks were not fully estimated after three passes, blocks were assigned default grades. The default grades were based on the mean of the estimated blocks or samples grades in the same domain.
- Individual variables between each stratigraphy domain were compared for similarity to decide if grouping of MINSTR during Mineral Resource estimation was appropriate.
- The model was validated visually and statistically using comparisons to composite data statistics,

JORC Code Assessment Criteria	Comment
Any assumptions about correlation between variables. *Description of how the geological interpretation was used to control the resource estimates.* *Discussion of basis for using or not using grade cutting or capping.* *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	swath plots and smoothing effect assessments.
Moisture *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	■ All Mineral Resource tonnages are reported on a dry basis.
Cut-off Parameters *The basis of the adopted cut-off grade(s) or quality parameters applied.*	■ The resource model is constrained by assumptions about economic cut-off grades. The mineralisation is confined by a 52% Fe cut-off grade. The tabulated resources were reported using a cut-off grade of 52% Fe which was applied on a block by block basis.
Mining Factors or Assumptions *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution.* *It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	■ It has been assumed that the traditional open cut mining method of drill, blast, load and haul will be used. This is consistent with current practices at similar deposits in the Pilbara.
Metallurgical Factors or Assumptions *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	■ Multiple phases of metallurgical test work have been undertaken. Results indicate a saleable product can be achieved via a simple crush and screen process. Higher clay zones may require beneficiation by wet process to remove clay.

JORC Code Assessment Criteria	Comment
Environmental Factors or Assumptions *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	■ All key Commonwealth and WA government on-tenement approvals for the development of the project have been obtained. More detailed studies regarding possible waste and process residue disposals options are ongoing.
Bulk Density *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit.* *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	■ Cardo Deposits (CCH, JW, TB, KB, CWN, UC, CBE, CBN, RHCW) ■ Density determinations were completed by AMMTEC and SGS on PQ diamond core and by API field staff on Winze stockpiles. ■ *In situ* bulk density values were assigned to each model based on stratigraphy and mineralisation type. ■ Density values were provided by API and were based on 1,335 wet and dry (non-waxed) density determinations from 1,054 PQ diamond drill core samples and 281 winze stockpile samples collected between May 2008 and February. . ■ 17% of the Wet and Dry (non-waxed) samples were re-tested at the lab using the waxed method for quality control (225 pairs). The difference between the mean of the waxed and the non–waxed samples is -3.5%. ■ A correction factor of -3.5% has been applied to the Wet and Dry (non-waxed) measurements. ■ The regional average density across all the deposits managed by API was applied by stratigraphic units for mineralised and waste domains.
Classification *The basis for the classification of the Mineral Resources into varying confidence categories.* *Whether appropriate account has been taken of all relevant factors, i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data.* *Whether the result appropriately reflects the Competent Person(s)' view of the deposit.*	■ Mineral Resources were classified in accordance with the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition). ■ Continuous zones meeting the following criteria were used to define the resource classes: <u>Measured Resource</u> ■ Strong evidence of geological continuity ■ Strong evidence of grade continuity ■ High levels of kriging performance quality ■ Drill spacing of 100 m by 100 m or less <u>Indicated Resource</u> ■ Evidence of geological continuity ■ Evidence of grade continuity ■ Moderate levels of kriging performance quality

JORC Code Assessment Criteria	Comment
	■ Drill spacing of 100 m by 100 m (200 m by 100 in Cardo Bore East) Inferred Resource ■ Drill spacing wider than 100 m by 100 m ■ Greater geological uncertainty. ■ Limited grade continuity ■ Relatively low kriging performance quality
Audits or Reviews *The results of any audits or reviews of Mineral Resource estimates.*	■ This Mineral Resource estimate is an update to the previous estimate completed by Golder in 2010. Optiro conducted a review of the 2010 Mineral Resource. Only minor changes to the geology and mineralisation have occurred with the additional infill drilling since 2010, however the mineralisation cut-off used to define the 2015 resources is lower than used previously. ■ Golder conducted a number of basic and geological interpretation reviews during the compilation of the updated (2015) Mineral Resource estimate. All practices and methods observed are considered to be consistent with the resource classification applied to the deposits.
Discussion of Relative Accuracy/Confidence *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	■ Additional infill and extension drilling data has been added to the drill hole database supporting the Mineral Resource estimates since they were previously reported in 2010 and 2011. Due to increase drilling density, there is a higher confidence in the Mineral Resource estimates. ■ The revised mineral estimates represents an increase over the previous estimates for all the deposits except for Red Hill Creek West which was not estimated previously. The increase in the total resource and improved resource confidence is attributable to improved definition to mineralised zones and extension of the previously defined CID as a result of the completion of infill and extension RC drilling. Additionally, the revised Mineral Resource estimates are reported at a 52% Fe cut-off grade (the 2010 Mineral Resource was previously reported at a 53% Fe cut-off grade).

COMPETENT PERSON'S STATEMENTS

The information in this statement which relates to the Mineral Resources is based on information compiled by Mr Richard Gaze who is a full-time employee of Golder Associates Pty Ltd, and Member and Chartered Professional of the Australasian Institute of Mining and Metallurgy. Richard Gaze has sufficient relevant experience to the style of mineralisation and type of deposit under consideration and to the activity for which he is undertaking to qualify as a Competent Person as defined in the JORC Code (2012 Edition).

The Competent Person responsible for the geological interpretation and the drill hole data used for the resource estimation is Stuart Tuckey. Mr Tuckey is a full-time employee of API Management Pty Ltd, is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity for which he is undertaking to qualify as a Competent Person as defined in the JORC Code (2012 Edition). Mr Tuckey consents to the inclusion in this report of the matters based on his information in the form and content in which it appears.

Yours faithfully

GOLDER ASSOCIATES PTY LTD

Richard Gaze
Principal

Sia Khosrowshahi
Principal

RG/SK/asu

m:\jobs414\mining\1416167_api_resource_model_updates\correspondenceout\resource statement\1416167-006-l-rev0-rhiojv.docx