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16 September 2015

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New Expanded Ore Reserve Estimate for Red Hill Iron Ore Joint Venture

BACKGROUND

API Management Pty Ltd (API), the Manager of the Red Hill Iron Ore Joint Venture (RHIOJV), has delivered to Red Hill Iron Limited (RHI) a West Pilbara Iron Ore Project (WPIOP) Ore Reserve Update Report dated 14 September 2015, which is attached below.

The estimated Ore Reserves in that report support the aim of the WPIOP, of which the RHIOJV is an integral part, to establish sufficient Proved and Probable Ore Reserves to allow a targeted throughput of 40 million tonnes of iron ore per year for a planned 20-year mine life, given a 2-year ramp up to full production. The report also includes an anticipated 20-year mine schedule indicating that, on current planning, RHIOJV Ore Reserves will provide the dominant proportion of WPIOP production for the first 5 years of mine life.

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 all RHIOJV iron ore produced and sold. The attached report indicates that the Royalty would apply to almost 40 million tonnes per year for the first 5 years and 537 million tonnes over the anticipated mine life.

In the event of RHI electing to convert to the 2% 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.

REPORT IMPLICATIONS FOR RHI

The RHIOJV Ore Reserve now stands at 537 million tonnes grading 57.2% iron of Proved and Probable ore. This Ore Reserve is based on, and included in, an updated Mineral Resource of 813 million tonnes as announced to the ASX by RHI on 26 June 2015, and is an 86% increase in RHIOJV Ore Reserves from the position as at 1 February 2011 when RHI announced an Ore Reserve estimate of 289 million tonnes at 57.3% iron for the RHIOJV.

The expansion in Ore Reserves is largely the result of additional successful exploration and ore definition drilling plus the settlement of the dispute between RHI and API (Refer ASX announcement of 5 May 2015) whereby the Kens Bore East deposit was confirmed as an RHIOJV asset.

Table 1: RHIOJV Ore Reserve Estimate

Product	Category	dmt (Mt)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)
Product 1	Proved	189	58.0	5.2	3.5	0.08	7.8
	Probable	266	57.6	5.4	3.5	0.07	8.2
	Ore Total	**455**	**57.8**	**5.3**	**3.5**	**0.08**	**8.0**
Product 2	Proved	19	54.3	7.8	4.6	0.08	9.1
	Probable	63	54.3	7.9	4.3	0.06	9.4
	Ore Total	**82**	**54.3**	**7.9**	**4.4**	**0.07**	**9.3**
Total	Proved	208	57.7	5.5	3.6	0.08	7.9
	Probable	329	57.0	5.9	3.7	0.07	8.4
	Ore Total	**537**	**57.2**	**5.7**	**3.6**	**0.07**	**8.2**

Source: API Management Ltd: WPIOP Reserves Update 20150914: AMC214065K WPIOP Ore Reserve Estimate, Table 3, page 4

The above Ore Reserve estimate should be noted in conjunction with the increase in the total WPIOP Ore Reserve Estimate, which underpins the regional development of infrastructure. The WPIOP is now estimated to have Proved and Probable Ore Reserves of 780 million tonnes at 57.2% iron, up 75% from 445 million tonnes at 57.1% iron (RHI ASX announcement 3 Dec 2010).

Neil Tomkinson

Chairman

ATTACHMENT: **WPIOP Reserves Update 20150914.pdf** containing the WPIOP Ore Reserve Update Report prepared by API.

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14 September 2015

The API Joint Venture Participants
The Red Hill Iron Ore Participants
The Mt Stuart Iron Ore Participants

Dear Sirs,

Re: Updated Ore Reserve Estimate for the West Pilbara Iron Ore Project (WPIOP)

Highlights:

- **Updated JORC Ore Reserve estimate for Stage 1 of the WPIOP of 780 Mt at an average product grade of 57.2% Fe.**
- **Represents a 75% increase in tonnes from the previous estimate of 445 Mt at 57.1% Fe in December 2010.**
- **Ore Reserve estimate is based on the updated Mineral Resource estimate for Stage 1 of the WPIOP of 1,218 Mt released in June 2015.**
- **Reflects 72% conversion of Stage 1 Measured and Indicated Mineral Resources into Ore Reserves.**
- **Mine schedule completed for an initial 20 year mine life including 18 years at 40 Mtpa product after a 2 year ramp-up period.**
- **Primary West Pilbara Fines ore product ("WPF1") has an average grade of 57.7% Fe (62.8% Fe on a calcined basis).**
- **Life-of-mine waste to ore ratio has reduced from 1.13:1 in 2010 to 0.75:1.**
- **Upside from the existing WPIOP Mineral Resource base and exploration potential of the WPIOP tenement footprint.**

API Management Pty Ltd (APIM) is pleased to report an update to the Ore Reserve estimate for the West Pilbara Iron Ore Project – Stage 1 development area located in the Pilbara region of Western Australia (WPIOP – Stage 1). The updated Ore Reserve covers 10 separate Channel Iron Deposits (CID) located on tenements held through 3 joint ventures:

- The Australian Premium Iron Joint Venture (APIJV) between Aquila Steel Pty Ltd (50%), whose ultimate owners are Baosteel and Aurizon Holdings Ltd, and AMCI (IO) Pty Ltd (50%), whose ultimate owners are AMCI and POSCO;
- The Red Hill Iron Ore Joint Venture (RHIOJV), between the APIJV participants (60%) and Red Hill Iron Ltd (RHI) (40[1]%); and
- The Mt Stuart Iron Ore Joint Venture (MSIOJV), between the APIJV participants (70%) and Cullen Exploration Pty Ltd (30%).

[1] RHI is being loan carried by the APIJV participants until commencement of commercial production at which time RHI must elect to participate with a 19% interest or to convert to a 2% FOB Royalty on all RHIOJV production.

WPIOP – Stage 1 is a proposed green-field iron ore development of a 40 Mtpa (dry) mining operation based on the above-mentioned Ore Reserves that includes the construction of a new 245 km railway to connect the mining operation with a new deep-water port facility located at Anketell Point, to the west of Cape Lambert.

A previous WPIOP Feasibility Study for Stage 1 (WPIOP FS 2010) was completed in July 2010 with cost estimates updated in October 2012 and again in April 2015. Revisions to the WPIOP FS 2010 are in progress with an interim updated feasibility study on the mine development expected to be completed in late 2015 and a definitive feasibility study targeted for completion in mid-2016. In parallel, Aurizon Operations Ltd (Aurizon) is undertaking an updated feasibility study on the development of the rail and port infrastructure for the WPIOP – Stage 1.

WPIOP Stage 1 Ore Reserves

The updated WPIOP – Stage 1 Ore Reserve estimate of 780 Mt with a grade of 57.2% Fe is provided in Table 1. The Ore Reserve is reported as the estimated saleable product. The estimate has been prepared on the basis that two (2) CID blended fines ore products are produced: a primary higher grade product (Product 1 – WPF1 – 82% of total), and a lower grade product (Product 2 – WPF2) that is produced and sold in the latter years of the mine life. Target product specifications were set following market studies and discussions with customers, including the stakeholders in the WPIOP.

By comparison, the 2010 Ore Reserve was 445 Mt with a grade of 57.1% Fe.

Table 1: WPIOP – Stage 1 Ore Reserve Estimate (100% Project Basis)

Ore Reserve	Product	Tonnes	Fe	SiO_2	Al_2O_3	P	LOI
		(Mt, dry)	(%)	(%)	(%)	(%)	(%)
Product 1 (WPF1)	Proved	200	58.0	5.2	3.5	0.08	7.8
	Probable	444	57.6	5.5	3.1	0.08	8.4
	Total Ore	**643**	**57.7**	**5.4**	**3.2**	**0.08**	**8.2**
Product 2 (WPF2)	Proved	20	54.3	7.9	4.6	0.08	9.0
	Probable	117	54.6	8.2	3.7	0.08	9.2
	Total Ore	**137**	**54.5**	**8.1**	**3.8**	**0.08**	**9.2**
TOTAL (WPF1 + WPF2)	Proved	220	57.6	5.5	3.6	0.08	7.9
	Probable	560	57.0	6.1	3.2	0.08	8.5
	Total Ore	**780**	**57.2**	**5.9**	**3.3**	**0.08**	**8.4**
Waste (dmt)	Mt (dry)	601					
Strip Ratio[1]	waste:ore	0.75					

[1] Strip ratio is the ratio of mined waste to mined ore (which is slightly higher than product ore due to recovery losses)

The Ore Reserve estimate was prepared in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code 2012) by AMC Consultants Pty Ltd (AMC), an independent mining consultancy, as part of a Mining and Ore Reserve Study (AMC Mining Study) for APIM.

The Ore Reserve estimate covered ten CID deposits in the WPIOP – Stage 1 area, being the:

- Buckland Hills and Red Hill Creek deposits - held by the APIJV;
- Cochrane, Jewel, Kens Bore, Cardo Bore North, Cardo Bore East, Upper Cane, Trinity Bore, Red Hill Creek (west portion) Catho Well (north portion) deposits – held by the RHIOJV; and

- Catho Well (south portion) deposit – held by the MSIOJV.

The updated Ore Reserve estimate reflects maiden Ore Reserve estimates for the Buckland Hills and Red Hill Creek deposits and updated Ore Reserve estimates for the other eight deposits.

Detailed tables setting out the Ore Reserves by deposit are set out in Appendix A.

Ore Reserves by Joint Venture

The Ore Reserve has been estimated by incorporating all WPIOP – Stage 1 deposits in order to achieve the target blended product grade specifications and optimise overall project economics. The Ore Reserves that are attributable to each of the APIJV, RHIOJV and MSIOJV and contribute to the total WPIOP – Stage 1 Ore Reserves are detailed in Table 2 below.

Table 2: WPIOP – Stage 1 Ore Reserve Estimate – Split by Joint Venture

Joint Venture	Category	Tonnes (Mt, dry)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)	Strip Ratio	% of Total Reserve
APIJV	Proved	10	57.2	5.8	3.2	0.11	7.5		
	Probable	151	58.1	6.0	2.2	0.13	8.0		
	Total Ore	**161**	**58.0**	**6.0**	**2.2**	**0.13**	**8.0**	**0.67**	**20%**
MSIOJV	Proved	3	55.4	6.4	3.5	0.04	9.9		
	Probable	80	55.1	7.1	3.2	0.04	10.2		
	Total Ore	**83**	**55.1**	**7.0**	**3.2**	**0.04**	**10.2**	**0.84**	**11%**
RHIOJV	Proved	208	57.7	5.5	3.6	0.08	7.9		
	Probable	329	57.0	5.9	3.7	0.07	8.4		
	Total Ore	**537**	**57.2**	**5.7**	**3.6**	**0.07**	**8.2**	**0.79**	**69%**
Total WPIOP	Proved	220	57.6	5.5	3.6	0.08	7.9		
	Probable	560	57.0	6.1	3.2	0.08	8.5		
	Total Ore	**780**	**57.2**	**5.9**	**3.3**	**0.08**	**8.4**	**0.75**	**100%**

The total Ore Reserves by joint venture set out in Table 2 are for both WPF1 and WPF2 products. A more detailed breakdown of Ore Reserves by joint venture, including the contributions to the two (2) blended products is set out in Appendix A.

Underlying Mineral Resources

The Ore Reserve estimate was based on the updated Mineral Resource estimate for WPIOP – Stage 1 that was released in June 2015. This Mineral Resource estimate (and associated information) is set out in Appendix B and totals 1,218 Mt at 56.4% Fe.

The updated Mineral Resource estimate included the ten CID deposits in the WPIOP – Stage 1 area, as described above. The updated estimates reflected:

- New geological information from an infill and extensional drilling program;
- Revised stratigraphic interpretations;
- Improved (and reassessed) density information;
- A reduction in the mineralization cut-off grade from 53% to 52%;

- Extending the interpretation of mineralization domains to mesa edges instead of limiting them to a distance from the nearest drilling; and
- A reinterpretation of complex mineralization boundaries to better reflect the geological model.

The location of the WPIOP – Stage 1 deposits is shown in Figure 2.

Conversion of Mineral Resources to Ore Reserves

Mineral Resources were converted to Ore Reserves recognizing the level of confidence in the Mineral Resource estimate, and reflecting "modifying factors". Mineral Resource estimates are reported inclusive of those Mineral Resources converted to Ore Reserves.

The Ore Reserve is the part of the Mineral Resource which can be economically mined. Dilution of the Mineral Resource model (as part of proposed open pit mining methods) and an allowance for ore loss was included in the Ore Reserve estimate.

The Ore Reserves were estimated after consideration of all mining, metallurgical, infrastructure, social, environmental, marketing, legal, governmental and economic modifying factors of the WPIOP – Stage 1. Modifying factors, including the basis of long-term price and cost assumptions, are summarized in Attachment A in the form required by the JORC Code 2012 (referred to within the JORC Code as "Table 1"). The updated Ore Reserve estimate included initial Ore Reserve estimates for the Red Hill Creek and Buckland Hills deposits, and updated estimates for the other deposits.

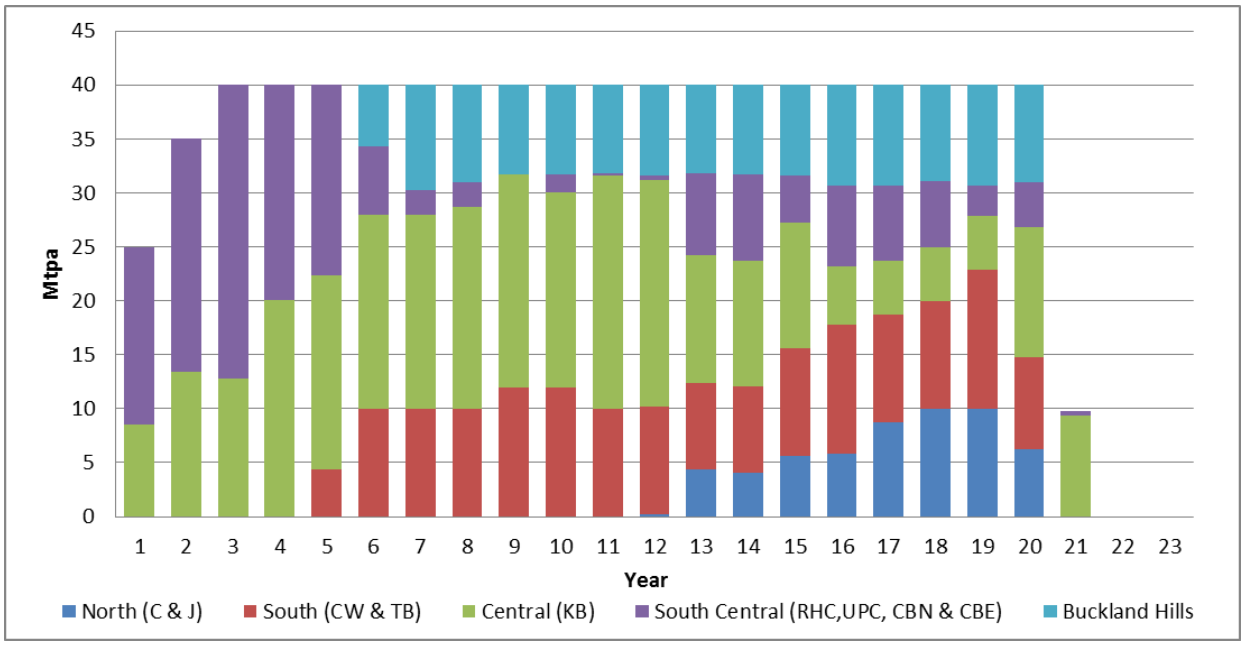
For all deposits except Buckland Hills, Probable Ore Reserves were based on Mineral Resources classified as Indicated, intersected by the open pit mine designs. Proved Ore Reserves were based on Mineral Resources classified as Measured intersected by the open pit mine designs. At the Buckland Hills deposit, all Measured and Indicated Mineral Resources intersected by the open pit mine designs were classified as Probable Ore Reserves due to the lower confidence level in the metallurgical, hydrological and geotechnical modifying factors of the deposit.

Proposed Mining Schedule

A proposed mine schedule was prepared by AMC using linear programming software on the basis of blending ore form the various pits in order to produce consistent grade products and optimizing project value, subject to production and other constraints. The schedule covers an initial 20 year mine life including 18 years at 40 Mtpa product after a 2 year ramp-up period.

The life-of-mine waste:ore ratio is estimated at 0.75:1, a significant reduction on the previous 1.13:1 ratio for the 2010 Ore Reserve estimate. Importantly, the average strip ratio for the first 5 years of mining is below 0.5:1.

Figure 1: WPIOP – Stage 1 – Proposed Mining Schedule by Area



As set out in Figure 1 above, the proposed mining schedule involves a staged approach to the mining of the deposits in different WPIOP – Stage 1 areas, with Central (Kens Bore) and South Central (Red Hill Creek, Upper Cane, Cardo Bore North and Cardo Bore East) deposits, which are located closest to the proposed site for the central processing facility (CPF), commencing first. The South (Catho Well and Trinity Bore) and Buckland Hills deposits are then scheduled to start in years 5 and 6 respectively, with North (Cochrane and Jewel) deposits being introduced in year 12. This approach defers higher ore haulage costs.

WPIOP – Stage 1 – Status of Key Approvals

The mine and rail components of the WPIOP were described in a Public Environmental Review published in June 2010 and approved under the *WA Environmental Protection Act 1986* (EP Act) by the Minister for the Environment and Water on 30 November 2011 (Ministerial Statement 881). Commonwealth approval for the mine and rail elements was granted under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) via the Delegate to the Minister for Sustainability, Environment, Water, Population and Communities (EPBC 2009/4706) on 27 November 2011. These approvals apply to the exploitation of resources defined up to around December 2010. Preparation of applications for primary approvals for project variations and resources identified subsequent to December 2010 are underway and conditional approvals are expected to be obtained within the WPIOP timeframe.

The proposal by APIJV to develop Anketell Port, described in a 'Section 43A' and Response to Submissions/final Public Environment Report (published November 2011) and a Public Environmental Review/Draft Public Environment Report (published December 2010), was approved under the EP Act by the Minister for Environment and Water on 30 January 2013 and by the Commonwealth Minister for Sustainability, Environment, Water, Population and Communities under the EPBC Act (EPBC 2009/5120) and the *Environmental Protection (Sea Dumping) Act 1981* on 15 May 2013.

Mining Lease applications have been lodged in respect of the Cochrane, Jewel, Kens Bore, Cardo Bore North, Upper Cane, Cardo Bore East, Trinity Bore and Catho Well deposits. APIM expects these to be approved in the near future. Applications for Mining Leases are planned to be made in the near future to cover the Red Hill Creek and Buckland Hills deposits and are expected to be granted within the project timeframe.

Infrastructure related tenure (rail and port) is being progressed by infrastructure development partner Aurizon, in conjunction with the APIJV, through ongoing discussions with the State. Tenure outcomes are expected to be delivered within the project timeframe.

In June 2014 and March 2015 respectively, APIM entered into comprehensive Land Access Agreements with Kuruma and Marthudunera (Combined) and the Puutu Kunti Kurruma and Pinikura registered Native Title groups. The WPIOP – Stage 1 deposits are within the associated registered Native Title Claim areas.

Native title obligations in respect of the infrastructure (rail and port) have similarly been fulfilled in respect of infrastructure located upon the Kuruma and Marthudunera (Combined) (Rail), Yaburara & Mardudhunera (Rail) and Ngarluma (Port) Native Title Groups. Discussions are ongoing with the Ngarluma Native Title Group in relation to the rail and this is expected to be resolved within the project timeframe.

WPIOP – Stage 1 Ore Reserve Parameters

The Ore Reserve estimate has also taken into account the following key assumptions and parameters:

Key Mining Parameters

- Conventional truck and excavator mining method is proposed.
- Dilution and mining recovery were modelled by regularising the resource block model to the selective mining unit size. The minimization of ore dilution (in order to maximize product grades) was a priority objective. This resulted in 1.4% ore dilution and 12.7% loss of ore tonnes.
- Pit optimization shells were developed using industry standard software and the regularised resource model together with costs, revenues, and slopes.
- The resultant pit shells were used to guide detailed pit design with due consideration of geotechnical, geometric, and access constraints. The pit designs were used to constrain the mining model evaluation for mine scheduling and economic evaluation.

Geotechnical & Hydrology Parameters

- The pit slope parameters are based on geotechnical studies informed by assessments of 5,614 m of geotechnical and core logs, including 2,094 m diamond drillholes from the 2015 drilling program, and mapping from trial pits.
- Material properties were assessed by laboratory testing. The resultant inter-ramp slope angles vary between 29° and 54° depending on the local rock mass and structural geological conditions for the various deposits.
- Where mining is planned below the water table, the pit will be dewatered to ensure dry mining conditions for the relevant benches. The pit will be backfilled after mining to 5 m above the normal water-table.

- Inferred Mineral Resources were excluded from the Ore Reserve estimate and mine economic valuations utilized to validate the economic viability of the Ore Reserves. Inferred Mineral Resources scheduled in life of mine planning comprised less than 2% of the inventory.

Processing Parameters

- Deposits are spread over a 60 km length. Road train haulage will be used to transport ore to the CPF for all deposits, except at Kens Bore where the ore will be hauled directly from the pit to the CPF.
- The CPF is designed on the basis of conventional dry crush and screen processing at a rate of 40 Mtpa. A 12 Mtpa wet plant is proposed to be built in year 5 to process below water table ore from the Buckland Hills deposit.
- A metallurgical algorithm, based on appropriate test-work was applied to the in situ grades of Buckland Hill model blocks below the water table to estimate the product grade and yields after screening. The estimated recovery factor for below water table tonnes at Buckland Hills is 83%.

Product Pricing Assumptions

- Revenue assumptions were based on long-term forecasts of benchmark iron ore prices, exchange rates and freight rates prepared or sourced from a number of independent parties. It is appropriate to utilize long term iron ore price forecasts because the mine life extends over more than 20 years.
- Discounts to benchmark prices have been applied to account for the iron grade and impurities associated with the WPF1 and WPF2 specifications. The estimated discounts are commercially sensitive (due to ongoing customer discussions) and are based on a number of sources including; customer discussions, value in use studies on individual mills, studies by independent consultants and ongoing China Technical Institute/University sinter test work.
- Based on the revenue assumptions, the following long term FOB product prices were used as the base case assumptions for Ore Reserve estimation purposes: A$70/dmt for WPF1 product and A$58/dmt for WPF2 product.

Project Cost Assumptions

- The project economic valuation and AMC Mining Study that support the Ore Reserves estimate considered the infrastructure requirements associated with the conventional truck and excavator mining operation including crushing and road haulage systems, maintenance facilities, access routes, explosive storage, water, power, rail and port facilities.
- Capital and operating cost estimates have been predominantly based on contributions from contractors who have provided fixed lump sum EPC contract prices and estimates based on engineering.
- Mine operating cost estimates were developed by AMC from first principles and original equipment manufacturer quotes based on a contractor mining model. Budget quotes for contract mining and road haulage were obtained to validate and, where necessary, update assumptions.
- The key mining and processing operating and cost assumptions used were:
    - Total mining and processing capital costs: A$2.04bn;
    - Average mining operating costs (incl. haulage): A$5.57/t for ore & A$4.75/t waste; and
    - Processing and other minesite operating costs (excluding royalties): A$4.62/t ore.

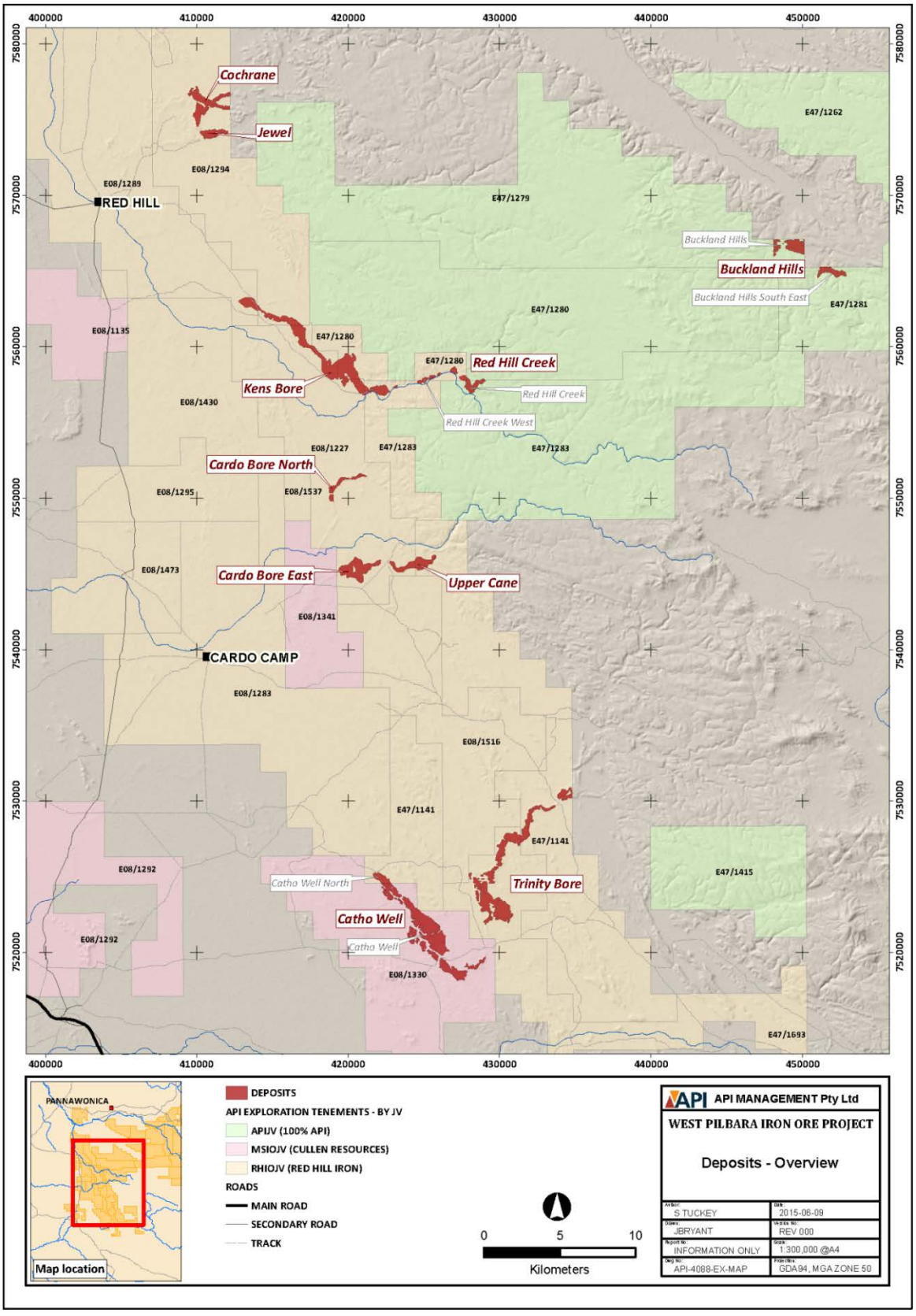
These cost estimates remain the subject of ongoing feasibility work.

- Port and rail costs are based on a non-binding indicative ±25% tariff for rail and port (CPF to ship) supply chain services. The tariff encompasses both an operating cost charge for the rail and port services, together with a capital charge reflecting a return of and on capital to cover the capital costs of developing the rail and port infrastructure. The proposed tariff is not disclosed as it is commercially sensitive and the subject of commercial negotiations that remain in progress as part of the updated feasibility study being undertaken.

Joint Venture Arrangements

- It is assumed that the development of the WPIOP – Stage 1 will be undertaken on the basis that the ore from the RHIOJV and MSIOJV will be sold to the APIJV on a net-back sale price basis at the ROM pad or prior to railing (i.e. calculated from the product prices realised by APIJV less agreed attributable costs). The commercial details of these arrangements remain the subject of negotiation between the various joint venture participants.

Figure 2: West Pilbara Iron Ore Project – Stage 1 – CID deposit location plan



In the instance the Updated Ore Reserve Estimate for WPIOP – Stage 1 is to be issued for public release the following Competent Person Statements should be attached when referring to the Mineral Resources and Ore Reserves detailed in this report. Prior to public release consent must be obtained from the Competent Persons. Consent will be provided following review by the Competent Persons of the proposed release document.

Competent Person Statements

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 mineralization 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.

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 mineralization 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.

The information in this letter that relates to the WPIOP Ore Reserve estimate is based on information compiled and reviewed by Ms Kate Sommerville, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Ms Sommerville is a full time employee of AMC Consultants Pty Ltd. Ms Sommerville has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code 2012.

Yours sincerely,

Alwyn Vorster
Chief Executive Officer
API Management Pty Limited

Attachment A – APIM West Pilbara Iron Ore Project – Stage 1 Ore Reserve Estimates

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10 September 2015

Mr Karl Jupp
Technical Services Manager
API Management Pty Ltd
Level 2, Aquila Centre
1 Preston Street
COMO WA 6152

Dear Mr Jupp

Ore Reserve Estimate – West Pilbara Iron Ore Project – Stage 1
AMC Project: 214065

AMC Consultants Pty Ltd (AMC) has prepared an Ore Reserve estimate for the West Pilbara Iron Ore Project – Stage 1 (WPIOP – Stage 1) as part of the Mining and Ore Reserve Interim Feasibility Study – (AMC Mining Study) requested by API Management Pty Ltd (APIM).

APIM advises that the following joint ventures are in place and portions of the WPIOP - Stage 1 are owned by each joint venture:

- Red Hill Iron Ore Joint Venture (RHIOJV) – 40% owned by Red Hill Iron Limited and 60% owned by API Management Pty Ltd.
- Mount Stuart Iron Ore Joint Venture (MSIOJV) – 30% owned by Cullen Exploration Pty Ltd and 70% owned by API Management Pty Ltd.
- API Joint Venture (APIJV) – unincorporated joint venture 50% owned by Aquila Steel and 50% by AMCI (IO) Pty Ltd.

All the deposits are channel iron deposits and will be blended into saleable product. The Ore Reserve estimate covered ten CID deposits in the WPIOP – Stage 1 area, being the:

- Buckland Hills and Red Hill Creek deposits - held by the APIJV;
- Cochrane, Jewel, Kens Bore, Cardo Bore North, Cardo Bore East, Upper Cane, Trinity Bore, Red Hill Creek (west portion) Catho Well (north portion) deposits – held by the RHIOJV; and
- Catho Well (south portion) deposit – held by the MSIOJV.

The updated Ore Reserve estimate reflects maiden Ore Reserve estimates for the Buckland Hills and Red Hill Creek deposits and updated Ore Reserve estimates for the other eight deposits.

The Ore Reserve estimate for WPIOP - Stage 1 as at 21 August 2015, reported in accordance with the JORC Code 2012[1], is stated in Table 1. The estimates reported in Table 1 refer to the WPIOP - Stage 1 Ore Reserve on a 100% project basis. Estimates reported against joint venture owner and deposit are stated in Table 2 and a summary listing by joint venture owner is stated in Table 3.

[1] Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, The JORC Code 2012 Edition. Effective 20 December 2012 and mandatory from 1 December 2013. Prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australasian Institute of Geoscientists and Minerals Council of Australia (JORC).

The Ore Reserve estimate reports the tonnage and grade of saleable product derived from direct shipping ore (DSO) or processed ore. The estimate and associated mine schedule are formulated on the basis that two fines ore products are produced, a main higher grade product (Product 1) and a lower grade product (Product 2) that is produced in the latter years of the mine life. The target specifications for the two products are as follows:

1. Product 1 has a target Fe grade of 57.5%.
2. Product 2 has a target Fe grade of approximately 55.0%.

It is noted that the Product 2 Ore Reserve grade is slightly below the target grade.

- Mine scheduling was performed using a commercial linear programming software package that aims to maintain target blended ore quality, production and other constraints while maximizing net present value (NPV).
- The mine schedule demonstrates both product grade targets are met.
- The Ore Reserves are reconciled by product tonnes from the mine schedule.
- Due to blending and stockpiling, the Ore Reserve is not reported as based on a fixed cut-off grade. The Ore Reserve is the scheduled mineralization required to achieve the target product grades for each period of the mine life.

The Ore Reserve estimate is based on work completed as part of AMC Project 214065, West Pilbara FS.

Mineral Resources were converted to Ore Reserves recognizing the level of confidence in the Mineral Resource estimate, and reflecting modifying factors. Mineral Resource estimates are reported inclusive of those Mineral Resources converted to Ore Reserves.

Table 1 Ore Reserve estimate as at 21 August 2015

Ore Reserve	Product	dmt (Mt)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)
Proved	Product 1	200	58.0	5.2	3.5	0.08	7.8
	Product 2	20	54.3	7.9	4.6	0.08	9.0
	Total Ore	220	57.6	5.5	3.6	0.08	7.9
Probable	Product 1	444	57.6	5.5	3.1	0.08	8.4
	Product 2	117	54.6	8.2	3.7	0.08	9.2
	Total Ore	560	57.0	6.1	3.2	0.08	8.5
Total Ore Reserve	**Product 1**	**643**	**57.7**	**5.4**	**3.2**	**0.08**	**8.2**
	Product 2	**137**	**54.5**	**8.1**	**3.8**	**0.08**	**9.2**
	Total Ore	**780**	**57.2**	**5.9**	**3.3**	**0.08**	**8.4**

The Ore Reserve is the part of the Mineral Resource which can be economically mined by open cut mining methods. Dilution of the Mineral Resource model and an allowance for ore loss was included in the Ore Reserve estimate.

For all deposits except Buckland Hills, Probable Ore Reserves were based on Mineral Resources classified as Indicated, intersected by the open pit mine designs. Proved Ore Reserves were based on Mineral Resources classified as Measured intersected by the open pit mine designs. Ore Reserves were estimated after consideration of all mining, metallurgical, infrastructure, social, environmental, marketing, legal, governmental and economic modifying factors of the Project.

At the Buckland Hills deposit, all Measured and Indicated Mineral Resources intersected by the open pit mine designs were classified as Probable Ore Reserves due to the lower confidence level in the metallurgical, hydrological and geotechnical modifying factors of the deposit.

The sections in this report that relate to the WPIOP - Stage 1 Ore Reserves are based on information compiled under the direction of Ms Kate Sommerville. Ms Sommerville is a Member of the Australasian Institute of Mining and Metallurgy and is employed by AMC. Ms Sommerville has sufficient experience relevant to the style of mineralization and type of deposit under consideration to qualify as a Competent Person as defined in the JORC Code 2012.

Modifying factors, including mining, metallurgical and long-term cost assumptions, are summarized in Appendix A in the form required by the JORC Code 2012 (referred to within the JORC Code as “Table 1”) as a checklist or reference when preparing Public Reports on Exploration Results, Mineral Resources and Ore Reserves.

This Ore Reserve estimate replaces the previous Ore Reserve estimate released in 2010. The difference in the estimates is an increase of 276 Mt (dry) of saleable product and results from revised mine planning and the inclusion of additional Mineral Resources.

Table 2 Ore Reserve estimate as at 21 August 2015 – Deposit by Joint Venture

Joint Venture	Deposit	Product	COG[1] Fe %	Proved						Probable						Total Proved and Probable					
				dmt (Mt)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)	dmt (Mt)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)	dmt (Mt)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)
RHIOJV	Cochrane	Product 1	>= 56%	-	-	-	-	-	-	22	57.9	5.0	3.9	0.08	7.7	22	57.9	5.0	3.9	0.08	7.7
		Product 2	>= 54 and < 56%	-	-	-	-	-	-	9	55.1	7.0	4.6	0.08	8.7	9	55.1	7.0	4.6	0.08	8.7
		Total Ore	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**31**	**57.1**	**5.6**	**4.1**	**0.08**	**8.0**	**31**	**57.1**	**5.6**	**4.1**	**0.08**	**8.0**
RHIOJV	Jewel	Product 1	>= 55.5	-	-	-	-	-	-	13	57.0	5.3	3.8	0.06	8.8	13	57.0	5.3	3.8	0.06	8.8
		Product 2	>= 53 and < 55.5	-	-	-	-	-	-	8	54.7	7.6	4.3	0.06	9.5	8	54.7	7.6	4.3	0.06	9.5
		Total Ore	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**22**	**56.1**	**6.2**	**4.0**	**0.06**	**9.1**	**22**	**56.1**	**6.2**	**4.0**	**0.06**	**9.1**
RHIOJV	Kens Bore	Product 1	>= 55	124	57.7	5.3	3.7	0.08	7.9	122	58.1	5.1	3.4	0.07	8.1	246	57.9	5.2	3.5	0.08	8.0
		Product 2	>= 53.3 and < 55	17	54.1	7.9	4.7	0.08	9.2	15	54.2	8.2	4.6	0.07	9.0	33	54.2	8.1	4.6	0.08	9.1
		Total Ore	**-**	**141**	**57.3**	**5.6**	**3.8**	**0.08**	**8.1**	**137**	**57.7**	**5.4**	**3.5**	**0.07**	**8.2**	**279**	**57.5**	**5.5**	**3.7**	**0.08**	**8.2**
RHIOJV	Red Hill Creek West	Product 1	>=55	10	58.0	4.6	3.1	0.11	7.4	8	57.4	4.9	3.3	0.12	7.9	18	57.7	4.8	3.2	0.11	7.7
		Product 2	>=52 and < 55	1	53.7	8.7	4.4	0.11	7.7	2	53.8	8.7	4.2	0.12	7.8	3	53.8	8.7	4.3	0.11	7.8
		Total Ore	**-**	**11**	**57.7**	**4.9**	**3.2**	**0.11**	**7.4**	**10**	**56.7**	**5.7**	**3.5**	**0.12**	**7.9**	**21**	**57.2**	**5.3**	**3.3**	**0.11**	**7.7**
APIJV	Red Hill Creek	Product 1	>=55	8	57.7	5.3	3.0	0.11	7.6	17	57.6	5.2	3.0	0.12	7.6	25	57.6	5.2	3.0	0.12	7.6
		Product 2	>=52 and < 55	1	53.8	9.0	4.4	0.09	7.5	4	53.7	9.1	4.2	0.10	7.8	5	53.7	9.0	4.3	0.10	7.7
		Total Ore	**-**	**10**	**57.2**	**5.8**	**3.2**	**0.11**	**7.5**	**20**	**56.9**	**5.9**	**3.3**	**0.11**	**7.6**	**30**	**57.0**	**5.8**	**3.2**	**0.11**	**7.6**
RHIOJV	Cardo Bore North	Product 1	>= 55	-	-	-	-	-	-	3	57.3	6.2	3.7	0.08	7.5	3	57.3	6.2	3.7	0.08	7.5
		Product 2	>= 54 and < 55	-	-	-	-	-	-	0	54.7	7.7	4.8	0.06	8.7	0	54.7	7.7	4.8	0.06	8.7
		Total Ore	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3**	**57.2**	**6.2**	**3.8**	**0.08**	**7.6**	**3**	**57.2**	**6.2**	**3.8**	**0.08**	**7.6**
RHIOJV	Cardo Bore East	Product 1	>= 55.5	-	-	-	-	-	-	31	58.8	5.1	3.8	0.07	6.5	31	58.8	5.1	3.8	0.07	6.5
		Product 2	>= 54 and < 55.5	-	-	-	-	-	-	1	54.5	8.6	5.3	0.07	7.5	1	54.5	8.6	5.3	0.07	7.5
		Total Ore	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**32**	**58.6**	**5.2**	**3.8**	**0.07**	**6.6**	**32**	**58.6**	**5.2**	**3.8**	**0.07**	**6.6**
RHIOJV	Upper Cane	Product 1	>= 53	55	58.7	5.1	3.0	0.08	7.4	17	57.6	6.2	3.4	0.08	7.6	71	58.4	5.4	3.1	0.08	7.5
		Product 2	>= 53	1	58.7	5.1	3.0	0.08	7.4	0	57.6	6.2	3.4	0.08	7.6	1	58.4	5.4	3.1	0.08	7.5
		Total Ore	**-**	**55**	**58.7**	**5.1**	**3.0**	**0.08**	**7.4**	**17**	**57.6**	**6.2**	**3.4**	**0.08**	**7.6**	**72**	**58.4**	**5.4**	**3.1**	**0.08**	**7.5**
RHIOJV	Trinity Bore	Product 1	>=54.6	-	-	-	-	-	-	44	55.8	6.4	3.8	0.07	9.4	44	55.8	6.4	3.8	0.07	9.4
		Product 2	>= 53 and < 54.6	-	-	-	-	-	-	25	53.9	8.2	4.1	0.04	10.0	25	53.9	8.2	4.1	0.04	10.0
		Total Ore	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**70**	**55.1**	**7.0**	**3.9**	**0.06**	**9.6**	**70**	**55.1**	**7.0**	**3.9**	**0.06**	**9.6**
RHIOJV	Catho Well North	Product 1	>=54.35	-	-	-	-	-	-	6	55.4	6.9	2.7	0.04	10.2	6	55.4	6.9	2.7	0.04	10.2
		Product 2	>=53.85 and < 54.35	-	-	-	-	-	-	1	54.1	8.0	3.1	0.04	10.4	1	54.1	8.0	3.1	0.04	10.4
		Total Ore	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7**	**55.2**	**7.1**	**2.8**	**0.04**	**10.3**	**7**	**55.2**	**7.1**	**2.8**	**0.04**	**10.3**
MSIOJV	Catho well	Product 1	>=54.35	2	55.7	6.3	3.4	0.04	9.9	59	55.4	6.8	3.0	0.04	10.2	61	55.4	6.8	3.0	0.04	10.2
		Product 2	>=53.85 and < 54.35	0	54.1	7.1	4.5	0.04	10.1	21	54.1	7.7	3.6	0.04	10.4	22	54.1	7.7	3.7	0.04	10.4
		Total Ore	**-**	**3**	**55.4**	**6.4**	**3.5**	**0.04**	**9.9**	**80**	**55.1**	**7.1**	**3.2**	**0.04**	**10.2**	**83**	**55.1**	**7.0**	**3.2**	**0.04**	**10.2**
APIJV	Buckland Hills[2]	Product 1	>=56.5	-	-	-	-	-	-	102	59.0	5.1	1.9	0.13	8.0	102	59.0	5.1	1.9	0.13	8.0
		Product 2	>=53 and < 56.5	-	-	-	-	-	-	28	55.7	9.0	2.4	0.13	8.2	28	55.7	9.0	2.4	0.13	8.2
		Total Ore	-	-	-	-	-	-	-	130	58.3	6.0	2.0	0.13	8.0	130	58.3	6.0	2.0	0.13	8.0
-	**Total**	**Product 1**	**-**	**200**	**58.0**	**5.2**	**3.5**	**0.08**	**7.8**	**444**	**57.6**	**5.5**	**3.1**	**0.08**	**8.4**	**643**	**57.7**	**5.4**	**3.2**	**0.08**	**8.2**
		Product 2	**-**	**20**	**54.3**	**7.9**	**4.6**	**0.08**	**9.0**	**117**	**54.6**	**8.2**	**3.7**	**0.08**	**9.2**	**137**	**54.5**	**8.1**	**3.8**	**0.08**	**9.2**
		Total Ore	**-**	**220**	**57.6**	**5.5**	**3.6**	**0.08**	**7.9**	**560**	**57.0**	**6.1**	**3.2**	**0.08**	**8.5**	**780**	**57.2**	**5.9**	**3.3**	**0.08**	**8.4**

1 Approximate cut-off. Scheduled inventory converted into product over the life of the Ore Reserve approximated by an Fe-only cut-off.
2 Buckland Hills mines 147.2 Mt of mineralized material with the below water table material treated through a wet plant producing a total of 130.5Mt product.

Table 3 Ore Reserve estimate as at 21 August 2015 – Total by Joint Venture

Joint Venture	Product	Proved						Probable						Total Proved and Probable					
		dmt (Mt)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)	dmt (Mt)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)	dmt (Mt)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)
APIJV	Product 1	8	57.7	5.3	3.0	0.11	7.6	119	58.8	5.2	2.1	0.13	7.9	127	58.7	5.2	2.1	0.13	7.9
	Product 2	1	53.8	9.0	4.4	0.09	7.5	32	55.5	9.0	2.6	0.13	8.2	33	55.4	9.0	2.7	0.13	8.2
	Total Ore	**10**	**57.2**	**5.8**	**3.2**	**0.11**	**7.5**	**151**	**58.1**	**6.0**	**2.2**	**0.13**	**8.0**	**161**	**58.0**	**6.0**	**2.2**	**0.13**	**8.0**
MSIOJV	Product 1	2	55.7	6.3	3.4	0.04	9.9	59	55.4	6.8	3.0	0.04	10.2	61	55.4	6.8	3.0	0.04	10.2
	Product 2	0	54.1	7.1	4.5	0.04	10.1	21	54.1	7.7	3.6	0.04	10.4	22	54.1	7.7	3.7	0.04	10.4
	Total Ore	**3**	**55.4**	**6.4**	**3.5**	**0.04**	**9.9**	**80**	**55.1**	**7.1**	**3.2**	**0.04**	**10.2**	**83**	**55.1**	**7.0**	**3.2**	**0.04**	**10.2**
RHIOJV	Product 1	189	58.0	5.2	3.5	0.08	7.8	266	57.6	5.4	3.5	0.07	8.2	455	57.8	5.3	3.5	0.08	8.0
	Product 2	19	54.3	7.8	4.6	0.08	9.1	63	54.3	7.9	4.3	0.06	9.4	82	54.3	7.9	4.4	0.07	9.3
	Total Ore	**208**	**57.7**	**5.5**	**3.6**	**0.08**	**7.9**	**329**	**57.0**	**5.9**	**3.7**	**0.07**	**8.4**	**537**	**57.2**	**5.7**	**3.6**	**0.07**	**8.2**
WPIOP	**Total Ore**	**220**	**57.6**	**5.5**	**3.6**	**0.08**	**7.9**	**560**	**57.0**	**6.1**	**3.2**	**0.08**	**8.5**	**780**	**57.2**	**5.9**	**3.3**	**0.08**	**8.4**

In the instance the Ore Reserve Estimate is to be issued for public release:

- The public announcement must also comply with ASX Listing Rules, in particular 5.9.1 and 5.9.2. This requires a market announcement and inclusion of the supporting Mineral Resource estimate, dated 23 June 2015 and the respective JORC Table 1 sections 1, 2 and 3.
- Consent must be obtained from the Mineral Resource Competent Person.
- The competent person consent form and statement for the Ore Reserve estimate has been provided with this letter. Please provide AMC with drafts of any public statements that refer to the Ore Reserve estimates so that the Competent Person can review and approve the form and context in which the estimate appears.

Kind regards

Kate Sommerville
Principal Mining Engineer

Competent Persons' Statements

The information in this letter that relates to the WPIOP - Stage 1 Ore Reserve estimate is based on information compiled and reviewed by Ms Kate Sommerville, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Ms Sommerville is a full time employee of AMC Consultants Pty Ltd. Ms Sommerville has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Statement of no conflict of interest

In undertaking the assignments referred to in this update, AMC acted as an independent party, has no interest in the outcome of the WPIOP - Stage 1, and has no business relationship with APIM or any of the joint venture companies other than undertaking those individual technical consulting assignments as engaged, and being paid according to standard per diem rates with reimbursement for out-of-pocket expenses. Therefore, AMC and the Competent Person believe that there is no conflict of interest in undertaking the assignments which are the subject of this letter.

Appendix A
Assessment and Reporting Criteria for the West Pilbara Iron Ore Project – Stage 1 (JORC "Table 1")

Section 4. Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in section 2 and 3, also apply to this section.)

Criteria	Commentary
Mineral Resource estimate for conversion to Ore Reserves	• The WPIOP - Stage 1 consists of ten channel iron deposits located south of Pannawonica in Western Australia. • The APIM 23 June 2015 Mineral Resource estimate for WPIOP - Stage 1 is the basis for the Ore Reserve estimate. • The APIM Mineral Resource estimate is inclusive of those Mineral Resources converted to Ore Reserves in this estimate.
Site visits	• AMC Consultants Pty Ltd representatives (Competent Person and a geotechnical engineer) visited site in November 2014, and inspected proposed mining areas (except Buckland Hills) and the proposed port area. The Competent Person visited site again in August 2015 to visit all proposed mining areas, including Buckland Hills.
Study status	• AMC have undertaken a geotechnical and mining feasibility study for WPIOP - Stage 1. Studies of all deposits are at feasibility level, except Buckland Hills which is at pre-feasibility study level. • This Ore Reserve estimate replaces the estimate released in December 2010.
Cut-off parameters	• Product 1 target grades are Fe 57.5%, SiO2 5.80%, Al2O3 3.30% and P 0.080%. • Product 2 target grade is Fe 55%. • The mine schedule demonstrates both Product grade targets are met. • The Ore Reserves are reconciled by product tonnes from the mine schedule. • Due to blending and stockpiling, the Ore Reserve is not reported as based on a fixed cut-off grade. The Ore Reserve is the scheduled mineralization required to achieve the target product grades for each period of the mine life. • Ore Reserves is stated as the saleable material after screening.
Mining factors or assumptions	• The Mineral Resource model was regularised to a block size of 10 mE × 10 mN × 4 mRL which was determined to be the selective mining unit size for the proposed mining equipment and deposit geometry. An exception to this is Catho Well deposit, which is planned to be mined with smaller equipment, and was regularised to a block size of 10 mE × 10 mN × 2 mRL. • A metallurgical algorithm was applied to the in situ grades of Buckland Hill model blocks below the water table to estimate the product grade and yields after screening. The estimated recovery factor for below water table tonnes at Buckland Hills is 83%. • Dilution and mining recovery were modelled by regularising the resource block model to the selective mining unit size. • Pit optimization shells were developed using the Lerchs-Grossmann algorithm with industry standard software and the regularised resource model together with costs, revenues, and slopes. • The resultant pit shells were used to guide detailed pit design with due consideration of geotechnical, geometric, and access constraints. The pit designs were used to constrain the mining model evaluation for mine scheduling and economic evaluation. • Mine scheduling used a commercial linear programming software that aims to maintain target blended ore quality, production and other constraints while maximizing net present value (NPV). • Conventional truck and excavator mining method was selected. This is similar to other Pilbara iron ore mines. • Deposits are spread over a 60 km length. Road train haulage will be used to transport ore to a central processing facility for all deposits, except at Kens Bore where the ore will be hauled directly from the pit to the processing facility. • The pit slope parameters are based on geotechnical studies informed by assessments of 5,614m of geotechnical and core logs, including 2,094m diamond drillholes from the 2015 drilling program, and mapping from trial pits. • Material properties were assessed by laboratory testing, including 122 uniaxial compressive strength (UCS) tests and 124 uniaxial tensile strength (UTS) tests. The resultant inter-ramp slope angles vary between 29º and 54º depending on the local rock mass and structural geological conditions. • Where mining is planned below the water table, the pit will be dewatered to ensure dry mining conditions for the relevant benches. The pit will be backfilled after mining to 5 m above the normal water-table. • Inferred Mineral Resources were excluded from the Ore Reserve estimate and mine economic valuations utilized to validate the economic viability of the Ore Reserves. Inferred Mineral Resources were scheduled in life of mine planning and comprised less than 2% of the inventory. • The mine feasibility study and economic valuation considered the infrastructure requirements associated with the conventional truck and backhoe excavator mining operation including crushing and road haulage systems, maintenance facilities, access routes, explosive storage, water, power, rail and port facilities.
Metallurgical factors or assumptions	• The majority of the saleable product is direct shipping ore (DSO) blended to deliver a product with Fe, Al_2O_3, SiO_2 and P within acceptable limits. Processed product from Buckland Hills is blended with the DSO in most years. • The processing plant has an annual throughput capacity of 40 Mtpa using dry processing. Key flowsheet

Criteria	Commentary
	items are primary crushing, secondary crushing, screening and tertiary crushing. Product quality blending is achieved through the mining plan and presentation of ROM material to the plant. • When required to process Buckland Hills ore from below the water table, the processing plant will be upgraded to include a 12Mtpa wet plant. • A total of 24% of the Ore Reserve estimate is below water table, 10% is from Buckland Hills which will require wet processing. • A process recovery of 100% is assumed for all deposits, except for Buckland Hills ore sourced from below the water table, which has an estimated ore recovery to product based on metallurgical test work. The estimated recovery factor for below water table tonnes at Buckland Hills is 83%. • The proposed metallurgical process is a well-tested and proven processing methodology. • The process flowsheet and metallurgical assumptions are based on test work done by ALS Metallurgy Pty Ltd.
Environmental	• The mine and rail components of the WPIOP - Stage 1 were described in a Public Environmental Review published in June 2010 and approved under the WA Environmental Protection Act 1986 (EP Act) by the Minister for the Environment and Water on 30 November 2011 (Ministerial Statement 881). Commonwealth approval for the mine and rail elements was granted under the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act) via the Delegate to the Minister for Sustainability, Environment, Water, Population and Communities (EPBC 2009/4706) on 27 November 2011. These approvals apply to the exploitation of resources defined up to around December 2010. • The proposal by APIJV to develop Anketell Port, described in a 'Section 43A' and Response to Submissions/final Public Environment Report (published November 2011) and a Public Environmental Review/Draft Public Environment Report (published December 2010), was approved under the EP Act by the Minister for Environment; Water on 30 January 2013 and by the Commonwealth Minister for Sustainability, Environment, Water, Population and Communities under the EPBC Act (EPBC 2009/5120) and the Environmental Protection (Sea Dumping) Act 1981 on 15 May 2013. • Preparation of applications for primary approvals for project variations and resources identified subsequent to December 2010 are underway and conditional approvals are expected to be obtained within the project timeframe.
Infrastructure	• WPIOP - Stage 1 will be accessible via all-weather road from the public highway (as set out in the feasibility study infrastructure plans). • The feasibility studies for rail and port infrastructure are being undertaken by project partner – Aurizon Operations Ltd. • Product from the mine processing plant will be transported via a 245 km railway and a new deep-water port facility located at Anketell Point to the west of Cape Lambert.
Costs	• The project economic valuation and AMC Mining Study that support the Ore Reserves estimate considered the infrastructure requirements associated with the conventional truck and excavator mining operation including crushing and road haulage systems, maintenance facilities, access routes, explosive storage, water, power, rail and port facilities. • Capital and operating cost estimates have been predominantly based on contributions from contractors who have provided fixed lump sum EPC contract prices and estimates based on engineering. • Mine operating cost estimates were developed by AMC from first principles and original equipment manufacturer quotes based on a contractor mining model. Budget quotes for contract mining and road haulage were obtained to validate and, where necessary, update assumptions. • The key mining and processing operating and cost assumptions used were: o Total mining and processing capital costs: $2.04bn; o Average mining operating costs (incl. haulage): A$5.57/t for ore & A$4.75/t waste; and o Processing and other minesite operating costs (excluding royalties): A$4.62/t ore. o These cost estimates remain the subject of ongoing feasibility work. • Port and rail costs are based on a non-binding indicative ±25% tariff for rail and port (CPF to ship) supply chain services. The tariff encompasses both an operating cost charge for the rail and port services, together with a capital charge reflecting a return of and on capital to cover the capital costs of developing the rail and port infrastructure. The proposed tariff is not disclosed as it is commercially sensitive and the subject of commercial negotiations that remain in progress as part of the updated feasibility study being undertaken. • Royalties include 7.5% state iron ore fines royalty plus approximately 1.5% in private royalties.
Revenue factors	• Revenue assumptions were based on long-term forecasts of benchmark iron ore prices, exchange rates and freight rates prepared or sourced from a number of independent parties. It is appropriate to utilise long term iron ore price forecasts because the mine life extends over more than 20 years. • Discounts to benchmark prices have been applied to account for the iron grade and impurities associated with the Product 1 and Product 2 specifications. The estimated discounts are commercially sensitive (due to ongoing customer discussions) and are based on a number of sources including; customer discussions, value in use studies on individual mills, studies by independent consultants and ongoing China Technical Institute/University sinter test work. • Based on the revenue assumptions, the following long term FOB product prices were used as the base case assumptions for Ore Reserve estimation purposes: A$70/dmt for Product 1 and A$58/dmt for Product 2.
Market assessment	• The market for iron ore was assessed by a number of independent consultants and was judged to be robust and growing in the medium to long term. • Based on sinter tests completed at the China Iron and Steel Research Institute (CISRI) in Beijing, the WPIOP - Stage 1 product may be used at levels of 10-15% in sinter plant feeds, with the potential for levels as high as 20-25%.

Criteria	Commentary
Economic	• The financial model prepared for cash flows resulting from the production and sale of products according to the Ore Reserve mine plan indicates a positive NPV, and consequently that the WPIOP - Stage 1 is economically viable. • The NPV of WPIOP - Stage 1 is estimated using a post-tax discount rate of 8% pa. • Project sensitivity has been carried out on a ±30% range of the major financial parameters and this demonstrated positive NPV outcomes.
Social	• State and Federal environmental approvals and Native Title Agreements are expected to be achieved within the project timeframe. • Mining Lease applications have been lodged in respect of deposits known as Cochrane, Jewel, Kens Bore, Cardo Bore North, Upper Cane, Cardo Bore East, Trinity Bore and Catho Well. APIM expects these to be approved in the near future and are expected to be granted within the project timeframe. • Applications for Mining Leases are planned to be made in the near future to cover deposits known as Red Hill Creek and Buckland Hills. • Native Title obligations have been fulfilled. In June 2014 and March 2015 respectively, APIJV entered into comprehensive Land Access Agreements with Kuruma and Marthudunera (combined) and the Puutu Kunti Kurruma and Pinikura registered Native Title groups. The West Pilbara deposits are within the associated registered Native Title Claim areas. • Native title obligations in respect of the infrastructure (rail and port) have been fulfilled in respect of infrastructure located upon the Kuruma and Marthudunera (Combined) (Rail), Yaburara & Mardudhunera (Rail) and Ngarluma (Port) Native Title Groups. Discussions are ongoing with the Ngarluma Native Title Group in relation to the rail and this is expected to be resolved within the project timeframe.
Other	• Identified naturally occurring hazards have been considered and do not have a material impact on the Ore Reserve estimate. The project is in a harsh summer climate and subject to regular cyclonic storms. Construction of all infrastructure is to be sufficient standards to cope with these conditions. • APIM reports that at the time of reporting, all legal agreements are in place for ownership of the project. • The APIM Marketing Department is targeting to achieve non-binding letters of intent (LOI) covering 75% of the first five years' production by November 2015, and have already received some LOIs. This is achieved by visiting customers, presentations and developing commercial and technical relationships. Customers include mills and traders. The main market is China with Taiwan, Japan and South Korea. APIM is being supported from project stakeholders Baosteel and POSCO, who are both major Asian based steelmakers. • The environmental and social studies are nearing completion. • It is assumed that the development of the WPIOP – Stage 1 will be undertaken on the basis that the ore from the RHIOJV and MSIOJV will be sold to the APIJV on a net-back sale price basis at the ROM pad or prior to railing (i.e. calculated from the product prices realised by APIJV less agreed attributable costs). The commercial details of these arrangements remain the subject of negotiation between the various joint venture participants.
Classification	• Measured Mineral Resources within the open pit mine designs are converted to Proved Ore Reserves, except at the Buckland Hills deposit where Measured Mineral resources convert to Probable Ore Reserves due to reduced confidence in the metallurgical, hydrological and geotechnical modifying factors. • 28% of Probable Ore Reserves are derived from Measured Mineral Resources. • Indicated Mineral Resources within the open pit mine designs convert to Probable Ore Reserves. • Inferred Mineral Resources regarded as waste for optimization and evaluation purposes and were not included in the Ore Reserves. • The project definition and Ore Reserve estimate appropriately reflects the Competent Person's views.
Audits or reviews	• SRK Consulting Pty Ltd (SRK) has independently reviewed the processes used by AMC to produce the Ore Reserve Estimate. • SRK noted comments and observations, aligned with AMC that the Ore Reserve would benefit from further optimization to incorporate changes to project assumptions implemented by APIM during the study phase. These changes are not anticipated to have a material impact on the Ore Reserve estimate. • SRK acknowledges that APIM intends to undertake additional optimization studies, and to release an updated Ore Reserve Statement in the event of material changes to the Ore Reserve.
Discussion of relative accuracy/ confidence	• In the Competent Person's view the confidence level for the modifying factors is high as there is significant iron ore operating activity in the region and relevant benchmarking and reference to existing operations has been done. • The price assumptions used in the estimate are based on market assessment conducted by independent consultants. However volatility in the iron ore market has seen significant swings in the price and demand for the products to be produced by the WPIOP - Stage 1. This introduces some uncertainty for the project until agreements are in place to sell the product under known conditions. • The Ore Reserve estimate includes ore in areas that have not been previously mined. The Competent Person is satisfied that sufficient drilling and testing has been conducted to support the Mineral Resource estimates as a basis for the feasibility study and Ore Reserve. • APIM indicates further drilling is likely to be conducted in the project area. This will provide the opportunity to update the Mineral Resource estimate and the Ore Reserve estimate. • Similar methods and modifying factors have been used in all deposits of the project. • There has been no production for the project as yet, so no reconciliation of the Mineral Resource and operating parameters is possible.

Attachment B – APIM West Pilbara Iron Ore Project – Stage 1 Mineral Resource Estimates

API MANAGEMENT PTY LIMITED

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23 June 2015

Aquila Steel Pty Ltd
Level 14
225 St Georges Terrace
PERTH WA 6000

AMCI Australia Pty Ltd
Level 37 Riverside Centre
123 Eagle Street
BRISBANE QLD 4000

Attention: Miles Zhou / Rob McNamara

Dear Sirs,

Re: Updated Mineral Resource Estimates for WPIOP – Stage 1

API Management Pty Ltd (API) and Golder Associates Pty Ltd (Golder) have updated Mineral Resource estimates for all API Channel Iron Deposits (CID) within the West Pilbara Iron Ore Project – Stage 1 (WPIOP – Stage 1) development area.

The updated Mineral Resource Statement includes the maiden resource estimate for the Red Hill Creek CID and updates to nine CIDs located within the Mt Elvire Project (API Joint Venture 100%), Red Hill Iron Ore Joint Venture (API earning 81%) and Mt Stuart Iron Ore Joint Venture (API 70% / Cullen 30%).

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

Mineral Resource estimates for the Kens Bore, Red Hill Creek and Catho Well deposits are also reported based on changes in ownership or 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 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 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	RHIOJV/API Elvire	63	57.0	5.67	3.27	0.02	7.70	0.06	0.115	0.012
Trinity Bore	RHIOJV	138	54.6	7.38	4.10	0.03	9.79	0.11	0.058	0.022
Catho Well	MSIOJV/RHIOJV	176	54.4	7.59	3.37	0.08	10.36	0.19	0.037	0.016
Buckland Hills	APIJV	208	57.4	6.91	2.32	0.08	8.06	0.06	0.134	0.010
TOTAL	**TOTAL**	**1218**	**56.4**	**6.48**	**3.50**	**0.04**	**8.69**	**0.10**	**0.080**	**0.015**

Refer to Figure 1 for deposit locations.

The updated CID Mineral Resource estimates for the West Pilbara Iron Ore Project – Stage 1 total 1218 Mt at 56.4% Fe. 89% of the material (1,086 Mt) is classified as Measured or Indicated.

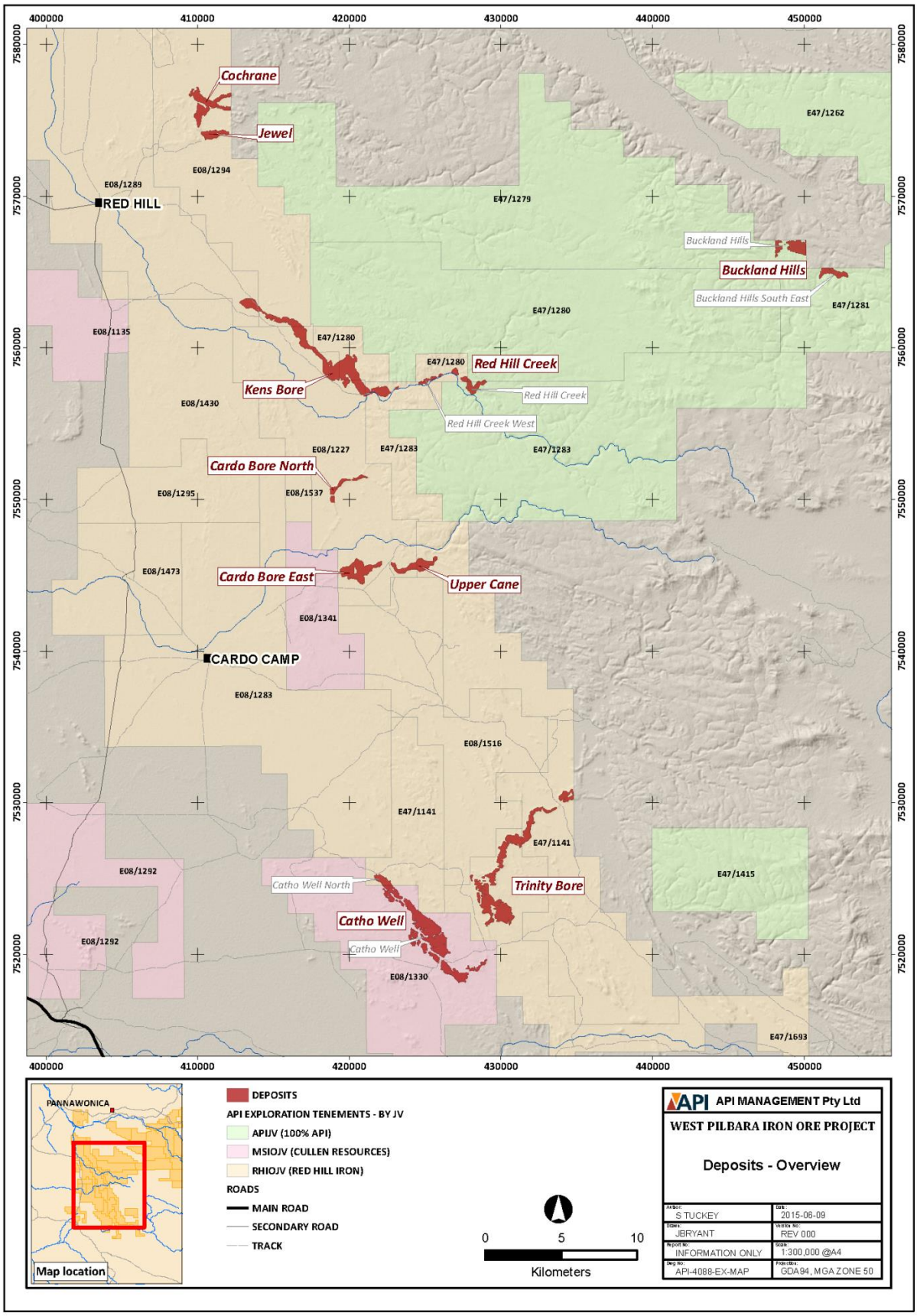
The 2015 Mineral Resource estimate (at a 52% Fe cut-off) represents an increase of 336 Mt over the previous total CID resource (882 Mt (at a 53% Fe cut-off) including the Buckland Hills CID) within the Stage 1 Project area. The majority of the increase is attributable to the extension drilling completed at Kens Bore, the infill drilling and extension of the Catho Well deposit and addition of the Red Hill Creek deposit to the resource inventory.

Three of the ten deposits listed in table 1, Kens Bore, Red Hill Creek and Catho Well, are divided by ownership boundaries. Table 2 details Mineral Resources estimates (at a 52% Fe block cut-off) by Joint Venture that have shared ownership or royalty obligations.

Table 2. Summary of Mineral Resource estimates for Channel Iron Deposits with shared ownership or royalty obligations (52% Fe cut-off).

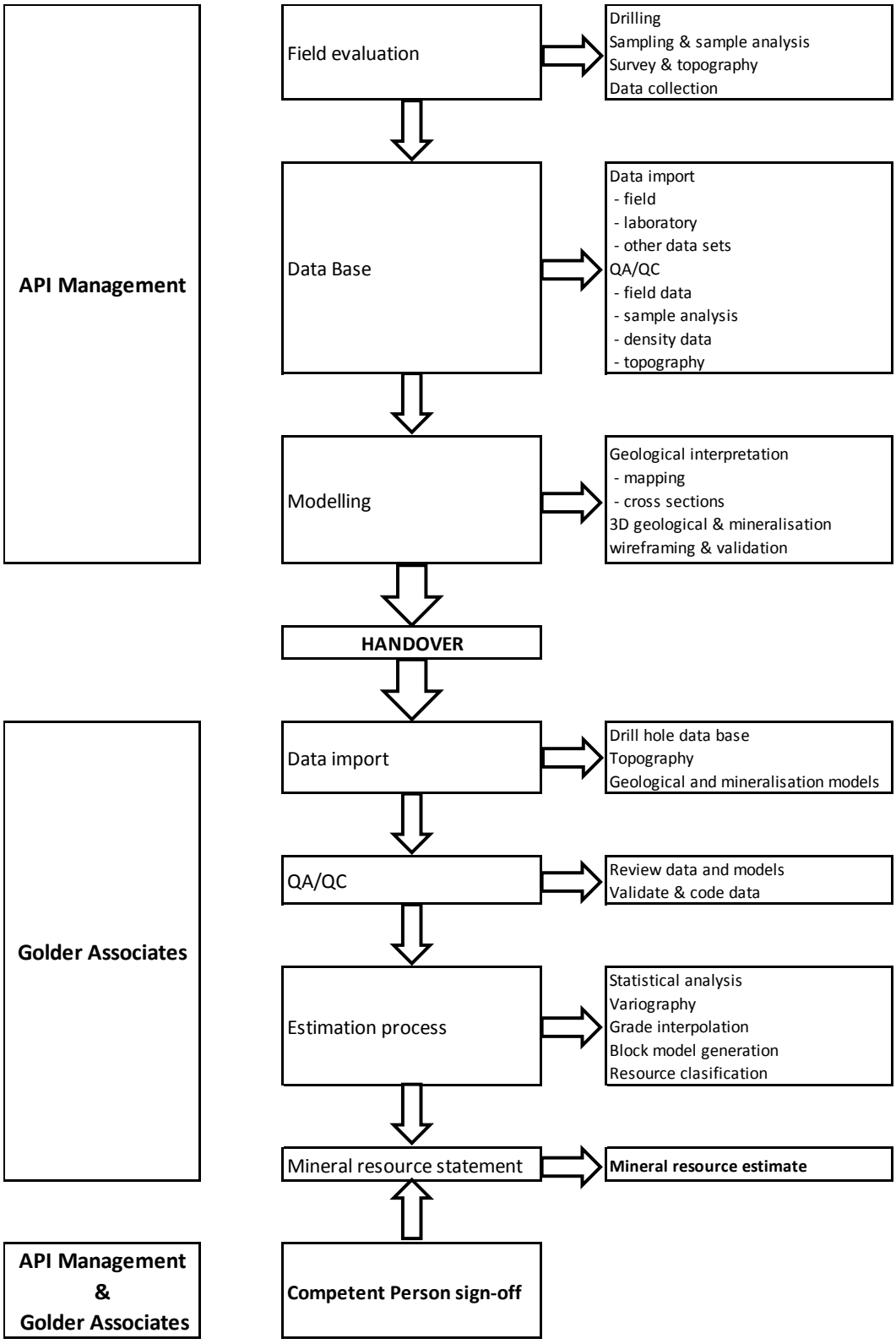
Deposit	Joint Venture	Tonnage Mt	Fe %	SiO_2 %	Al_2O_3 %	Mn %	LOI %	MgO %	P %	S %
Kens Bore	RHIOJV	198	56.1	6.16	3.88	0.03	9.01	0.11	0.077	0.014
Kens Bore East	RHIOJV/API Elvire	185	57.4	5.59	3.74	0.02	7.99	0.08	0.072	0.013
Red Hill Creek West	RHIOJV/API Elvire	28	57.0	5.54	3.32	0.02	7.74	0.07	0.117	0.009
Red Hill Creek	API Elvire	36	57.1	5.77	3.23	0.02	7.66	0.05	0.114	0.014
Catho Well	MSIOJV	162	54.4	7.59	3.40	0.08	10.35	0.19	0.037	0.016
Catho Well North	RHIOJV	14	54.5	7.56	3.03	0.13	10.43	0.24	0.038	0.015

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



Estimation Process

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



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 Buckland Hills, Catho Well and Kens Bore deposits 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.

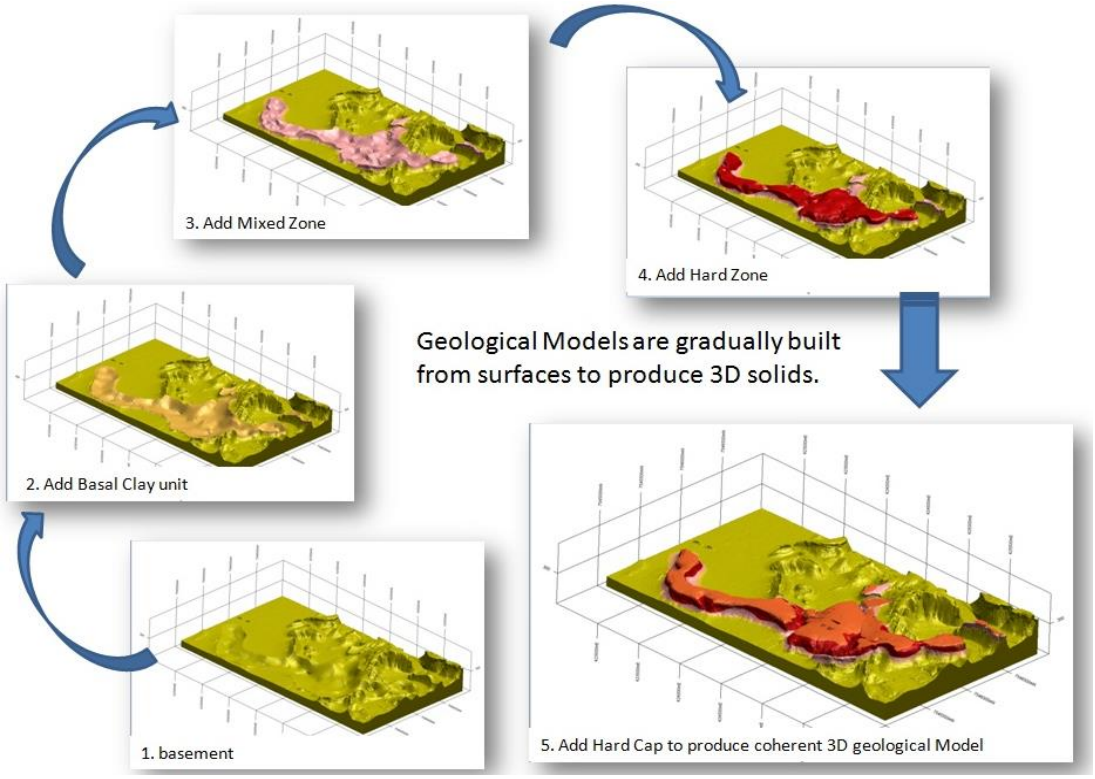


Figure 3 – The Geological Modelling Process

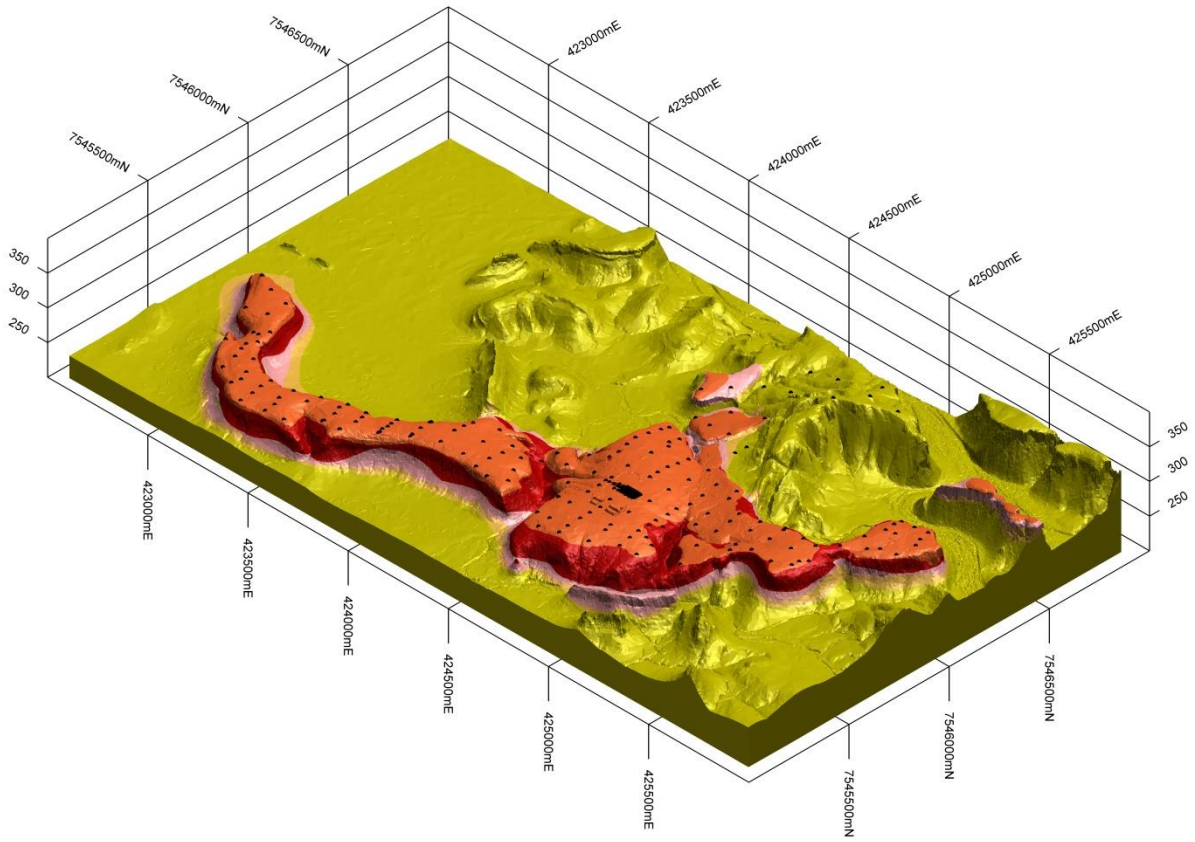


Figure 4 – Geological / stratigraphic model – Upper Cane.

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).

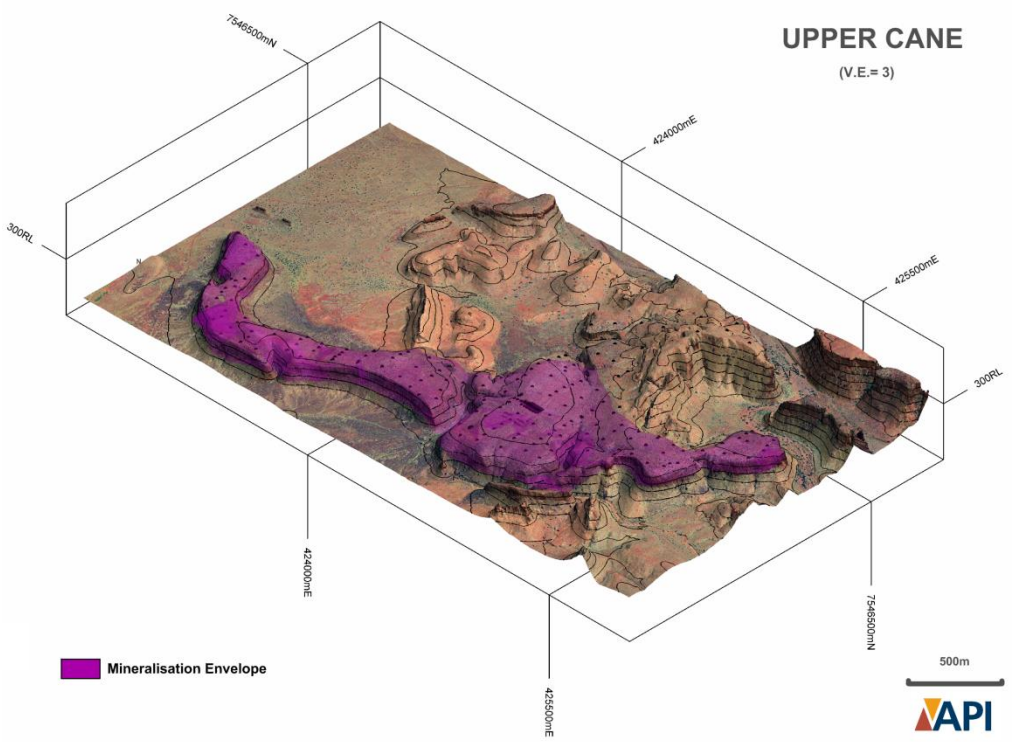


Figure 5 – Modelled Mineralisation Envelope at Upper Cane

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 2,347 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 318 waxed sample pair densities determined Ammtec (Laboratory) and ALS Laboratories. 14% of all densities were validated in this manner. Based on the validation, correction factors of -5% (Buckland Hills) and -3.5% (Cochrane, Jewel, Kens Bore, Red Hill Creek, Cardo Bore North, Cardo Bore East, Upper Cane, Trinity Bore and Catho Well) were applied to API's field densities. 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

<u>West Pilbara Iron Ore Project – Stage 1</u>

Mineral Resource estimates for the CIDs within the WPIOP – Stage 1 project areas (APIJV, RHIOJV and MSIOJV) total 1,218 Mt at 56.4% Fe.

Table 3. WPIOP - Stage 1 Mineral Resource estimates summarised by Joint Venture (52% Fe cut-off).

Joint Venture	Class (JORC 2012)	Mt	Fe %	SiO_2 %	Al_2O_3 %	Mn %	LOI %	MgO %	P %	S %
WPIOP - Stage 1 TOTAL	Measured	385	57.4	5.83	3.21	0.05	8.19	0.07	0.098	0.013
	Indicated	701	56.0	6.73	3.58	0.04	8.83	0.11	0.072	0.016
	Inferred	132	55.1	7.03	3.96	0.04	9.37	0.12	0.066	0.018
	TOTAL	**1218**	**56.4**	**6.48**	**3.50**	**0.04**	**8.69**	**0.10**	**0.079**	**0.016**
WPIOP - Stage 1 API	Measured	135	57.7	6.10	2.32	0.10	8.25	0.06	0.134	0.008
	Indicated	101	56.9	7.46	2.61	0.04	7.69	0.05	0.128	0.014
	Inferred	7	55.6	8.93	2.85	0.04	7.59	0.06	0.126	0.014
	TOTAL	**243**	**57.3**	**6.74**	**2.46**	**0.07**	**8.00**	**0.06**	**0.131**	**0.011**
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**
WPIOP - Stage 1 MSIOJV	Measured	3	55.3	6.45	3.56	0.06	9.98	0.19	0.042	0.022
	Indicated	140	54.4	7.60	3.42	0.08	10.36	0.19	0.036	0.016
	Inferred	19	54.5	7.70	3.18	0.10	10.28	0.20	0.039	0.016
	TOTAL	**162**	**54.4**	**7.59**	**3.39**	**0.08**	**10.34**	**0.19**	**0.036**	**0.016**

The total Mineral Resource estimate of 1,218 Mt at 56.4% Fe represents an increase of 336 Mt from the previously released (2010 (Cardo Deposits at 53% Fe cut-off) and 2011 (Buckland Hills at a 50% Fe cut-off)) Mineral Resource for the WPIOP – Stage 1 project area with the incorporation of the Buckland Hills deposit into the Stage 1 development.

The increase is attributed to;

- reduction in reporting cut-off grade from 53% Fe to 52% Fe (117 Mt);
- discovery and reporting of the maiden resource estimate for the Red Hill Creek deposit (64 Mt);
- drill-out of the eastern extension to the Kens Bore deposit (107 Mt);
- revision of the Jewel and Cochrane geological and mineralisation models as a result of additional drilling (20 Mt) and;
- completion of infill drilling leading to revision of geological and mineralisation models of Buckland Hills (13 Mt).

Resource Classification

The completion of infill drilling at the Catho Well, Kens Bore and Buckland Hills deposits has resulted in a significant increase of the Mineral Resource classified within the Measured and Indicated categories (JORC, 2012). Table 4 summarises the change in resource classification following the completion of infill drilling.

Table 4. Comparison of 2010 - 2015 Mineral Resource estimates.

	Previous Estimate (2010 - Cardo Deposits @ 53% Fe cut-off, 2011 – Buckland Hills @ 50% Fe cut-off)		June 2015 52% Fe cut-off	
Measured	209	24%	385	32%
Indicated	392	44%	701	58%
Inferred	281	32%	132	11%
TOTAL	882	100%	1218	100%

The total combined Measured / Indicated resources defined within the WPIOP – Stage 1 stands at 1,086 Mt, representing an increase of 485 Mt to the comparable 2010/11 position.

Significant changes by deposit are;

- Buckland Hills - conversion of the previous Inferred resource identified at Buckland Hills (195 Mt) adding a combined Measured / Indicated total of 204 Mt;
- Kens Bore – addition of the eastern extension adding a combined Measured / Indicated total of 94 Mt;
- Red Hill Creek – definition of the new resource adding a combined Measured / Indicated total of 57 Mt and;
- Catho Well – infill drilling completed across the deposit adding a combined Measured / Indicated total of 74 Mt.

Yours sincerely,

Stuart Tuckey
Manager Exploration
API Management Pty Limited

Attachment A – API West Pilbara Iron Ore Project – Stage 1 Mineral Resource Estimates

Attachment B – Drill Hole Location Plans and Geological Sections

Attachment C – 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, Red Hill Creek, and Buckland Hills

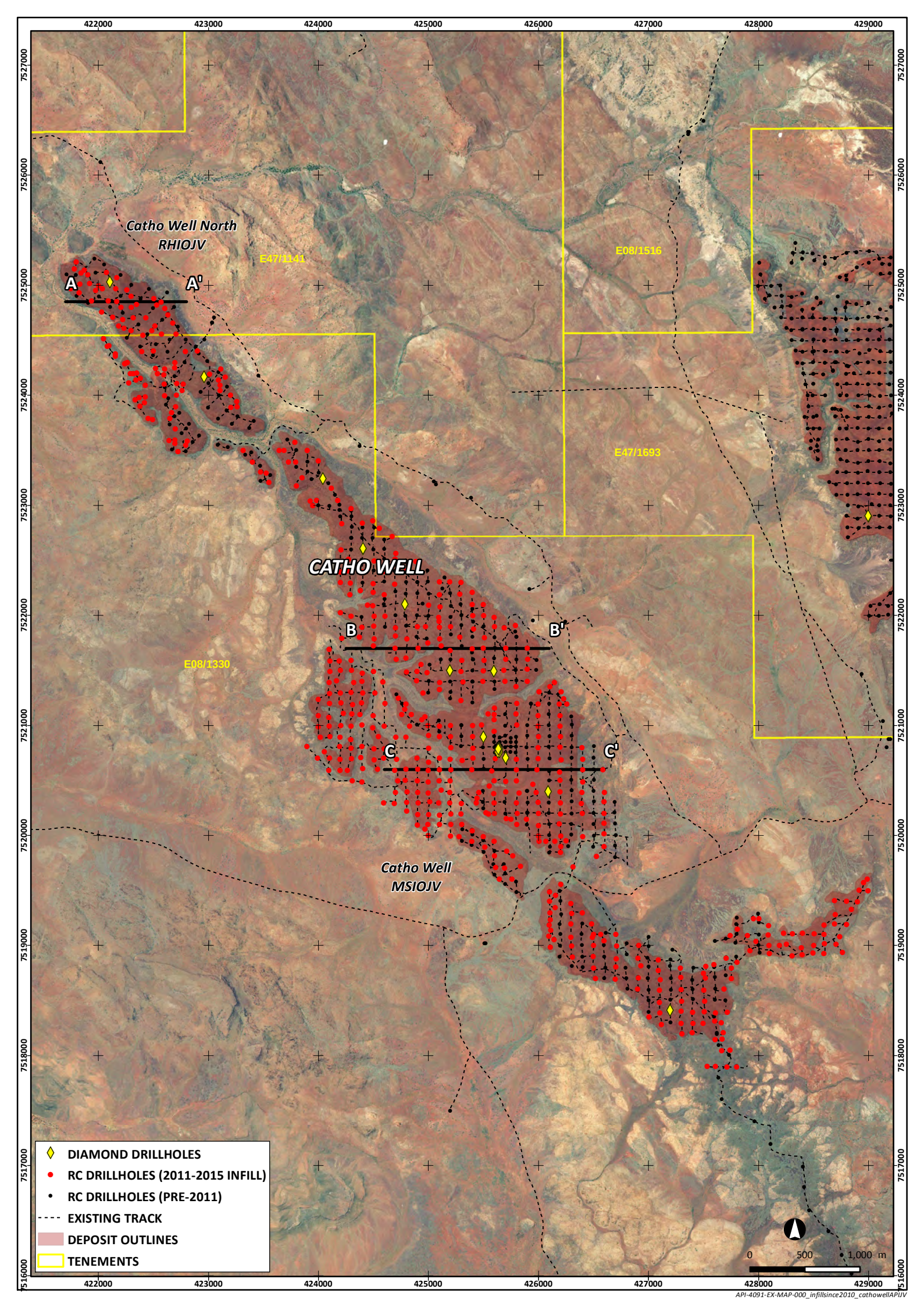
Attachment A – API West Pilbara Iron Ore Project – Stage 1 Mineral Resource Estimates

Deposit	Classification (JORC, 2012)	Tonnage 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 RHIJV	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
Red Hill Creek API Elvire	Measured	9	57.3	5.62	3.15	0.02	7.56	0.05	0.111	0.013
	Indicated	24	57.0	5.74	3.24	0.02	7.68	0.05	0.115	0.014
	Inferred	3	56.3	6.51	3.40	0.02	7.78	0.06	0.111	0.014
	TOTAL	36	57.1	5.77	3.23	0.02	7.66	0.05	0.114	0.014

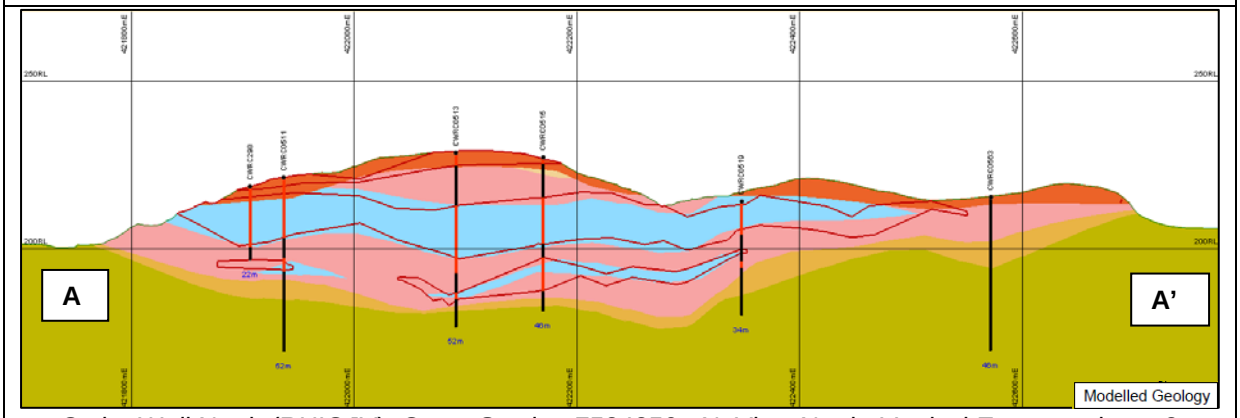
Trinity Bore RHIOJV	Measured	0	0.0	0.00	0.00	0.00	0.00	0.00	0.000	0.000
	Indicated	109	54.7	7.44	4.01	0.03	9.74	0.11	0.057	0.022
	Inferred	29	54.4	7.16	4.44	0.02	9.98	0.10	0.060	0.024
	TOTAL	138	54.6	7.38	4.10	0.03	9.79	0.11	0.058	0.022
Catho Well MSIOJV	Measured	3	55.3	6.45	3.56	0.06	9.98	0.19	0.042	0.022
	Indicated	140	54.4	7.60	3.42	0.08	10.36	0.19	0.036	0.016
	Inferred	19	54.5	7.70	3.18	0.10	10.28	0.20	0.039	0.016
	TOTAL	162	54.4	7.59	3.40	0.08	10.35	0.19	0.037	0.016
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
Buckland Hills API Elvire	Measured	126	57.8	6.13	2.26	0.11	8.30	0.06	0.135	0.008
	Indicated	78	56.8	7.98	2.42	0.04	7.70	0.05	0.132	0.014
	Inferred	4	55.2	10.40	2.52	0.04	7.47	0.06	0.135	0.014
	TOTAL	208	57.4	6.91	2.32	0.08	8.06	0.06	0.134	0.010

Joint Venture	**Class (JORC 2012)**	**Mt**	**Fe %**	**SiO_2 %**	**Al_2O_3 %**	**Mn %**	**LOI %**	**MgO %**	**P %**	**S %**
WPIOP - Stage 1 TOTAL	Measured	385	57.4	5.83	3.21	0.05	8.19	0.07	0.098	0.013
	Indicated	701	56.0	6.73	3.58	0.04	8.83	0.11	0.072	0.016
	Inferred	132	55.1	7.03	3.96	0.04	9.37	0.12	0.066	0.018
	TOTAL	**1218**	**56.4**	**6.48**	**3.50**	**0.04**	**8.69**	**0.10**	**0.079**	**0.016**

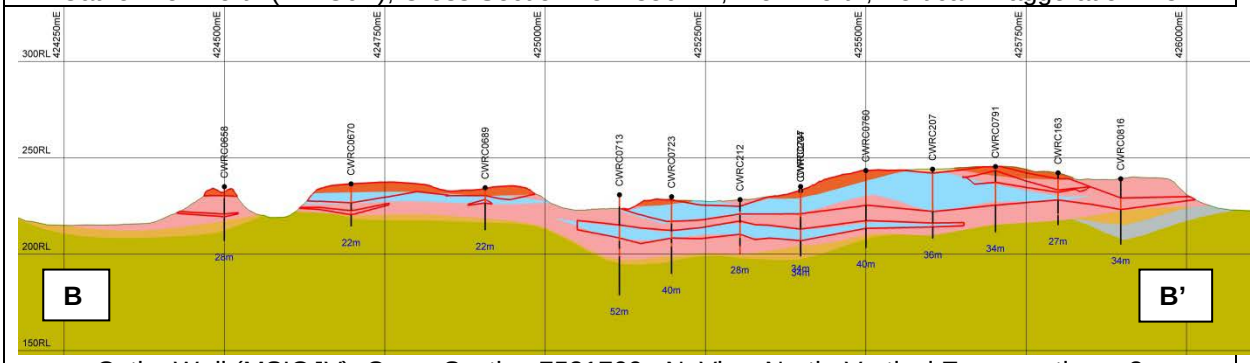
Attachment B – Drill Hole Location Plans and Geological Sections


422000
423000
424000
425000
426000
427000
428000
429000
7527000
7526000
7525000
7524000
7523000
7522000
7521000
7520000
7519000
7518000
7517000
7516000
Catho Well North
RHIOJV
E47/1141
E08/1516
A
A'
E47/1693
CATHO WELL
B
B'
E08/1330
C
C'
Catho Well
MSIOJV
DIAMOND DRILLHOLES
RC DRILLHOLES (2011-2015 INFILL)
RC DRILLHOLES (PRE-2011)
EXISTING TRACK
DEPOSIT OUTLINES
TENEMENTS
0
500
1,000 m
API-4091-EX-MAP-000_infillsince2010_cathowellAPIJV

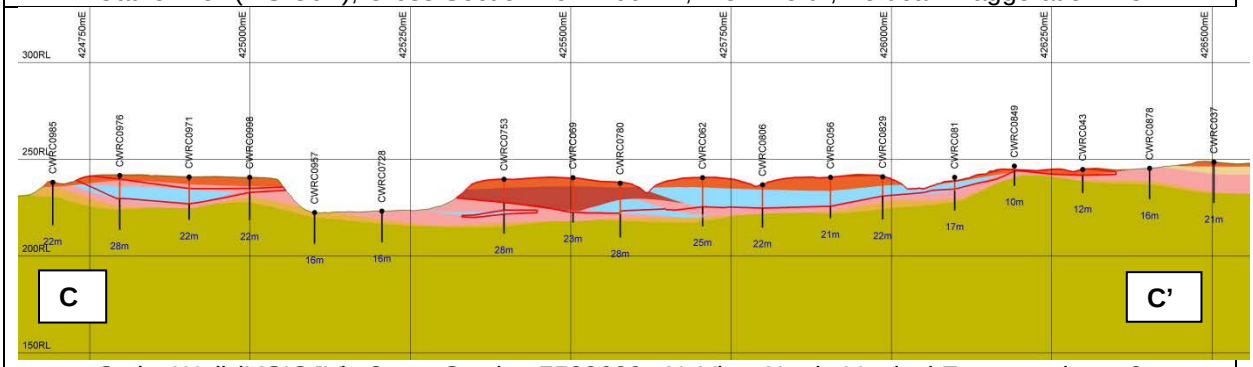
THE CATHO WELL DEPOSIT



Catho Well North (RHIOJV), Cross Section 7524850mN, View North, Vertical Exaggeration = 3

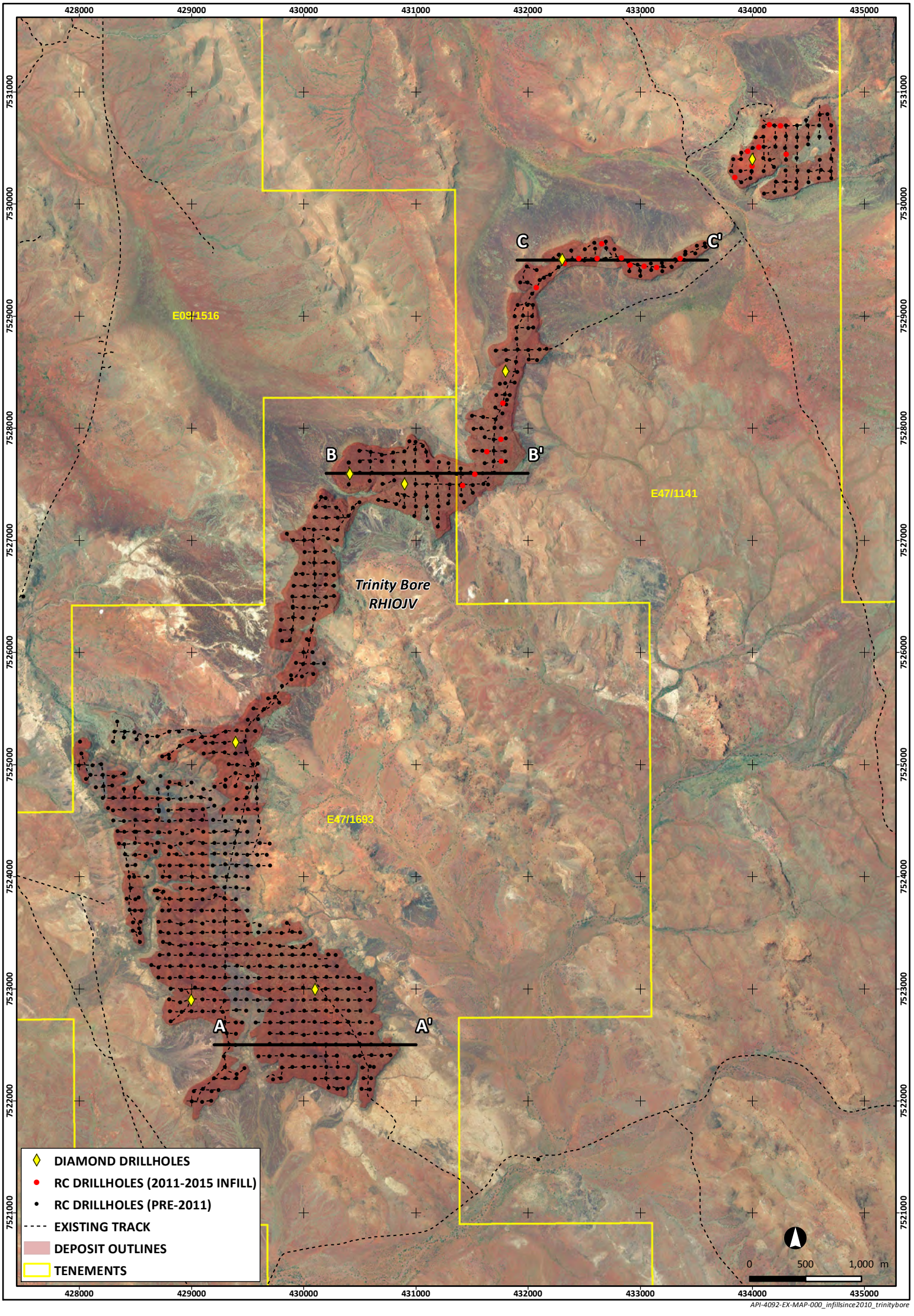


Catho Well (MSIOJV), Cross Section 7521700mN, View North, Vertical Exaggeration = 3



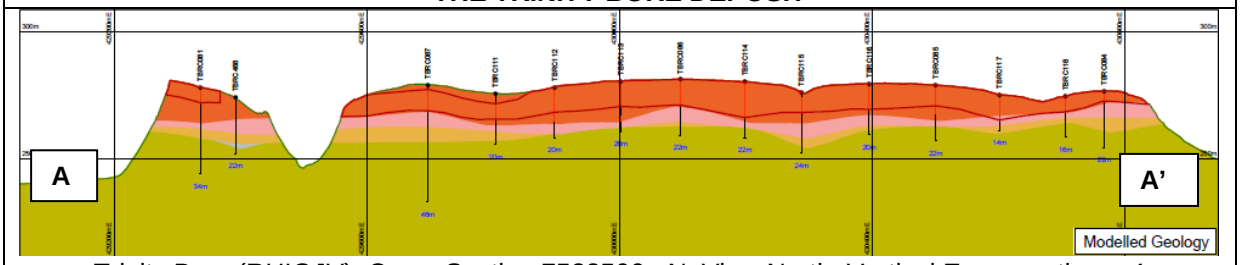
Catho Well (MSIOJV), Cross Section 7520600mN, View North, Vertical Exaggeration = 3

- Hardcap Unit
- Clay Zone
- Mixed Zone
- Goethite Dominant Hard Zone
- Hematite Dominant Hard Zone
- Basal Clay Zone
- Basal Conglomerate Unit
- Basement
- 52%Fe Mineralised Envelope

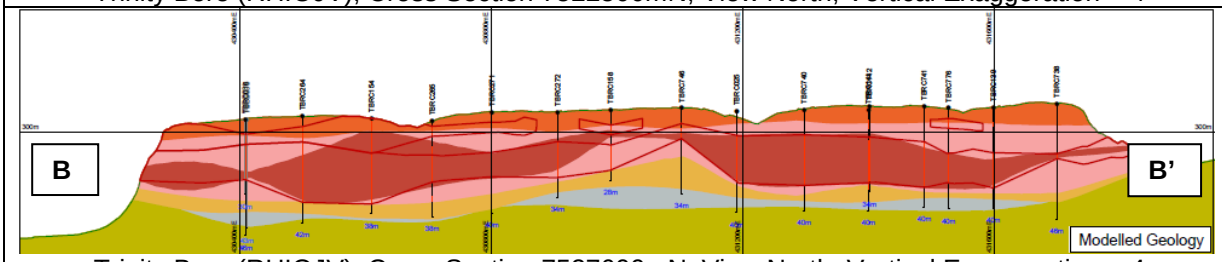


API-4092-EX-MAP-000_infillsince2010_trinitybore

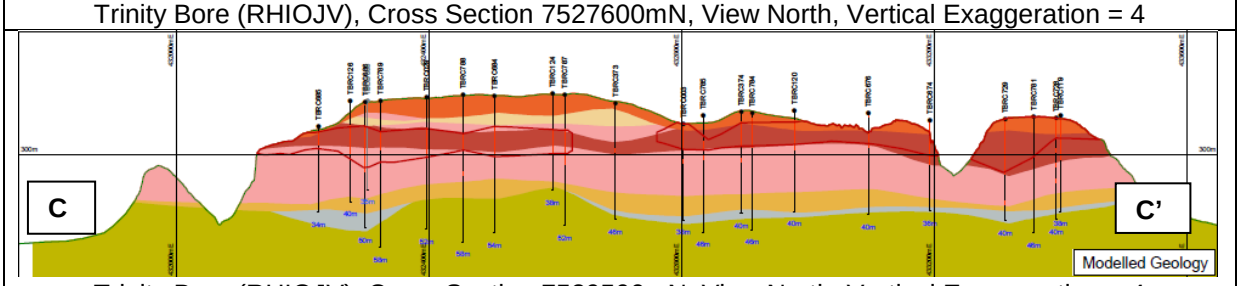
THE TRINITY BORE DEPOSIT



Trinity Bore (RHIOJV), Cross Section 7522500mN, View North, Vertical Exaggeration = 4

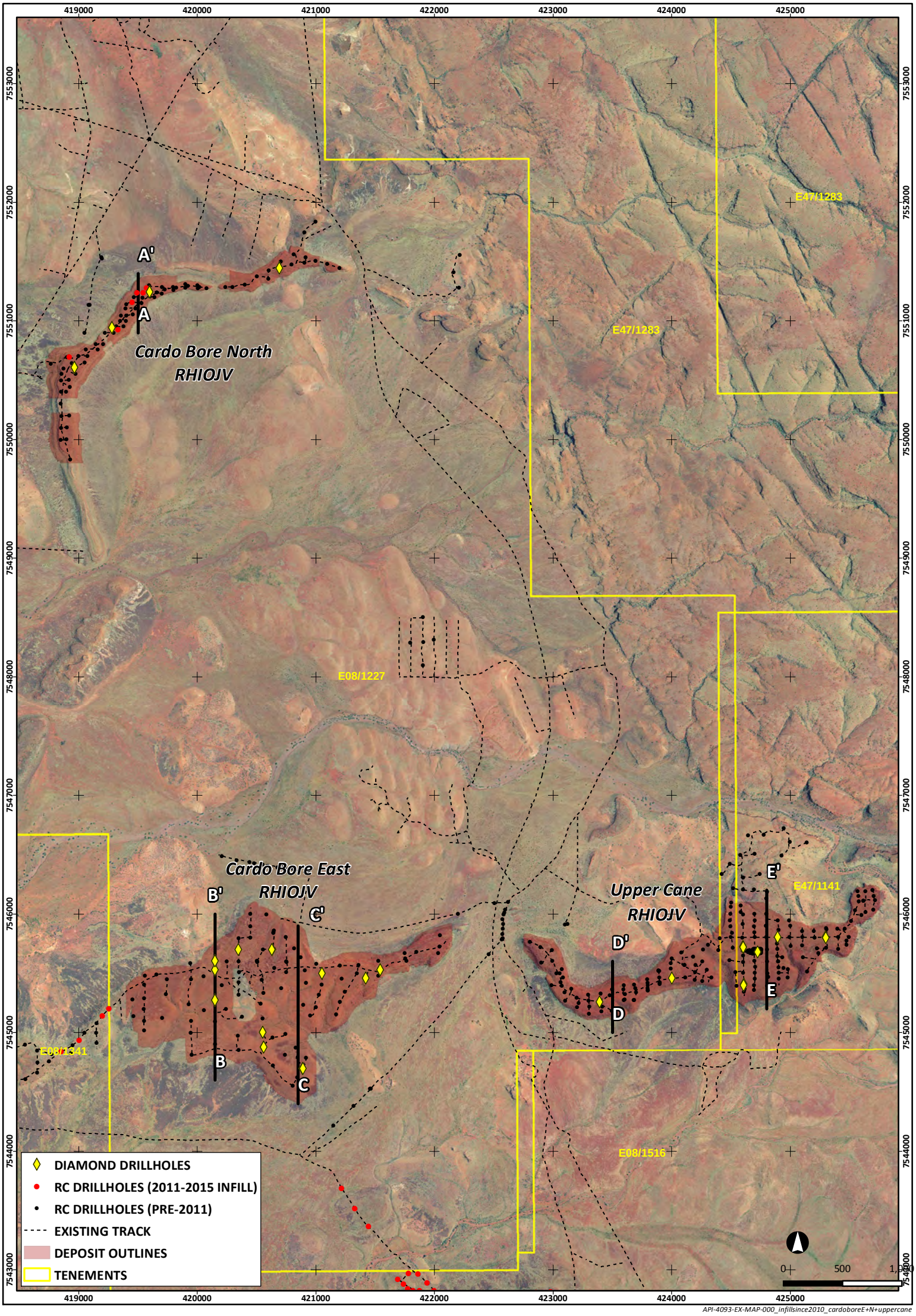


Trinity Bore (RHIOJV), Cross Section 7527600mN, View North, Vertical Exaggeration = 4

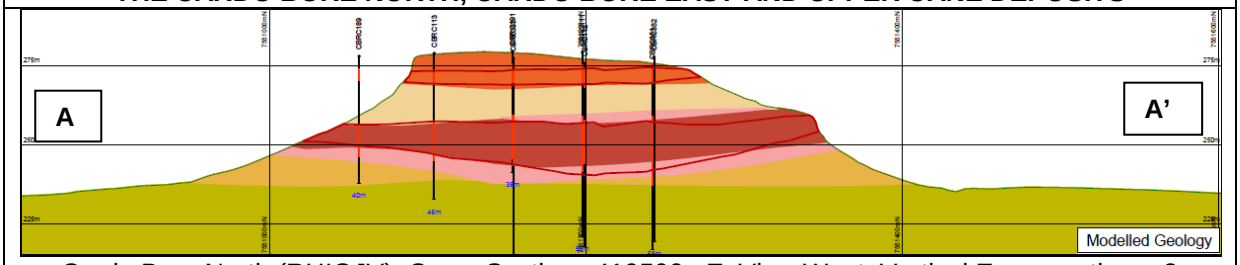


Trinity Bore (RHIOJV), Cross Section 7529500mN, View North, Vertical Exaggeration = 4

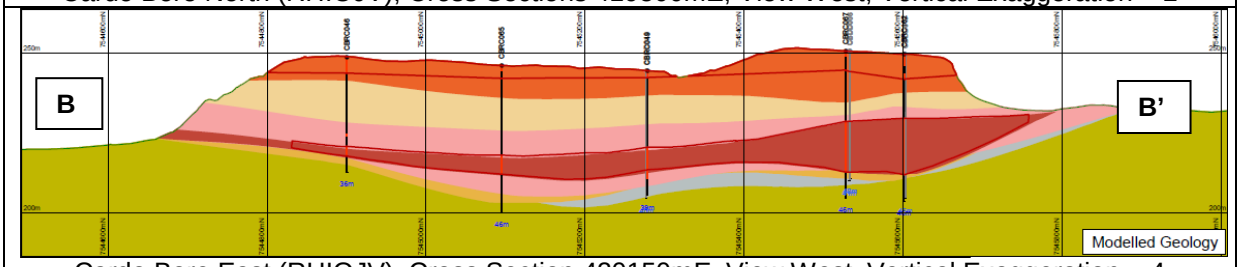
- Hardcap Unit
- Hematite Dominant Hard Zone
- 52%Fe Mineralised Envelope
- Clay Zone
- Basal Clay Zone
- Mixed Zone
- Basal Conglomerate Unit
- Goethite Dominant Hard Zone
- Basement


419000
420000
421000
422000
423000
424000
425000
7553000
7552000
7551000
7550000
7549000
7548000
7547000
7546000
7545000
7544000
7543000
A'
A
Cardo Bore North
RHIOJV
E47/1283
E47/1283
E08/1227
B'
C'
Cardo Bore East
RHIOJV
B
C
E08/1341
D'
D
Upper Cane
RHIOJV
E'
E
E47/1141
E08/1516
DIAMOND DRILLHOLES
RC DRILLHOLES (2011-2015 INFILL)
RC DRILLHOLES (PRE-2011)
EXISTING TRACK
DEPOSIT OUTLINES
TENEMENTS
0
500
1,000 m
API-4093-EX-MAP-000_infillsince2010_cardoboreE+N+uppercane

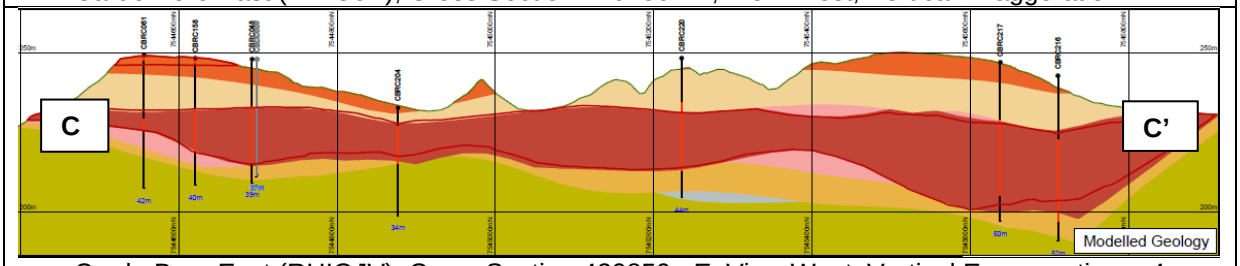
THE CARDO BORE NORTH, CARDO BORE EAST AND UPPER CANE DEPOSITS



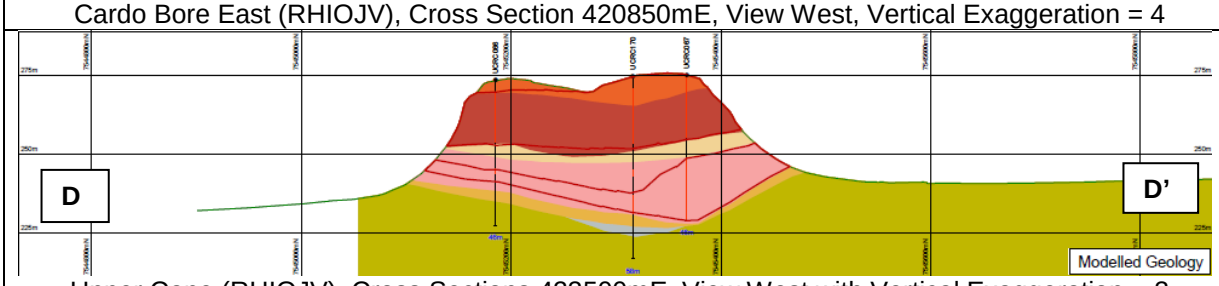
Cardo Bore North (RHIOJV), Cross Sections 419500mE, View West, Vertical Exaggeration = 2



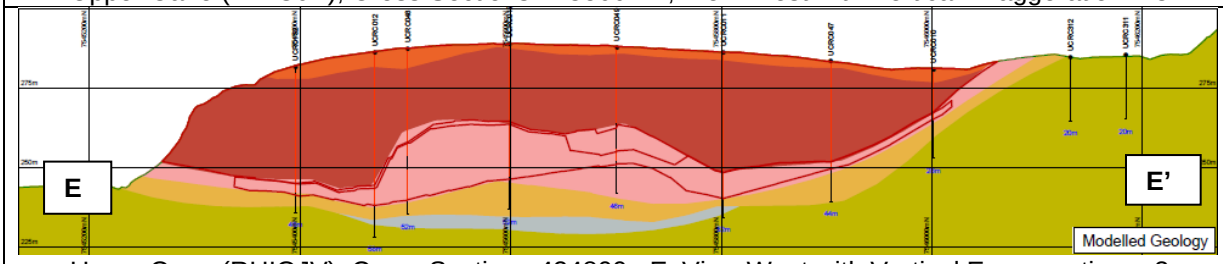
Cardo Bore East (RHIOJV), Cross Section 420150mE, View West, Vertical Exaggeration = 4



Cardo Bore East (RHIOJV), Cross Section 420850mE, View West, Vertical Exaggeration = 4

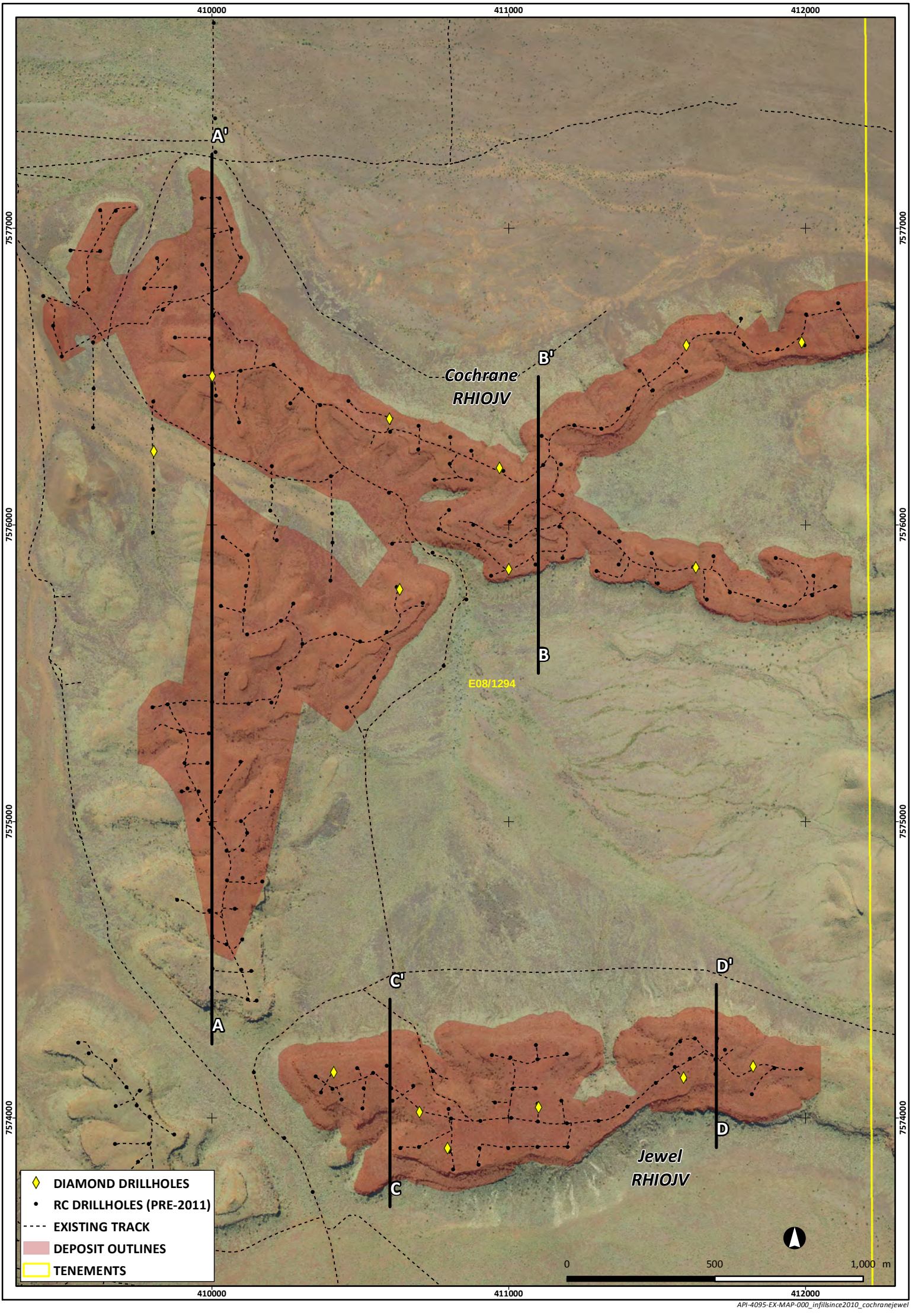


Upper Cane (RHIOJV), Cross Sections 423500mE, View West with Vertical Exaggeration = 3

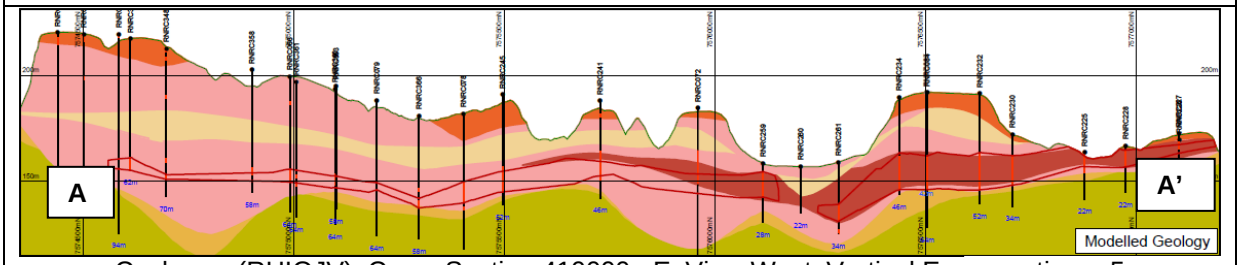


Upper Cane (RHIOJV), Cross Sections 424800mE, View West with Vertical Exaggeration = 3

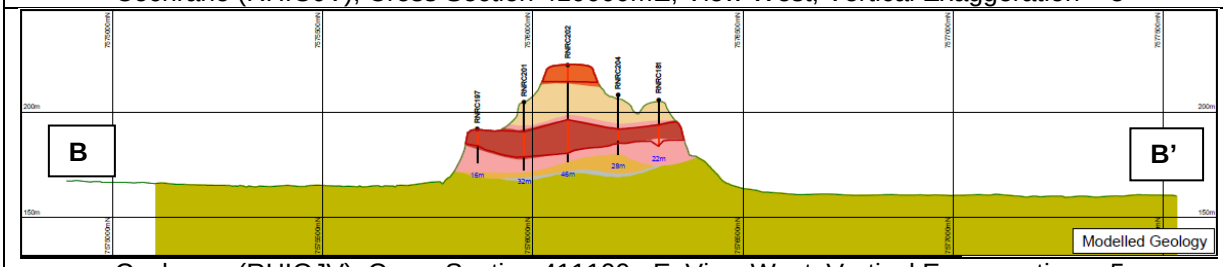
- Hardcap Unit
- Hematite Dominant Hard Zone
- 52%Fe Mineralised Envelope
- Clay Zone
- Basal Clay Zone
- Mixed Zone
- Basal Conglomerate Unit
- Goethite Dominant Hard Zone
- Basement


410000
411000
412000
7577000
7576000
7575000
7574000
A'
A
B'
B
C'
C
D'
D
Cochrane
RHIOJV
Jewel
RHIOJV
E08/1294
DIAMOND DRILLHOLES
RC DRILLHOLES (PRE-2011)
EXISTING TRACK
DEPOSIT OUTLINES
TENEMENTS
0
500
1,000 m

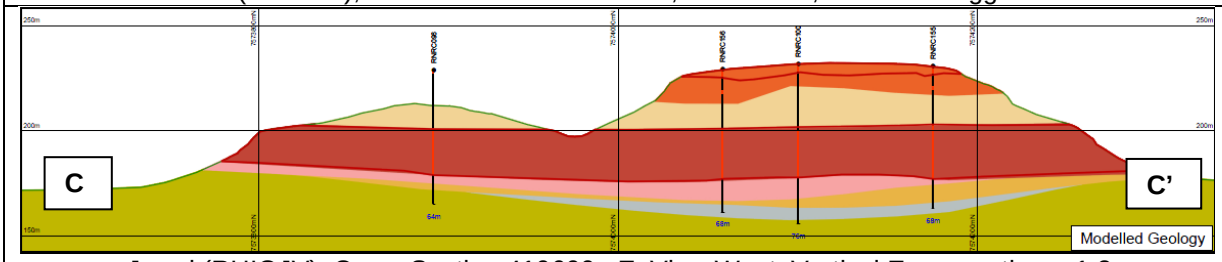
THE COCHRANE ANND JEWEL DEPOSITS



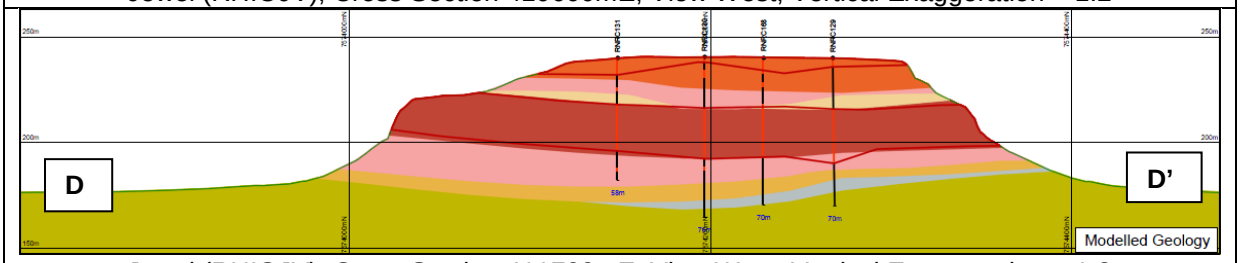
Cochrane (RHIOJV), Cross Section 410000mE, View West, Vertical Exaggeration = 5



Cochrane (RHIOJV), Cross Section 411100mE, View West, Vertical Exaggeration = 5

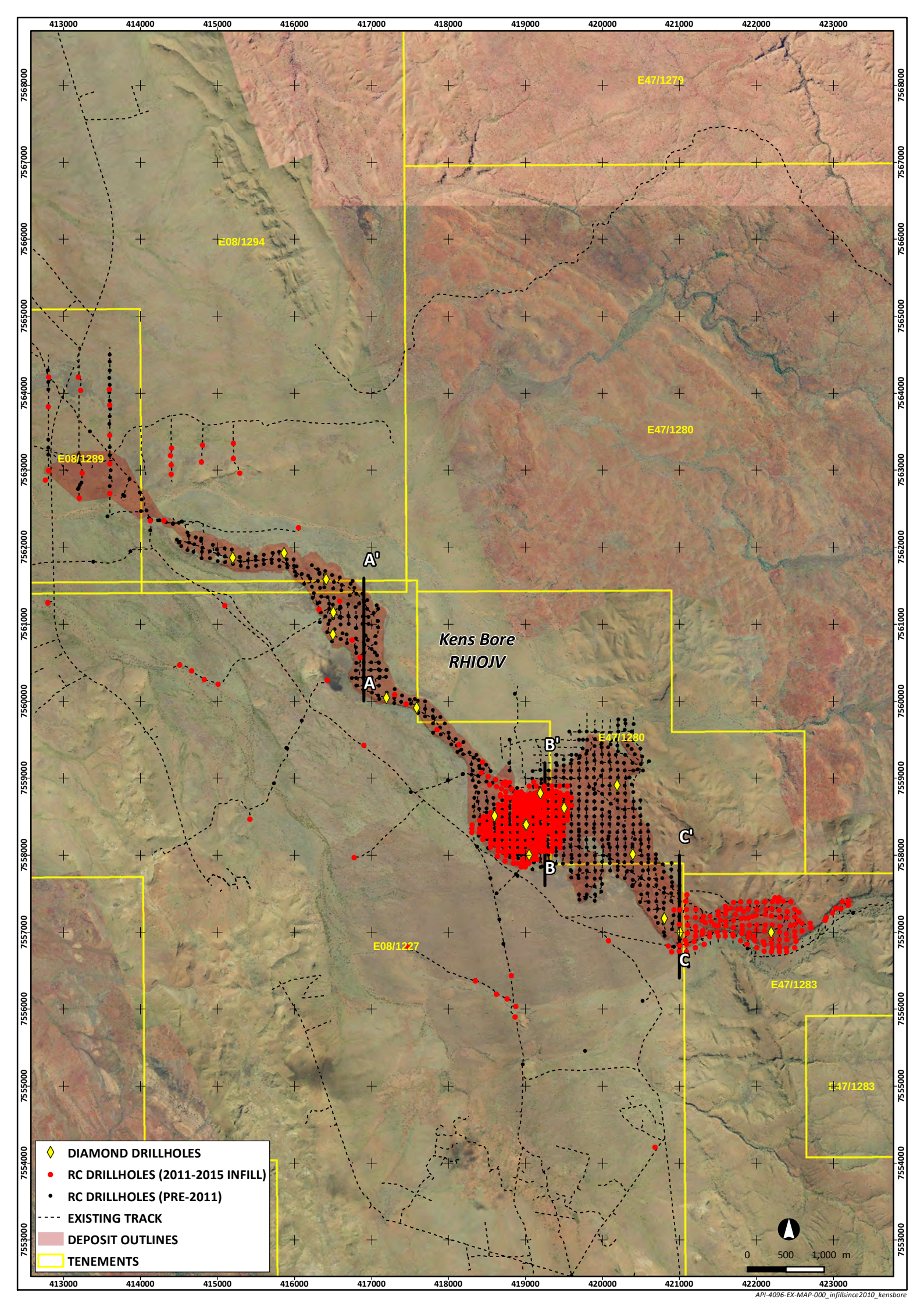


Jewel (RHIOJV), Cross Section 410600mE, View West, Vertical Exaggeration = 1.2



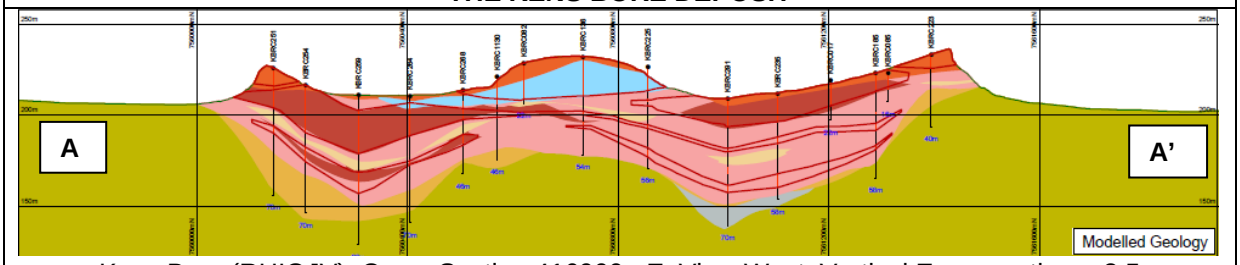
Jewel (RHIOJV), Cross Section 411700mE, View West, Vertical Exaggeration = 1.2

- Hardcap Unit
- Hematite Dominant Hard Zone
- 52%Fe Mineralised Envelope
- Clay Zone
- Basal Clay Zone
- Mixed Zone
- Basal Conglomerate Unit
- Goethite Dominant Hard Zone
- Basement

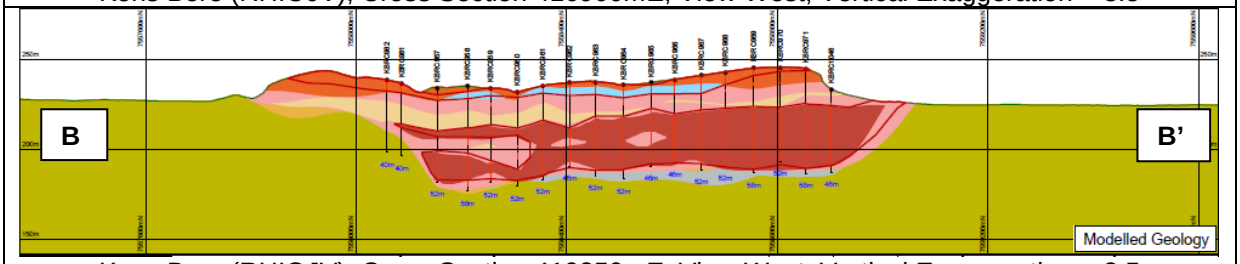


API-4096-EX-MAP-000_infillsince2010_kensbore

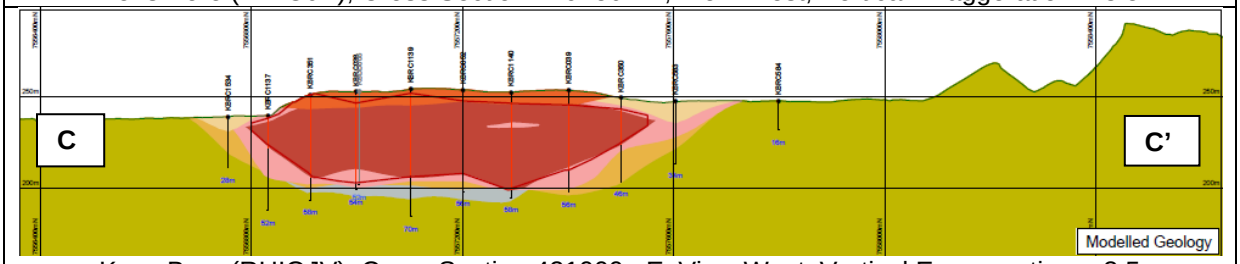
THE KENS BORE DEPOSIT



Kens Bore (RHIOJV), Cross Section 416900mE, View West, Vertical Exaggeration = 3.5

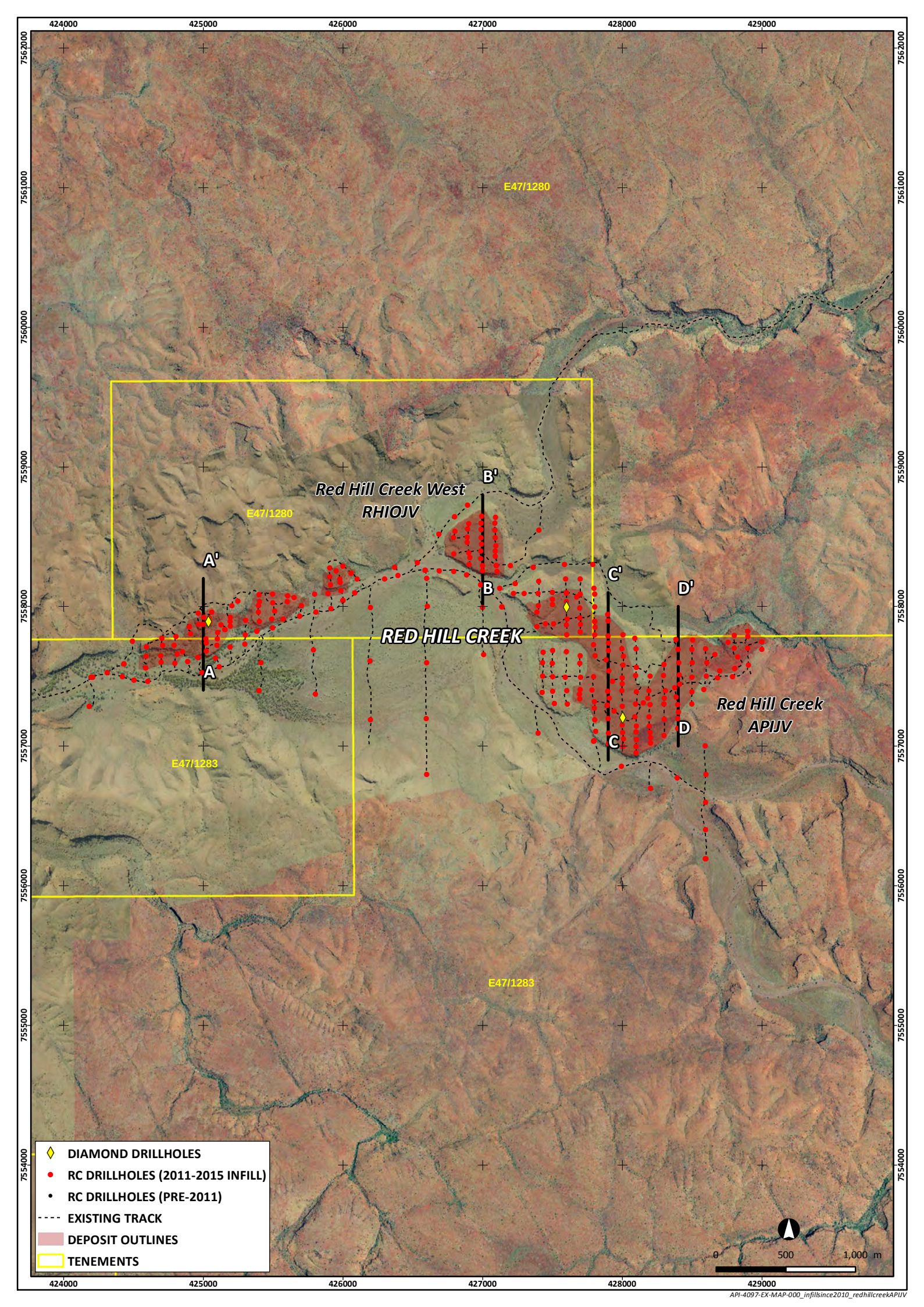


Kens Bore (RHIOJV), Cross Section 419250mE, View West, Vertical Exaggeration = 3.5



Kens Bore (RHIOJV), Cross Section 421000mE, View West, Vertical Exaggeration = 3.5

- Hardcap Unit
- Hematite Dominant Hard Zone
- 52%Fe Mineralised Envelope
- Clay Zone
- Basal Clay Zone
- Mixed Zone
- Basal Conglomerate Unit
- Goethite Dominant Hard Zone
- Basement


424000
425000
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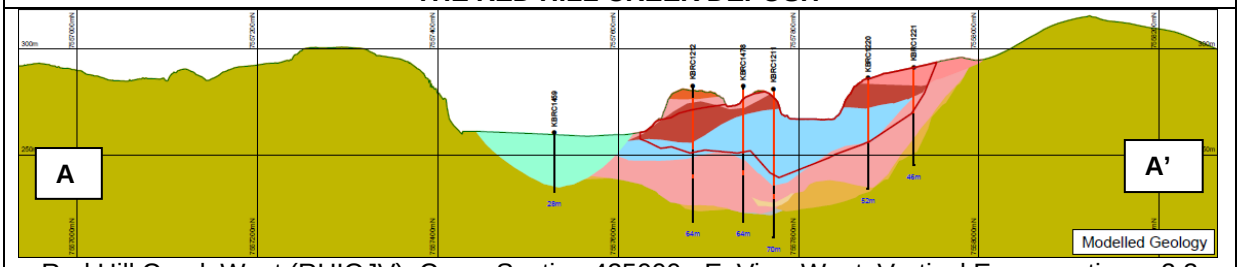
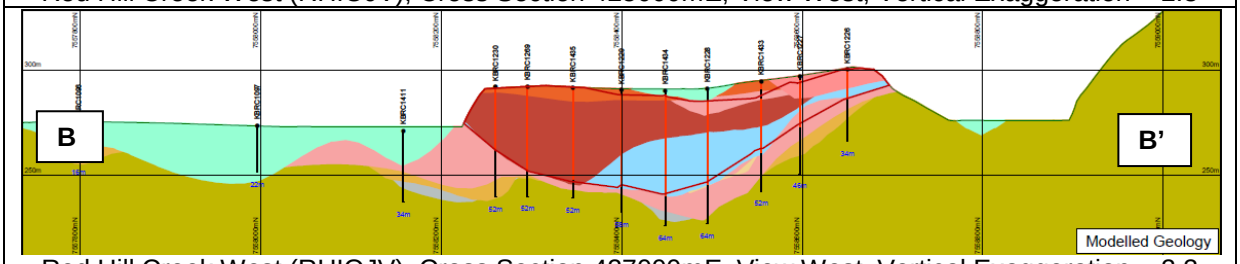
427000
428000
429000
7562000
7561000
7560000
7559000
7558000
7557000
7556000
7555000
7554000
E47/1280
E47/1280
Red Hill Creek West
RHIOJV
B'
B
A'
A
C'
C
D'
D
RED HILL CREEK
Red Hill Creek
APIJV
E47/1283
E47/1283
DIAMOND DRILLHOLES
RC DRILLHOLES (2011-2015 INFILL)
RC DRILLHOLES (PRE-2011)
EXISTING TRACK
DEPOSIT OUTLINES
TENEMENTS
0
500
1,000 m
API-4097-EX-MAP-000_infillsince2010_redhillcreekAPIJV

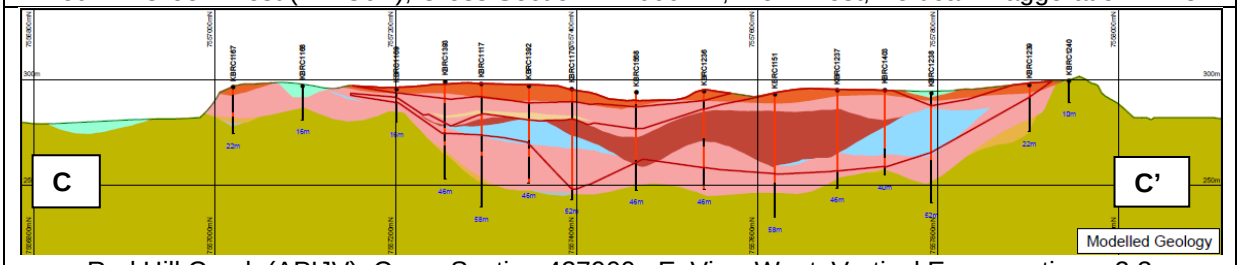
THE RED HILL CREEK DEPOSIT



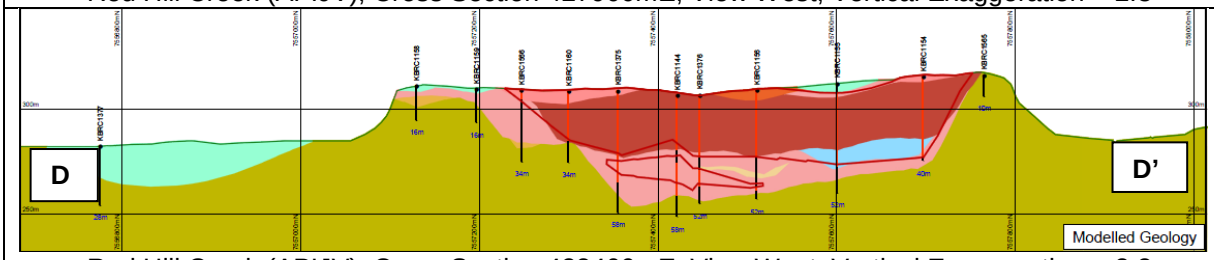
Red Hill Creek West (RHIOJV), Cross Section 425000mE, View West, Vertical Exaggeration = 2.3



Red Hill Creek West (RHIOJV), Cross Section 427000mE, View West, Vertical Exaggeration = 2.3

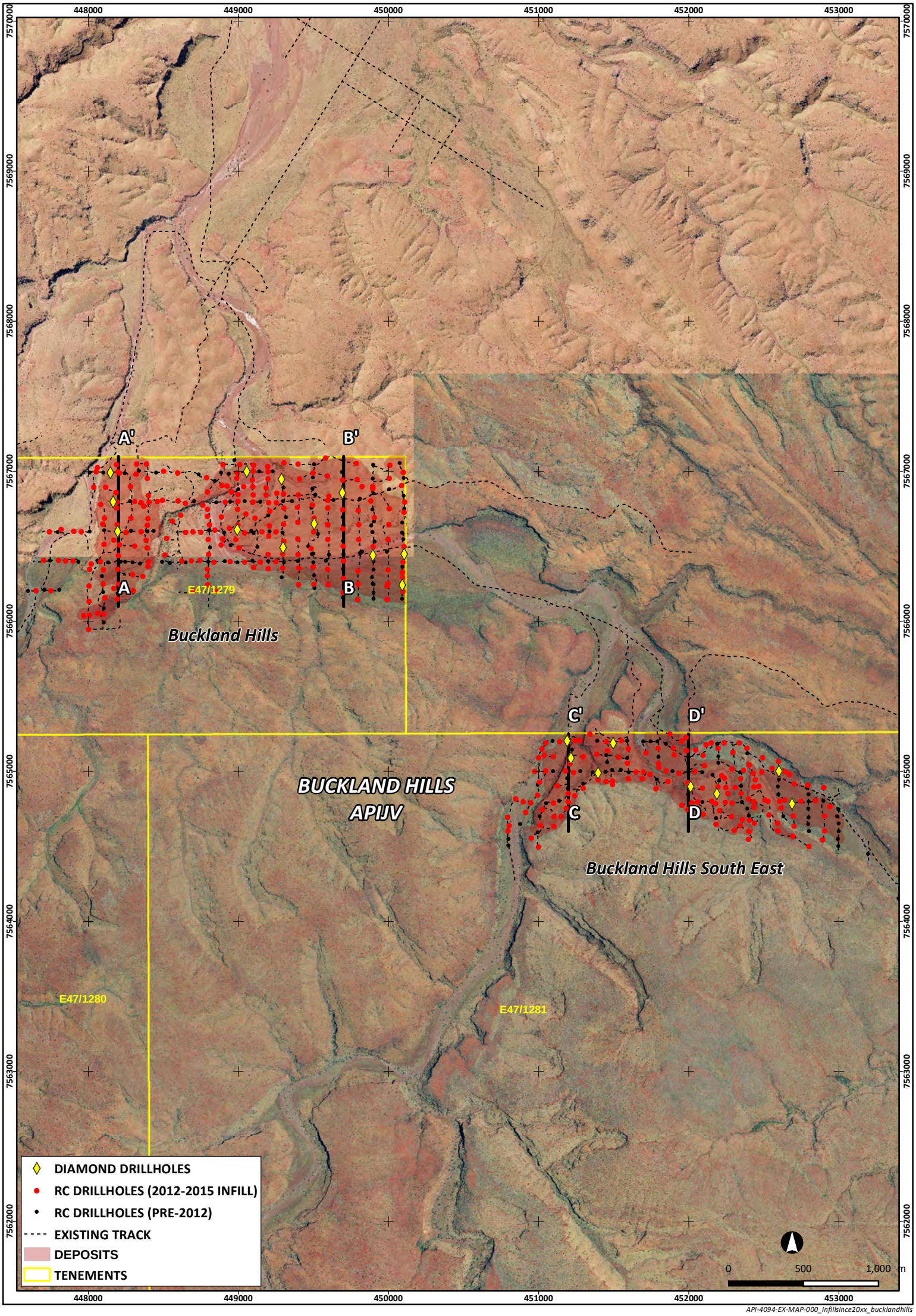


Red Hill Creek (APIJV), Cross Section 427900mE, View West, Vertical Exaggeration = 2.3



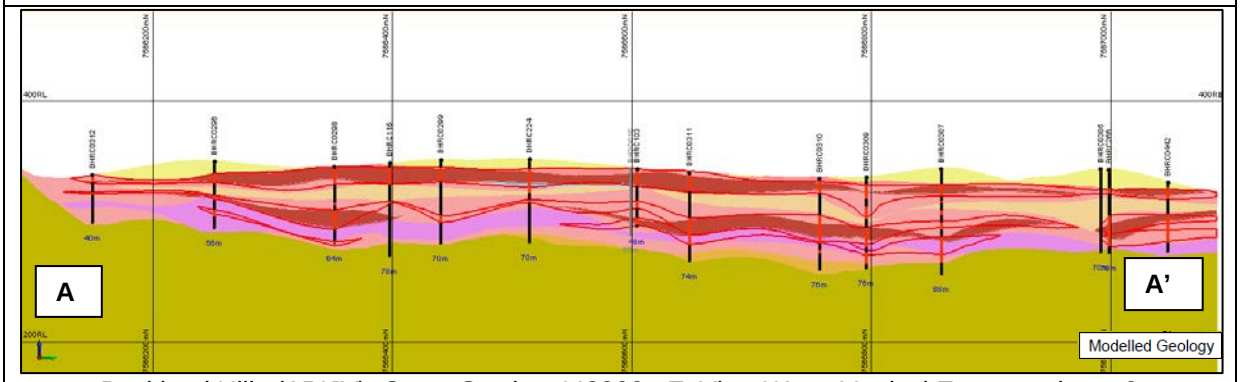
Red Hill Creek (APIJV), Cross Section 428400mE, View West, Vertical Exaggeration = 2.3

- Hardcap Unit
- Clay Zone
- Mixed Zone
- Goethite Dominant Hard Zone
- Hematite Dominant Hard Zone
- Basal Clay Zone
- Basal Conglomerate Unit
- Basement
- 52%Fe Mineralised Envelope
- Alluvial Cover

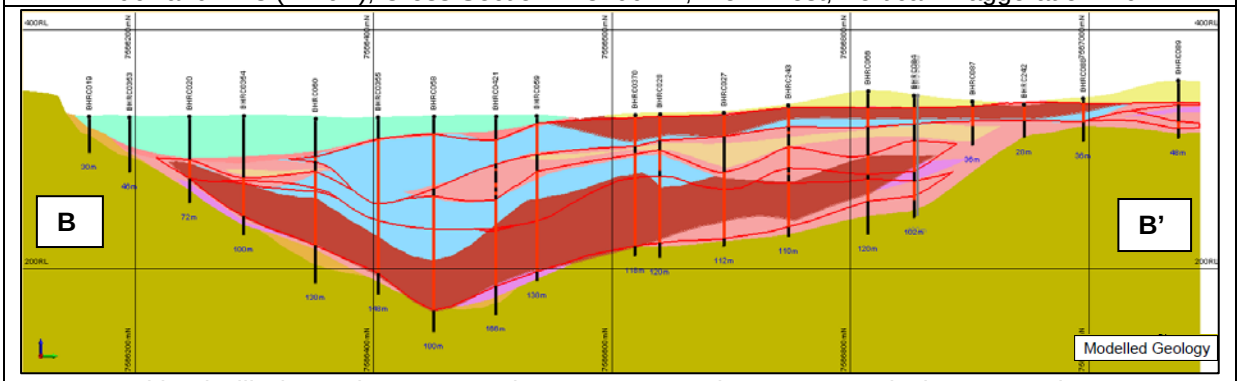


API-4094-EX-MAP-000_infilsince20xx_bucklandhills

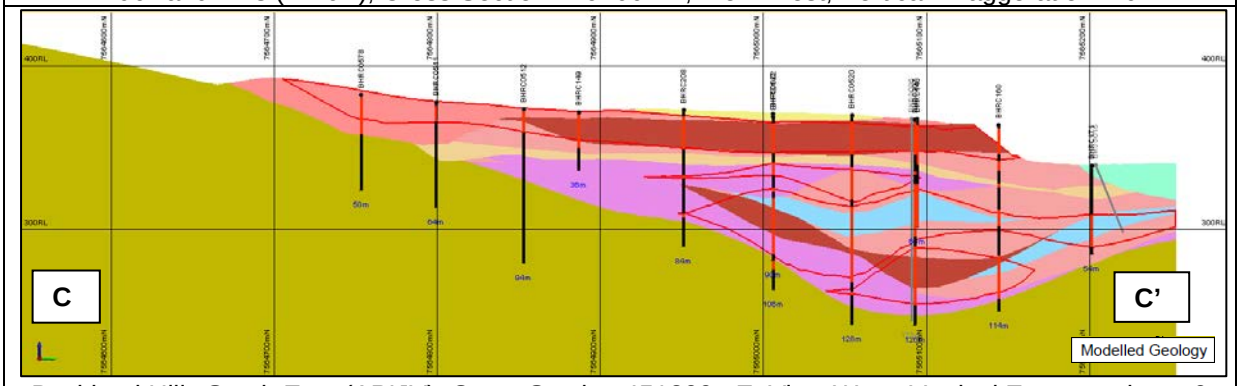
THE BUCKLAND HILLS DEPOSITS



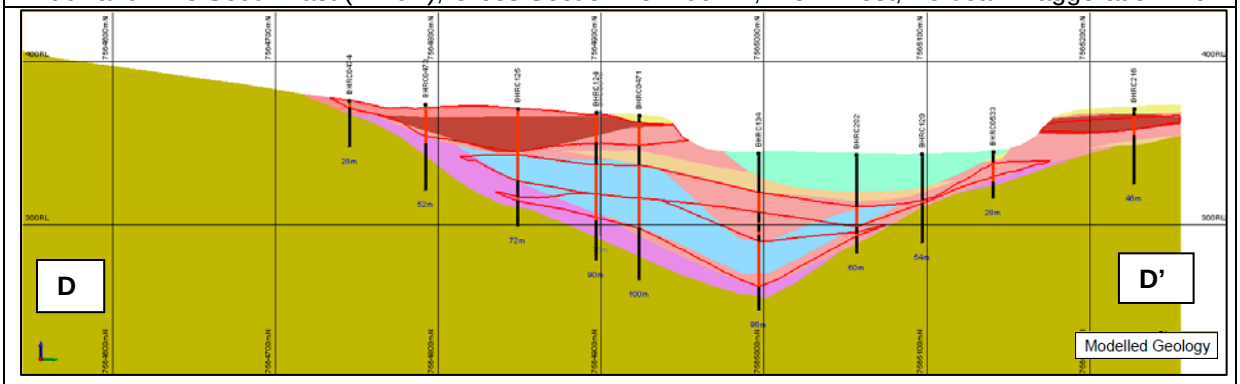
Buckland Hills (APIJV), Cross Section 448200mE, View West, Vertical Exaggeration = 0



Buckland Hills (APIJV), Cross Section 449700mE, View West, Vertical Exaggeration = 0



Buckland Hills South East (APIJV), Cross Section 451200mE, View West, Vertical Exaggeration = 0



Buckland Hills South East (APIJV), Cross Section 452000mE, View West, Vertical Exaggeration = 0

- Hardcap Unit
- Hematite Dominant Hard Zone
- 52%Fe Mineralised Envelope
- Clay Zone
- Basal Clay Zone
- Canga Detrital
- Mixed Zone
- Basal Conglomerate Unit
- Lithic Zone
- Goethite Dominant Hard Zone
- Basement
- Alluvial Cover

Attachment C – 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, Red Hill Creek, and Buckland Hills

23 June 2015 Document No. 1416167-002-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: CARDO BORE EAST, CARDO BORE NORTH, COCHRANE, JEWEL, TRINITY BORE, UPPER CANE, KENS BORE, CATHO WELL, RED HILL CREEK, AND BUCKLAND HILLS

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 (CW), and Buckland Hills (BH). The new Mineral Resource estimate was completed for the Red Hill Creek (RHC) 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.

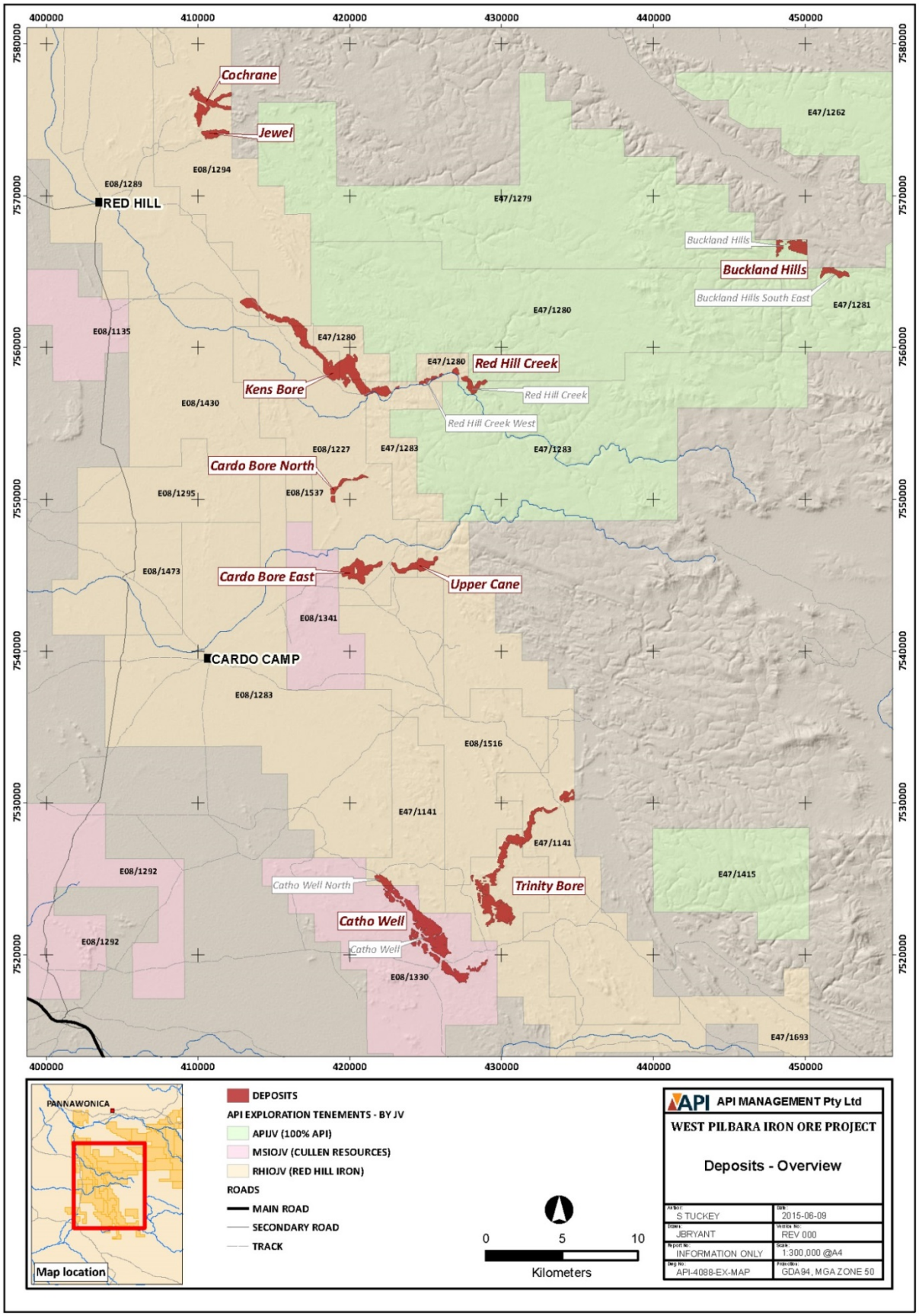


Figure 1: Plan of deposit locations displaying CID Mineral Resources and tenement boundaries (after API)

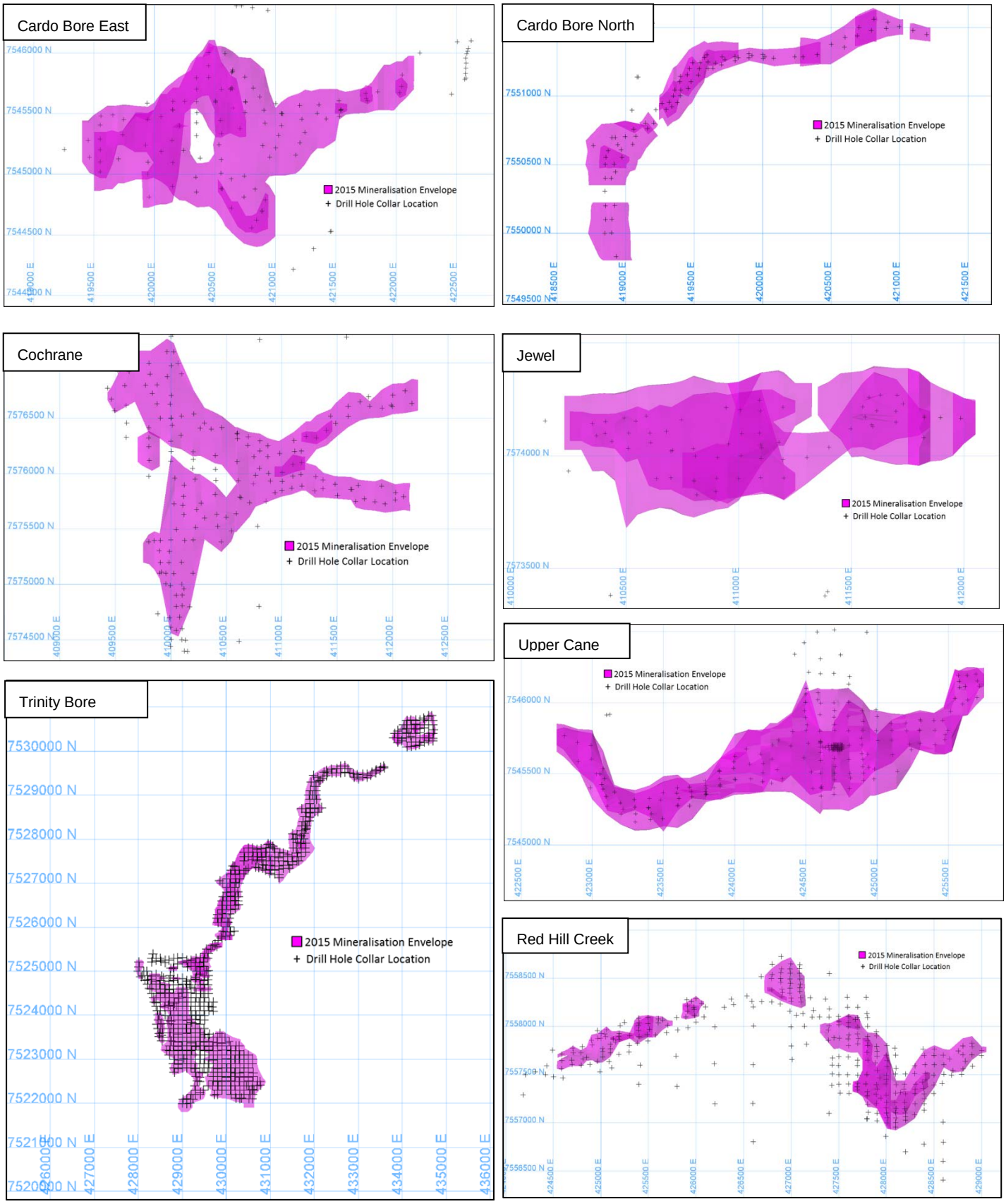


Figure 2: Mineralisation envelopes and drill hole locations for CBE, CBN, CCH, JW, UC, TB and RHC deposits.

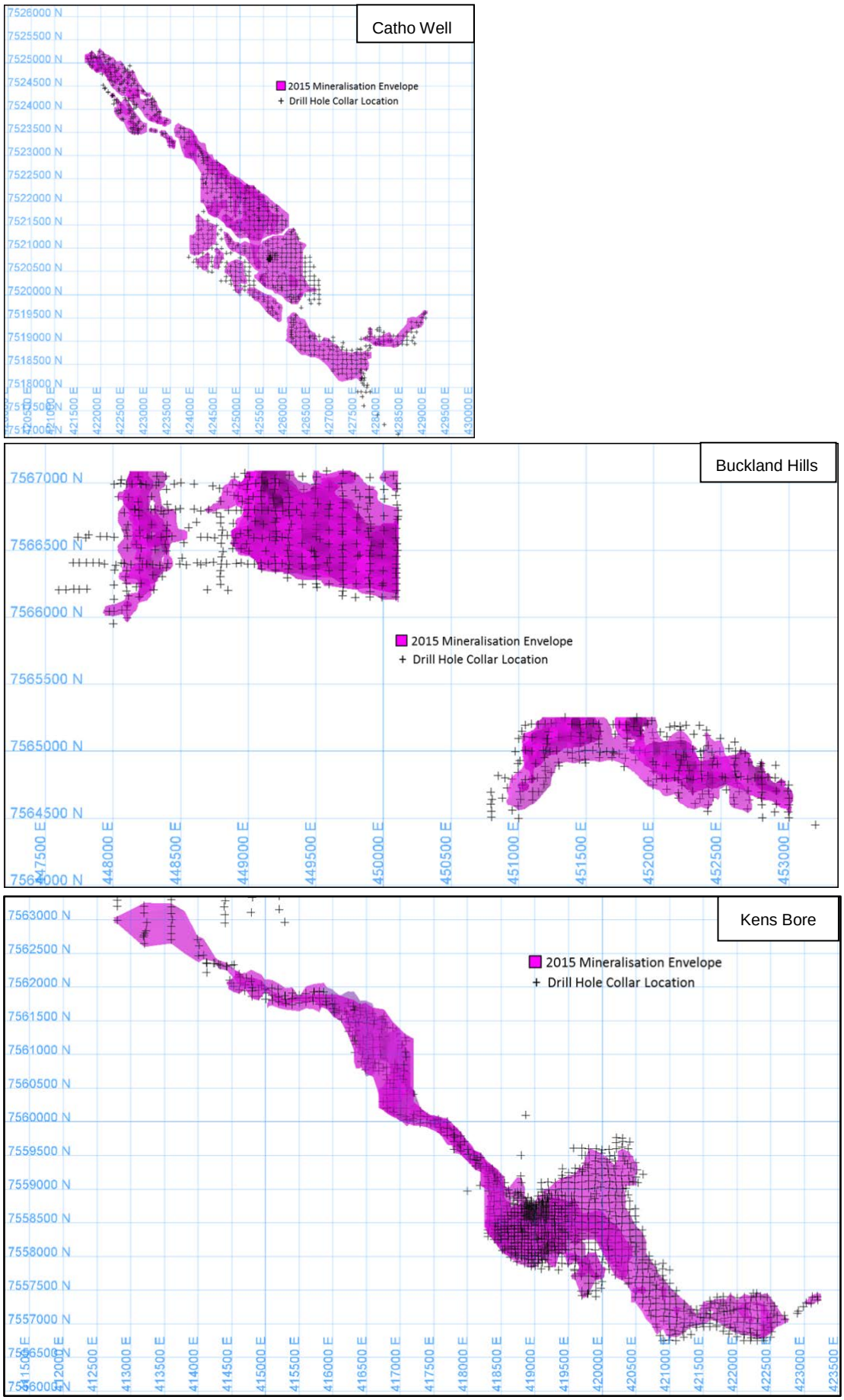


Figure 3: Mineralisation envelopes and drill hole locations by for CW, KB, BH deposits.

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 (all the deposits except for BH). Density values provided by API for BH (shown in Table 3) were based on 1,012 wet and dry (non-waxed) density determinations from 919 PQ diamond drill core samples collected between July 2011 and May 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 except for Buckland Hills and Buckland Hills South East.

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

Table 3: *In Situ* Bulk Density values used for Buckland Hills and Buckland Hills South East.

DOMAIN	MINSTR	Density Assignment
1 (>52% Fe)	20 (Zph)	2.85
	30 (Zpm)	2.40
	90 (Zpg)	2.55
	100 (Dhc)	2.65
	120 (Zpl)	2.65
0 (Waste)	20 (Zph)	2.85
	30 (Zpm)	2.40
	40 (Zpb)	2.45
	50 (Zpc)	2.45
	70 (Bsm)	2.45
	80 (Otr)	2.45
	90 (Zpg)	2.55
	100 (Dhc)	2.65
	110 (Dsi)	2.45
	120 (Zpl)	2.65

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 4 provides a summary of the Mineral resources at the 52% Fe cut-off grade applied to each deposit. Table 5 provides the grade tonnage split (at 52% Fe cut-off) by Joint Venture for the Mineral Resources that have shared ownership.

Table 4: *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***
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	MSIOJV/ RHIOJV	Measured	3	55.31	6.45	3.56	0.06	9.98	0.19	0.042	0.022
		Indicated	151	54.40	7.59	3.39	0.08	10.37	0.20	0.037	0.016
		Inferred	22	54.39	7.72	3.19	0.11	10.33	0.21	0.039	0.016
		Total	***176***	***54.41***	***7.59***	***3.37***	***0.09***	***10.35***	***0.20***	***0.037***	***0.016***
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	RHIOJV/ APIJV	Measured	20	57.58	5.20	3.17	0.02	7.49	0.06	0.110	0.011
		Indicated	37	56.81	5.79	3.33	0.02	7.80	0.06	0.117	0.013
		Inferred	6	56.45	6.47	3.23	0.02	7.71	0.06	0.119	0.011
		Total	***64***	***57.02***	***5.67***	***3.27***	***0.02***	***7.69***	***0.06***	***0.115***	***0.012***

Deposit	Joint Venture	Class	Mt	Fe	SiO_2	Al_2O_3	Mn	LOI	MgO	P	S
Buckland Hills	APIJV	Measured	126	57.75	6.13	2.26	0.11	8.30	0.06	0.135	0.008
		Indicated	78	56.83	7.98	2.42	0.04	7.70	0.05	0.132	0.014
		Inferred	4	55.18	10.40	2.52	0.04	7.47	0.06	0.135	0.014
		Total	**208**	***57.36***	***6.91***	***2.32***	***0.08***	***8.06***	***0.06***	***0.134***	***0.010***
All	***Combined***	***Measured***	385	57.38	5.83	3.21	0.05	8.19	0.07	0.098	0.013
		Indicated	701	56.02	6.73	3.58	0.04	8.84	0.12	0.072	0.016
		Inferred	133	55.15	7.03	3.96	0.04	9.37	0.12	0.065	0.018
		Total	**1218**	***56.35***	***6.48***	***3.50***	***0.04***	***8.69***	***0.10***	***0.080***	***0.015***

Table 5: *In Situ* Mineral Resources by Joint Venture at a 52% Fe Cut-Off Grade For Deposits that have Shared Ownership.

Deposit	Joint Venture	Class	Mt	Fe	SiO_2	Al_2O_3	Mn	LOI	MgO	P	S
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***
Catho Well	MSIOJV	Measured	3	55.31	6.45	3.56	0.06	9.98	0.19	0.042	0.022
		Indicated	140	54.37	7.60	3.42	0.08	10.36	0.19	0.036	0.016
		Inferred	19	54.47	7.70	3.18	0.10	10.28	0.20	0.039	0.016
		Total	***162***	***54.40***	***7.59***	***3.40***	***0.08***	***10.35***	***0.19***	***0.037***	***0.016***
Catho Well (TOTAL)	***MSIOJV/ RHIOJV***	***Measured***	3	55.31	6.45	3.56	0.06	9.98	0.19	0.042	0.022
		Indicated	151	54.39	7.59	3.39	0.08	10.36	0.19	0.036	0.016
		Inferred	22	54.40	7.72	3.19	0.11	10.33	0.21	0.039	0.015
		Total	**176**	***54.41***	***7.59***	***3.37***	***0.09***	***10.35***	***0.20***	***0.037***	***0.016***
Kens Bore	RHIOJV	Measured	83	56.05	6.30	3.88	0.03	8.95	0.12	0.085	0.013
		Indicated	81	56.60	5.81	3.77	0.02	8.85	0.10	0.074	0.015
		Inferred	34	55.26	6.66	4.15	0.03	9.54	0.12	0.063	0.013
		Total	***198***	***56.14***	***6.16***	***3.88***	***0.03***	***9.01***	***0.11***	***0.077***	***0.014***
Kens Bore East	RHIOJV/ APIJV (Mt Elvire)	Measured	95	57.36	5.54	3.97	0.02	7.89	0.07	0.071	0.015
		Indicated	89	57.53	5.61	3.50	0.02	8.07	0.09	0.073	0.012
		Inferred	1	55.06	7.51	4.13	0.02	8.99	0.13	0.104	0.008
		Total	***185***	***57.43***	***5.59***	***3.74***	***0.02***	***7.99***	***0.08***	***0.072***	***0.013***
Kens Bore (TOTAL)	***RHIOJV/ APIJV (Mt Elvire)***	***Measured***	178	56.75	5.89	3.93	0.02	8.38	0.09	0.078	0.014
		Indicated	170	57.09	5.71	3.63	0.02	8.44	0.09	0.073	0.013
		Inferred	35	55.25	6.69	4.15	0.03	9.52	0.12	0.065	0.013
		Total	**383**	***56.76***	***5.88***	***3.82***	***0.02***	***8.51***	***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***
Red Hill Creek	APIJV (Mt Elvire)	Measured	9	57.31	5.62	3.15	0.02	7.56	0.05	0.111	0.013
		Indicated	24	57.02	5.74	3.24	0.02	7.68	0.05	0.115	0.014
		Inferred	3	56.32	6.51	3.40	0.02	7.78	0.06	0.111	0.014
		Total	***36***	***57.05***	***5.77***	***3.23***	***0.02***	***7.66***	***0.05***	***0.114***	***0.014***

Deposit	Joint Venture	Class	Mt	Fe	SiO_2	Al_2O_3	Mn	LOI	MgO	P	S
Red Hill Creek (TOTAL)	***RHIOJV/ APIJV (Mt Elvire)***	***Measured***	20	57.58	5.20	3.17	0.03	7.50	0.06	0.110	0.010
		Indicated	37	56.81	5.79	3.33	0.02	7.80	0.06	0.117	0.013
		Inferred	6	56.45	6.48	3.23	0.02	7.71	0.07	0.119	0.011
		Total	**63**	***57.02***	***5.67***	***3.27***	***0.02***	***7.69***	***0.06***	***0.115***	***0.012***

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 as follows.

Table 6: 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.* *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.*	■ 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. ■ 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.*	■ 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

JORC Code Assessment Criteria	Comment
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.*	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 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.*	■ 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 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*	■ 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.

JORC Code Assessment Criteria	Comment
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.*	■ 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. ■ 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 and Buckland Hills are drilled to 100 m by 50 m spacing and 50 m by 50 m spacing respectively. ■ 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 and Catho Well on 5 m by 5 m spacing. ■ 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).

JORC Code Assessment Criteria	Comment
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, 2 RC holes at Catho Well, 2 RC holes and 6 diamond holes at Buckland Hills, were drilled vertically. These seventeen 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 75 drill holes at the Buckland Hills, 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.
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

JORC Code Assessment Criteria	Comment
	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, Catho Well deposits. ■ All additional RC drilling results since January 2012 have been incorporated into the Buckland Hills deposit. ■ The Red Hill Creek Mineral Resource estimate and includes all drilling to date (313 RC drillholes totalling 12,078m).
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.
Other substantive exploration data	■ Not applicable. Exploration results have previously been reported. This Table relates to the reporting of the Mineral Resource estimates.
Further work	■ Exploration work will continue as required, and as a minimum, to maintain the Exploration Licences in good standing.
Section 3 Estimation and Reporting of Mineral Resources	
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.*	■ 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.

<table>
<tr><th>JORC Code Assessment Criteria</th><th>Comment</th></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>
<tr><td></td><td>RL (Z)</td><td>150</td><td>400</td><td>250</td></tr>
<tr><td>CCH</td><td>Easting (X)</td><td>409000</td><td>413000</td><td>4000</td></tr>
<tr><td></td><td>Northing (Y)</td><td>7574000</td><td>7577500</td><td>3500</td></tr>
<tr><td></td><td>RL (Z)</td><td>0</td><td>300</td><td>300</td></tr>
<tr><td>JWL</td><td>Easting (X)</td><td>410100</td><td>412200</td><td>2100</td></tr>
<tr><td></td><td>Northing (Y)</td><td>7573600</td><td>7574500</td><td>900</td></tr>
<tr><td></td><td>RL (Z)</td><td>75</td><td>275</td><td>200</td></tr>
<tr><td>TB</td><td>Easting (X)</td><td>427000</td><td>435000</td><td>8000</td></tr>
<tr><td></td><td>Northing (Y)</td><td>7521000</td><td>7531000</td><td>10000</td></tr>
<tr><td></td><td>RL (Z)</td><td>200</td><td>400</td><td>200</td></tr>
<tr><td>UC</td><td>Easting (X)</td><td>422500</td><td>426000</td><td>3500</td></tr>
<tr><td></td><td>Northing (Y)</td><td>7544900</td><td>7546500</td><td>1600</td></tr>
<tr><td></td><td>RL (Z)</td><td>100</td><td>400</td><td>300</td></tr>
<tr><td>CW</td><td>Easting (X)</td><td>421500</td><td>428200</td><td>6700</td></tr>
<tr><td></td><td>Northing (Y)</td><td>7517800</td><td>7525400</td><td>7600</td></tr>
<tr><td></td><td>RL (Z)</td><td>124</td><td>300</td><td>176</td></tr>
<tr><td>KB</td><td>Easting (X)</td><td>412000</td><td>424000</td><td>12000</td></tr>
</table></td></tr>
</table>

JORC Code Assessment Criteria	Comment

	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
BH	Easting (X)	446750	450500	3750
	Northing (Y)	7565500	7567250	1750
	RL (Z)	100	450	350
BHSE	Easting (X)	450500	453500	3000
	Northing (Y)	7564000	7565500	1500
	RL (Z)	100	600	500

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.

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.

- 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, swath plots and smoothing effect assessments.

JORC Code Assessment Criteria	Comment
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 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.
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*	■ Cardo Deposits (CCH, JW, TB, KB, CW, UC, CBE, CBN, RHC) ■ Density determinations were completed by AMMTEC

JORC Code Assessment Criteria	Comment
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.*	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 2015 for all the deposits except for BH. ■ 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 (excluding Buckland Hills) was applied by stratigraphic units for mineralised and waste domains. **Buckland Hills (BH)** ■ Density values were provided by API for BH and were based on 1,012 wet and dry (non-waxed) density determinations from 919 PQ diamond drill core samples collected between July 2011 and May 2015. ■ 10% of the Wet and Dry (non-waxed) samples were re-tested at the lab using the waxed method for quality control (93 pairs). ■ Based on the comparison to the waxed methods duplicate pair, a correction factor of -5% was applied to the 919 wet and dry (non-waxed) samples as the non-waxed method consistently returned a slightly higher reading than the waxed pair. ■ Due to the number of data points per MinStrat unit taken across BH, an overall density average has been applied to each of the MinStrat units based on a global average of the density data set.
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>

JORC Code Assessment Criteria	Comment
	■ Evidence of geological continuity ■ Evidence of grade continuity ■ Moderate levels of kriging performance quality ■ Drill spacing of 100 m by 100 m (200 m by 100 in Cardo Bore East) <u>Inferred Resource</u> ■ 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 and 2011. 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 that wasn't 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 L. Gaze

Richard Gaze
Principal

Sia Khosrowshahi
Principal

RG/SK/asu

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