*ASX RELEASE – 25 AUGUST 2015*

# NJV ORE RESERVES AND MINERAL RESOURCES

BC Iron Limited (ASX:BCI) ("BC Iron" or "the Company") is pleased to report Ore Reserves and Mineral Resources for the Nullagine Iron Ore Joint Venture ("NJV") as at 30 June 2015 in accordance with JORC (2012) guidelines.

The NJV is an unincorporated joint venture between BC Iron (75% interest) and Fortescue Metals Group Limited ("Fortescue") (25% interest) located approximately 150 kilometres north of Newman in the Pilbara region of Western Australia.

Compared to the 31 December 2014 estimate, Mineral Resources have been updated for a re-interpretation of Warrigal 1 and 2 following the completion of infill grade control drilling and depletion based on mining completed as at 30 June 2015. There have been no changes in the methodology or application of modifying factors for the DSO and BSO Ore Reserves since the 31 December 2014 estimates.

The NJV's Ore Reserves and Mineral Resources as at 30 June 2015 are set out in the tables below, along with a summary of material information. The JORC (2012) Table 1 is provided in Appendix 1.

**Table 1: CID Mineral Resource Estimate**

| Classification | Mt | Fe % | CaFe % | $Al_2O_3$ % | $SiO_2$ % | P % | S % | LOI % |
|---|---|---|---|---|---|---|---|---|
| Measured | 10.2 | 52.7 | 60.1 | 4.5 | 5.1 | 0.017 | 0.012 | 12.4 |
| Indicated | 34.1 | 54.2 | 62.0 | 3.2 | 4.3 | 0.017 | 0.011 | 12.5 |
| Inferred | 47.6 | 51.9 | 58.6 | 5.5 | 6.7 | 0.023 | 0.019 | 11.4 |
| **Total** | **91.9** | **52.8** | **60.0** | **4.5** | **5.6** | **0.020** | **0.015** | **12.0** |

**Table 2: DSO Mineral Resource Estimate**

| Classification | Mt | Fe % | CaFe % | $Al_2O_3$ % | $SiO_2$ % | P % | S % | LOI % |
|---|---|---|---|---|---|---|---|---|
| Measured | 4.2 | 57.0 | 64.4 | 2.7 | 3.0 | 0.016 | 0.013 | 11.5 |
| Indicated | 21.6 | 57.1 | 64.8 | 2.0 | 3.0 | 0.016 | 0.011 | 12.0 |
| Inferred | 5.5 | 56.9 | 64.0 | 2.7 | 3.9 | 0.021 | 0.014 | 11.1 |
| **Total** | **31.3** | **57.0** | **64.6** | **2.2** | **3.1** | **0.017** | **0.012** | **11.8** |

**Table 3: DSO Ore Reserve Estimate**

| Classification | Mt | Fe % | CaFe % | $Al_2O_3$ % | $SiO_2$ % | P % | S % | LOI % |
|---|---|---|---|---|---|---|---|---|
| Proved | 1.3 | 57.9 | 65.6 | 2.1 | 2.2 | 0.01 | 0.01 | 11.7 |
| Probable | 19.4 | 56.9 | 64.7 | 2.0 | 3.1 | 0.01 | 0.01 | 12.1 |
| **Total** | **20.7** | **56.9** | **64.7** | **2.0** | **3.0** | **0.01** | **0.01** | **12.1** |

**Table 4: BSO Probable Ore Reserve Estimate**

| | Mt | Fe % | CaFe % | $Al_2O_3$ % | $SiO_2$ % | P % | S % | LOI % |
|---|---|---|---|---|---|---|---|---|
| BSO Feed | 13.5 | 51.3 | 59.2 | 3.6 | 5.5 | 0.017 | 0.011 | 13.4 |
| **BSO Product** | **5.4** | **54.0** | **62.2** | **2.8** | **4.3** | **0.015** | **0.010** | **13.0** |

**Table 5: DSO Stockpile Inventory**

| Classification | Mt | Fe % | $Al_2O_3$ % | $SiO_2$ % |
|---|---|---|---|---|
| ROM | 0.32 | 55.1 | 2.6 | 3.1 |
| MOC Product | 0.12 | 55.0 | 3.0 | 4.1 |
| RLF Product | 0.09 | 55.1 | 2.9 | 4.1 |
| Port Product | 0.02 | 55.3 | 3.0 | 4.0 |
| **Total** | **0.56** | **55.1** | **2.8** | **3.5** |

*Notes:*

- *Tonnages are dry metric tonnes and have been rounded. Small difference in totals may exist due to rounding.*
- *CaFe means "calcined Fe" equals Fe% / (1- LOI%).*
- *CID means "channel iron deposit", DSO means "direct shipping ore" and BSO means "beneficiated shipping ore".*
- *CID Mineral Resources are inclusive of DSO Mineral Resources, which are in turn inclusive of DSO Ore Reserves. CID Mineral Resources are also inclusive of a portion of BSO Ore Reserves (Feed) that don't sit within existing low grade stockpiles.*

**Summary of Material Information – Mineral Resources**

BC Iron previously reported Mineral Resources as at 31 December 2014 in accordance with JORC (2012) guidelines. The ASX announcement and accompanying Table 1 was released on 24 February 2015 under the title 'NJV Ore Reserves and Mineral Resources' and is available to view on http://www.bciron.com.au/investors/asx-announcements/2015.html.

With the exception of Warrigal 1 and Warrigal 2, there has been no material change to the methodology or assumptions underlying the estimates, and the 31 December 2014 estimates have been depleted based on mining completed as at 30 June 2015. At Warrigal 1 and Warrigal 2, Mineral Resources have been re-estimated due to a re-interpretation following the completion of infill grade control drilling.

The Warrigal 1 and Warrigal 2 deposits are channel iron deposits ("CID"), presented as topographic highs or mesas. Warrigal 1 has a strike length of 1,200 metres while the Warrigal 2 mesa has a strike length of 600 metres. Mineralisation outcrops at surface and the deepest part of the resource extends to a depth of 20 to 25 metres below surface.

Drilling at Warrigal 1 consists of 451 reverse circulation ("RC") holes and drilling at Warrigal 2 consists of 145 RC holes. RC drilling utilised a 5.5 inch diameter face sampling hammer. Drill holes ranged in depth from 15 to 38 metres, with an average depth of 26 metres at Warrigal 1, while drilling at Warrigal 2 range in depth from 6m to 41m with an average of 22m. Given the sub-horizontal nature of the CID deposits, the holes are vertically orientated.

Early RC samples were split using a three tier riffle splitter to gain a one-eighth split sample. Later RC drilling utilised an RC drill rig with a cone splitter attached. Samples were prepared by crushing to minus 3mm and pulverising the sample to achieve 90% passing 105 microns. Pulverised material was assayed using XRF techniques. Industry standard QAQC procedures were adopted by BC Iron, including the submission of standards and duplicates at a frequency of 1 per 20 samples.

For the purpose of generating mineralised envelopes, material with grades of greater than 45% Fe coincides with geologically-logged CID and material with grades of greater than 55% Fe is considered DSO. Sectional interpretation of the drill results was undertaken and the interpretations were wireframed to produce mineralised envelopes. Mineral Resources were estimated using the ordinary kriging methods, with a block size equal to half the drill spacing dimension. A bulk density of 2.80-2.84t/$m^3$ was assigned to the mineralisation, as calculated by the caliper method.

Warrigal 1 and Warrigal 2 have typically been drilled to 12.5 by 12.5 metre spacing. Mineral Resources were classified as Indicated where continuity of geology and mineralisation was demonstrated with a confidence level sufficient to allow the application of Modifying Factors to support mine planning. Certain areas of Warrigal 1 and Warrigal 2 were classified as Inferred where there was a lack of continuity in mineralisation and geology.

**Summary of Material Information – Ore Reserves**

Mineral Resources at the NJV were first converted to Ore Reserves in accordance with JORC (2004) guidelines as part of a feasibility study completed in 2009. The current Ore Reserve estimate is based on Mineral Resources as at 30 June 2015.

Ore Reserves were estimated by completing pit optimisations and detailed pit designs. For DSO Ore Reserves, two cut-off grades were applied, with DSO characterised as being both above 55% Fe and below 3% $Al_2O_3$. These parameters were derived to achieve a product grade of 57% Fe and 2% $Al_2O_3$, which are the desired specifications for the NJV's Bonnie Fines product. For BSO Ore Reserves, a cut-off grade of 50% Fe was applied to classify material as suitable for beneficiation feed.

Mining at the NJV is undertaken using surface miners with a minimum mining width of 3.5 metres based on surface miner geometry, and a minimum bench width of 20 metres to allow for safe and efficient load and haul activities.

The use of surface miners allows for selective mining resulting in minimal dilution from the edges of the orebody. Mining dilution has been estimated based on sub 55%Fe material that exists within the geologically modelled DSO zones. Mining dilution varies from mesa to mesa and accounts for approximately 8% of the DSO Ore Reserve estimate. Mining recovery factors have been determined based on historical reconciliations and also envisage decreasing recoveries for mesas approaching depletion. The average mining recovery of DSO is estimated at 97%.

For DSO material, a dry crushing and screening process is being utilised at the NJV, which was selected based on bulk sampling and metallurgical test work undertaken as part of the feasibility study.

A beneficiation trial has been completed at the NJV on low grade feed material. The trial utilised a dry crushing and screening process, where natural fines of less than 1mm were screened off using a piano wire screen. The BSO Ore Reserve estimate is based on the results of the beneficiation trial, and incorporates a mass recovery of 40% and preliminary regressions to derive iron and impurities grades of BSO product from the low grade feed material. BC Iron believes opportunities exist for the recoveries and grades to be improved through further geological domaining and/or alternative processing techniques. Once initiated, BC Iron expects that BSO will be blended with DSO to maintain Bonnie Fines specification throughout the remaining life of mine. Further updates will be provided to the market as planning for beneficiation progresses.

All material assumptions relating to costs are based on existing agreements with contractors. The terms of these agreements are considered commercially sensitive and are not publicly disclosed. However, BC Iron has provided NJV C1 cash cost guidance for FY16 of A$42-45 per wet metric tonne (FOB) and BC Iron total cash costs of $48-54 per wet metric tonne (FOB) (note: total cash costs include C1 cash costs plus royalties, marketing, exploration and evaluation expenses and corporate costs).

Mining approvals, permits and licences were granted prior to the commencement of operations. Further approvals are sought as and when required. All arrangements to facilitate mining, production and sale of the NJV product are in place, including agreements with contractors and an infrastructure agreement with Fortescue for the provision of rail and port services. Agreements with all key stakeholders are in place and active.

**Competent Persons Statements**

The information in this report that relates to the Mineral Resource estimates is based on, and fairly represents, information which has been compiled by or under the guidance of Mr Robert Williams, who is a Member of the Australasian Institute of Mining and Metallurgy and an employee of BC Iron. Mr Williams has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is 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'. Mr Williams consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

The information in this report that relates to the Ore Reserve estimate is based on, and fairly represents, information which has been compiled under the guidance of Mr Blair Duncan, who is an employee of BC Iron and a Member of the Australasian Institute of Mining and Metallurgy. Mr Duncan has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is 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'. Mr Duncan consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

**- ENDS -**


**FOR FURTHER INFORMATION:**

**MORGAN BALL**
**MANAGING DIRECTOR**
**BC IRON LIMITED**
**TELEPHONE: +61 8 6311 3400**

**MEDIA ENQUIRIES:**

**DAVID TASKER / TONY DAWE**
**PROFESSIONAL PUBLIC RELATIONS**
**TELEPHONE: +61 8 9388 0944**

## ABOUT BC IRON LIMITED

BC Iron is an iron ore mining and development company with assets in the Pilbara region of Western Australia, including the Nullagine Joint Venture ("NJV"), Iron Valley and Buckland. BC Iron is listed on the ASX under the code 'BCI'.

The NJV is an unincorporated 75:25 joint venture with Fortescue Metals Group Limited ("Fortescue"), which commenced exports in February 2011. The NJV utilises Fortescue's infrastructure at Christmas Creek, 50km south of the Nullagine mine, to rail up to 6Mtpa of ore to Port Hedland from where it is shipped directly to customers overseas.

Iron Valley is being operated by Mineral Resources Limited ("MRL") under an iron ore sale agreement. MRL operates the mine at its cost and purchases Iron Valley product from BC Iron at a price linked to MRL's realised sale price. MRL is currently evaluating a range of initiatives that have the potential to improve the long term viability of Iron Valley and its value to both parties.

Buckland is a development project located in the West Pilbara region. It has Ore Reserves of 134.3 Mt at 57.6% Fe, a completed and announced feasibility study, its own proposed infrastructure solution comprising a haul road and transhipment port at Cape Preston East, and all primary tenure and licences secured. BC Iron is currently evaluating all options to determine the optimal development and financing path for Buckland.

BC Iron also has an interest in a number of other exploration stage projects in the Pilbara and potential royalties over the Koodaideri South and North Marillana tenements.

## KEY STATISTICS

| | | |
|---|---|---|
| **Shares on issue:** | 196.2 million | |
| **Cash and cash equivalents:** | $67.7 million | as at 30 June 2015 |
| **Board:** | Tony Kiernan | Chairman and Non-Executive Director |
| | Morgan Ball | Managing Director |
| | Martin Bryant | Non-Executive Director |
| | Andy Haslam | Non-Executive Director |
| | Brian O'Donnell | Non-Executive Director |
| | Anthea Bird | Company Secretary |
| | Hayley McNamara | Company Secretary |
| **Major shareholders:** | Wroxby Pty Ltd | 19.0% |

Website: www.bciron.com.au

## APPENDIX 1: JORC CODE, 2012 EDITION – TABLE 1 REPORT

### SECTION 1 SAMPLING TECHNIQUES AND DATA

(Criteria in this section apply to all following sections.)

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| *Sampling Techniques* | • *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*<br>• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*<br>• *Aspects of the determination of mineralisation that are Material to the Public Report.*<br>• *In cases where 'industry standard' work has been done this would be relatively simple (eg '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 (eg submarine nodules) may warrant disclosure of detailed information.* | • The Warrigal 1 and Warrigal 2 mesas have been tested by Reverse Circulation ("RC") drilling on spacings of predominantly 12.5m by 12.5m.<br>• Given the sub-horizontal nature of the channel iron deposits ("CID"), the holes are vertically orientated. Down hole survey is not completed given the relatively shallow nature of the drill holes which have an average depth of approximately 26m for Warrigal 1 and 22m for Warrigal 2.<br>• All hole locations have been surveyed using RTK instruments by either industry consultants or qualified BC Iron surveying staff. |
| *Drilling Techniques* | • *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg 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 Warrigal 1 database consists of 451 RC drill holes. The Warrigal 2 database consists of 145 RC drill holes.<br>• RC drilling within the resource areas comprises 5.5 inch diameter face sampling hammer drilling, and ranges in depth from 15m to 38m, with an average depth of 26m for Warrigal 1, while for Warrigal 2 the drilling ranges in depth from 6m to 41m with an average depth of 22m. |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| *Drill Sample recovery* | • *Method of recording and assessing core and chip sample recoveries and results assessed.*<br>• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*<br>• *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.* | • RC samples are visually checked for recovery, moisture and contamination. A minimal gap between hammer diameter and shroud exists to maximize sample recovery.<br>• No sample recovery issues have impacted on a potential sample bias. |
| *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.*<br>• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*<br>• *The total length and percentage of the relevant intersections logged.* | • All resource and grade control holes have been geologically logged to a standard that is appropriate for the category of resource being reported. |
| *Sub-sampling techniques and sample preparation* | • *If core, whether cut or sawn and whether quarter, half or all core taken.*<br>• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*<br>• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*<br>• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*<br>• *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.*<br>• *Whether sample sizes are appropriate to the grain size of the material being sampled.* | • Early RC samples were split using a 3 tier riffle splitter to gain a 1/8th split sample for submission. Later grade control campaigns were drilled with an RC rig that had a cone splitter attached.<br>• The CID mesas sit proud of the surrounding plains, and as such drilling into the water table is rarely observed.<br>• QAQC procedures included the insertion of field duplicates, and certified reference material (standards) at a combined frequency of 1 sample per 20, which is considered standard industry practice. Laboratory QAQC (Lab standards and lab duplicates) were analysed at a frequency of 1 per 20 BC Iron samples.<br>• The sample preparation followed standard industry practice, involving crushing to minus 3mm and pulverisation of the entire sample to achieve 90% passing 105micron size.<br>• Field duplicate samples were taken on RC holes as a matter of course, and these indicate no issues with sample representivity.<br>• The sample size is considered appropriate for CID mineralisation. |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| *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.*<br>• *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*<br>• *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.* | • Samples have been assayed by SGS laboratories. Assaying has been completed using XRF, while LOI has been measured at 400°C, 650°C and 1000°C using thermogravimetric analysis.<br>• No assays in the database have been determined through handheld XRF devices or any geophysical tool.<br>• BC Iron QAQC processes involve submission of coarse standards (Certified Reference Material - CRM) to assess the pulverisation stage of the sample preparation. Pulp standards are submitted to assess the analytical accuracy. Repeat analyses are completed by the laboratory in every assay job. In all cases the results of the QAQC processes have indicated the data is fit for use in estimation. |
| *Verification of sampling and assaying* | • *The verification of significant intersections by either independent or alternative company personnel.*<br>• *The use of twinned holes.*<br>• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*<br>• *Discuss any adjustment to assay data.* | • Bulk rejects from intervals in early drill campaigns were stored in a bag farm onsite which allowed reference once the assay data is returned.<br>• There are 3 twin hole pairs separated by less than 4m drilled in the Warrigal 1 deposit, and a further 2 twin hole pairs drilled into the Warrigal 2 deposit. While comparisons between each vary, the correlation of grade trends and intersection lengths between the majority of the twin holes is very good.<br>• Assay jobs sent from the lab are stored as csv files, and validated prior to inclusion into the drill hole database. Validation includes review of the total assay calculation and a review of standards and repeats within the job.<br>• No assay adjustments/factoring/calibrations have occurred. |
| *Location of data points* | • *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*<br>• *Specification of the grid system used.*<br>• *Quality and adequacy of topographic control.* | • All holes have been surveyed by RTK differential GPS in the MGA_GDA94 zone50 grid system. Surveys have been completed by qualified consultant or BC Iron surveyors.<br>• Given the sub-horizontal nature of the CID deposits, the holes are vertically orientated. Down hole survey is not completed given the relatively shallow nature of the drill holes which have an average depth of approximately 26m in Warrigal 1 and 22m in Warrigal 2.<br>• The topographic surface has been determined by Light and Detection Ranging (Lidar) surveys completed by Fugro and Whelans. This is standard industry practice, and is considered appropriate for the local topography. |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| *Data spacing and distribution* | • *Data spacing for reporting of Exploration Results.*<br>• *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.*<br>• *Whether sample compositing has been applied.* | • Both the Warrigal 1 and Warrigal 2 deposits have been RC drilled to a spacing of 12.5m by 12.5m. No composite samples have been used in the estimation. |
| *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.*<br>• *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.* | • The vertical orientation of drilling is designed to give an orthogonal intersection of the mineralised CID package. |
| *Sample security* | • *The measures taken to ensure sample security.* | • Samples are stored onsite and then collected by a transport company and delivered to Perth. Whilst in custody of the laboratory they are stored in a locked yard. |
| *Audits or reviews* | • *The results of any audits or reviews of sampling techniques and data.* | • Industry consultant QG Consulting (“QG”) reviewed the assay data when completing the latest estimate.. |

**SECTION 3 ESTIMATION AND REPORTING OF MINERAL RESOURCES**

(Criteria listed in the preceding section also apply to this section.)

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| *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.*<br>• *Data validation procedures used.* | • Assay data files are generated electronically by the laboratory is emailed to BC Iron, so at no stage is there a manual data entry step which could introduce errors.<br>• Collar surveys are downloaded from RTK GPS instruments, which also negates data entry. Sequence of drilling is checked against sequential hole_id, and the drill geologist notes, to ensure the correct positioning of the drill hole. |
| *Site visits* | • *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.*<br>• *If no site visits have been undertaken indicate why this is the case.* | • The Competent Person for the Warrigal 1 and Warrigal 2 Mineral Resource statement is a full-time employee of BC Iron Limited and visits the site on a regular basis. |
| *Geological interpretation* | • *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.*<br>• *Nature of the data used and of any assumptions made.*<br>• *The effect, if any, of alternative interpretations on Mineral Resource estimation.*<br>• *The use of geology in guiding and controlling Mineral Resource estimation.*<br>• *The factors affecting continuity both of grade and geology.* | • Interpretation of the CID deposits is aided by the geological knowledge acquired through drilling and mining since mining commenced in November 2010.<br>• The geological interpretation of mineralised boundaries is considered robust and alternative interpretations do not have the potential to impact significantly on the Mineral Resource.<br>• Logged lithological information has been considered at the interpretation and estimation stages.<br>• The CIDs are Tertiary aged deposits with no identified structural control. Local grade variability has been identified through grade control drilling and production reconciliations. |
| *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.* | • The Mineral Resources are contained within preserved palaeochannels which are now topographic highs (mesas) with a curvi-linear strike. The Warrigal 1 mesa has a strike length from 1,200m while the Warrigal 2 mesa has a strike length of 600m.<br>• The CID resources outcrop at surface, and the deepest part of the resource extends approximately 20 to 25m below surface. |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| *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.*<br>• *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.*<br>• *The assumptions made regarding recovery of by-products.*<br>• *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).*<br>• *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.*<br>• *Any assumptions behind modelling of selective mining units.*<br>• *Any assumptions about correlation between variables.*<br>• *Description of how the geological interpretation was used to control the resource estimates.*<br>• *Discussion of basis for using or not using grade cutting or capping.*<br>• *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 Warrigal 1 and Warrigal 2 estimates were completed by QG in conjunction with BC Iron in 2015. The geological and mineralisation interpretations were completed by BC Iron using Minesight software, while geostatistical assessment and the subsequent Ordinary Kriged estimate was completed by QG.. The estimate was completed using Minesight software.<br>• At a 55% Fe cut-off the original Warrigal 1 estimate contained 3.7Mt @ 57.5% Fe, while the latest grade control model contains 4Mt @ 57.3% Fe. The original Warrigal 2 estimate contained 0.99Mt @ 56.4% Fe at a 55% Fe cut-off. At the equivalent cut-off the latest Warrigal 2 estimate contains 0.8Mt @ 56.8% Fe.<br>• There are no by-products, therefore no assumptions are required regarding by-products.<br>• Work by environmental consultants has indicated that levels of arsenic and chromium are at negligible levels. Also with the lack of sulphide in the deposits, acid mine drainage is not a concern.<br>• The block size used reflects half the drill spacing dimension.<br>• No assumptions have been made regarding selective mining units.<br>• Correlation plots are generated for the main elements and can be used to assess domaining. No regression equations have been derived from the plots to estimate any elements; rather each element is estimated using composite information.<br>• Interpretation is completed using geology and mineralisation. All material >55% Fe in grade is considered Direct Shipping Ore (“DSO”). Sectional interpretation of the DSO envelopes was undertaken. The sectional interpretations are then wireframed and the drill hole intervals within the wireframes coded to a database. Assays are composited based on the coded intervals. The wireframes are also used as hard boundaries for estimation into the model.<br>• High grade cutting has not been used. However, QG did use a “restrictive” approach to mitigate over-smoothing of high or low grades throughout the Warrigal 1 and Warrigal 2 estimates.<br>• Validation is completed visually by assessing sections and plans looking at estimated grades and comparing to drill hole composite input. Mean grades are also calculated on a domain basis for both the composites and the estimate, and trend analyses are completed for easting, northing and elevation to assess the average grades for both the composites and the model output. Project to date reconciliations are within acceptable limits considering the nature and style of the deposit. |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| *Moisture* | • *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.* | • Tonnages are estimated on a dry tonnes basis. |
| *Cut-off parameters* | • *The basis of the adopted cut-off grade(s) or quality parameters applied.* | • The DSO is interpreted inside a 55% Fe boundary. DSO Mineral Resources are then reported at a cut-off grade that delivers a grade of approximately 57% Fe.<br>• The CID domain is reported using a 45% Fe cut-off grade. |
| *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.* | No assumptions on mining method were made. Mining commenced in November 2010 using surface mining units and a conventional load and haul fleet of mobile equipment. |
| *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.* | • A standard crushing and screening operation was assumed for the DSO Mineral Resource Estimate, and operations commenced in November 2010. |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| *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.* | • No tailings are produced during the crushing and screening of the DSO material. Waste material is inert. |
| *Bulk density* | • *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.*<br>• *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.*<br>• *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.* | • A bulk density of 2.80-2.84t/$m^3$ was assigned to the CID mineralisation based upon the results of 91 core samples. The bulk density was calculated using the caliper method where the length of core was measured and numerous caliper measurements were recorded for the diameter. The core was dried in an oven before being weighed and divided by the calculated volume. |
| *Classification* | • *The basis for the classification of the Mineral Resources into varying confidence categories.*<br>• *Whether appropriate account has been taken of all relevant factors (ie 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).*<br>• *Whether the result appropriately reflects the Competent Person's view of the deposit.* | • Mineral Resources have been classified into Measured, Indicated and Inferred categories based on drill hole spacing, sample interval, geological interpretation and representivity of all available assay data.<br>• The Warrigal 1 and Warrigal 2 mesas have been drilled on spacings of 12.5m by 12.5m.<br>• The Warrigal 1 and Warrigal 2 deposits have been drilled at a close spacing (12.5m by 12.5m) and achieved high sample recoveries to generate high quality samples. All samples were dry as the elevated mesas are situated well above the standing water level. Assaying of the samples passed QAQC tests for accuracy, precision and bias. The estimation methods used are of industry standard and the estimates validated well when compared to the composite data input. On this basis the areas of the deposits that were classified as Indicated Mineral Resource were done so as there is sufficient confidence in the estimates |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| | | to allow the application Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposits., Areas of Warrigal 1 and Warrigal 2 were classified as Inferred Mineral Resource where the drill spacing identified a lack of continuity in the mineralisation and geology models.<br>• The Mineral Resource Estimate classification appropriately reflects the Competent Person's view of the deposit. |
| *Audits or reviews* | • *The results of any audits or reviews of Mineral Resource estimates.* | • Mineral Resource Estimates for Warrigal 1 and Warrigal 2 were completed by QG in May 2015. The estimates were reviewed and validated by both QG and BC Iron staff. |
| *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.*<br>• *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.*<br>• *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.* | • The Mineral Resource Estimate is considered robust in light of current production reconciliation data and standard geostatistical estimation methods.<br>• The Mineral Resource Estimate is a global assessment of the NJV.<br>• The accuracy and confidence limits are based on the cut-off grade analysis employed in the technical evaluation and from reconciliation of current production data. The limits are considered appropriate. |

**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 | JORC Code Explanation | Commentary |
|---|---|---|
| *Mineral Resource estimate for conversion to Ore Reserves* | • *Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.*<br>• *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.* | • The Mineral Resource estimate as at 30 June 2015 was used for the conversion of a portion of the Mineral Resource to Ore Reserve status.<br>• The Mineral Resource estimate reported is inclusive of the Ore Reserves. |
| *Site visits* | • *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.*<br>• *If no site visits have been undertaken indicate why this is the case.* | • The Competent Persons for the Mineral Resource and Ore Reserve estimates are full-time employees of BC Iron Limited and visit the site on a regular basis. |
| *Study status* | • *The type and level of study undertaken to enable Mineral Resources to be converted to Ore*<br>• *Reserves.*<br>• *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.* | • A Definitive Feasibility Study ("DFS") was completed in 2008, prior to the commencement of mining operations. This study reported an Ore Reserve in accordance with the JORC (2004) guidelines. Since the commencement of mining operations in November 2010 production data has been reconciled on a monthly basis to inform and update the physical and economic models which are used as the basis for this reporting in accordance with JORC (2012) guidelines. |
| *Cut-off parameters* | • *The basis of the cut-off grade(s) or quality parameters applied.* | • Cut-off grades and quality parameters were derived and applied after consideration of recoveries and costs associated with mining, processing, site administration, transport, marketing agreements (including penalty costs), and royalties.<br>• To achieve a target product head grade of 57% Fe and 2% $Al_2O_3$, two cut-off grades were applied, with DSO characterised as being both >55% Fe and <3% $Al_2O_3$.<br>• Low grade material considered suitable as feed for beneficiated shipping ore ("BSO") has an iron grade between 50-55% Fe. |
| *Mining factors or assumptions* | • *The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).*<br>• *The choice, nature and appropriateness of the selected* | • The Mineral Resources were partially converted to Ore Reserves from spatial pit optimisations and detailed pit designs which form the basis for the current operations.<br>• The Nullagine CIDs are situated at the top of mesa structures, with waste to ore ratios that are moderate to low (average 1.81:1 for the remaining life of mine). Further to a technical and economic evaluation, direct |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| | *mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.*<br>• *The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.*<br>• *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).*<br>• *The mining dilution factors used.*<br>• *The mining recovery factors used.*<br>• *Any minimum mining widths used.*<br>• *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.*<br>• *The infrastructure requirements of the selected mining methods.* | excavation with rock cutting technology (surface miners) was chosen as the preferred mining method. This mining method has been employed since operations commenced in November 2010 and is considered appropriate to the geometry and style of mineralisation.<br>• A geotechnical study was undertaken as part of the DFS. The study recommended an overall pit slope design of 45° on each mesa based on rock mass quality and defect orientation. This recommendation was incorporated in the detailed pit designs which are used at the operations. A 10% gradient on pit access ramps and internal pit ramps is used.<br>• Grade control drilling is undertaken primarily on a 12.5m by 12.5m spacing with a sample length of half a metre, which is considered appropriate for the geometry and style of mineralisation and the mining equipment used. In areas where reconciliations have indicated higher proportions of clay, tighter grade control drilling to a spacing nominally of 10m by 10m has been identified as being required.<br>• The use of surface miners allows selective mining resulting in minimal dilution from the edges of the orebody. Dilution used in the Ore Reserve estimate is based on sub-55% Fe ore within the geologically modelled ore zone. The dilution varies from mesa to mesa with total mining dilution accounting for 8% of the DSO Ore Reserve estimate.<br>• Mining recovery factors were determined from historical reconciliation numbers. The estimate reflects mining recoveries decreasing for mesas approaching depletion. The average mining recovery used for the DSO Ore Reserve estimate was 97%.<br>• Minimum mining width used during operations is 3.5m based on surface miner drum width, and minimum bench width is 20m to allow for safe and efficient load and haul activities.<br>• Inferred Mineral Resources are not included in the Ore Reserves. However, it should be noted that Inferred Mineral Resource material of 1.8Mt @ 57.0% Fe, 2.3% $Al_2O_3$, 2.6% $SiO_2$, 0.013% P, 0.009% S and 12.3% LOI is estimated to be contained within the current pit designs. Average remaining strip ratio incl. Inferred Mineral Resources is 1.58:1.<br>• The existing site infrastructure caters for the current mining method. The construction of internal haul roads will be required as the operation decentralises. |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| *Metallurgical factors or assumptions* | • *The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.*<br>• *Whether the metallurgical process is well-tested technology or novel in nature.*<br>• *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.*<br>• *Any assumptions or allowances made for deleterious elements.*<br>• *The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.*<br>• *For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?* | • Bulk sampling and metallurgical test work was undertaken as part of the DFS prior to production. This identified simple geometallurgical domaining. These domains were used for technical marketing and production planning. Production data to date suggests that the geometallurgical domaining is appropriate for the nature and style of mineralisation.<br>• For DSO material, a dry crushing and screening process is being utilised at the NJV, which was selected based on bulk sampling and metallurgical test work undertaken as part of the feasibility study. This is considered well-tested standard industry practice considering the nature and quality of the mineralisation.<br>• DSO is crushed and screened through two mobile plants to produce an all in sub 10mm fines product. Sampling and assaying is performed on crushed product from each plant.<br>• One mobile plant has the capacity to crush and screen approximately 4.0Mt per annum whilst the other has the capacity to process approximately 2Mt per annum. Combined capacity is in excess of the FY16 shipping guidance of 4.9-5.3Mt allowing for the growth of product stocks and also capability to switch crushers on and off as required.<br>• Approx. 50% of ore material is at product size after surface mining (i.e. passing 10mm sizing). The remaining 50% of surface mined material and oversize from mesa edge mining methods (excavator cutting/rock breaking and surface mining) is handled by jaw crushers located at the front end of the crushing & screening plants.<br>• A beneficiation trial has been completed to determine the potential to upgrade below specification material to BSO for blending with DSO. The trial utilised a dry crushing and screening process, where natural fines of less than 1mm were screened off using a piano wire screen.<br>• Results showed that geologically modelled low grade material (50-55% Fe) could be upgraded to BSO with a 40% mass recovery to be used as a blendable product. Beneficiated ore is allocated to the Probable category.<br>• Low grade material considered as feed material for the BSO Ore Reserve was quantified from within current planned pit designs and existing stockpiles. Further assessment of low grade material just outside planned pits and within regional mesas is ongoing. |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| | | • Recovery factors used in the calculation of BSO product quantities were derived from the Beneficiation Study completed in the March quarter 2014. Resultant grades of iron and deleterious elements within the BSO product were derived from regressions determined during the Beneficiation Study. |
| *Environmental* | • *The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.* | • Mining approval, permitting and licensing were granted prior to the commencement of current operations. The applications and submissions relating to these permissions include environmental baseline surveys and impact assessments. A dedicated environmental department comprised of full-time employees of BC Iron undertake regular environmental monitoring and ensure all clearing and works permits are in place for new areas of disturbance. |
| *Infrastructure* | • *The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.* | • Current operations form part of the NJV (75% BC Iron, 25% Fortescue). The NJV includes an agreement signed with the Fortescue to allow the NJV to utilise Fortescue's infrastructure at Christmas Creek approximately 60km south of the NJV mine operations centre, to rail its ore to Port Hedland for shipping. Infrastructure allocation is currently 6Mtpa (with 4.5Mtpa attributable to BC Iron). Existing onsite infrastructure (including accommodation village, fixed plant and haul roads) supports the current operation. |
| *Costs* | • *The derivation of, or assumptions made, regarding projected capital costs in the study.*<br>• *The methodology used to estimate operating costs.*<br>• *Allowances made for the content of deleterious elements.*<br>• *The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co-products.*<br>• *The source of exchange rates used in the study.*<br>• *Derivation of transportation charges.*<br>• *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.*<br>• *The allowances made for royalties payable, both Government and private.* | • Initial operating cost estimates were derived from first principles and formal tenders received from a range of third party suppliers. Cost estimates continue to be updated as new project components utilising competitive tenders are put to market.<br>• Full allowance was made for product quality risk based on metallurgical test work and technical marketing.<br>• Metal price and foreign exchange assumptions were based on the analysis of independent forecasts from a range of third party providers.<br>• Transport costs were derived from formal tenders received from a range of third party suppliers and the infrastructure agreement signed as part of the NJV.<br>• Full allowance was made for all Government and private royalties' payable.<br>• Production cost data from the existing operation is monitored and reconciled on a monthly basis to ensure the project remains on budget. |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| *Revenue factors* | • *The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.*<br>• *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.* | • All revenue factor assumptions are based on inputs from the current production plan, pricing received under the NJV and from other third party agreements which include penalty rates and payability factors.<br>• Metal / product price and foreign exchange assumptions are based on the analysis of independent forecasts and ongoing in-house forecasting (allowing for acceptable risk). |
| *Market assessment* | • *The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.*<br>• *A customer and competitor analysis along with the identification of likely market windows for the product.*<br>• *Price and volume forecasts and the basis for these forecasts.*<br>• *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.* | • In-house and independent analysis of future commodity markets are undertaken on a periodic basis.<br>• Studies to date, together with product volume and quality information / reconciliation from the current operation suggest that, at the time of reporting extraction could be reasonably justified for the life of the current mining plan.<br>• The NJV product is named 'Bonnie Fines'. Bonnie Fines is marketed by Fortescue and continues to be well received by the market. |
| *Economic* | • *The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.*<br>• *NPV ranges and sensitivity to variations in the significant assumptions and inputs.* | • Economic inputs to the DFS were based on fixed and variable cost pricing with relevant revenue assumptions. As operations have commenced, the economic model is updated on a regular basis for planning and reporting purposes and considers depreciation and inflation rates and tax calculations based on current accounting standards. |
| *Social* | • *The status of agreements with key stakeholders and matters leading to social licence to operate.* | • Contractual agreements with all key stakeholders are in place and active. These agreements include a mining agreement with the Palyku people and an infrastructure agreement with the Nyiaparli people. |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| *Other* | • *To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:*<br>• *Any identified material naturally occurring risks.*<br>• *The status of material legal agreements and marketing arrangements.*<br>• *The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.* | • Operations commenced in November 2010. As part of the DFS and subsequent project financing, a risk register was developed to identify and control project risk (naturally occurring and otherwise).<br>• All material legal, marketing and governmental approvals and arrangements are in place and current for the existing operations. |
| *Classification* | • *The basis for the classification of the Ore Reserves into varying confidence categories.*<br>• *Whether the result appropriately reflects the Competent Person's view of the deposit.*<br>• *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).* | • The Ore Reserve classification is considered appropriate given the nature of the deposit, geological confidence, economic modelling and significant production reconciliation data. The Ore reserve classification appropriately reflects the Competent Person's view of the deposit.<br>• None of the Probable Ore Reserve is derived from Measured Resources. |
| *Audits or reviews* | • *The results of any audits or reviews of Ore Reserve estimates.* | • A review of the initial Ore Reserve (prior to the commencement of operations) was undertaken by Coffey Mining in 2009.<br>• No formal independent audit of the current Ore Reserves has been undertaken, however regular internal reviews and audits are undertaken. |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| *Discussion of relative accuracy/ confidence* | • *Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve 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 reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.*<br>• *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.*<br>• *Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.*<br>• *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.* | • The Ore Reserve estimate is considered robust in light of current production reconciliation data and estimation methods. No statistical analysis procedures have been applied.<br>• The Ore Reserve report is a global assessment of the NJV based on the contracted infrastructure agreement with Fortescue (life of mine contract).<br>• The accuracy and confidence limits are based on the current mine design and cut-off grade analysis employed in the technical and economic evaluation. The limits are considered robust and appropriate.<br>• This DSO Ore Reserve estimate has been compared with production data. Those comparisons have resulted in the DSO mining recoveries for the Outcamp 2 and Outcamp 3 mesas which are nearing completion to be re-estimated to 85% with all other mesas remaining at 97.5%. |
| *Mineral Resource estimate for conversion to Ore Reserves* | • *Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.*<br>• *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.* | • The Mineral Resource Estimate as at 30 June 2015 was used for the conversion of a portion of the Mineral Resource to Ore Reserve status.<br>• The Mineral Resource Estimate reported is inclusive of the Ore Reserves. |