ASX RELEASE – 30 AUGUST 2016

BC IRON MINERAL RESOURCES AND ORE RESERVES

BC Iron Limited (ASX:BCI) ("BC Iron" or "the Company") is pleased to report Mineral Resources and Ore Reserves as at 30 June 2016. The Company has a substantial Mineral Resource and Ore Reserves base across a portfolio of operating and development projects in the Pilbara region of Western Australia.

Iron Valley Mineral Resources are 238.7Mt and Ore Reserves are 123.2Mt, with ongoing mining activities accounting for the year on year reductions of 8.1Mt and 6.7Mt respectively. These Ore Reserve tonnages support the potential for a long life operation under the royalty-type agreement with operator, Mineral Resources Limited (ASX:MIN).

BC Iron's 75% share of **Nullagine** DSO Ore Reserves had a net increase of 0.7Mt to 16.2Mt as a result of mining activities during the period and maiden estimates for several additional deposits. Approximately 35% of the DSO Ore Reserve is situated in deposits which have either been previously mined or are near existing infrastructure and have minimal overburden. BC Iron's 75% share of BSO Ore Reserves (product basis) also increased by 0.7Mt to 4.8Mt due to the maiden estimates and the mining and stockpiling of increased levels of low grade material during operations. BC Iron's share of CID Mineral Resources is 56.6Mt, a decrease of 12.4Mt year on year due to mining activities and rationalisation of some tenements. BC Iron is currently considering a potential restart of operations as part of its review of strategic options for Nullagine.

Buckland Mineral Resources and Ore Reserves remain unchanged for the period. Buckland is a 100% owned strategic project located in the emerging West Pilbara region, with Ore Reserves at Bungaroo South that have the potential to support a long life operation and a unique independent infrastructure solution comprising a proposed private haul road and proposed 20Mtpa transhipment port at Cape Preston East.

Table 1: Mineral Resources (BC Iron Share)

Project	Cut-off (% Fe)	Tonnes (Mt)	Fe (%)	CaFe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)
Iron Valley	50	238.7	58.4	62.8	5.2	3.2	0.17	7.0
Nullagine – CID	45	56.6	53.3	60.7	5.1	4.2	0.019	11.9
Buckland	50	283.3	56.5	61.4	7.8	2.7	0.14	8.1
Total – Hematite	**n.a.**	**578.6**	**57.0**	**61.9**	**6.5**	**3.1**	**0.14**	**8.0**
Maitland River	26	1,106.0	30.4	30.8	44.0	2.3	0.06	1.2

Note: Nullagine CID Mineral Resources include DSO Mineral Resources of 23.0Mt at 57.0% Fe (BC Iron Share).

Table 2: Ore Reserves (BC Iron Share)

Project	Cut-off (% Fe)	Tonnes (Mt)	Fe (%)	CaFe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)
Iron Valley	54	123.2	58.8	63.3	4.8	3.0	0.18	7.1
Nullagine – DSO	55	16.2	56.6	64.4	3.3	2.2	0.011	12.1
Nullagine – BSO Product	50	4.8	54.2	61.9	4.3	2.7	0.015	12.5
Buckland	54	134.3	57.6	62.6	6.5	2.4	0.15	8.0
Total	**n.a.**	**278.5**	**58.0**	**63.0**	**5.5**	**2.7**	**0.15**	**7.9**

As shown in the figures below, BC Iron's enterprise value ("EV") per tonne of Mineral Resources and Ore Reserves are low relative to its ASX-listed iron ore peers. In addition, the Company's strategic Cape Preston East port lease agreements are not ascribed value by the Mineral Resources and Ore Reserves metrics.

Figure 1: EV/Resource Multiples (A$/t contained Fe)

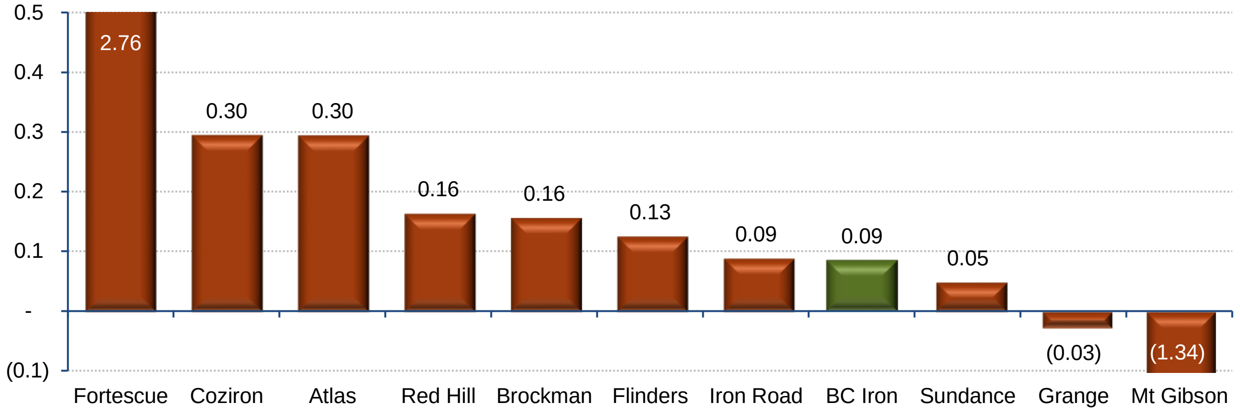
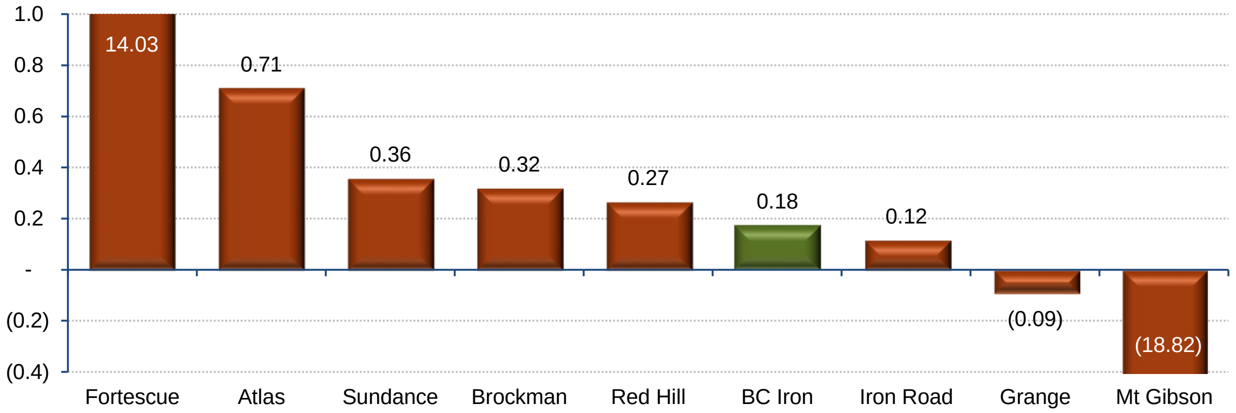


Figure 2: EV/Reserve Multiples (A$/t contained Fe)



Source: ASX and ASX announcements as at 25 August 2016.

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Competent Persons Statements

The information in this report that relates to the Mineral Resource estimates at Nullagine 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 at Nullagine 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.

The information in this report that relates to the Mineral Resource estimate at Iron Valley is based on, and fairly represents, information which has been compiled by Mr Lynn Widenbar, who is a Member of the Australasian Institute of Mining and Metallurgy and a full time employee of Widenbar and Associates. Mr Widenbar 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 Widenbar 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 at Iron Valley is based on, and fairly represents, information which has been compiled by Mr Ross Jaine, who is a full time employee of MRL and a Member of the Australasian Institute of Mining and Metallurgy. Mr Jaine 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 Jaine 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 announcement that relates to Mineral Resources and Ore Reserves at the Buckland Project is extracted from the Iron Ore Holdings Limited ASX Announcement titled "Buckland Project – Updated Ore Reserve" (dated 4 June 2014). This announcement is available to view at http://www.bciron.com.au/investors/asx-announcements/ioh-archive.html. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

The information that relates to Mineral Resources estimates at Maitland River has been compiled by Mr Lynn Widenbar, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Widenbar is a full time employee of Widenbar and Associates and produced the Mineral Resource Estimates based on data and geological information supplied by the Company. Mr Widenbar has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. It has been not been updated to comply with JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

APPENDIX 1: NULLAGINE

Nullagine is an unincorporated joint venture ("NJV") 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.

The NJV's Ore Reserves and Mineral Resources as at 30 June 2016 are set out in the tables below on a 100% basis, along with a summary of material information and the JORC (2012) Table 1.

Table 3: CID Mineral Resource Estimate

Classification	Mt	Fe%	CaFe%	Al_2O_3%	SiO_2%	P%	S%	LOI%
Measured	3.2	53.0	59.9	5.0	5.4	0.024	0.014	11.5
Indicated	48.3	53.7	61.2	3.6	4.6	0.017	0.012	12.2
Inferred	23.9	52.5	59.8	5.3	5.8	0.020	0.020	11.4
Total	**75.4**	**53.3**	**60.7**	**4.2**	**5.1**	**0.019**	**0.015**	**11.9**

Table 4: DSO Mineral Resource Estimate

Classification	Mt	Fe%	CaFe%	Al_2O_3%	SiO_2%	P%	S%	LOI%
Measured	1.4	57.1	64.0	3.0	3.5	0.023	0.014	10.8
Indicated	25.7	57.0	64.5	2.2	3.0	0.015	0.011	11.6
Inferred	3.7	57.0	64.3	2.7	3.5	0.016	0.015	11.4
Total	**30.9**	**57.0**	**64.5**	**2.3**	**3.1**	**0.016**	**0.012**	**11.5**

Table 5: DSO Ore Reserve Estimate

Classification	Mt	Fe%	CaFe%	Al_2O_3%	SiO_2%	P%	S%	LOI%
Proved	0.0	0.0	0.0	0.0	0.0	0.000	0.000	0.0
Probable	21.6	56.6	64.4	2.2	3.3	0.011	0.011	12.1
Total	**21.6**	**56.6**	**64.4**	**2.2**	**3.3**	**0.011**	**0.011**	**12.1**

Table 6: BSO Probable Ore Reserve Estimate

	Mt	Fe%	CaFe%	Al_2O_3%	SiO_2%	P%	S%	LOI%
BSO Feed	15.9	51.6	59.0	3.6	5.5	0.017	0.011	12.6
BSO Product	**6.4**	**54.2**	**61.9**	**2.7**	**4.3**	**0.015**	**0.010**	**12.5**

Table 7: DSO Stockpile Inventory

	Tonnes	Fe%	Al_2O_3%	SiO_2%
ROM	0	0.0	0.0	0.0
MOC Product	0	0.0	0.0	0.0
RLF Product	0	0.0	0.0	0.0
Port	0	0.0	0.0	0.0
Total	**0**	**0.0**	**0.0**	**0.0**

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 30 June 2015 in accordance with JORC (2012) guidelines. The ASX announcement and accompanying Table 1 was released on 25 August 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.

Changes to DSO Mineral Resources since 30 June 2015 are due to the following;

- Inclusion of maiden estimates for Warrigal 6, Mulla Mulla 2 and Mulla Mulla 3;
- Re-interpretation and re-estimation of Outcamp 4 and Outcamp 5 following completion of additional grade control drilling; and
- Depletion at Outcamp 2, Outcamp 3, Warrigal 1, Warrigal 2 and Warrigal 6 according to mining completed up to the temporary suspension of operations.

CID Mineral Resources changed for the above reasons and also due to a rationalisation of NJV tenements, some of which contained sub-economic CID Mineral Resources.

The Outcamp 4, Outcamp 5, Warrigal 6, Mulla Mulla 2 and Mulla Mulla 3 deposits are channel iron deposits, presented as topographic highs or mesas and host mineralisation at surface.

Key statistics for the above deposits are tabulated below.

Deposit	Mesa Dimensions	No. Holes	Total Metres	Drill Spacing
Outcamp 4	700m by 150m	455	5,295	12.5m by 12.5m
Outcamp 5	1,500m by 200m	986	10,226	12.5m by 12.5m and 25m by 25m
Warrigal 6	300m by 100m	72	1,717	25m by 12.5m
Mulla Mulla 2	500m by 100m	112	2,731	25m by 12.5m
Mulla Mulla 3	600m by 90m	120	3,515	25m by 12.5m

Mulla Mulla drilling results were released in the ASX announcement "Mulla Mulla Exploration Results" on 20 November 2015, while Warrigal 6 drilling results were included in the December 2014 Quarterly Activities Report released on 30 January 2015.

RC drilling utilised an RC drill rig with a cone splitter attached. Given the sub-horizontal nature of the CID deposits, the holes are vertically orientated. 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, sectional interpretation of the drill results was undertaken and material with grades of greater than 55% Fe was constrained inside DSO domains. The interpretations were wireframed to produce mineralised envelopes. Mineral Resources were estimated using either ordinary kriging or inverse distance weighting 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.

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.

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 2016.

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 utilises 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 11% 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 97.5%.

For DSO material, a dry crushing and screening process is 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. BC Iron envisages blending BSO with DSO to maintain Bonnie Fines specification.

All material assumptions relating to costs are based on contracts either in place or previously in place for NJV operations and discussions with contractors subsequent to the temporary suspension of operations. The terms are considered commercially sensitive and are not disclosed.

Mining approvals, permits and licences were granted prior to the commencement of operations. Further approvals are sought as and when required. It is expected that all arrangements to facilitate mining, production and sale of the NJV product, including agreements with contractors, could be readily entered into to facilitate a restart of the operation. An infrastructure agreement with Fortescue for the provision of rail and port services remains in place. Agreements with other key stakeholders are in place.

Competent Persons Statements

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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.* • *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 (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 6, Mulla Mulla 2 and Mulla Mulla 3 mesas have been tested by Reverse Circulation ("RC") drilling on spacings of 25m by 12.5m, while drilling at the Outcamp 4 deposit has been completed on a 12.5m by 12.5m spacing. Outcamp 5 was initially drilled at 25m by 25m and then infilled to 12.5m by 12.5m in selected areas. • 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. Drill hole depths range from 15m to 33m for both Warrigal 6 and Mulla Mulla 2, 16m to 38m for Mulla Mulla 3, 2m to 26m for Outcamp 4 and 3m to 35m for Outcamp 5. • 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 6 database consists of 72 RC drill holes drilled in 2014 and 2015. The Mulla Mulla 2 database consists of 112 RC drill holes, all drilled in 2015. The Mulla Mulla 3 database consists of 2 HQ diamond holes drilled in 2007 and 118 RC drill holes drilled in 2015. There are 455 holes and 986 holes in the Outcamp 4 and Outcamp 5 databases respectively that have been drilled between 2007 and 2015. • RC drilling within the resource areas comprises 5.5 inch diameter face sampling hammer drilling. • The two diamond holes drilled at Mulla Mulla 3 in 2007 were HQ size.

Criteria	JORC Code Explanation	Commentary
Drill Sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• RC samples are visually checked for recovery, moisture and contamination. A minimal gap between hammer diameter and shroud exists to maximize sample recovery. • 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.* • *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 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.* • *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.*	• All RC drilling at Warrigal 6, Mulla Mulla 2 and Mulla Mulla 3 as well as RC drilling at Outcamp 4 and Outcamp 5 since 2011 was completed with an RC rig that had a cone splitter attached. Prior to this, 29 holes were drilled at Outcamp 4 and 119 holes at Outcamp 5 in 2007 and 2008, where splits were completed using a 3 tier riffle splitter to achieve a 1/8th sample split. • The CID mesas sit proud of the surrounding plains, and as such drilling into the water table is rarely observed. • 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. • The sample preparation followed standard industry practice, involving crushing to minus 3mm and pulverisation of the entire sample to achieve 90% passing 105micron size. • Field duplicate samples were taken on RC holes as a matter of course, and these indicate no issues with sample representivity. • 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.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (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. • No assays in the database have been determined through handheld XRF devices or any geophysical tool. • 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.* • *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.*	• Once the assay data is returned, it is checked against the logged geology to verify the down hole assay intervals to the down hole geology. • There are no twin holes in any of the 5 reported resources. • 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. • 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.* • *Specification of the grid system used.* • *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. • 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. • 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.
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.*	• The drill hole spacing ranges from 12.5m by 12.5m for Outcamp 4 and parts of Outcamp 5, to 25m by 12.5m for Warrigal 6, Mulla Mulla 2 and Mulla Mulla 3. • All samples submitted for analysis are from half metre down hole samples, and no composite samples have been used in the estimation.

Criteria	JORC Code Explanation	Commentary
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.*	• 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.*	• No external reviews have been completed.

Section 2 – Reporting of Exploration Results

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

Criteria	JORC Code Explanation	Commentary
General 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 Warrigal 6, Mulla Mulla 2 and Mulla Mulla 3 deposits are located on the Mining lease M46/523, while the Outcamp 4 and Outcamp 5 deposits are located on Mining Lease M46/515. • The registered owner of the above tenements is BC Iron Nullagine Pty Ltd, a wholly owned subsidiary of BC Iron. • The tenements forms part of the Nullagine Iron Ore Joint Venture ("NJV"), 75:25 joint venture between BC Iron and Fortescue Metals Group Limited. • M46/515 was granted in April 2010, while M46/523 was granted in January 2014. • A mining agreement has been entered into with the Palyku people and an infrastructure agreement has been entered into with the Nyiaparli people.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Prior to exploration for iron ore, Alkane Resources had explored for alluvial diamonds over the ground in tenements E46/522, E46/523 and E46/524. Alkane drilled 57 holes from 1992 to 1997.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Mineralisation is contained within Tertiary aged paleo-drainage channels which have formed the Channel Iron Deposits (“CID”) and present as topographic highs or “mesas”. The deposits are situated within the Hamersley Province on the eastern fringe of the Pilbara craton.

Criteria	JORC Code Explanation	Commentary
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Exploration results are not being reported in this release. Warrigal 6 exploration results were reported in the December 2014 Quarterly Activities Report which was released on 30 January 2015, while exploration results for Mulla Mulla 2 and Mulla Mulla 3 was reported in the ASX release dated 20 November 2015 titled "NJV –Mulla Mulla Exploration Results".
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Exploration results are not being reported in this release. See previous releases noted above.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	Exploration results are not being reported in this release. See previous releases noted above.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Exploration results are not being reported in this release. See previous releases noted above.

Criteria	JORC Code Explanation	Commentary
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Exploration results are not being reported in this release. See previous releases noted above.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Exploration results are not being reported in this release. See previous releases noted above.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Exploration results are not being reported in this release. See previous releases noted above.

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.* • *Data validation procedures used.*	• Assay data files generated electronically by the laboratory are emailed to BC Iron, so at no stage is there a manual data entry step which could introduce errors. • 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.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person for the Mineral Resources 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.* • *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.*	• Interpretation of the CID deposits is aided by the geological knowledge acquired through drilling and mining (which commenced in November 2010 and was temporarily suspended in December 2015). • The geological interpretation of mineralised boundaries is considered robust and alternative interpretations do not have the potential to impact significantly on the Mineral Resource. • Logged lithological information has been considered at the interpretation and estimation stages. • 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 dimensions of the mesas where resources are being reported are; Outcamp 4 (700m by 150m), Outcamp 5 (1,500m by 200m), Warrigal 6 (300m by 100m), Mulla Mulla 2 (500m by 100m) and Mulla Mulla 3 (600m by 90m). • The resources outcrop at surface and extend approximately 20 to 25m below surface.
Estimation and modelling	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining,*	• The geological and mineralisation interpretations were completed by BC Iron using Minesight software, while geostatistical assessment was completed using Supervisor software. Ordinary Kriging was used for all

Criteria	JORC Code Explanation	Commentary
techniques	*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 (eg sulphur 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.*	but Warrigal 6, which used inverse distance squared. The estimate was completed using Minesight software. • The resource estimates for Warrigal 6, Mulla Mulla 2 and Mulla Mulla 3 are maiden estimates so no comparison with earlier estimates can be recorded. The Outcamp 4 and Outcamp 5 estimates replace estimates previously reported at 30 June 2015. At a 55% Fe cut-off the original Outcamp 4 estimate contained 1.1Mt @ 57.2% Fe, 2.1% Al_2O_3, 2.8% SiO_2 while the latest estimate contains 0.98Mt @ 57.0% Fe, 2.2% Al_2O_3, 2.8% SiO_2. The original Outcamp 5 estimate contained 0.93Mt @ 56.5% Fe, 2.7% Al_2O_3, 3.5% SiO_2 at a 55% Fe cut-off, while the latest Outcamp 5 estimate contains 0.93Mt @ 56.0% Fe, 2.9% Al_2O_3, 3.6% SiO_2. • There are no by-products, therefore no assumptions are required regarding by-products. • 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. • The block size used reflects half the drill spacing dimension. • No assumptions have been made regarding selective mining units. • 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. • 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. • High grade cutting has not been used. • 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.*	• DSO is interpreted inside a 55% Fe boundary. DSO Mineral Resources are reported at a 55% Fe cut-off grade. • 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 was undertaken using surface mining units and a conventional load and haul fleet of mobile equipment over the period November 2010 to December 2015.
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 were undertaken in this manner for approximately 5 years.

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.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	• A bulk density of 2.80-2.84t/m^3 was assigned to 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.* • *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).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• Mineral Resources have been classified into Indicated and Inferred categories based on drill hole spacing, geological interpretation and QAQC analysis of all assay data. • The Warrigal 6, Mulla Mulla 2 and Mulla Mulla 3 mesas have been drilled on spacings of 25m by 12.5m, while Outcamp 4 has been drilled to 12.5m by 12.5m. The Outcamp 5 deposit has a combination of 25m by 25m with some portions closed in to 12.5m by 12.5m. • The deposits have been drilled at a close spacing 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

Criteria	JORC Code Explanation	Commentary
		classified as Indicated Mineral Resource were done so as there is sufficient confidence in the estimates 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. • 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.* • *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.*	• The Mineral Resource Estimate is considered robust in light of current production reconciliation data and standard geostatistical estimation methods. • The Mineral Resource Estimate is a global assessment of the NJV. • 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.* • *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 2016 was used for the conversion of a portion of the Mineral Resource to Ore Reserve status. • 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.* • *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* • *Reserves.* • *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. That 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. • To achieve a target product head grade of approximately 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. • Low grade material considered suitable as feed for beneficiated shipping ore ("BSO") has an iron grade between 50-55% Fe.

Criteria	JORC Code Explanation	Commentary
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).* • *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.* • *The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.* • *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).* • *The mining dilution factors used.* • *The mining recovery factors used.* • *Any minimum mining widths used.* • *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.* • *The infrastructure requirements of the selected mining methods.*	• 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. • The Nullagine CIDs are situated at the top of mesa structures, with waste to ore ratios that are moderate to low (average 1.7:1 for the remaining life of mine). Further to a technical and economic evaluation, direct excavation with rock cutting technology (surface miners) was chosen as the preferred mining method. This mining method has been employed throughout operation of the NJV and is considered appropriate to the geometry and style of mineralisation. • 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. • Grade control drilling is undertaken primarily on a 25m by 25m 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. Spacings have been closed in to 25m by 12.5m or 12.5m by 12.5m in areas where reconciliations have indicated this is required. • 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 11% of the DSO Ore Reserve estimate. • Mining recovery factors were determined from historical reconciliation numbers. The average mining recovery used for the DSO Ore Reserve estimate was 97.5%. • 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. • Inferred Mineral Resources are not included in the Ore Reserves. • Two Vermeer 1655 surface miners and four Haulmax dump trucks remain on site to support a restart of operations. • 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.* • *Whether the metallurgical process is well-tested technology or novel in nature.* • *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.* • *Any assumptions or allowances made for deleterious elements.* • *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.* • *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. • For DSO material, a dry crushing and screening process is 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. • During operations, DSO was crushed and screened through two mobile plants to produce an all in sub 10mm fines product. Sampling and assaying was performed on crushed product from each plant. • One mobile plant, which has the capacity to process approximately 2Mt per annum, remains on site. It is envisaged another mobile crushing plant would be sourced from a contractor for a restart of operations. 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. • 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. • 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. • Low grade material considered as feed material for the BSO Ore Reserve was quantified from within current planned pit designs and existing stockpiles. • 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.

Criteria	JORC Code Explanation	Commentary
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 approvals, permits and licenses 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.*	• The NJV is party to an agreement with 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 6Mtpa (with 4.5Mtpa attributable to BC Iron). Key onsite infrastructure (including accommodation village and haul roads) remain in place to support a restart of operations.
Costs	• *The derivation of, or assumptions made, regarding projected capital costs in the study.* • *The methodology used to estimate operating costs.* • *Allowances made for the content of deleterious elements.* • *The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co-products.* • *The source of exchange rates used in the study.* • *Derivation of transportation charges.* • *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.* • *The allowances made for royalties payable, both Government and private.*	• Operating cost estimates were based on previous contracts in place for NJV operations and discussions with contractors following the temporary suspension of operations. • Full allowance was made for product quality risk based on metallurgical test work and technical marketing. • Metal price and foreign exchange assumptions were based on the analysis of independent forecasts from a range of third party providers. • Transport costs were also based on previous contracts and recent contractor discussions or, in the case of rail and port costs, the infrastructure agreement between the NJV and Fortescue. • Full allowance was made for all Government and private royalties' payable.
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.* • *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	• Key revenue factors include grade, product discounts and penalties. All revenue factor assumptions are based on inputs from the production plan, pricing received during operations at the NJV, market intelligence regarding current pricing dynamics and from third party offtake agreements which remain in place. • Metal / product price and foreign exchange assumptions are based on the analysis of independent forecasts.

Criteria	JORC Code Explanation	Commentary
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.* • *A customer and competitor analysis along with the identification of likely market windows for the product.* • *Price and volume forecasts and the basis for these forecasts.* • *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.*	• In-house and independent analysis of future commodity markets is undertaken on a periodic basis. • Studies to date, together with product volume and quality information / reconciliation from operations suggest that, at the time of reporting extraction could be reasonably justified for the life of the current mining plan. • 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.* • *NPV ranges and sensitivity to variations in the significant assumptions and inputs.*	• Current financial modelling is based on a long term CFR 62% Fe iron ore price of US$60/dmt and AUD:USD exchange rate of 0.75. These inputs are supported by analysis of independent forecasts from a range of third party providers.
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.
Other	• *To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:* • *Any identified material naturally occurring risks.* • *The status of material legal agreements and marketing arrangements.* • *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). • All material legal, marketing and governmental approvals and arrangements are in place and current for the existing operations.

Criteria	JORC Code Explanation	Commentary
Classification	• *The basis for the classification of the Ore Reserves into varying confidence categories.* • *Whether the result appropriately reflects the Competent Person's view of the deposit.* • *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. • 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. • No formal independent audit of the current Ore Reserves has been undertaken, however regular internal reviews are undertaken.
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.* • *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.* • *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.* • *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. • The Ore Reserve report is a global assessment of the NJV based on the contracted infrastructure agreement with Fortescue (life of mine contract). • 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. • This DSO Ore Reserve estimate has been compared with production data. DSO mining recoveries are estimated at 97.5% for all mesas.

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.* • *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 2016 was used for the conversion of a portion of the Mineral Resource to Ore Reserve status. • The Mineral Resource Estimate reported is inclusive of the Ore Reserves.

APPENDIX 2: IRON VALLEY

Iron Valley is 100% owned by BC Iron and is being operated by Mineral Resources Limited ("MRL") under a royalty-type 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.

Ore Reserves and Mineral Resources for Iron Valley as at 30 June 2016 are presented below. The estimates were prepared by MRL in accordance with JORC (2012) guidelines. Suitably qualified BC Iron personnel have reviewed the documentation and are comfortable with the methodologies used for the estimates.

Table 8: Mineral Resource Estimate

Classification	Cut-off % Fe	Tonnes Mt	Fe %	CaFe %	SiO_2 %	Al_2O_3 %	P %	S %	LOI %	Total %
Measured	50	27.4	59.5	64.0	4.3	2.8	0.18	0.01	7.0	99.6
Indicated	50	172.2	58.4	63.0	5.0	3.1	0.18	0.01	7.4	99.4
Inferred	50	39.1	57.8	61.0	7.0	3.9	0.15	0.02	5.3	99.1
Total		**238.7**	**58.4**	**62.8**	**5.2**	**3.2**	**0.17**	**0.01**	**7.0**	**99.4**

Notes:

- *Tonnages are dry metric tonnes and have been rounded. Any small differences in totals are due to rounding.*
- *CaFe% is calcined Fe% calculated using the following formula; Fe% / (100% - LOI%).*

Table 9: Ore Reserve Estimate

Description	Classification	Cut-off % Fe	Tonnes Mt	Fe %	CaFe %	SiO_2 %	Al_2O_3 %	P %	LOI %	Total %
In-situ	Proved	54	18.4	60.3	64.7	3.8	2.5	0.18	6.7	99.7
	Probable	54	99.9	58.7	63.3	4.8	3.1	0.18	7.2	99.4
Stockpiles	Proved	54	4.9	55.7	59.6	9.8	3.0	0.11	6.5	99.3
Total			**123.2**	**58.8**	**63.3**	**4.8**	**3.0**	**0.18**	**7.1**	**99.5**

Notes:

- *Tonnages are dry metric tonnes and have been rounded. Any small differences in totals are due to rounding.*
- *CaFe% is calcined Fe% calculated using the following formula; Fe% / (100% - LOI%).*
- *Stockpiles have been converted to dry tonnes based on a 5.5% moisture content.*
- *Stockpiles include 1.25Mt of post-process lump and fines products.*
- *These Ore Reserves are based on beneficiable (upgradable) ore.*

Summary of Material Information – Mineral Resources

The Mineral Resource estimate, which has been prepared by MRL, factors in drilling and sampling completed by both MRL and a wholly-owned subsidiary of BC Iron, and has been depleted according to mining completed as at 30 June 2016.

Mineralisation within the Iron Valley deposit occurs as outcropping and buried Banded Iron Deposit ("BID") and Detrital mineralisation ("DID"). BID mineralisation is hosted predominantly in the Joffre Member of the Brockman Iron Formation. Incised into this bedrock geology are deposits of DID mineralisation.

Drilling comprises reverse circulation ("RC") and diamond core holes. RC holes of approximately 140mm in diameter were completed using a standard face sampling hammer. HQ sized diamond holes were drilled as diamond tails after RC holes and PQ sized diamond holes were drilled as twins to RC holes. Drill holes were both vertical and inclined to be sub-perpendicular to the local strike and dip of the mineralisation.

BC Iron RC cuttings were taken at 1m and 2m intervals, with the 2m intervals being the predominant interval size. Samples were generated by sending dry drill cuttings through a cone splitter. Where the drill cuttings were wet and interpreted to be mineralised, these cuttings were left to dry in poly weave bags prior to being passed through a riffle 3 tier splitting process to generate dry samples. Wet un-mineralised samples were generated by either taking a grab sample from the drill cuttings or following the wet mineralised cuttings procedure. MRL RC samples were taken at 2m intervals, with all samples generated using a cone splitter. BC Iron and MRL samples were sent to laboratories in Perth Australia where they were dried and prepared for XRF and TGA analysis.

Diamond core samples were taken at 1m, 2m, and 4m intervals, with 2m intervals being the predominant size for both. Complete core was sent to the laboratory for further preparation and XRF and TGA analysis or physical geo-metallurgical test work.

Geological interpretation was completed based on surface mapping, downhole geological logging, geophysics and geochemistry of RC and diamond core samples. Fe grade and key deleterious elements were estimated using ordinary kriging interpolation, while minor deleterious elements were estimated using inverse distance squared interpolation. A cut-off grade of 50% Fe was utilised.

Drilling was conducted on a 100m by 100m spacing (Indicated and Inferred classifications), with certain areas infilled to 50m by 50m (Measured and Indicated classifications), with a range of other criteria guiding the classifications within these drill spacing areas.

Summary of Material Information – Ore Reserves

The Ore Reserve estimate has been updated by MRL based on the 30 June 2016 Mineral Resource estimate. Material assumptions for the Ore Reserve estimate are based on production data to date and pre-feasibility level studies undertaken by MRL in relation to enhancement initiatives. MRL has advised BC Iron that key assumptions are commercially sensitive.

Current and planned mining is by conventional open pit methods. A conventional dry crushing and screening process produces direct shipping ore lump and fines products, which are transported by road train to Port Hedland and exported.

MRL is continuing to study beneficiation of fines and evaluating plans to expand the plant with an additional crushing circuit, wet screening, jigging and up-flow classification. MRL is also studying a bulk ore transportation system ("BOTS"). Current pre-feasibility level financial modelling has demonstrated favourable economic outcomes at a CFR 62% Fe iron ore price of US$55/dmt and AUD/USD exchange rate of 0.75.

The deposit was optimised using Whittle optimisation software utilising Measured, Indicated and Inferred Resources, with a cut-off grade of 54% Fe used to define ore within the optimisation. Measured and Indicated Mineral Resources of 50% Fe and above were then classified as Ore Reserves. Indicated Mineral Resources within the ultimate pit shell have been converted to Probable Ore Reserves. Measured Mineral Resources within detailed pit designs (first two years of the mine plan) have been classified as Proved Ore Reserves and other Measured Mineral Resources within the ultimate pit shell, but without detailed pit designs completed, have been classified as Probable Ore Reserves. These classifications are appropriate in the view of the Competent Person.

Mining assumptions were adopted as follows: dilution was modelled by regularisation of the geological model using a selective mining unit of 12.5 by 12.5 by 5.0m, with the cut-off applied after regularisation. A 95% mining recovery factor was utilised and no minimum mining widths were applied.

Processing recovery factors were based on production data to date and beneficiation test work results, which indicate a lump yield of 55% with the beneficiation process testwork indicating recovery of 52% of the remaining fines and a corresponding increase of the fines Fe grade by an average of 3.8% absolute.

Further approvals are required for below water table mining, the plant expansion and BOTS. These approvals are currently being sought and are not anticipated to delay or impede achievement of the mine plan. MRL is also well placed to fund and build the required additional infrastructure.

The reported Ore Reserves are a subset of the reported Mineral Resources. An additional 11.0Mt @ 58.4%Fe of Inferred Mineral Resources has been scheduled in the mine plan that is not included in the Ore Reserve as low confidence Inferred Mineral Resources are not eligible for conversion to Ore Reserves.

Competent Persons Statements

The information in this report that relates to the Mineral Resource estimate at Iron Valley is based on, and fairly represents, information which has been compiled by Mr Lynn Widenbar, who is a Member of the Australasian Institute of Mining and Metallurgy and a full time employee of Widenbar and Associates. Mr Widenbar 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 Widenbar 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 at Iron Valley is based on, and fairly represents, information which has been compiled by Mr Ross Jaine, who is a full time employee of MRL and a Member of the Australasian Institute of Mining and Metallurgy. Mr Jaine 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 Jaine consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

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.* • *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 (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.*	• All of the data used for resource estimation is based on the logging and sampling of reverse circulation ("RC") and diamond core drilling. • RC samples were taken at 1m and 2m intervals, with the 2m intervals being the predominant size. • Diamond core samples were taken at 1m, 2m and 4m intervals, with the 2m intervals being the predominant size. • Sampling has been undertaken by both MRL and a wholly owned subsidiary of BC Iron Limited ("BC Iron"). All BC Iron and MRL sampling has been carried out in accordance with the respective company's Sampling Procedure.
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).*	• RC drill holes of approximately 140mm diameter were completed using a standard face sampling hammer. Drill holes were both vertical and angled. • HQ sized diamond holes were drilled as diamond tails after reverse circulation drill holes. Drill holes were both vertical and angled. • PQ sized diamond drill holes were drilled as twins to reverse circulation holes. Drill holes were both vertical and angled.

Criteria	JORC Code Explanation	Commentary
Drill Sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• RC sample recovery was recorded by the company geologist as a relative percentage based on visual observation of the volume contained within each calico sample bag as well as the volume of the ground retention sample. Calico sample bags on average exceeded 80% of the sample bag total volume. • The Diamond core recovery was measured by the driller at the end of each drill run. Total core recovery for the MRL drilling averaged 85% of the total drilled interval. • No major issues with the sample collection system were identified during drilling. Minimal loss of fines was achieved through the use of an automated sample collection and splitting system. • No relationship was observed between sample recovery and grade.
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 drill holes have been geologically logged using BC Iron and MRL coded logging systems for rock type, colour, shape, alteration, hardness, moisture and sample recovery. • Mineralised zones were identified from observations of mineralogy, lithological characteristics, downhole gamma survey data and geochemistry. The standard of logging is suitable to support an estimate of Mineral Resources. • All diamond core was photographed. • The total length of drill holes used for this resource is 73420m with approximately 99.5% of the drill holes logged.

Criteria	JORC Code Explanation	Commentary
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.*	• All RC samples are collected in labelled bags which are stored onsite or sent for analysis. • BC Iron RC cuttings were taken at 1m and 2m intervals, with the 2m intervals being the predominant interval size. Samples were generated by sending dry drill cuttings through a cone splitter. Where the drill cuttings were wet and interpreted to be mineralised, these cuttings were left to dry in poly weave bags prior to being passed through a riffle 3 tier splitting process to generate dry samples. Wet un-mineralised samples were generated by either taking a grab sample from the drill cuttings or following the wet mineralised cuttings procedure. Percussion samples weighing approximately 3kg were sent to the Ultratrace lab in Perth Australia where they were oven-dried and prepared for XRF and TGA analysis. • MRL RC samples were taken at 2m intervals. All samples were generated using a cone splitter. RC samples weighing approximately 3kg were sent to the Intertek Genalysis lab in Perth Australia where they were dried and prepared for XRF and TGA analysis. • BC Iron diamond tail HQ complete core was sampled at 1 m and 2m intervals and sent to Ultratrace labs to be crushed, dried and prepared for XRF and TGA analysis. • BC Iron diamond PQ complete core was sampled in 4m intervals and sent to the AMMTEC lab in Perth Australia for physical geo-metallurgical test-work. Each hole was analysed separately. • MRL diamond PQ complete core was sent to the ALS lab in Perth Australia for physical geo-metallurgical test-work.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• QA/QC procedures for the BC Iron drilling included the insertion of 4 different certified reference standards, field duplicates and lab repeats to monitor the accuracy and precision of the laboratory data. Inter-laboratory pulp checks were carried out at Genalysis Lab in Perth Western Australia. • QA/QC procedures for the MRL drilling included the insertion of a single type of certified reference standard, field duplicates and lab repeats to monitor the accuracy and precision of the laboratory data. • The sampling procedures and analysis of the QA/QC results indicate acceptable levels of assay accuracy and precision.

Criteria	JORC Code Explanation	Commentary
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.*	• Verification of the drill hole database provided by BC Iron was carried out by MRL. An issue was identified concerning the preferred reporting of calculated Fe instead of measured XRF Fe. No material difference was found to exist between the two data types. Another issue was identified concerning the replacement of original Ultratrace data with pulp check results from umpire lab Genalysis. Again no material difference was found to exist between the two sets of data. • No external verification was completed on the MRL data. • 8 BC Iron and 5 MRL twin diamond/RC holes have been completed in the area. Results of the twin analysis have shown acceptable correlation between the RC holes and the diamond twin holes. • Sample data is stored using a customized Access database, which includes a series of automated electronic validation checks. BC Iron and MRL data entry procedures are documented and readily available. Only trained personnel perform further manual validation in order to confirm results reflect field collected information and geology. • Some conversions of MnO% to Mn% have been made to the assay data used in the grade estimation. Samples returning below detection limits were given the result of half the detection limit. Samples with missing data were excluded from statistical analysis and estimation.
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.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Survey control of drill hole collar locations has been established using a Real Time Kinetic ("RTK") Global Positioning System ("GPS"). The Grid system is MGA Zone 50 (GDA94 based) for horizontal data and AHD (based on AusGeoid09) for vertical data. Collar survey data has been validated against the LIDAR topographic surface. • Detailed downhole deviation surveys of accessible holes have been carried out by contractors Surtron and Pilbara Wireline Services. • The topography was created from 1m contours produced from 1m LIDAR data collected in 2013.
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.*	• The BC Iron data is approximately spaced 100m along strike and 100m across strike. The MRL drilling infilled an area of the earlier BC Iron drilling effectively closing the spacing to 50m along strike and 50m across strike. • The data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource estimation and classifications applied. • RC samples were composited over 2m intervals.

Criteria	JORC Code Explanation	Commentary
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.*	• Vertical and inclined holes have been drilled sub-perpendicular to the local strike and dip of the mineralisation. The drilling has satisfactorily tested the geological structure and grade continuity of the mineralisation. • No biases are expected from the drilling direction.
Sample security	• *The measures taken to ensure sample security.*	• To ensure sample security the following measures were undertaken: A chain of custody is demonstrated by both the company (BC Iron and MRL) and the receiving lab in the delivery and receipt of sample materials via the use of consignment notes. Upon receipt of the samples the lab alerts the company designated contact that each batch has arrived noting any discrepancies from the consignment notes such as additional or missing samples within the batch. Damage to or loss of samples within each batch must also be reported to the company in the form of a list of samples affected and detailing the nature of the problem.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• All sampling has been carried out using BC Iron and MRL standard procedures. • No external audits were carried out during the drill programs. • Internal review by MRL of all QAQC and Twin data found the repeatability to be satisfactory. • MRL has not identified any major risk factors relating to the sampling and assaying of the data. Similar rigs and splitter systems were utilised across this deposit.

Section 2 – Reporting of Exploration Results

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

Criteria	JORC Code Explanation	Commentary
General 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 Iron Valley deposit is located within Mining Licence M47/1439. M47/1439 is held by a wholly-owned subsidiary of BC Iron. • An iron ore sale agreement exists between BC Iron and MRL.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Both BHP (under the Broken Hill Propriety Company Ltd) and CSR Ltd have performed regional exploration for iron within the project boundaries during the 1970's. No historical data has been used by MRL.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Mineralisation within the Iron Valley deposit occurs as outcropping and buried Banded Iron Deposit ("BID") and Detrital mineralisation ("DID"). Outcropping geology in the project is the Dales Gorge, Whaleback Shale and Joffre Members of the Brockman Iron Formation which host the BID mineralisation (predominantly in the Joffre member). Incised into this bedrock geology are deposits of DID mineralisation. The Weeli Wolli Formation also outcrops in the area, as well as Wongarra volcanics, Quaternary colluvium and a dolerite dyke.

Criteria	JORC Code Explanation	Commentary
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Exploration results are not presented in this report.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Exploration results and aggregates are not presented in this report.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Exploration results are not presented in this report.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Exploration results are not presented in this report.

Criteria	JORC Code Explanation	Commentary
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Exploration results are not presented in this report.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Resources are primarily defined by drilling and assaying. Geophysics and surface mapping are used in exploration.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Additional drilling will be undertaken as required for the further development and mining of the deposit.

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.* • *Data validation procedures used.*	• Sample data is stored using a customised Access database (Datashed), which includes a series of automated electronic validation checks. Datashed is a secure industry standard database. • Only trained personnel perform further manual validation on the data in order to confirm results reflect field collected information and geology. In order to ensure integrity of the database, any changes to the database only occur after a review of the suggested changes are authorised, and these changes can only be performed by an authorised person. Prior to modelling, further validation was performed on the dataset being used using Micromine validation tools.
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.*	• The Competent Person made a site visit to Iron Valley on 15 October 2014. BC Iron and MRL drill lines and locations were seen, as was drill and blast setup and excavation of ore and waste in the above water table pit. The visit provided an overview and context for the location and nature of the Iron Valley deposit.
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.*	• Logging and geological interpretation was completed by geologists experienced in iron mineralisation. There is some risk of misinterpretation in areas of wider spaced drilling with limited assay data, however this is not considered to be material. • Geological interpretation is based on surface mapping, down hole geological logging, geophysics and geochemistry of RC and Diamond drill samples. • BID and DID stratigraphy at Iron Valley is well known, and it is envisaged that any alternative geological interpretation, with or without further drilling, would not have a material impact on the Mineral Resource estimate. Further closer spaced drilling may improve the confidence in the stratigraphic interpretation of the BID mineralisation. • All samples are flagged with their host geological zone, only samples with the same geological zone as the block to be estimated can be used in grade estimation. • It is not expected that further drilling will materially change the grade and geological continuity.

Criteria	JORC Code Explanation	Commentary
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 Iron Valley deposit extends approximately 6 km along a strike of 030°. Width varies from 50m to over 600m. Thickness varies from <15m to >120m
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 (eg sulphur 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.*	• Ordinary Kriging ("OK") interpolation was selected as the estimation method as it allows the measured spatial continuity to be incorporated into the estimate and is appropriate for the nature of the mineralisation. • Two separate geological/mineralisation domains were used to control estimation (sub-horizontal and sub-vertical). • Analysis of sample lengths indicated that compositing to 2m was necessary. • Variography was carried out on mineralised BID composites to determine kriging interpolation parameters. The sub-horizontal and sub-vertical domains were combined using an unfolding technique. • Search ellipse sizes for the estimation were based on a combination of drill spacing and variogram ranges. • The primary search ellipse in the sub-horizontal domain was 75m along strike, 60m across strike and 10m vertically using "unfolded" coordinates. A minimum of 8 samples and a maximum of 16 samples were required in the search pass; a minimum of two drill holes was required. A maximum of 4 samples per drill hole was used. Where blocks were not informed in the first pass, a second search was used with search distance increased by a factor of 2.5. • The primary search ellipse in the sub-vertical domain was 75m along strike, 6m across strike and 100m vertically using "unfolded" coordinates. A minimum of 4 samples and a maximum of 16 samples were required in the search pass; a minimum of two drill holes was required. A maximum of 4 samples per drill hole was used. Where blocks were not informed in the first pass, a second search was used with search distance increased by a factor of 2. • Fe, SiO_2, Al_2O_3, P, LOI, were estimated by OK; all other variables were estimated using Inverse Distance Squared interpolation. • Complete Inverse Distance Squared and Inverse Distance Cubed estimates were generated as a check. Check estimates produced confirmation of primary OK results. • Block size was 12.5m (E-W) by 12.5m (N-S) by 5m (Vertical) with sub-cells to 1.25m x 1.25m x 1m.

Criteria	JORC Code Explanation	Commentary
		• Previous Mineral Resource estimates were published by Iron Ore Holdings Limited in June 2011 and BC Iron in August 2015. • Validation of the final resource has been carried out in a number of ways, including: ○ Drill Hole Section Comparison; ○ Comparison by Mineralisation Zone; ○ Swathe Plot Validation; ○ Model versus Composites by Domain. • All modes of validation have produced acceptable results. • Reconciliations of actual production against the Mineral Resource model have been carried out for the first 24 months production of 14.5Mt (dry). The actual production reconciliations ≥ 50% Fe against the model are: 107% of tonnes; 100% of Fe%; 101% of SiO2%; 101% of Al2O3; and 97% of P. • The resource model has been depleted for production to 30 June 2016.
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 basis.
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• An industry standard 50% Fe supported by the geology and the grade distribution of the sample population provided the basis for the cut-off grade selected.
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.*	• Current and planned mining is by conventional open-pit methods.

Criteria	JORC Code Explanation	Commentary
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.*	• MRL currently produces both lump and fines products and continues to evaluate plans to increase production with a plant expansion that will include beneficiation.
Environmen-tal 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.*	• Mining waste is considered to be non-acid forming ("NAF") and formed waste dumps will conform to WA standards. Waste will be formed as dumps. Additional waste characterisation will be undertaken during mine life to confirm that waste is NAF. In the case of acid and fibre mitigation, MRL will use industry standard procedures. Ore is currently dry processed with future plans to implement wet screening and beneficiation. The beneficiation process will produce tailings that are planned to be disposed of within a tailings storage facility that will form part of an integrated waste landform.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	• Density has been calculated from bulk density measurements on diamond core. Average densities by geological unit and mineralisation have been applied globally to the model. Physical density measurements are taken in the field on core that has had excess moisture driven off. Core is then marked out according to geological unit and sent to the lab in Perth to be oven dried and weighed using various methods to estimate oven dried density, hydro-wrap density and hydro-spray density. • The following densities have been applied to the MRL codes by geological domain to the model: ○ BID 2.84 ○ DET 2.97 ○ COL 2.63 ○ BIF 2.62 ○ SHL 1.80

Criteria	JORC Code Explanation	Commentary
		• The BC Iron codes have been changed to match the equivalent MRL codes and the following densities applied in the model: ○ BID 2.84 ○ BIF 2.62 ○ DET 2.97 ○ SHL 1.80 ○ WST 2.60
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *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).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• The Iron Valley Mineral Resource has been classified in the Measured, Indicated and Inferred categories, in accordance with the 2012 Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code). • The area covered by detailed infill drilling is classified in the Measured and Indicated categories. The parts of the deposit lying outside this area are classified in the Indicated and Inferred categories. • A range of criteria has been considered in determining this classification including: ○ Geological continuity; ○ Data quality; ○ Drill hole spacing; ○ Modelling technique; ○ Estimation properties including search strategy, kriging variance, number of informing data and average distance of data from blocks. • The Competent Person endorses the final results and classification.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• An Independent Technical Review was completed in March 2015 on the Mineral Resources by Coffey Mining Pty Ltd. The key findings were: ○ The geological modelling is appropriate for the purpose of estimating the Mineral Resources; ○ The geostatistical analysis is thorough and robust; ○ The block model is appropriately constructed for the deposit on the basis of MRL's domains; and ○ Visual and statistical validation of the model indicates that the model contains no fatal flaws.

Criteria	JORC Code Explanation	Commentary
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.*	• Relative accuracy and confidence has been assessed by review of block kriging variance and variability statistics of individual block estimates. • The resource estimate is considered to reflect local estimation of grade. • Relative accuracy and confidence has been assessed by reconciling the actual production data for first 24 months (14.5Mt dry) against the associated block estimates of the resource model where Fe≥ 50%. • Actual production reconciliations indicate a high level of confidence and accuracy in the resource estimate as shown by the following results: Actual production reconciliations ≥ 50% Fe against the model: 107% of tonnes; 100% of Fe%; 101% of SiO2%; 101% of Al2O3; and 97% of P.

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.* • *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	• The Iron Valley deposits are located in the Central Pilbara region of Western Australia. • The resource estimate was based on: data collected initially by a wholly-owned subsidiary of BC Iron and subsequently by MRL from an in-fill drilling campaign used for the commencement of mining; and geological interpretation by MRL. • The Mineral Resource estimate is based on a cut-off grade of 50% Fe. • The Mineral Resource estimate is not additional to the Ore Reserve estimate. The Ore Reserve estimate is a sub-set of the Mineral Resource estimate.
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.*	• The Competent Person is Mr Ross Jaine, Manager Mine Planning MAusIMM a full-time employee of MRL. • A number of site visits were undertaken prior to and during the development of the site. These site visits informed access requirements, pit designs and site layout details.
Study status	• *The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* • *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.*	• The Iron Valley Project was studied at a pre-feasibility study level in 2012 by Snowden. • The Ore Reserve estimate is an update based on production to date and pre-feasibility level studies undertaken by MRL.
Cut-off parameters	• *The basis of the cut-off grade(s) or quality parameters applied.*	• A cut-off of 54% Fe has been used to define ore within the optimisation. All Mineral Resources ≥54% Fe within the optimisation shells have been scheduled and are currently being stockpiled by Fe grade into high, medium and low grade categories for blending to achieve product meeting specification. • The cut-off grade was selected on the basis of product specifications for marketing.

Criteria	JORC Code Explanation	Commentary
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).* • *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.* • *The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.* • *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).* • *The mining dilution factors used.* • *The mining recovery factors used.* • *Any minimum mining widths used.* • *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.* • *The infrastructure requirements of the selected mining methods.*	**Mining Method** • Current and planned mining of the resource is by use of conventional open pit methods. The current primary mine production fleet comprises a 190t Hitachi EX1900 excavator, 5x Komatsu HD785-7 (90t capacity) dump trucks and a single Atlas Copco L8 drill. • Mine designs comprise detailed pit designs for the first two years of the Life-of-Mine plan with pit shells used to phase the remainder of the mine life. To mitigate the use of pit shells, 3.5Mt of Measured Mineral Resources within the optimisation shells and outside of the interim detailed designed pits have been downgraded to Probable Ore Reserve status. Operational waste dump and stockpile designs are in place with conceptual designs for the later phases of waste dump expansion and incorporation of tailings into an integrated waste landform. • The deposit extends below the water table. Approvals for mining below the water table are currently being sought and are expected to be in place in time for scheduled mining below the water table in 2016. **Optimisation** • The deposit was optimised using Whittle Optimisation software. • Measured, Indicated and Inferred Mineral Resource categories were used in the Whittle Optimisation process. Excluding Inferred Mineral Resources from the Whittle Optimisation reduces in-situ Ore Reserves by 0.6Mt. • The overall slopes vary from 40° to 43° based on geotechnical studies. • Dilution has been modelled by regularisation of the geological model using a selective mining unit of 12.5m (length) by 12.5m (width) by 5.0m (depth). • Regularisation resulted in a reduction of 31Mt of Mineral Resources ≥ 50% Fe. • The cut-off grade has been applied after regularisation. • An ore mining recovery factor of 95% was applied in the Whittle Optimisation software. • No minimum mining widths ("MMW") were applied with ≤ 4% of the Ore Reserves having a MMW < 100m. **Mine Plan** • Inferred Mineral Resources were included in the optimisation and 11.0Mt at 58.4% Fe of Inferred Mineral Resources have been included in the

Criteria	JORC Code Explanation	Commentary
		mine plans. No Inferred Mineral Resources have been reported in the Ore Reserves. • The total planned material movements ("TMM") including waste and stockpile rehandle varies from current rates of 10Mtpa (dry) to a maximum of 70Mtpa (dry) later in the mine life. • Ore production is maintained at current nominal rates of 8Mtpa (dry) increasing to 20Mtpa (dry) with the proposed plant expansion and implementation of beneficiation of fines. **Infrastructure requirements of the selected mining method** • The Iron Valley Project is currently operational with TMM at 10Mtpa (dry). This is scheduled to increase over the mine life to a maximum of 70Mtpa (dry). • A mining equipment fleet upgrade and additional maintenance and support facilities are required for TMM increases from current levels to the planned rates of 70Mtpa (dry).
Metallurgical factors or assumptions	• *The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.* • *Whether the metallurgical process is well-tested technology or novel in nature.* • *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.* • *Any assumptions or allowances made for deleterious elements.* • *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.* • *For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?*	• The metallurgical process currently in operation at Iron Valley is a conventional dry crushing and screening process producing lump and fines as Direct Ship Ore ("DSO"). • Lump and fines products are currently transported by road train to the port and shipped to market. • Evaluation of a proposed plant expansion with beneficiation of fines includes an additional crushing circuit, wet screening, jigging and up-flow classification. These are all proven processing methods routinely applied for upgrading of Pilbara Iron Ores. • A comprehensive metallurgical evaluation of the Iron Valley deposit has been undertaken. The samples tested are reflective of scheduled ore production that will be mined from the deposit within the first three (3) years Above Water Table ("AWT") and the Below Water Table ("BWT") ore immediately beneath the AWT ore. The mineralisation tested as part of this programme included a combination of the surface detritals and Joffre hosted mineralisation. Eight (8) PQ diamond holes were drilled for the purposes of this test work programme with mineralised core intervals selected from seven (7) holes and domained into bedded, detrital and blended ore types. A total of 235.0m of core was used for testing with a total mass of 3.4 tonnes. • Additional bench scale and pilot plant jig and up-flow classifier test work on 2 tonnes of sample material extracted from three bulk test pits have

Criteria	JORC Code Explanation	Commentary
		informed the proposed plant expansion with fines only beneficiation. • Actual production and results from the beneficiation test-work indicate a lump yield of 55% with the planned beneficiation process recovering 52% of the remaining fines and increasing the fines Fe% grade on average by 3.8% absolute. • The grades of the deleterious elements in the Ore Reserves have been estimated using the Mineral Resources. The grades of the elements of the products are based on the results of the metallurgical test-work using regression and mass balancing. • Global blended metallurgical parameters have been applied for Ore Reserve estimation.
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.*	• All required environmental approvals are in place for the current operation underway. These include an Approved Mining Proposal under the Mining Act; and the Above Water Table approval under Parts IV and V of the EP Act. • Waste rock characterisation studies have been completed and indicate low potential for acid rock drainage. • Additional approvals are being sought for the plant expansion, the integrated tailings storage facility, below water table mining and the Bulk Ore Transportation System ("BOTS"). The projected timeframe for receipt of these additional approvals is not anticipated to delay or impede achievement of the mine plan.
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.*	• Existing infrastructure in place supports current operational requirements at 10Mtpa (dry) TMM. Major additional infrastructure requirements are: 1) BOTS and 2) the plant expansion to include beneficiation and increase plant throughput rates to 21Mtpa (dry). The MRL group is well placed to fund and build all additional major required infrastructure.

Criteria	JORC Code Explanation	Commentary
Costs	• *The derivation of, or assumptions made, regarding projected capital costs in the study.* • *The methodology used to estimate operating costs.* • *Allowances made for the content of deleterious elements.* • *The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co-products.* • *The source of exchange rates used in the study.* • *Derivation of transportation charges.* • *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.* • *The allowances made for royalties payable, both Government and private.*	• Capital requirements for the plant expansion with beneficiation and BOTS have been estimated through the MRL group's internal specialist engineering capability. • Future operating costs were estimated using existing operating costs and adjusted following pre-feasibility studies into BOTS and the beneficiation plant expansion. These future costs include significant reductions in unit costs for: crushing; transportation (hauling); port charges and shipping. • No explicit price adjustments have been included for deleterious elements. The value of the products is implicit in the pricing assumptions used. • The cost estimates are in AUD with an exchange rate of 0.82 AUD/USD provided by MRL corporate. • The reduced transportation costs have been applied as estimated by MRL feasibility studies into BOTS. • All Government and private royalties are payable by the tenement owner, BC Iron. The cost of acquiring Iron Valley ore from BC Iron is provided for in the cost assumptions.
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.* • *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	• The price and exchange rate used for calculation of Ore Reserves is US$70/dmt CFR 62% Fe and 0.82 AUD/USD respectively (equivalent to A$85.37/dmt CFR 62% Fe) as provided by MRL corporate. • Sensitivity of Ore Reserves at US$55/dmt CFR 62% Fe and 0.7517 AUD/USD (equivalent to A$73.17/dmt CFR 62% Fe) results in a 4.8Mt reduction (4%) from 123.2Mt of Ore Reserves to 118.4 Mt.

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.*
	• *A customer and competitor analysis along with the identification of likely market windows for the product.*
	• *Price and volume forecasts and the basis for these forecasts.*
	• *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.*
		• The Iron Valley Lump and Fines products are currently exported by MRL and their current relative values are well understood.
		• MRL markets the iron ore products utilising in house iron ore marketing expertise.
		• There have been no (external):
		  ○ Market assessment investigations;
		  ○ Customer or competitor analyses; or
		  ○ Price and Volume forecasts.

Criteria	JORC Code Explanation	Commentary
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.* • *NPV ranges and sensitivity to variations in the significant assumptions and inputs.*	• Current pre-feasibility level financial modelling of: the planned BOTS and the plant expansion with beneficiation at US$55/dmt CFR 62% Fe and 0.75 AUD/USD demonstrate favourable economic outcomes. The results of the financial modelling have provided the basis for progressing BOTS and the plant expansion with beneficiation. • Addition of third party tonnes will further enhance the BOTS economics.
Social	• *The status of agreements with key stakeholders and matters leading to social licence to operate.*	• All required native title and heritage agreements are in place for the current operation underway. These include Native Title and Heritage agreements with the Nyiyaparli people.

Other	• *To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:*
	• *Any identified material naturally occurring risks.*
	• *The status of material legal agreements and marketing arrangements.*
	• *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.*
		• Identified risks include the following:
		  ○ Waste disposal: Additional space for waste disposal is currently indicated with resolution studies currently underway including investigations into the backfilling of mined out pits and potential impacts on mine plan sequencing.
		  ○ BOTS: New technology / cost assumption risk.
		  ○ Elevated phosphorus levels of the Ore Reserve.
		• For the successful development of BOTS, agreements and approvals will need to be in place with all parties associated with the planned BOTS land corridor between the mine and the port. These parties include:
		  ○ Government Departments (6);
		  ○ Tenement Holders (31);
		  ○ Pastoral Stations (6); and
		  ○ Aboriginal Native Title Claimants (6).

Classification	• *The basis for the classification of the Ore Reserves into varying confidence categories.* • *Whether the result appropriately reflects the Competent Person's view of the deposit.* • *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	• All Indicated Mineral Resources within the ultimate pit shell have been converted to Probable Ore Reserves. • Measured Mineral Resources within detailed pit designs that are all within the ultimate pit shell have been converted to Proved Ore Reserves. All other Measured Mineral Resources within the ultimate pit shell, but without detailed pit designs yet completed, have been classified as Probable Ore Reserves. • This results in 3.5Mt of Measured Mineral Resources being converted to Probable Ore Reserves and is appropriate in the view of the competent person reflecting a lower level of confidence.

Criteria	JORC Code Explanation	Commentary
Audits or reviews	• *The results of any audits or reviews of Ore Reserve estimates.*	• There have been no (external) audits or reviews of the Ore Reserve estimates.
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.* • *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.* • *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.* • *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.*	• Factors that may affect the global tonnages and grade estimates may include: geological interpretation; mining ore recovery; mining dilution; and processing performance. • Reconciliations of actual production against the Mineral Resource model have been carried out for the first 24 months production of 14.5Mt (dry). The actual production reconciliations ≥ 50% Fe against the model are: 107% of tonnes; 100% of Fe%; 101% of SiO2%; 101% of Al2O3; and 97% of P. • No assessment of the relative accuracy or confidence limits of the Ore Reserve have been undertaken.