

**Iron Mountain Mining Limited (ASX Code: IRM)****Quarterly Report: 31 March 2016****HIGHLIGHTS****SOLOMON ISLANDS (Bauxite)**

- Option secured to acquire 50% equity in a private company that owns projects in the Solomon Islands prospective for low temperature bauxite
- Company seeking to identify and delineate deposits of high-quality bauxite amenable to direct shipping and low-cost development
- Due diligence, including exploration, has commenced with the Company's option to acquire expiring six months from execution of the Terms Sheet
- Indonesian export ban and extended Malaysian mining ban expected to shift supply focus to reliable producers
- Under the terms of the agreement the Company has the right to recover all expenditure incurred from project exploration and development when initial production occurs.

**GOLDEN CAMEL (Gold)**

- Golden Camel Mining Pty Ltd has procured a site office and accommodation and engaged a fully qualified Mine Manager
- Conditional Planning Permit received from the Shire of Campaspe for two stage development of Project beginning with an initial 2000t trial bulk sample to validate mining and processing assumptions
- Grade control sampling and extraction of 2000t bulk sample expected in June quarter

**INDICATOR (Gold)**

- Site reconnaissance with drilling contractor confirms "ready to drill" status of proposed drilling site
- Company to assess and schedule the proposed drilling around its current and future exploration commitments

**CORPORATE**

- Appointment of Ms Pippa Coppin as a Non-Executive Director of the Company effective from 24 March 2016
- Appeal hearing against previous decision in ongoing taxation of fees paid to lawyers who advised a former director has been listed for 8 August 2016

## SOLOMON ISLANDS

On 30 March 2016, Iron Mountain Mining Ltd (IRM or Company) announced it had secured an option to acquire 50% equity in private company Au Capital Mining Pty Ltd (ACM). ACM owns 100% of two Prospecting Licences in the Solomon Islands and has agreed to partner with IRM to explore and potentially develop these projects. The acquisition is subject to due diligence (including exploration) and satisfying conditions pertaining to the quality of the assets and their potential for development. Full details of the terms of the acquisition are contained in the 30 March 2016 ASX announcement<sup>1</sup>.

## NENDO PROJECT

The Nendo Project is a granted Prospecting Licence (PL01/16) covering 447km<sup>2</sup> over the island of Nendo in the Temotu Province of the eastern Solomon Islands (see Fig.1). Work by Australian exploration companies in the 1960's, and the British and Solomon Island geological surveys up to and including the early 1980's, identified bauxite deposits as residual laterite capping on up-lifted limestone reef platforms. The main area tested is believed to be depressions in the ancient reef floor of about 4 km<sup>2</sup>, with estimated average bauxite thickness of approximately 3 metres tested in trenches/pits and up to 5 metres tested with auger.

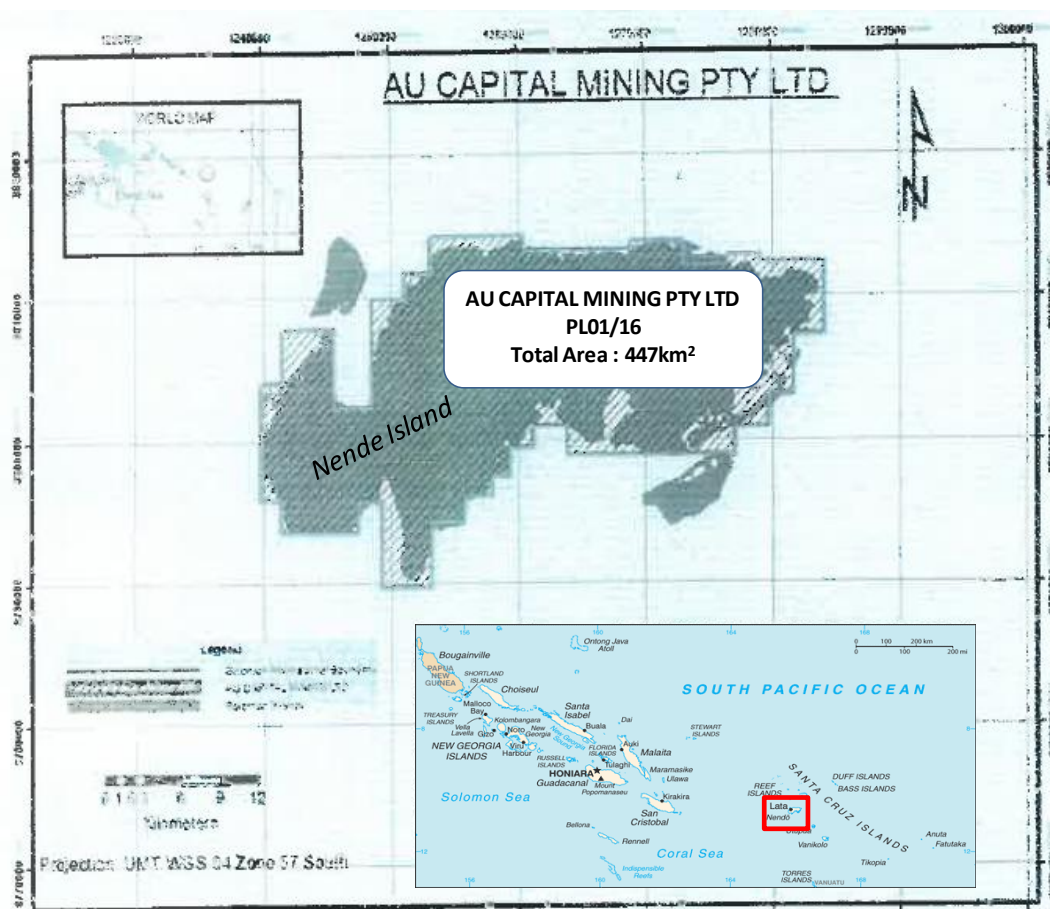


Figure 1 – Nendo Project Prospecting Licence PL01/16.

<sup>1</sup> Refer to announcement “Iron Mountain Mining Secures Option over Solomon Islands Bauxite Projects” (ASX 30 March 2016) for full details.

## CHOISEUL PROJECT

The Choiseul Project is a granted Prospecting Licence (PL04/13) covering approximately 600km<sup>2</sup> and located on the island of Choiseul in the northern part of the Solomon Islands (see Fig.2). Bauxite has been documented and explored in this region since the 1960's and local geologists have noted the presence of bauxite within ACM's ground. The extent of this mineralisation is yet to be determined.

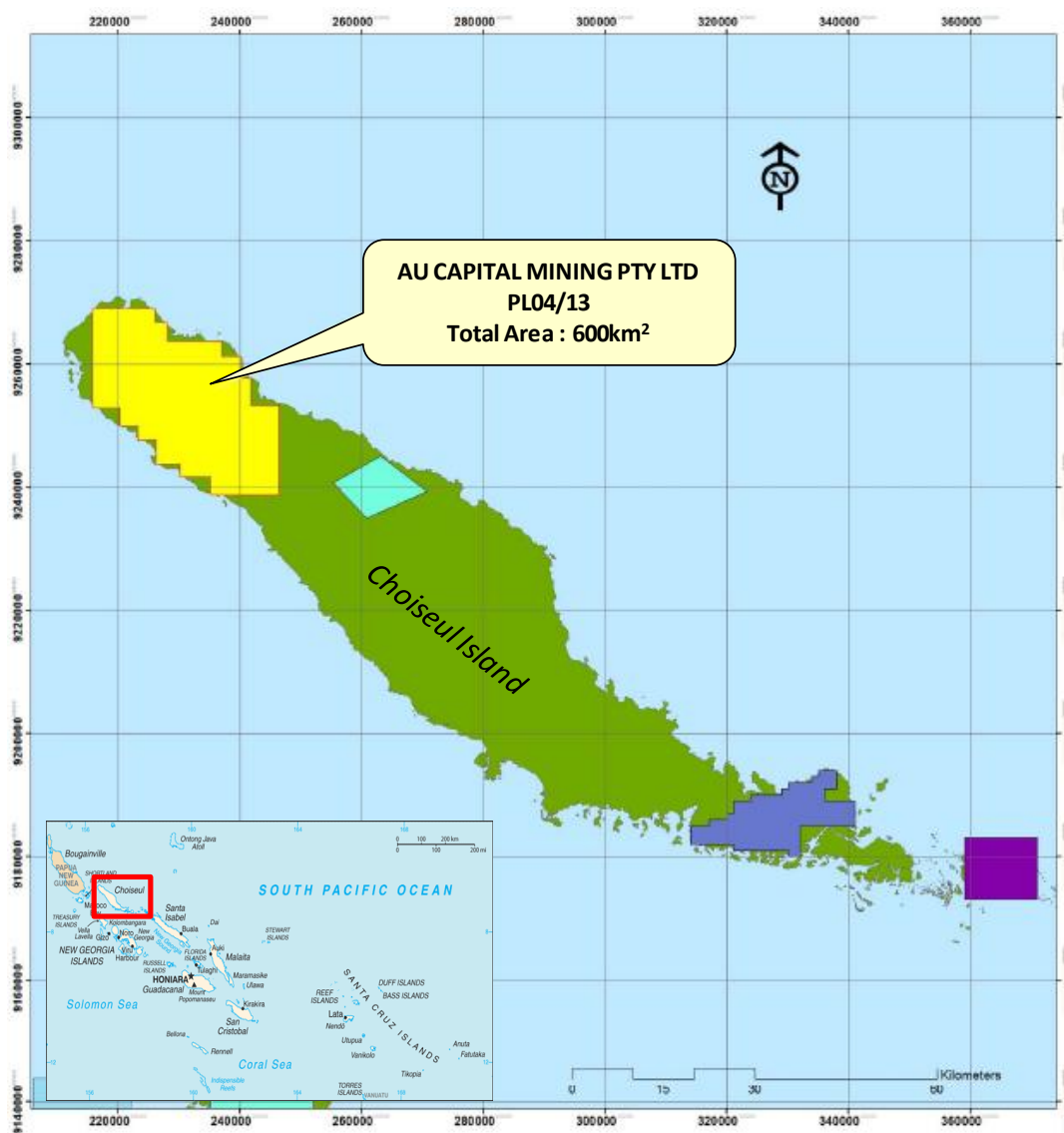


Figure 2 – Choiseul Project Prospecting Licence PL04/13.

## Summary of Key Terms of the Acquisition

IRM have entered into a binding term sheet with ACM for the option to acquire 50% of ACM which holds 100% of two Prospecting Licences in the Solomon Islands (Option). The Option expires six months from execution of the Terms Sheet (Option Period). A non-refundable option fee of AU\$100,000 has been paid to the owners of ACM. The Option Period will enable IRM to complete due diligence on ACM and the projects.



Exercise of the Option is subject to a number of condition precedents including the following:

- a) payment of the option fee;
- b) completion of due diligence by IRM on the projects and ACM to the sole satisfaction of IRM;
- c) completion of initial exploration activities to the extent that IRM is satisfied that the Nendo Project has the capacity to host resources of a minimum 8 million tonnes of bauxite at greater than 45% total  $\text{Al}_2\text{O}_3$  (alumina) and less than 5% total  $\text{SiO}_2$  (silica); and
- d) the parties obtaining all necessary governmental consents and approvals applicable to the Acquisition.

The conditions must be satisfied or waived on or before expiry of the Option Period.

If IRM elects to exercise the Option, the consideration payable for 50% of the issued capital of ACM will be satisfied by the issue of 20 million fully paid ordinary IRM shares to the vendors. Completion of the acquisition will occur 7 days after satisfaction of the last of the conditions. A further 20 million fully paid ordinary IRM shares shall be issued to the vendors at the first in time of either the first commercial shipment of bauxite from the projects or within 12 months from completion.

Should IRM complete the acquisition, the Company will be responsible for all costs for the administration, exploration and development of the projects. Significantly, costs associated with infrastructure, exploration, mining, development and project operations, will be reimbursed to IRM from mining revenue, to be governed by a Joint Venture Agreement that will be entered into upon exercise of the Option. The terms sheet contains representations and warranties usual for a transaction of this nature.

### **Bauxite in the Solomon Islands**

The presence of bauxite in the Solomon Islands has been known since shortly after World War II. However, plans to develop these deposits never proceeded further than bulk samples for pilot plant test work. Bauxite in the Solomon Islands is predominantly gibbsite (trihydrate) and overlain by only a thin cover of topsoil. The bauxite deposits occur as discontinuous pockets that fill depressions within the uneven karst surface of the uplifted Pliocene coral limestone basement. Bauxite profile depths vary considerably due to the uneven and discontinuous nature of the pockets which are typically marked by absent or depleted vegetation at surface (see Fig.3).





Figure 3 – Nendo Project - Areas of fern vegetation commonly signifies deposits of bauxite located within ancient limestone bedrock.

Australian company Amex Bauxite Corporation applied for a licence to prospect for bauxite on Santa Cruz Island in 1968 and Mitsui Mining and Smelting Company of Japan began prospecting on Rennell Island in 1969 but these projects were never developed. More recently, South West Pacific Bauxite Pty Ltd of Australia were advancing their 75% interest in the Vaghena Island Bauxite Project but despite reports anticipating feasibility completion by mid-2014, the project remains undeveloped.

The only known recorded production of bauxite in the Solomon Islands was from West Rennell Island in 2015. However, operations are currently being reviewed by relevant authorities following the cancellation of some licences and allegations of mismanagement. There remains enormous scope to explore and validate historically reported occurrences of bauxite in the Solomon Islands with a view to establishing a premium grade DSO bauxite operation for export into the Asian market.

### **Bauxite Demand**

Landed prices for bauxite into China have softened however Chinese import figures for past three years (see Fig.4) and future forecasts remain positive. Despite the Malaysian ban on mining at Pahang being extended to mid-July 2016, stockpiled Malaysian bauxite prices recently spiked up by as much as US\$2/t reflecting a subtle shift in industry sentiment driven by higher global alumina prices, together with speculation that costs in

ACN: 112 914 459

Level 3 | 33 Ord Street| West Perth | Western Australia | 6005

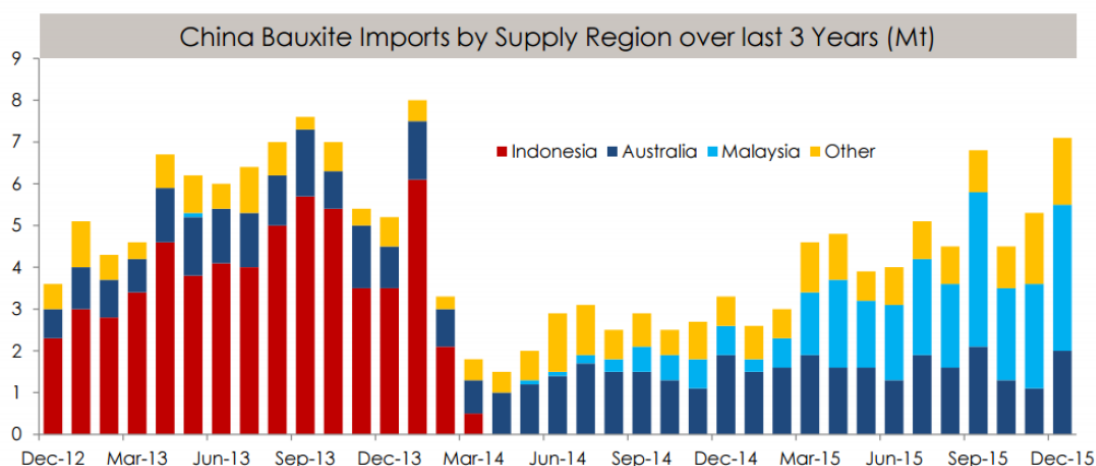
PO Box 186 West Perth | Western Australia | 6872

t + 61 (8) 9481 4478 f +61 (8) 9486 4833 e [info@ironmountainmining.com.au](mailto:info@ironmountainmining.com.au) [www.ironmountainmining.com.au](http://www.ironmountainmining.com.au)

Malaysia are likely to increase post-ban as miners are forced to improve environmental performance and compliance (Source: CBIX Index Wrap\_16 April 2016).

China represents 70% of the third party global traded bauxite market. Not only are Chinese domestic bauxite reserves declining, but the average quality of these reserves has been in decline since 2009. Global demand is for low temperature (trihydrate) bauxites which currently represent 75% of Chinese imports. The key Shandong coastal province is 100% dependent on imported bauxite.

Solomon Islands bauxites are potentially well placed to supply high quality low temperature DSO product directly into China while leveraging a geographical shipping advantage. The current bulk seaborne freight market is at historic lows with preliminary inquiries for a geared Supramax vessel (55Kt) delivering a globally competitive current spot market estimate for Solomon Islands – China of USD6.30/t.



\*Source: CM Group & China Customs

Figure 4 –Chinese bauxite imports by region for past 3 years (Mt).

## GOLDEN CAMEL PROJECT

The Golden Camel Project is comprised of four tenements over the Heathcote Greenstone Belt in Central Victoria and currently contains a Measured, Indicated & Inferred JORC (2012) Resource of 266,000t @ 1.7g/t Au<sup>2</sup> within Mining Licence 5548 (see Fig.5). Following the sale of the project to Golden Camel Mining Pty Ltd (GCM) in 2015, the Company is entitled to the following consideration if mining commences on or before 27 January 2018;

- A\$100,000 one month after the commencement of mining
- A\$200,000 two months after the commencement of mining

The Agreement also includes a royalty to Iron Mountain of A\$2/t on all gold ore mined after the first 20,000oz has been produced.

<sup>2</sup> Refer to announcement “Golden Camel Resource Update” (ASX 22 Oct 13) for full details.

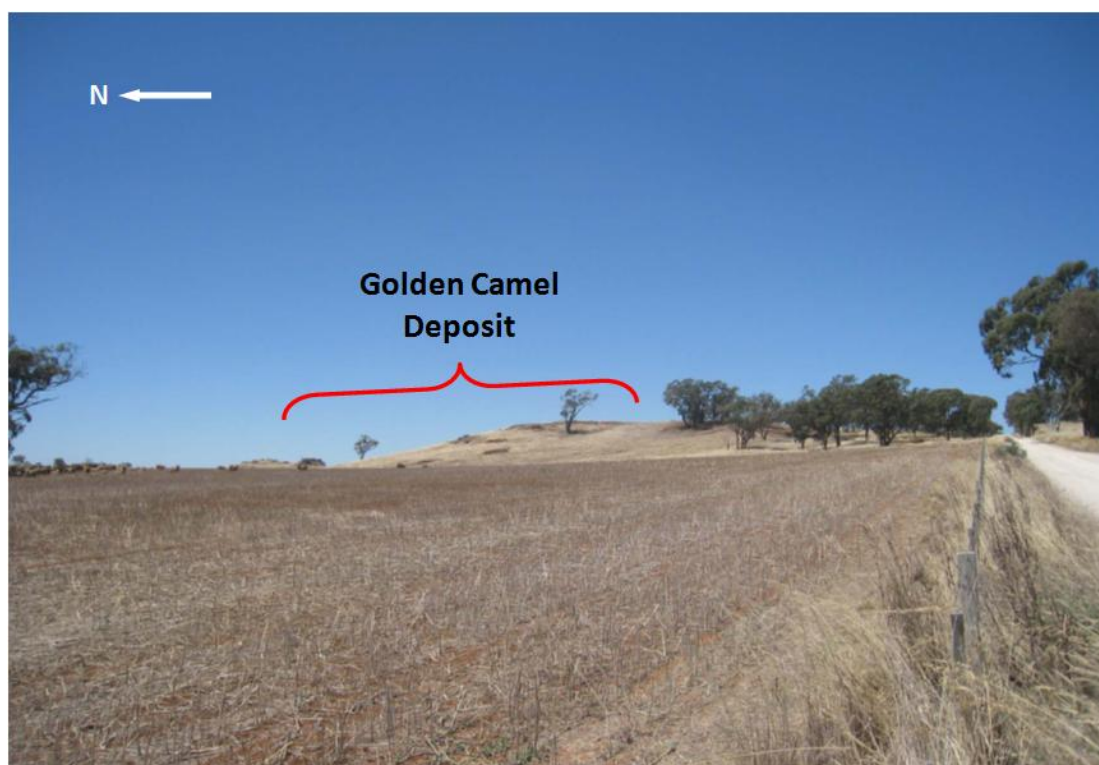


Figure 5 –Looking east towards Golden Camel (MIN5548) on the Mt Camel Range within the Heathcote Greenstone Belt in North-Central Victoria.

During the quarter, GCM procured a nearby site office and accommodation and subsequently engaged a fully qualified Mine Manager to undertake pre-production site preparation ahead of the commencement of mining. A Planning Permit was received from the Shire of Campaspe to compliment the previously approved Work Plan for Mining Licence 5548. The permit has approved a proposed two stage conditional development of the project based on an initial 2000t trial bulk sample to validate mining and processing assumptions and confirm project economics. An area to source the bulk sample has been identified from recent and historical drilling and appropriate sampling methodology has been adopted to ensure optimal reconciliation and analysis of results

GCM expect to complete the sampling and extraction of the 2000t bulk sample for delivery to a nearby processing facility during the June quarter. Subject to satisfactory trial mining results, GCM will then progress to the full scale development of the Golden Camel Project. Further updates will be announced as provided by GCM or as identified by the Company.

## INDICATOR PROJECT

The Indicator Project target is a historically mined, high grade indicator/quartz vein mineralized system discovered in 1984 as in-situ gold in quartz mineralization outcropping at surface on the crown of a small hill (see Fig.6).



A small diamond drilling program of up to 5 holes (angled & vertical) for approximately 150m has been designed to test for the presence of anticipated high grade gold mineralization extensions beneath previous shallow ground disturbance from past mining undertaken under MIN4856 (1994-1999). The proposed drilling program is expected to take between 3-7 days to complete (subject to success of initial angled holes). Drilling was rescheduled from late-2015 to early-2016 due to ground access and drill rig availability leading up to Christmas-New-Year.

During the quarter, a site visit was undertaken with a representative of Deepcore Drilling to assess track access and inspect the proposed drill collar locations. The site was cleared as requiring no track access or drill pad preparation and that drilling would take approximately 5 days with a 2 man crew working day shift only. The Company will assess and schedule the proposed drilling around its current and future exploration commitments.

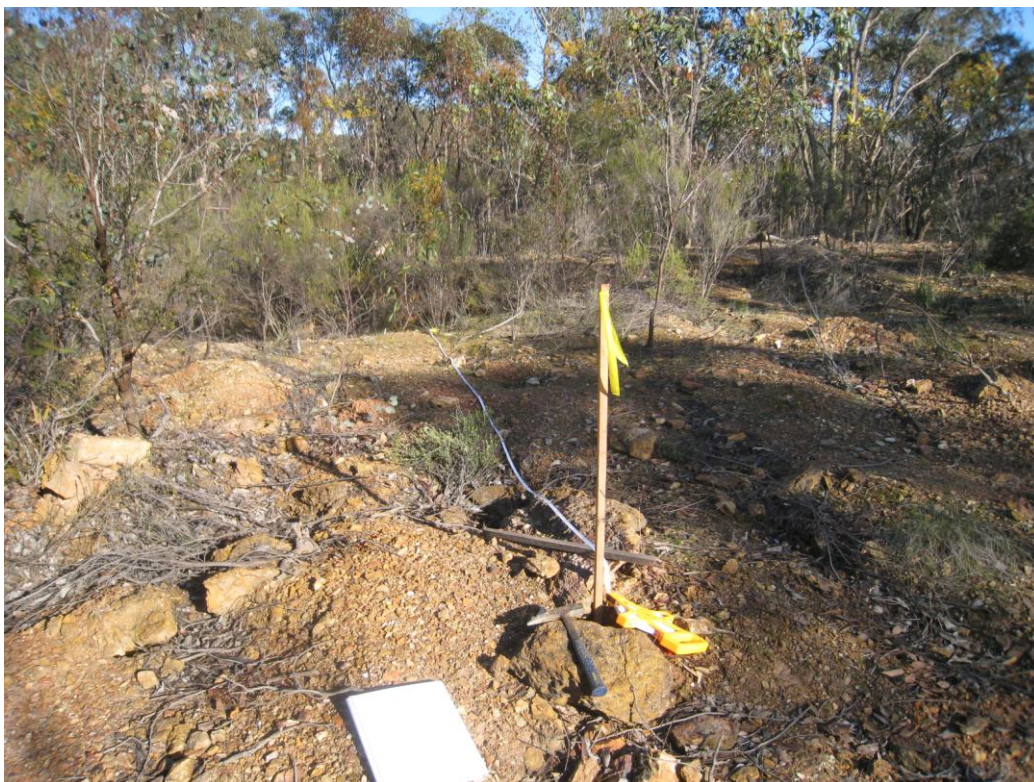


Figure 6 – Proposed drill collar location within EL5540.

## ROGETTA PROJECT

The Rogetta Project (formerly Blythe Iron Ore Project) is located approximately 30km south-southwest of Burnie in Tasmania (see Fig.7) and is owned and operated by Forward Mining Ltd. The Company is entitled to a stream of milestone payments and royalty benefits subject to mining commencing at Rogetta<sup>3</sup>. Mining Lease

---

<sup>3</sup> Refer to announcement “Blythe option exercised with restructured payment terms” (ASX 27 Jun 12) for full details.



ML1996P/M was granted on 4 June 2015 for a proposed magnetite iron ore mine at Rogetta and is currently an EPA Assessment in Progress.

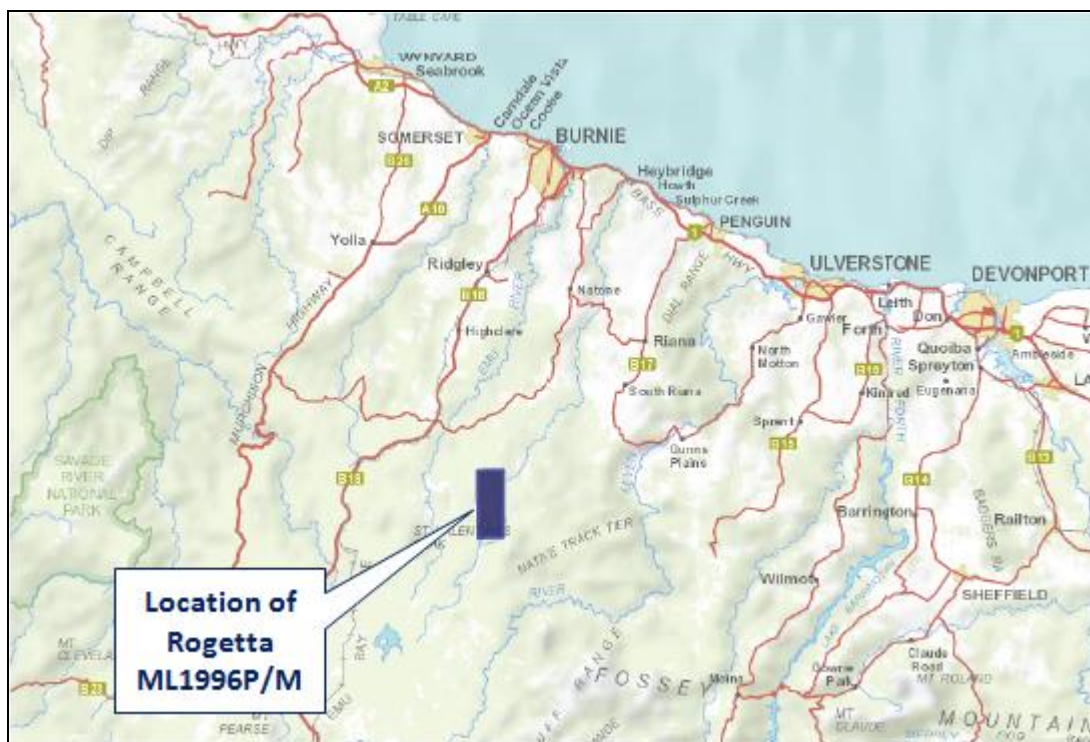


Fig.7 – Location of Rogetta granted Mining Lease ML1996P/M approximately 30km south of Burnie (image and location details from Mineral Resources Tasmania).

During the March 2016 quarter, no updates were received. The recent iron ore price recovery to over USD60/t will hopefully improve project economics and expedite remaining approval requirements. All future Rogetta Project status updates will be announced as provided by Forward Mining Ltd or as identified by the Company.

## MIAREE PROJECT

The Miaree Project is located approximately 30km southwest of Karratha in Western Australia. The project tenements were initially explored for magnetite and later for gold with positive results. The Company has accumulated a substantial drilling and exploration database which is periodically re-evaluated subject to commodity prices movements and expressions of interest.

### MIAREE MAGNETITE PROJECT

The Miaree Magnetite Project contains an independently estimated JORC (2004) Inferred Magnetite Resource. In recent times, additional exploration could not be justified due to record low iron ore prices but a current iron ore price recovery to over USD60/t offers the possibility for the resumption exploration activities in the near future.

During the quarter, the Company continued to investigate all available options to realize value from this asset.



## **WANDOO PROJECT**

Iron Mountain Mining Ltd retains a royalty of A\$0.75 per Dry Metric Tonne on future production of bauxite ore transported from the Wandoo Project tenements following the sale of the project to Alpha Bauxite Pty Ltd in 2012. Total Inferred Resources (JORC 2004) of bauxite at Wandoo at the time of the sale was 89.4Mt @ 41.75% Al<sub>2</sub>O<sub>3</sub> (ASX 5 May 2011). No update was received on the status of the Wandoo Project for the March 2016 quarter. Future updates on the status of the Wandoo Project will be announced as provided by Alpha Bauxite Pty Ltd.

## **MOUNT RICHARDSON PROJECT**

Cliffs Asia Pacific Iron Ore Pty Ltd (Cliffs) is the owner of E29/571 following finalisation of the sale of the Mt Richardson Project on 13 July 2010. Iron Mountain retains a royalty of 2% on average/tonne FOB sales value of iron ore product that departs E29/571 as well as a one off payment of AUD 0.50 per dry metric tonne on tonnages in excess of independently evaluated Indicated or Measured resources of 10,000,000 tonnes. No update was received on the progress at Mt Richardson for the March 2016 quarter. Future updates on the status of the Mt Richardson Project will be announced as provided by Cliffs.

## **TREASURE JV**

During the quarter, the Treasure Project (E47/3948) was surrendered as previously advised.

## **PROJECT EVALUATION**

Assessment and evaluation of potential exploration and development opportunities which resulted in the Company securing an Option over Solomon Islands bauxite projects is ongoing. The Company continues to source and review opportunities with potential for early success and revenue generation for possible acquisition or Joint Venture participation.

## **CORPORATE**

On 30 March 2016, the Board of Iron Mountain Mining Ltd appointed Ms Pippa Coppin as a Non-Executive Director of the Company. Ms Coppin is a corporate lawyer based in Perth. She specialises in equity capital raisings, all forms of acquisitions and divestments, governance and corporate compliance. Ms Coppin graduated from the University of Western Australia in 2004 with a Bachelor of Laws and Science. She also has a Graduate Diploma of Applied Corporate Governance and a Diploma of Business Studies.

The Company signed an Option to acquire 50% of private company Au Capital Mining Pty Ltd that is the 100% holder of two tenements in the Solomon Islands prospective for bauxite amenable to low cost development and direct shipping to markets in China. The Company has six months from the execution of the Terms Sheet to complete due diligence and move to completion if designated condition precedents are satisfied.

ACN: 112 914 459

Level 3 | 33 Ord Street | West Perth | Western Australia | 6005

PO Box 186 West Perth | Western Australia | 6872

t + 61 (8) 9481 4478 f +61 (8) 9486 4833 e [info@ironmountainmining.com.au](mailto:info@ironmountainmining.com.au) [www.ironmountainmining.com.au](http://www.ironmountainmining.com.au)



During the quarter, the Company continued to pursue the recovery of a portion of the legal fees via a taxation of the fees paid to the lawyers who advised former director Mr Zohar. The Company has been notified that the final Appeal Hearing to settle this outstanding matter has been listed for 8 August 2016.

Proceedings for the recovery of legal fees paid on behalf of former director Mr Zohar remains stayed pending the outcome of his bankruptcy proceedings. During the quarter, no further material updates were received from the Bankruptcy Trustee.

ROBERT SEBEK

Managing Director

29 April 2016

---

*The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Robert Sebek BAppSc(Geol), BSc(Hons), MBA, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Sebek is a full-time employee of the company. Mr Sebek sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Sebek consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

---

ACN: 112 914 459

Level 3 | 33 Ord Street | West Perth | Western Australia | 6005

PO Box 186 West Perth | Western Australia | 6872

t + 61 (8) 9481 4478 f +61 (8) 9486 4833 e [info@ironmountainmining.com.au](mailto:info@ironmountainmining.com.au) [www.ironmountainmining.com.au](http://www.ironmountainmining.com.au)





## IRM TENEMENTS

### Mining Tenements at 31 March 2016

Location	Tenement	Name	Holder	Equity	Status	Area
<b>MIAREE</b>						
WA	E47/1309-I	Karratha	Iron Mountain Mining Ltd	100%	Granted	32 BL
WA	E471707-I	Boondamurra Hill	Iron Mountain Mining Ltd	100%	Granted	8 BL
<b>VICTORIA</b>						
VIC	EL5540	Indicator	Iron Mountain Mining Ltd	100%	Granted	20 grats

### Mining Tenements Acquired During the Quarter

No mining tenements were acquired or applied for during the quarter ending 31 March 2016.

### Mining Tenements Surrendered, Withdrawn, Expired or Sold during the Quarter

During the quarter ending 31 March 2016, EL25346 (Treasure) was voluntarily surrendered.