

27 July 2012

ASX Release

## Iron Mountain Mining Limited (ASX Code : IRM) Quarterly Report: 30 June 2012

### HIGHLIGHTS

#### WANDOO DUE DILIGENCE (Alumina)

- Execution date for Wandoo Sale Agreement with Alpha Bauxite Pty Ltd extended by one month to 31 July 2012
- Consideration of A\$4,000,000 cash plus A\$0.75 per tonne production royalty subject to successful completion of due diligence
- Exploration and metallurgical drilling program completed to validate previous drilling results and provide fresh sample for metallurgical test work by alumina refineries in China

#### MIAREE (Magnetite)

- JORC resource estimate for Miaree South (E08/1350) and Miaree North (E47/1309) pending
- Announcement of Maitland magnetite resource upgrade on surrounding tenement by Iron Ore Holdings Ltd (ASX 4/6/12) to 1.1Bt @ 30.4% Fe now totally encloses Miaree South Prospect
- Expressions of interest for potential joint venture or outright sale

#### GOLDEN CAMEL (Gold)

- Maiden Indicated & Inferred JORC Resource of 246,000t @ 2.5g/t Au (19,700oz) announced within fully granted Mining Licence MIN5548 (ASX 17/7/12)
- Geotechnical, metallurgical and resource definition Diamond core drilling program planned
- AMC Consultants engaged to undertake geotechnical investigation of the Golden Camel Project
- Evaluation for development as potential small scale toll treatment operation underway

#### BLYTHE PROJECT SALE (Iron Ore)

- Forward Mining Ltd execute Option to Purchase Blythe Project under mutually agreed restructured payment terms with payment of A\$1,300,000 (A\$650,000 to Iron Mountain Mining Ltd)
- Future payment milestones amended to minimise financial impediments to project development

#### CORPORATE

- Sale of shareholding in Terrain Minerals Ltd
- Announcement of intention to make takeover bid for United Orogen Ltd

## General

During the June 2012 Quarter, the execution deadline for the Wandoo Sale Agreement was extended by one month to 31 July to allow the completion analytical requirements stemming from an exploration and metallurgical drilling program undertaken as part of the due diligence process. At the Miaree Magnetite Project, JORC compliant resources for Miaree South and Miaree North prospects are pending following drilling completed earlier this year (Miaree South) and in 2008 (Miaree North). Iron Ore Holdings Ltd upgraded their Maitland resource during the quarter to 1.1Bt @ 30.4% Fe which now completely encloses the Miaree South prospect. The company intends to investigate expressions of interest for a potential joint venture or outright sale. At the Golden camel Project in Victoria, a maiden JORC Indicated & Inferred resource of 246,000t @ 2.5g/t Au (19,700oz) was announced within fully granted mining licence MIN5548. A work plan application for a geotechnical, metallurgical and resource definition diamond drilling program has been lodged as part of the technical and commercial evaluation under a proposed toll treatment mining scenario. The sale of the Blythe Project to Forward Mining Ltd was executed under mutually agreed restructured milestone payment terms designed to minimise the financial barriers to project development. The location of company projects are shown in Figure 1 below.

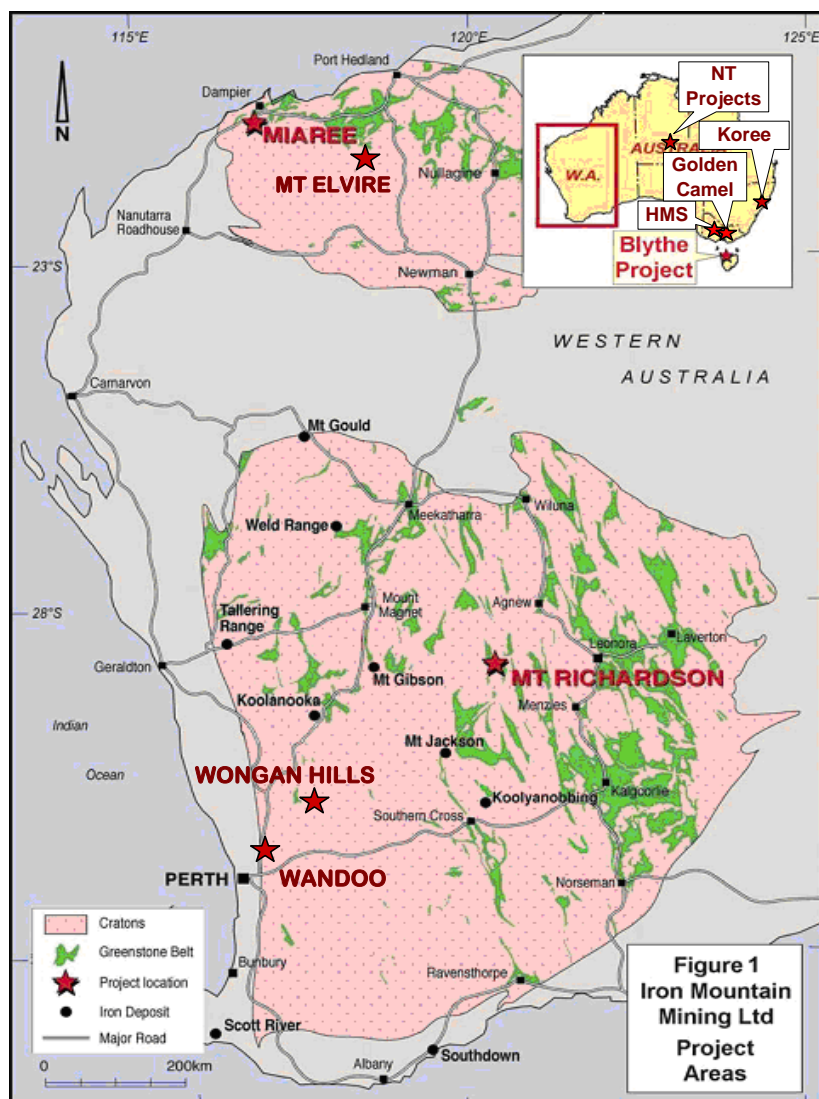


Figure 1 – Location of Iron Mountain Mining Projects in Australia.

## WANDOO PROJECT

On 20 June 2012, the company announced that Iron Mountain Mining Ltd (“Iron Mountain”) and Alpha Bauxite Pty Ltd had (“Alpha”) mutually agreed to extend the execution date of the Wandoo Sale Agreement by one month to 31 July 2012.

Alpha had previously entered into a binding Agreement for the 100% sale of the Wandoo Project tenements subject to the successful completion of due diligence by 30 June 2012 with provisions for extensions by mutual agreement if required. Under the general terms and conditions of the Sale Agreement, the following consideration is payable to Iron Mountain subject to the satisfactory completion of due diligence by Alpha:

- Payment of A\$4,000,000 within five business days of the 30 June 2012 Settlement Date or such other extended date as agreed between parties but not exceeding 31 December 2012
- A royalty of A\$0.75 per Dry Metric Tonne on future production of bauxite ore transported from the Wandoo Project tenements payable within 30 days of the end of each quarterly reporting period

As part of the due diligence process, Alpha completed an exploration and metallurgical drilling program during the June 2012 quarter designed to validate previous drilling results and provide fresh sample for metallurgical test work by alumina refineries in China. The company expects to receive formal notification from Alpha in regards to their intentions to execute or possibly request a further extension prior to 31 July 2012.

### Alpha Bauxite Pty Ltd

Alpha Bauxite is a private company comprised of Chinese Aluminium Industry and Australian investors led by THTF Australia Mining Pty Ltd (“TAM”). TAM is a Chinese backed Australian company with a mandate to identify mineral resource investment opportunities in Australia and other emerging regions by leveraging their in-house technical capabilities and Chinese funding to invest in or acquire key mining and exploration assets for expedited development. The Chinese shareholders of TAM include HongKong THTF Co. Ltd (part of the THTF group), Chengdu Rolar Investment Ltd (a private multiple business) and Hainan Mining Co. Ltd (controlled by the Fosun Group). TAM is working in partnership with a Chinese aluminium industry company interested in securing a safe long-term supply of bauxite.

### Wandoo Bauxite Resources

Total Inferred Resources of bauxite at Wandoo remain unchanged at 89.3Mt @ 41.75% Al<sub>2</sub>O<sub>3</sub>. A summary of the Total Inferred Resource for the Wandoo Bauxite Project is provided in Table 1 below.

Wandoo Project	Tonnes Mt	Total Al <sub>2</sub> O <sub>3</sub> (%)	Available Al <sub>2</sub> O <sub>3</sub> (%)	Soluble SiO <sub>2</sub> * (%)	LOI (%)
TOTAL INFERRED MINERAL RESOURCE	89.3	41.75	28.51	4.43	19.21

\* Soluble SiO<sub>2</sub> = Reactive Silica

Table 1 – Details of Wandoo Project Total Inferred Resource Estimate at 30% Available Al<sub>2</sub>O<sub>3</sub> cut-off

## MIAREE PROJECT

The Miaree Project is currently comprised of 3 exploration licenses (E08/1350, E47/1309 & E47/1707) and is currently held under a joint venture between Iron Mountain and Red River whereby Iron Mountain had an option to earn up to 70% of the project by satisfying three earn-in stages with clearly defined timing and expenditure requirements. After surpassing Stage 2 expenditure milestones in the December 2011 quarter and lifting its equity stake in the Miaree Project from 25% to 49%, the company elected not to progress to 70% by committing to sole fund a further \$2,000,000. Instead, the company opted to continue under the non-contributory dilution provisions in the joint venture agreement. As at 30 June 2012, Iron Mountain had increased its equity in the Miaree Project to 60.25%.

## MIAREE MAGNETITE PROJECT

The project licences cover approximately 25km of the Miaree Magnetite Trend that occurs within the extensive Cleverville Formation, a geological unit of banded iron formation rich in magnetite (eg. 1.6Bt Cape Lambert magnetite deposit). During the June 2012 quarter, the company continued evaluation of results from drilling undertaken in the previous quarter within E08/1350. After all assay results were received, the raw data was validated and compiled into a database and delivered to independent resource consultants Hackman and Associates Pty Ltd who were engaged to:

- a) Assess the 2012 drilling results from E08/1350 for the purpose of estimating a resource
- b) Re-visit and assess 2008 drilling results from E47/1309 for the purpose of estimating a resource

Preliminary assessment of both data sets confirmed that JORC compliant resources can be estimated for both E08/1350 (Miaree South) and E47/1309 (Miaree North). The company expects to receive magnetite resource estimates for both the Miaree South and North deposits by the end of July 2012.

Drilling at Miaree South in early 2012 (6 RC holes for 2102m) was designed to test the south-western extension of a prominent aeromagnetic anomaly that hosted Iron Ore Holdings Ltd (ASX: IOH) maiden Maitland Magnetite Resource of 310Mt @ 34.7% Fe (ASX 4 July 2011) within their northerly adjacent tenement E47/1537. Following Stage 2 drilling, this resource was subsequently increased to 1.1Bt @ 30.4% Fe (ASX 4 June 2012) which included Area A (190Mt @ 28.3% Fe) and Area B (811Mt @ 31.0% Fe) along strike to the southwest and northeast of E08/1350 respectively (see Fig.2). The Area B resource is to be the subject of a conceptual study by Iron Ore Holdings Ltd to determine the technical feasibility of establishing a magnetite operation.

The size and location of the surrounding Maitland Area A & B resources suggests there is scope for the magnetite mineralisation to extend through E08/1350 as one continuous magnetite orebody. The aeromagnetic response reveals there is approximately 2km strike length of which less than 1km was tested as part of the Miaree South drilling program.

The company remains confident that the independent resource review and estimation process will delineate magnetite resources at Miaree of a suitable size and grade to allow a mutually beneficial joint venture or outright sale to be achieved with one of a growing list of interested parties. As soon as details of the pending JORC magnetite resources for Miaree are announced, the company will be able to prepare an information memorandum to openly market the project and address expressions of interest.

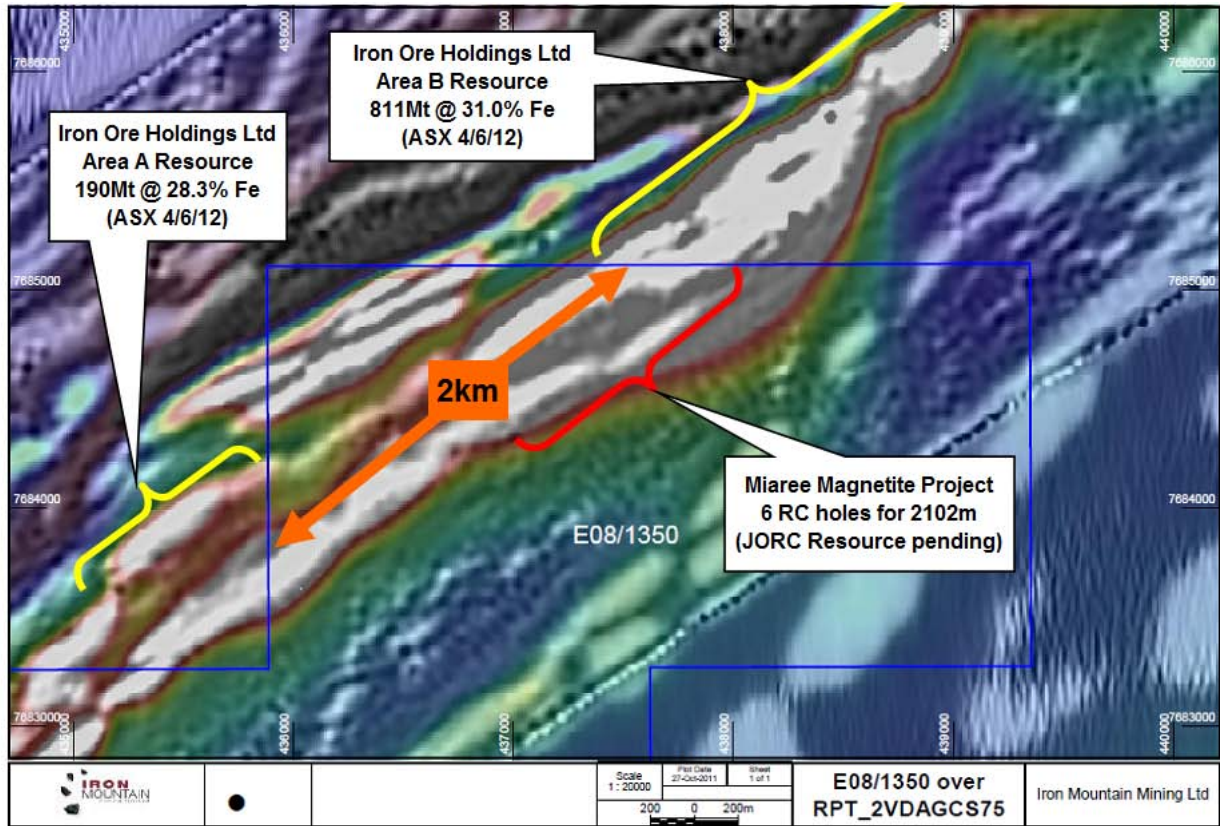


Figure 2 – Miaree South drilling area within E08/1350 showing surrounding updated Maitland Area A & Area B resources along strike in both directions (Iron Ore Holdings Ltd, ASX 4 June 2012)

### MIAREEE GOLD PROJECT

The Miaree Gold Project is contained primarily located within tenement E47/1309. Multiple prospect areas have regularly returned high gold grades from geochemical, rock chip and costean sampling. Two phases of drilling in the past targeting a variety of structural models have been disappointing suggesting that the controls on mineralisation are not yet fully understood and further evaluation is required.

Rock chip sampling results from the recent Miaree South drilling program (E08/1350) were very encouraging given that they were collected more than 25km from the key anomalous surface areas within E47/1309. Further reconnaissance work is planned to investigate the continuation of surface gold anomalism southwest and whether extending the existing extent of the geochemical survey is warranted.

### GOLDEN CAMEL PROJECT

The Golden Camel Project in Victoria is comprised of Mining Licence MIN5548 that was granted on 9 February 2012. MIN5548 is located on the Mt Camel Range within the Heathcote Greenstone Belt in North-Central Victoria and contains the Cornella gold deposit that was previously delineated within former MIN4149 (see Fig.3).

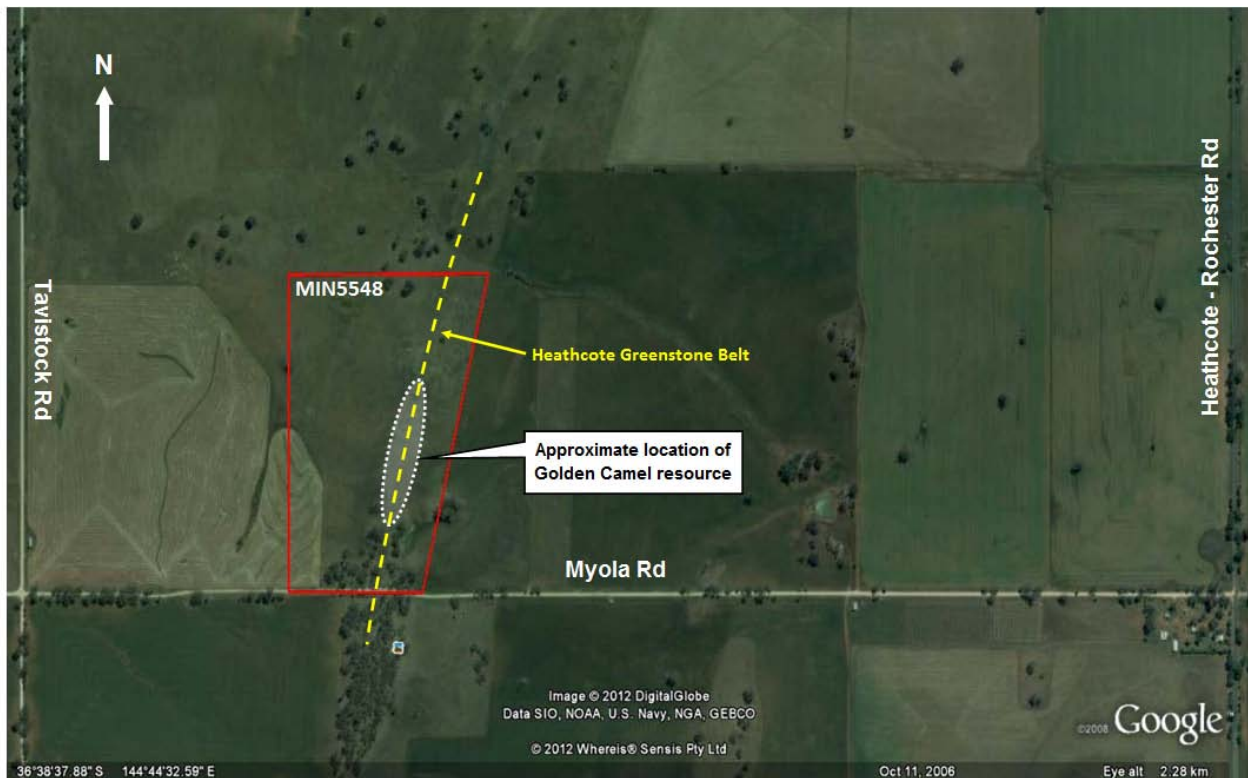


Figure 3 – Location of Golden Camel resource within MIN5548 over Heathcote Greenstone Belt

During the June 2012 quarter, the company announced a maiden Indicated & Inferred resource of 246,000t @ 2.5 g/t Au (19,700oz) that was estimated by independent resource consultant Zurkic Mining Consultants Pty Ltd who have been engaged as Resource Estimation and Project Management consultants for the Golden Camel Project (see Table 1).

Lower Cut-off Grade (g/t Au)	INDICATED			INFERRED			TOTAL		
	Tonnes (t)	Grade (g/t Au)	Contained Gold (oz)	Tonnes (t)	Grade (g/t Au)	Contained Gold (oz)	Tonnes (t)	Grade (g/t Au)	Contained Gold (oz)
0.5	166,000	2.0	10,700	155,000	2.2	10,800	321,000	2.1	21,600
0.6	158,000	2.1	10,600	150,000	2.2	10,800	308,000	2.2	21,400
0.7	145,000	2.2	10,300	144,000	2.3	10,700	289,000	2.3	21,000
0.8	138,000	2.3	10,200	139,000	2.3	10,500	277,000	2.3	20,700
0.9	125,000	2.4	9,800	136,000	2.4	10,400	261,000	2.4	20,200
<b>1.0</b>	<b>117,000</b>	<b>2.5</b>	<b>9,600</b>	<b>129,000</b>	<b>2.5</b>	<b>10,200</b>	<b>246,000</b>	<b>2.5</b>	<b>19,700</b>
1.1	111,000	2.6	9,400	123,000	2.5	10,000	234,000	2.6	19,300
1.2	102,000	2.8	9,000	119,000	2.6	9,900	221,000	2.7	18,900
1.3	91,000	2.9	8,600	112,000	2.7	9,600	203,000	2.8	18,200
1.4	84,000	3.1	8,300	103,000	2.8	9,200	187,000	2.9	17,500
1.5	76,000	3.2	7,900	97,000	2.9	8,900	173,000	3.0	16,800

Table 1 – Details of the Golden Camel Indicated & Inferred Mineral Resource at varying cut-off grades

MIN5548 covers the identical area to that formerly covered by MIN4149 that was originally held by New Holland Mining NL (51%) and Perseverance Exploration Pty Ltd (49%) prior to their interests being transferred to NuEnergy Capital Pty Ltd and Fosterville Gold Mine Pty Ltd respectively. Perseverance Exploration Pty Ltd detailed a small gold resource at their Cornella East Prospect (MIN4149) in their December 1994 Quarterly Report following the completion of a 36 hole reverse circulation drilling program earlier that year. Apart from reports noting two column leach tests, bulk sample CIL test and gravity and cyanidation test work, no further development work was undertaken at Cornella East up until the time MIN4149 was surrendered in 2011.

Zurkic Mining Consultants Pty Ltd has been engaged as Resource Estimation and Project Management consultants for the Golden Camel Project and global mining consultancy AMC Consultants have been engaged to carry out a geotechnical investigation of the deposit. The company intends to undertake necessary technical, metallurgical and economic evaluation of the Golden Camel deposit under a proposed toll treatment model to determine whether or not the project satisfies commercial development requirements. A work plan application has been lodged with the Department of Primary Industries in Victoria for approval to urgently undertake a small drilling program that will allow the technical and commercial evaluation of the project under the proposed toll treatment scenario.

The proposed Work Plan application consists of 8 holes for a total of 495m that will be comprised of the following:

- 2 geotechnical holes (180m) drilled orientated HQ triple tube diamond core through the hanging wall of the anticipated open pit mine to assess rock type and strength that will be used to optimise pit design
- 2 metallurgical holes (75m) drilled HQ or NQ triple tube diamond core, vertically and at an angle to provide a fresh sample of ore through the oxide-transitional-sulphide zone of the ore body for leach and recovery test work
- 4 resource definition holes (240m) drilled HQ or NQ triple tube diamond core to infill and close areas of the resource model

The planned drilling program is proposed to be drilled all triple tube diamond core to overcome the brecciated nature of the chert hosted ore zones and to exploit the access capabilities of a track mounted diamond only drilling rig. Provisional land access has been granted and site visits with potential drilling contractors conducted to expedite the commencement of drilling once necessary approval have been received.

There are currently six existing gold processing plants located in Central Victoria that are within acceptable haulage distances of MIN5548 given the potentially achievable mining grades. The Company has held preliminary discussions with several processing plant operators and early indications are that 1.0g/t Au may be an appropriate ore/waste cut-off. Table 1 shows that the resource is robust across a range of grades at this nominal cut-off.

Given its near surface mineralisation, favourable location and current gold prices, preliminary investigations suggest that the project may deliver a positive NPV at current gold prices under a toll treatment scenario. The company is progressing discussions with all stakeholders and will announce further developments as they occur.

## **BLYTHE PROJECT**

During the June 2012 quarter, Forward Mining exercised their Option to Purchase the Blythe Project under mutually agreed restructured payment terms (ASX 27 June 2012). Forward Mining Ltd has acquired the project under the name Blythe River Iron Pty Ltd with the payment of A\$650,000 to each of Iron Mountain and Red River Resources Ltd (total payment A\$1,300,000) who were 50:50 joint venture partners in the Blythe Project.

The decision to reduce the execution payment reflects the volatile nature of current market conditions and creates an improved scenario for the successful development of a mining operation. Total consideration payable (A\$6,300,000) remains the same as originally agreed however milestones that trigger future payments have been amended with the clear intention of reducing barriers to project development. Following receipt of the A\$1,300,000 execution, the balance of the total consideration (A\$5,000,000) is now payable under the following restructured milestones:

- Payment of A\$1,000,000 upon the first shipment of iron ore extracted from the Blythe Project tenements
- Payment of A\$2,000,000 upon the first anniversary of the first shipment of iron ore extracted from the Blythe Project tenements
- Payment of A\$2,000,000 upon the second anniversary of the first shipment of iron ore extracted from the Blythe Project tenements

The originally agreed royalty of 1.5% payable on the gross Free on Board revenue from all shipments of iron ore from the Blythe tenements remains intact.

The company acknowledges that remaining future payments are totally dependant on the successful development and commissioning of a sustainable iron ore export operation. Following discussions with Forward Mining Ltd, the company was impressed with proposed plans for the expedited commercial development of the project and were prepared to adopt restructured milestone payments given the realistic potential for a sustainable mining operation. The company is confident that the Blythe Project has the potential to be commercially developed by Forward Mining Ltd and thus deliver all outstanding milestone payments as well as an ongoing royalty revenue stream. Future updates on the status of the Blythe Project will be announced as provided by Forward Mining 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 June 2012 quarter. Future updates on the status of the Mt Richardson Project will be announced as provided by Cliffs.



## WONGAN HILLS PROJECT

The Wongan Hills Project is comprised of exploration licence E70/2728 immediately west of Wongan Hills in the Archaean Yilgarn Iron Ore Province of Western Australia. Kingsgate Consolidated Ltd (“Kingsgate”, ASX: KCN) are the current operators following the acquisition of Dominion Mining Ltd who had previously earned an 80% interest in the Wongan West Joint Venture by satisfying required expenditure requirements (ASX 28 Aug 2009).

The majority of the Wongan West JV is subject to a farm-in agreement with Red River Resources Limited and Iron Mountain under which Kingsgate has earned an 80% interest. The equity interests of Red River and Iron Mountain in E70/2728 have been reduced to 15% contributing and 5% free-carried respectively. No work was reported for the June 2012 quarter.

## TREASURE JV

The Treasure Prospect is comprised of EL25346 covering 101km<sup>2</sup> and is currently subject to a Joint Venture Agreement with Mithril Resources Ltd (“Mithril”) announced on 30 September 2008 whereby Mithril can earn 60% in EL25346 by spending \$1m over the first three years (Stage 1) and a further 20% by spending an additional \$1m over the following 2 years (Stage 2). Iron Mountain can be reduced to 40% should Mithril exercise Stage 1 (60% farm-in) or 20% should Mithril exercise Stage 2 (80% farm-in). The project is located approximately 130km northeast of Alice Springs in the Northern Territory and is currently being managed by Mithril under the terms of the JV agreement. No field work was completed by Mithril on EL25346 during the June 2012 quarter.

## HMS PROJECT

The HMS Project is comprised of 5 granted exploration licences covering 624km<sup>2</sup> over 6 known heavy mineral sand (HMS) deposits within the Murray Basin in Western Victoria. The Murray Basin covers North Western Victoria, South Western New South Wales and South Eastern South Australia and is a prolific producer of heavy mineral sands. Iluka Resources Ltd, currently the largest producer of zircon in the world, operates the Douglas, Kulwin and recently closed Echo HMS mines in Victoria as well as a Mineral Separation Plant in Hamilton, Western Victoria (see Fig.7).

Evaluation of the HMS Project was temporarily suspended during the June 2012 quarter as the company focussed its resources on other projects within its portfolio. Discussions for a potential Joint Venture were also deferred until later this year to accommodate the investment and exploration schedule of an interested party. The company remains confident that a mutually beneficial agreement with a technically experienced operator is achievable and will continue to pursue this outcome that will allow the expedited exploration and potential development of the project.

The company intends to continue its work validating and evaluating the extensive historical drilling data package with a view preparing a series of plans that will map key characteristics of the identified heavy mineral deposits within the project tenements that will assist in identifying priority targets for selected localised exploration. There is also potential to isolate premium coarse grained accumulations of heavy minerals within identified offshore sheeted fine grained WIM-style deposits in inter-bedded coarse grained strandline deposits.

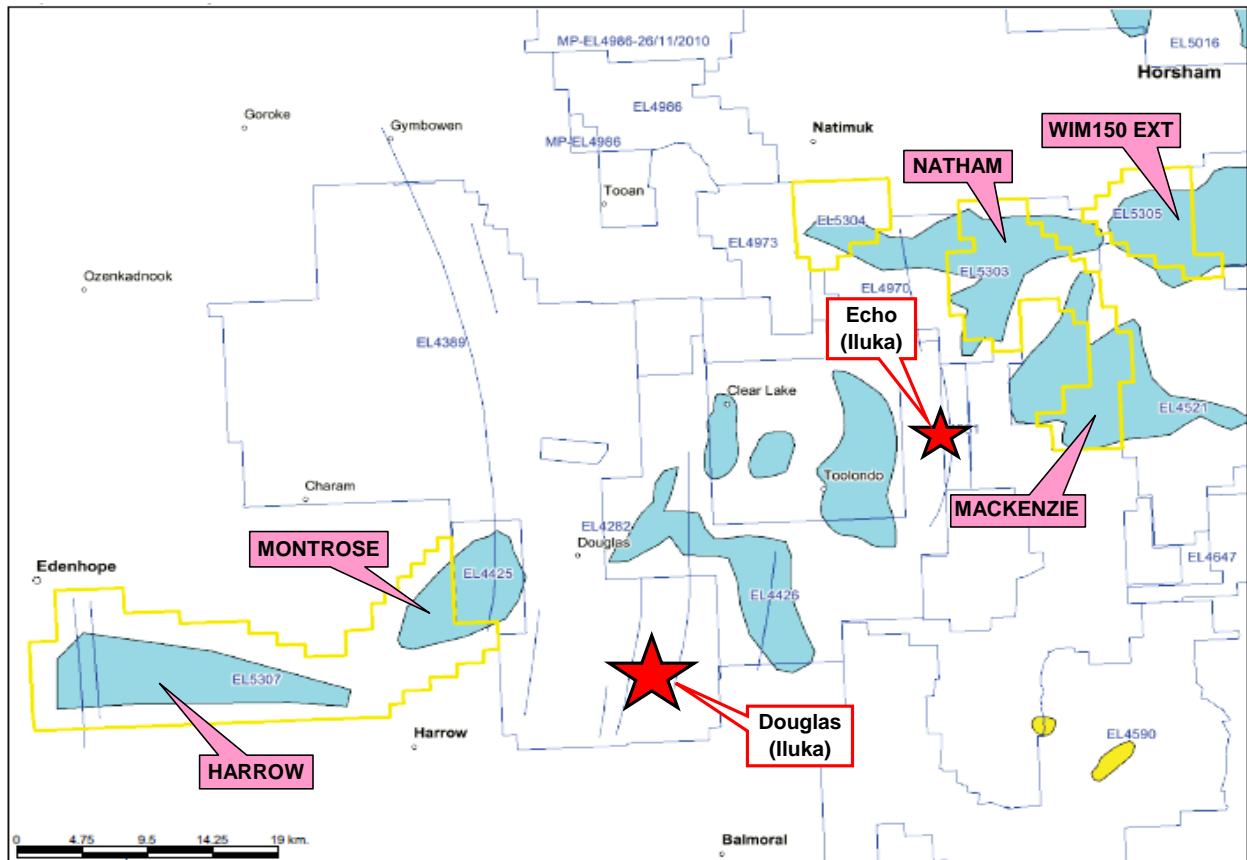


Figure 7 – Victorian HMS project showing project tenure (yellow), WIM-style deposits (light blue) and location of Iluka Douglas and Echo mineral sand mines.

## MT ELVIRE PROJECT

The Mt Elvire Project is comprised of a single exploration licence covering 12km<sup>2</sup> located south of Port Hedland in Western Australia. The area is considered prospective for channel iron ore accumulations similar in nature to the Yandi deposit (Rio Tinto) as well as for detrital iron ore deposits and was part of a competing application over the same ground highlighting the level of competitor interest in the area. Assessment and evaluation of the Mt Elvire Project is ongoing to determine necessary exploration to be undertaken within restricted seasonal windows of opportunity. No field work was undertaken at Mt Elvire during the June 2012 quarter.

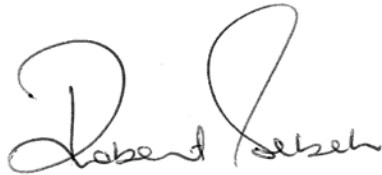
## MACQUARIE MARBLE AND LIME PTY LTD (KOREE LIMESTONE)

Iron Mountain has a 60% interest in Macquarie Marble and Lime Pty (MML) which exercised an option to acquire ML 1446 and surrounding EL 7084 at Wauchope, near Port Macquarie in New South Wales in 2008. The company continues to seek expressions of interest and progress negotiations for the divestment of this asset.

## CORPORATE

In response to a broker inquiry, the company sold its shareholding in Terrain Minerals Ltd (ASX code: TMX) during the June 2012 quarter. A total of 18,090,043 shares were sold at \$0.01 per share for a total of \$180,900.

The company also announced its intention to make an off market bid for all of the shares and options in United Orogen Ltd (ASX 6 July 2012).



Robert Sebek  
Managing Director

27 July 2012

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*The information within this report as it relates to geology and mineral resources was compiled by the Managing Director, Mr Robert Sebek. Mr Sebek is a Member of the Australian Institute of Mining and Metallurgy. Mr. Sebek has sufficient experience which is relevant to the style of mineralization and the type of deposit under consideration to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC Code". Mr Sebek is employed by Iron Mountain Mining Ltd and consents to the inclusion in the report of the matters based on information in the form and context which it appears.*

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