

29 April 2011

ASX Release

## Iron Mountain Mining Limited (ASX Code : IRM)

### Quarterly Report: 31 March 2011

#### HIGHLIGHTS

##### **WANDOO (Alumina)**

- Analysis of bulk sample composites from Wandoo Project bauxites from within the New Norcia Inferred Resource (ASX 16 Mar 2010) confirmed as having significant Gibbsite (alumina trihydrate) mineralisation with head grades of Total  $\text{Al}_2\text{O}_3$  up to 53%, Reactive Silica as low 3% and Available  $\text{Al}_2\text{O}_3$  of up to 40%
- Wet screening results averaged 49.78% Total  $\text{Al}_2\text{O}_3$ , 38.63% Available  $\text{Al}_2\text{O}_3$  and 3.53% Reactive Silica with an average Available Alumina to Reactive Silica Ratio (AvAl/RSx) of almost 11 indicating potential for economic treatment
- Bauxites from the New Norcia deposit contain low levels of Diaspore and Boehmite (alumina monohydrate) which indicate an ability to maintain a low temperature leach which corresponds to a reduction in alumina refinery energy consumption and operating costs.

##### **MIAREE (Gold)**

- Costean sampling results of up to 247g/t Au from sampled quartz veins within costeans at the high grade Cockatoo "A" Prospect
- High grade intervals of 7m @ 37.8g/t Au, 5m @ 9.40g/t Au and 4m @ 6.43g/t Au encountered within three costeans at Cockatoo "A" Prospect
- Results of up to 6.89g/t Au from mineralised wall rock adjacent to high grade quartz veins indicating potential for mineable widths of ore to be delineated
- Results from recently completed rock chip sampling program to define surface extent of high grade zone pending
- Plans for 20 hole reverse circulation (RC) drilling program for a total of 2000m being finalised

##### **MT RICHARDSON (Iron Ore)**

- Cliffs Asia Pacific Iron Ore Pty Ltd have received approval to drill 85 reverse circulation (RC) holes for a total of 12,285m with drilling planned to commence in the June 2011 quarter

##### **BLYTHE (Iron Ore)**

- Option to Acquire Blythe Project signed by Forward Mining Ltd for inclusion as cornerstone project in forthcoming IPO
- Iron Mountain Mining Ltd to receive staged consideration in the form of cash, shares and production royalties according to ASX listing, development and operating milestones

## General

During the March 2011 Quarter, Iron Mountain continued advancing the Wandoo bauxite and Miaree gold projects. At the Miaree Gold Project, a program of costeaning was undertaken in response to high grade rock chip samples with significant results achieved as expected at the Cockatoo "A" Prospect. Detailed structural interpretation was undertaken by Steve King of Solid Geology Pty Ltd and was able to identify several key structural features interpreted as possible mineralising controls worthy of testing by drilling. At the Wandoo Bauxite Project, the company received the final Metallurgical Study Report from Independent Metallurgical Operations Pty Ltd on bulk samples of bauxite collected from the northern Wandoo tenements. Results were encouraging and will now be used as part of a marketing campaign to investigate the potential to attract investment to rapidly advance the development of the project. The final component of resource estimation using the remaining validated historical Wandoo database is in the process of being finalised and will soon complete a total Wandoo resource inventory from which to progress further exploration and development requirements. The location of company projects are shown in Figure 1 below.

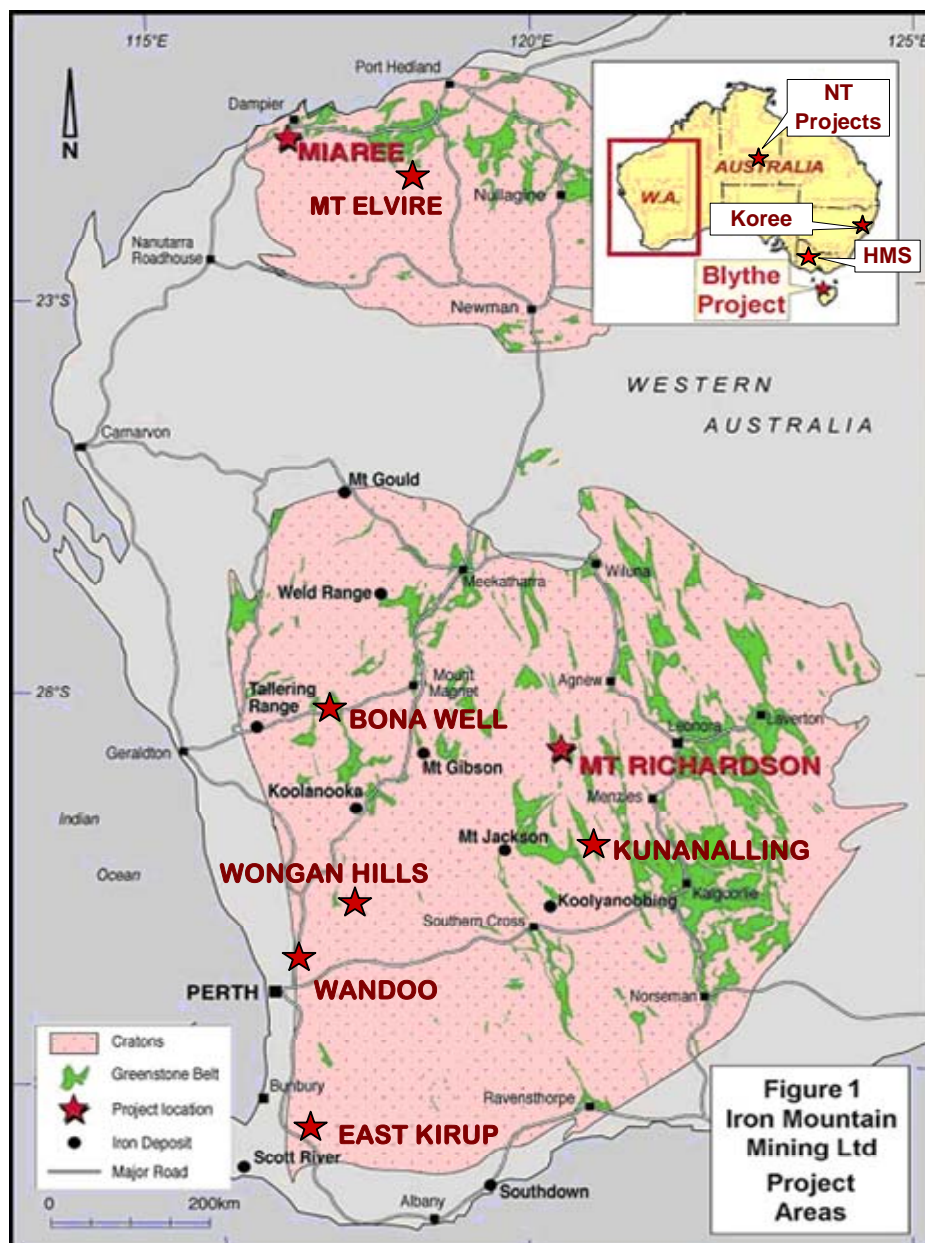


Figure 1 – Location of Iron Mountain Mining Projects in Australia.

## WANDOO PROJECT

The Wandoo Bauxite Project is comprised of 13 granted exploration licences (E70/2444, E70/2692-93, E70/2943, E70/3124, E70/3146-47, E70/3712-15 & E70/3508-09) covering in excess of 1,000km<sup>2</sup> in the Darling Ranges, approximately 100km north of Perth, Western Australia (see Fig. 2)

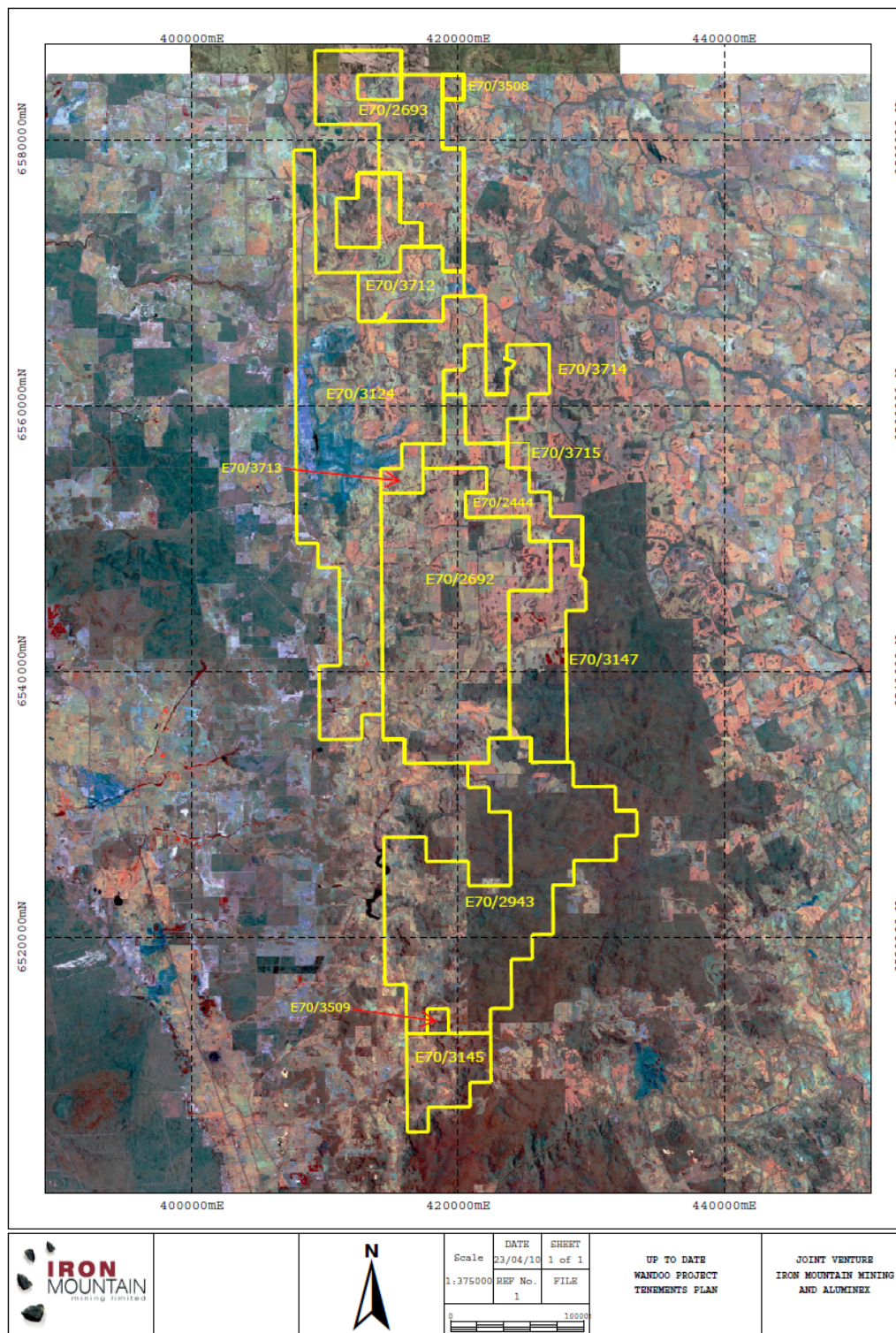


Figure 2 – Tenement location and land use cover of the Wandoo Project.

## METALLURGICAL TEST WORK

During the March 2011 quarter, the company received the Metallurgical Study Report from Independent Metallurgical Operations Pty Ltd (IMO) based on test work undertaken on bulk samples of bauxite from the New Norcia Inferred Resource area located in E70/2693 within the Wandoo Bauxite Project. Evaluation of results from preliminary test work conducted by Amdel under the supervision of IMO has confirmed that the Wandoo Project bauxites have the potential to support economic extraction and supply to alumina refineries as direct shipping ore (DSO).

During November 2010, a total of 19 bulk samples of bauxite were excavated from within the North and South deposit of the New Norcia Inferred Bauxite Resource (19.0Mt at 41.7% Total  $\text{Al}_2\text{O}_3$ , 29.8% Available  $\text{Al}_2\text{O}_3$  and 5.7% Reactive  $\text{SiO}_2$  : ASX 16 Dec 2010) within E70/2693 (see Fig.3). Massive bauxites that occur at the base of the lateritic profile were not able to be accessed due to the limited penetration capacity of the available excavator. Of the 19 samples of pisolitic material that were extracted, 10 were derived from the northern area of the deposit and 9 from the south from which 7 representative samples were selected by Iron Mountain to create 3 composites to be subjected to the following test work:

- Head assay characterisation
- Wet and Dry screening and assay
- Jig separation and assay

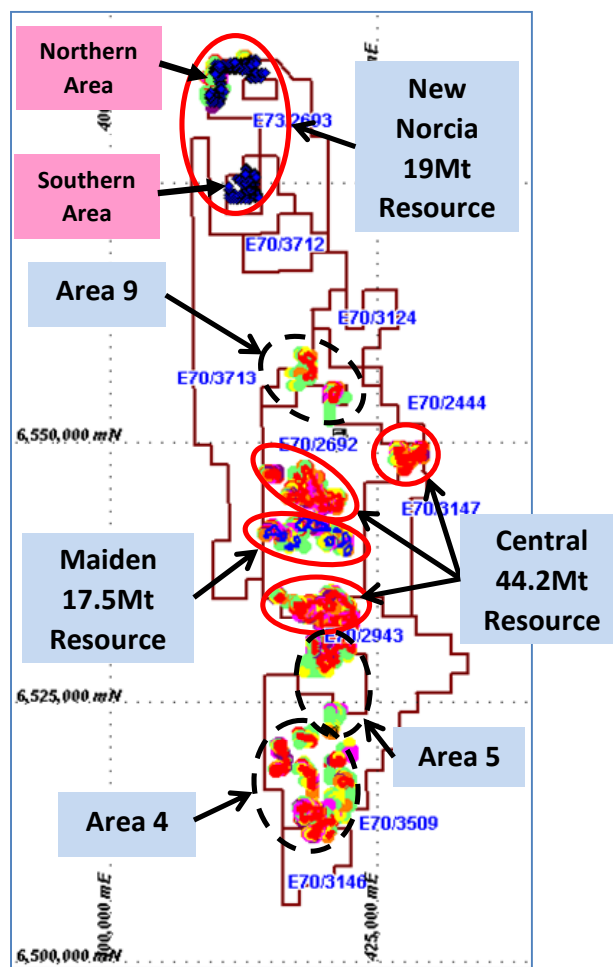


Figure 3 – Bulk sample locations relative to reported Resources and historical drilling areas at Wandoo.

Test work on the New Norcia Resource bauxites confirmed that the dominant aluminium mineralisation present in the sample composites is Gibbsite. Of the principal aluminium hydroxide minerals that include Boehmite and Diaspore, Gibbsite (alumina trihydrate) has the most favourable economics for Bayer process digestion by alumina refineries due to lower required temperatures (135-150° C) compared to that needed for Boehmite and Diaspore (+200° C).

## HEAD ASSAY CHARACTERISATION

Composite head assay characterisation results for the 3 composite bauxite samples are very encouraging (see Table 1). The final assay results achieved from XRF analysis show Total Al<sub>2</sub>O<sub>3</sub> up to 52.90% (av. 48.53%), Available Al<sub>2</sub>O<sub>3</sub> up to 40.20% (av. 36.23%) and Reactive Silica as low as 3.00% (av. 3.67%). Composite head XRF results from bulk samples from within the New Norcia Resource exceeded those originally estimated for the 19Mt New Norcia Inferred Bauxite Resource within E70/2693 (see Table 2).

Composite	Alumina (%)	Available Alumina (%)	Silica (%)	Reactive Silica (%)	Alumina to Silica Ratio	Available Alumina to Reactive Silica Ratio
1	44.50	37.00	9.46	4.20	4.70	8.81
2	52.90	40.20	4.98	3.00	7.58	13.40
3	48.20	31.50	13.40	3.80	3.60	8.29
<b>Average</b>	<b>48.53</b>	<b>36.23</b>	<b>9.95</b>	<b>3.67</b>	<b>4.88</b>	<b>9.88</b>

\*Composite head characterisation based purely on direct XRF analysis for head grade determination

Table 1 – Composite head assay characterisation (IMO)

ANALYSIS COMPARISON	Total Al <sub>2</sub> O <sub>3</sub>	Available Al <sub>2</sub> O <sub>3</sub>	Reactive SiO <sub>2</sub>
<b>COMPOSITE HEAD XRF ANALYSIS</b>	48.53%	36.23%	3.67%
<b>NEW NORCIA INFERRED RESOURCE</b>	41.73%	29.75%	5.70%

Table 2 – Comparison between composite head XRF analysis and New Norcia Inferred Resource estimate.

## WET SCREENING

In addition to XRF analysis, dry and wet screening was undertaken to determine whether the Wandoo bauxites were amenable to beneficiation by the removal of silica rich fractions. Particle size analysis identified high silica levels below 1mm with removal of this fraction being best achieved by wet screening (see Table 3). The benefits were consistent across all composites and included:

- Available Alumina recovery of over 88%
- Upgrade to between 49-50% Al<sub>2</sub>O<sub>3</sub>
- Available Alumina in excess of 38%
- A modest reduction in Reactive Silica to approximately 3.5%
- Available Alumina to Reactive Silica ratio (AvAl/RSx) of almost 11

Composite	Mass Recovery (%)	Alumina (%)	Available Alumina (%)	Silica (%)	Reactive Silica (%)	Alumina to Silica Ratio	Available Alumina to Reactive Silica Ratio
1	74.5	45.58	37.58	7.19	4.20	6.34	8.94
2	87.8	53.68	41.97	5.19	2.80	10.35	14.98
3	86.4	50.08	36.34	8.65	3.58	5.79	10.15
<b>Average</b>	<b>82.9</b>	<b>49.78</b>	<b>38.63</b>	<b>7.01</b>	<b>3.53</b>	<b>7.10</b>	<b>10.94</b>

Table 3 – Results from wet screening upgrade +1mm fraction (IMO).

Of significance is the improvement in both the Alumina to Silica ratio and the Available Alumina to Reactive Silica ratio as both are considered critical determinants for alumina refineries and are used as a guide to assess the economic potential of bauxite deposits.

## GRAVITY SEPARATION

Bench scale jig tests were also conducted on -6.3mm/+1mm fraction. Although the results from this test work vary significantly according to the amount of free iron and silica in each composite, the upgrades compare favourably with those achieved by wet screening albeit with a reduced mass recovery (see Table 4). Further testing is required before any definitive conclusions can be made. At the moment, preliminary jig test work appears to be effective in:

- Concentrating the iron
- Removing fine silica
- Upgrading Available Al<sub>2</sub>O<sub>3</sub> whilst rejecting non-extractable Al<sub>2</sub>O<sub>3</sub>

Composite	Mass Recovery (%) <sup>†</sup>	Alumina (%)	Available Alumina (%)	Silica (%)	Reactive Silica (%)	Alumina to Silica Ratio	Available Alumina to Reactive Silica Ratio
1	62.1	48.20	42.82	7.13	4.49	6.76	9.54
2	64.1	53.36	44.34	5.05	2.86	10.56	15.50
3	60.1	50.08	38.11	8.48	3.54	5.92	10.75
<b>Average</b>	<b>62.1</b>	<b>50.55</b>	<b>41.76</b>	<b>6.89</b>	<b>3.63</b>	<b>7.34</b>	<b>11.50</b>

<sup>†</sup> Mass recovery based on Jig +1mm sample.

Table 4 – Results from gravity separation jig upgrade -6.3mm/+1mm (IMO).

## WANDOO BAUXITE

Preliminary metallurgical test work on bauxite from the Wandoo Project is encouraging and confirms the potential for economic extraction and supply to alumina refineries. Total silica levels are concentrated in fractions less than 1mm and respond well to simple wet screening. Reactive Silica levels are typically very low and allow Available Alumina to Reactive Silica ratios of greater than 10 with ratio's of greater than 6.25 regarded as having potential for economic development. Results also indicate that Wandoo bauxite Available Alumina levels are high relative to established Darling Range bauxite producer (see Table 5).

Despite the encouraging nature of the metallurgical study results, there still exists significant scope for further enhancement of alumina grades and the reduction of reactive silica levels within the Wandoo bauxite deposit. Review and assessment of historical drilling undertaken by Pacminex Pty Ltd in conjunction with evaluation of drilling and sampling completed by the company has revealed that the northern most tenements within the Wandoo Project contain higher levels of silica than that present in the south.

Furthermore, alumina grades within the Darling Range bauxites are known to exhibit an almost inversely proportional relationship with total and reactive silica levels. Typically near surface or shallow levels of bauxite tend to contain higher levels of total and reactive silica together with depleted levels of alumina. With depth, the levels of alumina increase while the total and reactive silica is reduced (see Fig.4).

Deposit	Owner	Country	Al <sub>2</sub> O <sub>3</sub> %	Reactive SiO <sub>2</sub> %	Available Al <sub>2</sub> O <sub>3</sub> %	Upgraded
<sup>1</sup> North Darling Range	Bauxite Resources	Australia	43.1	3.2	31.6	
<sup>2</sup> Worsley	BHP Billiton	Australia	NS	2.1	31.1	
<sup>2</sup> MRN	BHP Billiton	Brazil	NS	4.1	50.2	washed
<sup>2</sup> GAC	BHP Billiton	Guinea	NS	1.2	37.7	
<sup>3</sup> Gove	Rio Tinto	Australia	49.7	NS	NS	
<sup>3</sup> Porto Trombetas	Rio Tinto	Brazil	50.0	NS	NS	
<sup>3</sup> Sangaredi	Rio Tinto	Guinea	48.4	NS	NS	
<sup>3</sup> Weipa	Rio Tinto	Australia	50.6	NS	NS	
<sup>4</sup> Pisolite Hills	Cape Alumina	Australia	53.1	7.5	41.5	washed
<sup>5</sup> Tayan	ANTAM	Indonesia	47.0	3.5	NS	washed
<sup>6</sup> Landak	Hillgrove Resources	Indonesia	48.8	2.7	46.2	washed
<sup>7</sup> Wandoo	Iron Mountain	Australia	49.8	3.5	38.6	wet screened

NS = Not Specified

<sup>1</sup> ASX Release 16 January 2010

<sup>2</sup> BHP Billiton Annual Report 2009

<sup>3</sup> Rio Tinto Annual Report 2008

<sup>4</sup> ASX Release 2 July 2009

<sup>5</sup> ANTAM Statement of Resources and Reserves 31 December 2007

<sup>6</sup> IMO Landak Bauxite Project Report (Cumulative Grade at 3.3mm Screen Size)

<sup>7</sup> Unpublished report Feb 2011 from IMO commissioned by Iron Mountain Mining Ltd.

Table 5 – Selected published bauxite resource grades (IMO)

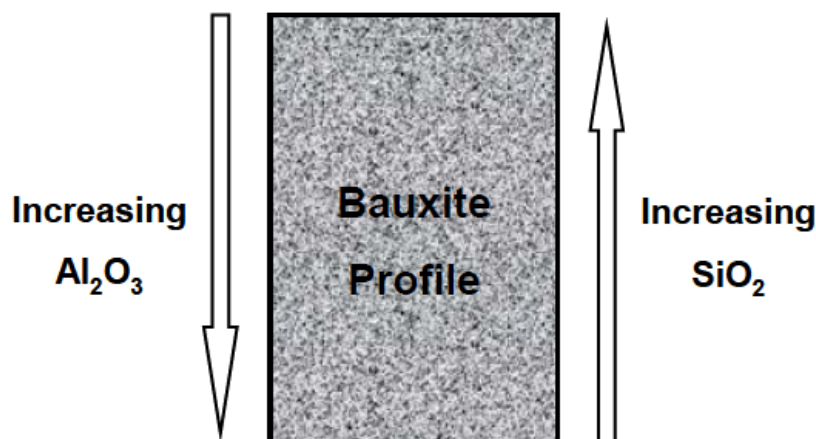


Figure 4 – Generalisation of Darling Ranges vertical bauxite profile exhibiting Al<sub>2</sub>O<sub>3</sub> and SiO<sub>2</sub> variability.

The existence of this vertical profile variability between silica and alumina has been confirmed in previous announcements by Iron Mountain and Bauxite Resources Ltd (ASX: BAU) in relation to their Bindoon Operations which is centrally located within the Wandoo Project tenements:

1. Iron Mountain's Maiden Total Inferred Resource (ASX 16 Mar 2010) also contained a high grade component that was estimated by restricting the vertical search parameters of estimation software so that greater emphasis was assigned to horizontal grade extrapolations where grade variability was known to be minimal. Vertical search specifications were constrained to reduce the influence of low alumina/high silica samples from shallow or near surface bauxites which were diluting the importance of high alumina/low silica samples at depth. The end result was the estimation of a Total Inferred Resource with an enhanced high grade component that was estimated by restricting the influence of low alumina/high silica assays that typically occur in the upper levels of the bauxite sequence (see Table 6). The improvement in alumina grade and reduction in reactive silica within the Maiden Inferred Resource estimate confirms the presence of a vertical profile variance within the bauxite.

MAIDEN BAUXITE RESOURCE (ASX 16/3/10)	Mt	Total Al <sub>2</sub> O <sub>3</sub>	Available Al <sub>2</sub> O <sub>3</sub>	Reactive SiO <sub>2</sub>
<b>TOTAL INFERRED RESOURCE</b>	17.48	38.2%	31.6%	6.6%
<b>Incl. HIGH GRADE INFERRED RESOURCE</b>	7.15	44.8%	40.5%	4.3%

Table 6 – Wandoo bauxite vertical profile grade variance highlighted using resource estimation constraints.

2. Bauxite Resources Ltd drew attention to the existence of vertical grade variability in a corporate presentation on the progress of their Bindoon Operations (ASX 8 Sep 2009). Under the heading "Bauxite Metallurgy", Bauxite Resources Ltd pointed out the presence of a high silica zone (22% SiO<sub>2</sub>) perched above a deeper zone of high grade bauxite with significantly lower silica (6% SiO<sub>2</sub>).

Given that the composites on which metallurgical test work was undertaken were sourced primarily from only the shallow upper levels of the bauxite profile, there exists significant upside to what are already considered encouraging results based on the confirmed geological occurrence of increasing alumina and decreasing silica with depth within the Wandoo bauxites.

## BAUXITE/ALUMINA MARKET

There has been growing support amongst industry sources that a significant re-pricing of bauxite and alumina will occur over the next few years primarily due to the de-coupling of alumina and aluminium prices by the major players in the industry. In the past, the prices of bauxite and alumina were inextricably tied to the price of aluminium but in a new world where these commodities are free to trade independently, it will soon become apparent that supply and demand fundamentals for bauxite and alumina are far tighter than for the aluminium industry which should translate to stronger bauxite and alumina prices in the coming years.

Such is the significance of the anticipated re-rating of bauxite and alumina that industry sources are comparing the potential pricing changes in these two commodities in the coming years to that of iron ore and coking coal in 1996-97. Research confirms that there has been little investment in new bauxite and alumina operations in recent years as a result of ever increasing environmental, geographical, social and capital requirements however during the same time, there has been substantial new aluminium smelters built in the Middle East to exploit cheap energy and reagent prices. Although Middle East smelting costs will be low, the region is totally devoid of bauxite leaving local refineries to rely solely on seaborne imports.

What is often overlooked in the aluminium smelting process is that there is no flexibility with the capacity of aluminium smelters. Aluminium smelters must operate at 100% production capacity or not operate at all. It is understandable that all of these new smelters will be running at 100% capacity to ensure projected economic returns and that the owners will be doing everything within their powers to establish and secure sources of bauxite and alumina in order to protect their billion dollar investments. It thus stands to reason that Chinese, Middle Eastern and Indian based smelters will progressively become major buyers of bauxite and alumina assets in the years to come in much the same way as we are seeing steel mills purchasing iron ore and coking coal assets.

This growth in global smelting capacity will be a key driver in igniting the predicted surge in bauxite and alumina prices as they move to control their operational destiny by securing long term supply (see Figure 5). In 2010, the first signs of this pending supply uncertainty played out with giant aluminium producer Norsk Hydro buying the Brazilian aluminium and alumina assets of Vale for US\$4.9bn to cover their short position on bauxite and alumina relative to their aluminium production capacity.

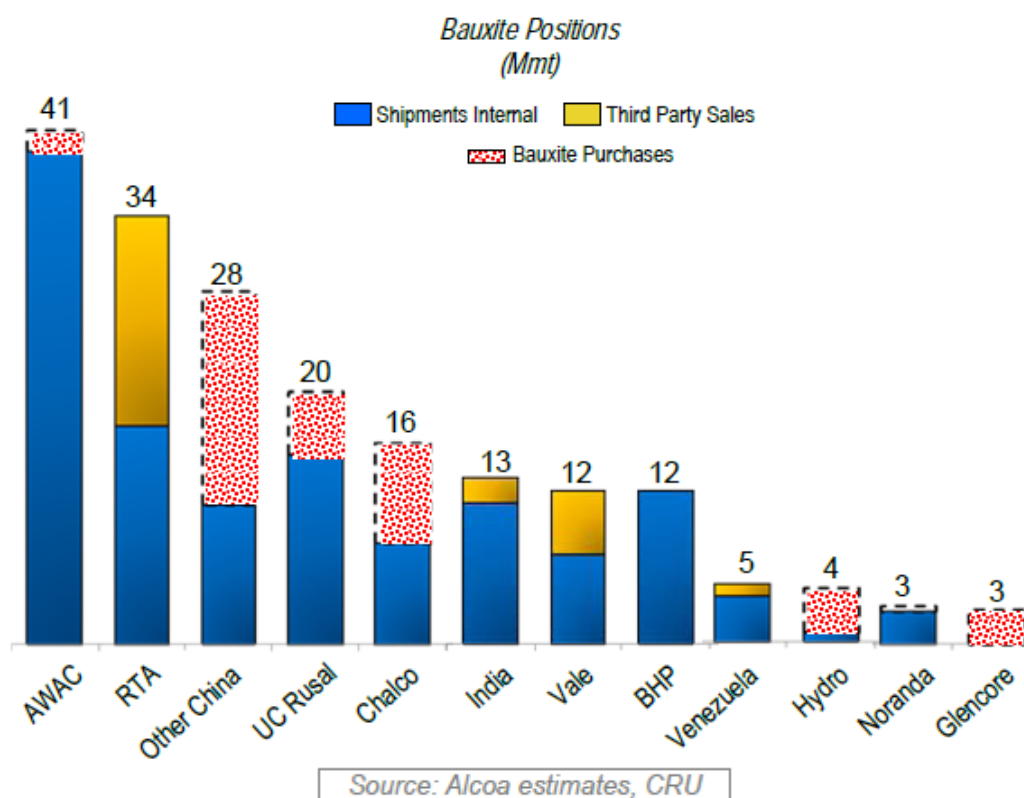


Figure 5 – Bauxite positions of major players in the global aluminium industry.

The upstream aluminium industry is also going through a time of significant operational change. Less than 10 years ago:

- there was very little free trade in bauxite (ie. mined by one party with sales to an un-related third party)
- Alcoa World Alumina & Chemicals (AWAC), the worlds largest miner of bauxite and producer of alumina, dominated the free trade in alumina with a pricing mechanism that used a percentage of the LME aluminium price

While BHP Billiton has for many years attempted to sell its alumina at prices that reflect the value of the product rather than the value of aluminium, it has only been in the last couple of years that Alcoa controlled AWAC (of which the ASX listed Alumina Ltd is 40% participant) has also sought to do the same, especially as LME linked alumina prices encouraged excess aluminium production in China.

A key driver in this change has been Chinese companies switching from importing alumina to importing bauxite to produce alumina domestically. The market for seaborne bauxite is dynamic and dependent on the wide range of technical and economic factors including type of bauxite, levels of alumina and reactive silica, mining costs, transport and port charges, the Baltic Dry Index and the destination. Also critical is the global supply/demand fundamentals of existing refineries and the inefficiencies associated with using poor quality bauxite. Although China has abundant reserves of bauxite, it is typically lower grade Diaspore and requires significantly higher energy requirements associated with the Bayer-Sinter refining process as opposed to the Darling Range Gibbsite bauxites which only require the Bayer process at lower temperatures and pressures.

Bauxite is a low value bulk product and debate is ongoing as to whether prices and quality characteristics can justify sales to third parties or whether it should be processed into alumina at mine mouth refineries. There are significant costs and requirements associated with the production of alumina including the cost and amount of energy and caustic soda for digestion during refining and by-product waste disposal. The production of alumina generates unavoidable large quantities of highly toxic “red mud” that contains high levels of caustic soda (sodium hydroxide) used to strip reactive silica from the bauxite during the refining process. The capital and operating costs for alumina refineries are also regarded as prohibitive. This is evidenced by China Chalco’s recent announcement of their preference to ship bauxite ore to China as opposed to building a new refinery at Bowen in Queensland as the economics did not stack up (AFR 2 March 2011).

Given these environmental and economic constraints, using bauxites with high alumina and low reactive silica levels will reduce waste and operating costs and allow the utilisation of existing refining capacity. The key for the development of bauxite deposits for seaborne trade will always be quality and quantity and the Wandoo Project has the potential to meet both of these requirements.

## RESOURCE ESTIMATION

During the March 2011 quarter, resource estimation continued on the final remaining areas of the validated historical Wandoo database. Remaining Areas 4, 5 & 9 located in the centre and south of the Wandoo Project tenement package were assessed and resource estimates for these three areas are in the process of being finalised (see Fig.3). The resource update for Areas 4, 5 & 9 as well as a revised overall bauxite resource inventory for the Wandoo Project is expected to be announced in the June 2011 quarter. Once completed, the total Wandoo Resource inventory together with the results from the Metallurgical Study report will be used as part of a marketing campaign to investigate the potential to attract the necessary investment to allow the rapid expansion and development of the project as a supplier of bauxite.

## MIAREE PROJECT

The Miaree Project is held under a joint venture between Iron Mountain and Red River Resources Ltd (“Red River”) whereby Iron Mountain can earn up to 70% of the project. The Miaree Project is currently comprised of 3 exploration licenses (E08/1350, E47/1309 & E47/1707) covering approximately 176km<sup>2</sup>. The exploration licenses cover approximately 25km of Miaree Magnetite Trend strike that occurs within the extensive Cleverville Formation, a geological unit of banded iron formation rich in magnetite (1.6Bt Cape Lambert magnetite deposit) and only recently reported as hosting surface gold occurrences (see Fig.7).

## MIAREEE GOLD PROJECT

The Miaree Gold Project is contained within tenement E47/1309. During 20-23 January 2011, eleven costeans were excavated at Miaree to test the interpreted Walter, Crystal and Cockatoo lines of mineralisation and a total of 77 channel samples were collected and submitted for analysis. Detailed mapping and fieldwork as part of the structural interpretation of the controls on the gold mineralisation at the Miaree Gold Project by was undertaken in conjunction with the costeaning program by Steve King of Solid Geology Pty Ltd.

Of the eleven costeans excavated, seven were located on the Cockatoo trend (CTC 1-7), one was located on the Crystal trend (CRS 1) and three were located on the Walter trend (WTC 1-3) within E47/1309 (see Fig.8). While limited costeaning at the Crystal and Walter trends failed to detect significant mineralisation, the results from costeaning at the Cockatoo Trend, in particular the Cockatoo "A" area, confirmed the high grade potential of the prospect. Although costeans CTC 3 and 5-7 were unable to encounter western and northern surface expressions of the high grade mineralisation, costeans CTC 1-2 and 4 produced exciting results that not only confirmed the presence of high grade gold mineralisation, but also expanded the zone of mineralisation to widths that are conceivably conducive to economic extraction (see Fig.9).

The costeans were mapped and then channel sampled at 1m intervals. Given the anticipated high grade nuggetty mineralisation expected to be encountered within identified quartz veins, the samples were submitted to Australian Laboratory Services (ALS) for analysis by Trace Level Au (ICP-MS), Fire Assay (AAS) and Over Limit by dilution. The assay results from sampling costeans CTC 1-2 and 4 appear below:

- CTC 1: **5m @ 9.40g/t Au** including;  
1m @ 42.5g/t Au (quartz vein)
- CTC 2: **7m @ 37.8g/t Au** including;  
1m @ 247.6g/t Au (quartz vein)  
1m @ 6.89g/t Au (wall rock)  
1m @ 4.96g/t Au (quartz vein)  
1m @ 2.24g/t Au (wall rock)
- CTC 4: **4m @ 6.43g/t Au** including;  
1m @ 21.7g/t Au (quartz vein)  
1m @ 2.60g/t Au (wall rock)

It was also decided that where quartz veining had been mapped, additional 1m interval samples would be collected approximately 20cm above and below the baseline channel sample in the face of the costean. The aim was to achieve a more representative assay result in anticipation of high grade nuggetty mineralisation that was expected to be encountered in the identified quartz veins as indicated by previous surface rock chip sampling. While the quartz vein/pods within the Cockatoo "A" high grade area are generally between 0.3 – 3m wide, those sampled within costeans CTC 1-2 and 4 varied between 0.3 – 1m in width. The grades for the three 1m samples were then averaged and used as the reported grade for the 1m channel sample interval containing the quartz vein. The results for each individual high grade 1m sample used in determining the reported average grade for the high grade quartz vein intervals appear below in Table 1.

COSTEAN	NEAR SURFACE SAMPLE	MID-COSTEAN SAMPLE	BASE COSTEAN SAMPLE	REPORTED AVERAGE
CTC 1	34.8g/t Au	68.7g/t Au	24.2g/t Au	<b>42.5g/t Au</b>
CTC 2	113.0g/t Au	236.4g/t Au	393.5g/t Au	<b>247.6g/t Au</b>
CTC 2	9.40g/t Au	1.34g/t Au	4.15g/t Au	<b>4.96g/t Au</b>
CTC 4	29.1g/t Au	12.7g/t Au	23.4g/t Au	<b>21.7g/t Au</b>

Table 1 - Sampling method applied for high grade quartz veining to achieve reported average grade.

In response to the high grade costean results achieved at Cockatoo “A”, a follow-up program of rock-chip sampling was undertaken during 11-15 April 2011 to investigate untested outcropping quartz veins in the vicinity of previously reported high grade rock chip samples (214g/t Au & 188g/t Au, ASX: 9 Dec 2010). A total of 91 rock chip samples were collected and submitted for analysis with results currently pending. The rock chip sampling program aimed to:

- Test the entire traversable surface exposure of all significant quartz veining within the Cockatoo “A” high grade mineralised zone at regular intervals
- Define the extent of surface mineralisation to be tested by a subsequent program of drilling

The Cockatoo “A” Prospect is hosted entirely within the Regal Basalt Formation. Mapping and structural evaluation by Solid Geology Pty Ltd has interpreted the prospect as being an east-west trending feature lying within a splay wedge between structures originating from a larger north-east trending fault marked by a creek (Creek Fault) which ties into Sholl Shear Zone. The east-west Cockatoo trend may relate to splay linkage structures between splay bounding structures and exploration should be focussed on tracing these trends west and south west back towards their splay point from the Creek Fault. There is also a possible north-east linking splay shoot that is likely to have a controlling influence on the development of larger quartz pods in the area (see Fig.10).

Assessment of drill hole collar locations, drill pads and access tracks for the preliminary phase of drilling was also undertaken during the rock chip sampling program. The collar locations for the drilling program are still being refined and will be finalised after the results from the rock chip sampling program have been received and evaluated. At this stage, preliminary plans are for approximately 20 reverse circulation holes (RC) for a total of over 2000m to be drilled in the June 2011 quarter with the aim of testing;

- Width and extent of high grade mineralisation at depth and along strike
- Possible linking NE splay shoot development controlling larger quartz pods
- Shear interaction of high grade zone at splay point with creek fault

The Miaree Project is currently a joint venture between Red River and Iron Mountain whereby Iron Mountain as manager has the option to earn up to 70%. Iron Mountain currently holds 25% after meeting the initial farm-in expenditure of \$1.25m and can earn an additional 45% by spending a further \$3.5m.

## **MIAREE MAGNETITE PROJECT**

No work was carried out on the Miaree Magnetite Project during the March 2011 quarter as a result of efforts being directed towards evaluating and testing the gold potential of the Miaree Project tenements.

## **MOUNT RICHARDSON PROJECT**

The reverse circulation (RC) drilling program proposed by Cliffs Asia Pacific Iron Ore Pty Ltd ("Cliffs") for Mt. Richardson consisting of 85 holes for a total of 12,285 metres was approved in March 2011. Drilling is planned to commence in the June 2011 quarter. During the March 2011 quarter, work commenced on the construction of the exploration camp at Mt Richardson and is expected to be completed in April.

Cliffs are the owner operators 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.

Future updates on the drilling and development progress of Mt Richardson 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 recent 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).

During the March 2011 quarter, planning for the next phase of aircore (AC) drilling was undertaken by Kingsgate. A total of 14 holes are planned to be drilled at the Wongan West Prospect within E70/2728 during the June 2011 quarter. The proposed drilling is designed to test anomalous gold-in-soil targets located along strike from the Kingsgate Ninan Prospect in an adjacent tenement.

The majority of the Wongan West JV is subject to a farm-in agreement with Red River Resources Limited and Iron Mountain Mining Limited 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% and 5% respectively.

## **BLYTHE PROJECT**

On 25 March 2011, Iron Mountain Mining Limited ("Iron Mountain", ASX: IRM), in conjunction with 50:50 joint venture partner Red River Resources Limited ("Red River", ASX: RVR), announced that Forward Mining Ltd had signed an Option to Acquire the Blythe Project in Tasmania for inclusion as the cornerstone project in their forthcoming Initial Public Offering targeted for the second half of 2011.

Under the general terms and conditions of the Option to Acquire, the following consideration is payable and to be split equally between Iron Mountain/Red River subject to the satisfactory completion of negotiated milestones:

- Payment of A\$50,000 which grants Forward Mining Ltd the sole and exclusive right to exercise the Option by 31 July 2011

- The right to extend the exercise date of the Option to 31 December 2011 with the payment of an additional A\$50,000
- Payment of A\$1,500,000 in cash and the issue of 5 million ordinary shares in Forward Mining Ltd following admission to the Official List of the ASX
- Payment of A\$2,000,000 upon a Decision to Mine from within the Blythe tenements
- Payment of A\$2,000,000 upon the first shipment of iron ore extracted from the Blythe tenements
- A royalty of 1.5% payable on the gross Free on Board revenue from all shipments of iron ore from the Blythe tenements

The Blythe Project area is comprised of 6 granted exploration licences covering 324km<sup>2</sup> and is currently held under a 50:50 joint venture agreement between Iron Mountain and Red River. Exploration has been ongoing at Blythe since 2008 and a significant amount of drilling and sampling data has been accumulated. The tenement package surrounds the Kara scheelite/magnetite mine operated by Tasmania Mines Ltd (ASX: TMM). The project area is located 27 kilometres south of the port of Burnie and only 7 kilometres from railway access connecting western Tasmania with the coast. The existing infrastructure in the immediate region is conducive to the rapid development of mining, beneficiation and shipping facilities required for the production and export of magnetite ore to foreign markets.

As announced in previous company releases, continually increasing demands on time and resources from priority projects such as Wandoo and Miaree have relegated Blythe to non-core status and it was resolved to seek expressions of interest for the sale of the project. Following the evaluation of several expressions of interest, the boards of Iron Mountain and Red River unanimously selected the proposal from Forward Mining Ltd as having the best potential for rapid progress and the ultimate development of a mine.

Terry Ward, Chairman of Forward Mining Limited (FML) commented “the quantity and quality of the exploration activities undertaken on the Blythe Project to date should assist in enabling FML to estimate a JORC Inferred Resource and carry out additional metallurgical test work prior to the Initial Public Offering. The location of Blythe, in addition to the proximity of existing infrastructure including rail, port and power, all indicate the potential for accelerated advancement to operational status.”

The company is confident that Forward Mining Ltd has the capabilities to achieve negotiated milestones and deliver an optimised outcome for all stakeholders.

## **BONA WELL PROJECT**

The Bona Well Project is comprised of two granted exploration licences (E59/1194 & E59/1457) strategically located along the Mid West Infrastructure corridor approximately midway between Mt Gibson's Wolla Wolla Project and Ferrowest Ltd's Yogi Project, approximately 500km north of Perth. Bona Well is regarded as being prospective for iron ore and more recently uranium courtesy of an announcement by Enterprise Metals Ltd (“Enterprise”) highlighting the discovery of a significant airborne radiometric response within calcrete over Archean Greenstones at their adjacent Yalgoo Project.

Evaluation of the project during the December 2010 quarter was sporadic and is ongoing as a result of increased demands on time and resources from the Wandoo and Miaree Projects. The limited review was subsequently insufficient to determine whether drilling to test interpreted subsurface banded iron formations as well as possible uranium enrichment within paleochannels identified using radiometric imaged data was warranted. Evaluation will continue into the following quarter. No field work was undertaken at Bona Well during the March 2011 quarter.

## **KUNANALLING PROJECT**

The Kunanalling Project is comprised of a single granted exploration licence E16/316 covering 50km<sup>2</sup> located to the East of Cliffs Asia Pacific Iron Ore Pty Ltd (formerly Portman Iron Ore Ltd) Koolyanobbing operations. As a result of an unresolved objection, reduced tenure and increasing demands from other priority projects, the company has allowed E16/316 to expire and no longer has any Kunanalling Project tenement holdings.

## **MT MADDEN PROJECT**

The Mt Madden Project is comprised of one granted exploration licence (E74/312) covering 189km<sup>2</sup> that was acquired as part of the Aluminex acquisition in December 2009. Following an evaluation of project potential and future requirements, it was decided that the company could not justify allocating further time and resources to the project and subsequently relinquished the tenement during the March 2011 quarter.

## **EAST KIRUP PROJECT**

The East Kirup Project is a single exploration licence application (ELA70/3886) covering 12km<sup>2</sup> approximately 8km east of Kirup and 15km northwest of the world class Greenbushes mine (total resources of 25.2Mt @ 3.6% Li<sub>2</sub>O). Red River has reported the existence of a lithium-tantalum-tin geochemical anomaly in adjacent E70/2435 which is approximately 20km northwest and on the same interpreted offset structural trend as the Greenbushes lithium-tantalite-tin mine. Geochemical sampling undertaken by Red River on adjacent E70/2435 has delineated an extensive zone of anomalous lithium-tantalite-tin which may represent a dispersed mineralised halo over a primary pegmatitic mineralisation at depth. No field work was undertaken East Kirup during the March 2011 quarter as the application is still pending.

## **NORTHERN TERRITORY PROJECT**

As previously reported, Iron Mountain announced on 3 June 2010 that it had entered into a Heads of Agreement with United Orogen Limited ("United Orogen") whereby Iron Mountain proposed to purchase the outstanding available interests in three United Orogen Exploration Licences in the Northern Territory in which Iron Mountain already held minority interests. The three exploration licences in question are EL25894 (Florence Creek), EL25329 (Lucky U) and EL25346 (Treasure) where Iron Mountain was already earning interests of 50%, 30% and 30% respectively (see Fig. 11).

The proposed transaction is subject to and conditional upon the approval of the shareholders of both companies. Although Iron Mountain shareholders had earlier voted in favour of the transaction, subsequent movements in the share price that altered the valuation of the proposed transaction required that the resolutions be once again put to both shareholders to ensure transparency. Notices of Meeting for both Iron Mountain Mining and United Orogen have been distributed to relevant shareholders with both meetings scheduled to be held on 27 May 2011.

## **FLORENCE CREEK & LUCKY U**

The Florence Creek and Lucky U tenements are located adjacent to each and cover a reduced 281km<sup>2</sup> northeast of Alice Springs. The company also has 3 pending exploration licence applications covering 41km<sup>2</sup> at Lucky U. The original tenements were picked up as part of the Aluminex acquisition in December 2009 (see Fig. 11). Under the pre-existing agreement, Iron Mountain can earn 50% of Florence and 30% of Lucky U but should the proposed Heads of Agreement with United Orogen be approved, Iron Mountain will move to 100% of both.

Following the lack of anomalous results obtained from the stream sediment sampling program in 2010, the project area was reviewed in an attempt to identify the most prospective areas for the presence of gabbroic intrusions that have been known to be associated with copper and cobalt mineralisation 30km to the south. The northwest area of the Florence Creek tenement also remains to be explored. No field work was undertaken at Florence Creek and Lucky U during the March 2011 quarter.

## TREASURE JV

The Treasure Prospect is comprised of EL25346 covering 101km<sup>2</sup> and originally picked up as part of the Aluminex acquisition in December 2009 (see Fig. 8). Under the pre-existing agreement, United Orogen and Iron Mountain held 70% and 30% respectively. The project 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).

Under the pre-existing agreement, Iron Mountain was being diluted to 6% but should the proposed Heads of Agreement with United Orogen be approved, Iron Mountain could move 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.

The proposed ground EM survey planned by Mithril for the March 2011 quarter was unavoidably delayed due to rain. The EM survey is targeting a discrete gravity anomaly down plunge of nickel-copper sulphide mineralisation intersected by previous drilling at the Baldrick Prospect (see Fig.6). EM surveys are able to identify anomalous conductivity that may relate to sub-surface accumulations of nickel-copper sulphide mineralisation. Any delineated anomalous conductors will be drill tested. A 75 km<sup>2</sup> VTEM survey is also planned to test for further nickel-copper sulphide mineralisation on the tenement and is expected to commence in late April.

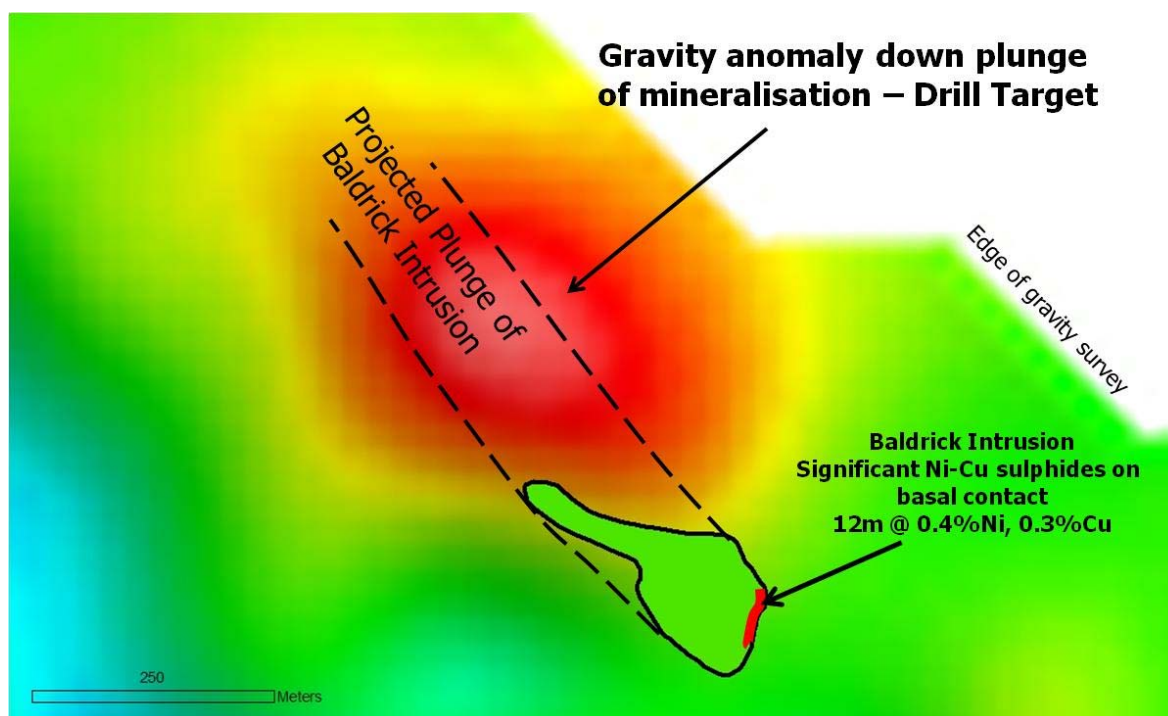


Figure 6 - Gravity image showing discrete target for Ni-Cu sulphides down plunge from the Baldrick mineralised intrusion.

## MT ELVIRE PROJECT

Exploration Licence 47/1823 was granted on 15 March 2011. Plans for the preliminary assessment of the project area are expected to commence shortly with the aim of identifying the most appropriate exploration methods to evaluate the potential of the tenement. The Mt Elvire Project is comprised of a single exploration licence application 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.

## HMS PROJECT

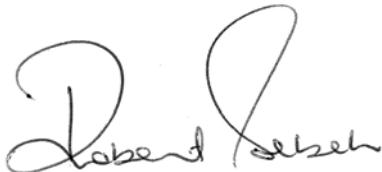
The HMS Project is comprised of 5 new exploration licences that were granted in October 2010 and cover over 624km<sup>2</sup> covering 6 known heavy mineral sand (HMS) deposits within the Murray Basin in Western Victoria. The Murray Basin covers North Western Victoria, South Western New South Wales and 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 HMS mine south of Horsham and a Mineral Separation Plant in Hamilton, Western Victoria.

The company is in the process of acquiring all available historical exploration data pertaining to all previously identified HMS deposits currently contained within granted Victorian Exploration Licences 5303-5307. Once a concise database has been compiled, validation of the information package will be undertaken in conjunction with the evaluation of open file drilling data that is currently being digitised by the Department of Primary Industries. The validated database will then be used to assess the exploration and development potential of the HMS Project tenements by hopefully allowing the identification of strandline and sheeted HMS targets.

## 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 tenements cover the Koree Limestone quarry which contains a deposit of lightly metamorphosed limestone determined to be suitable for the production of a marble dimension stone product with waste to be crushed for agricultural lime.

During the March 2011 quarter, the company commenced discussions with a potential buyer and is currently assisting with due diligence and regulatory requirements as part of the assessment process.



Robert Sebek  
Managing Director

29 April 2011

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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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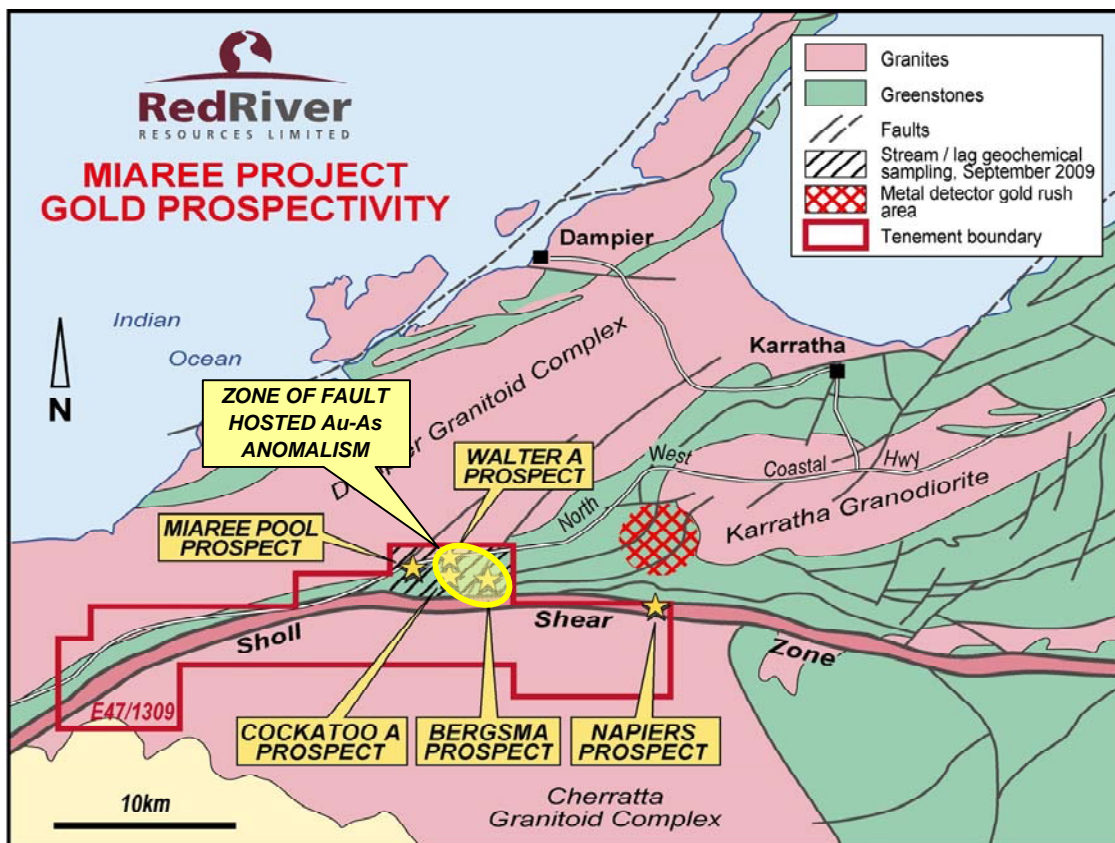


Figure 7 – Miaree Gold Project showing locations of fault related surface gold anomalism.

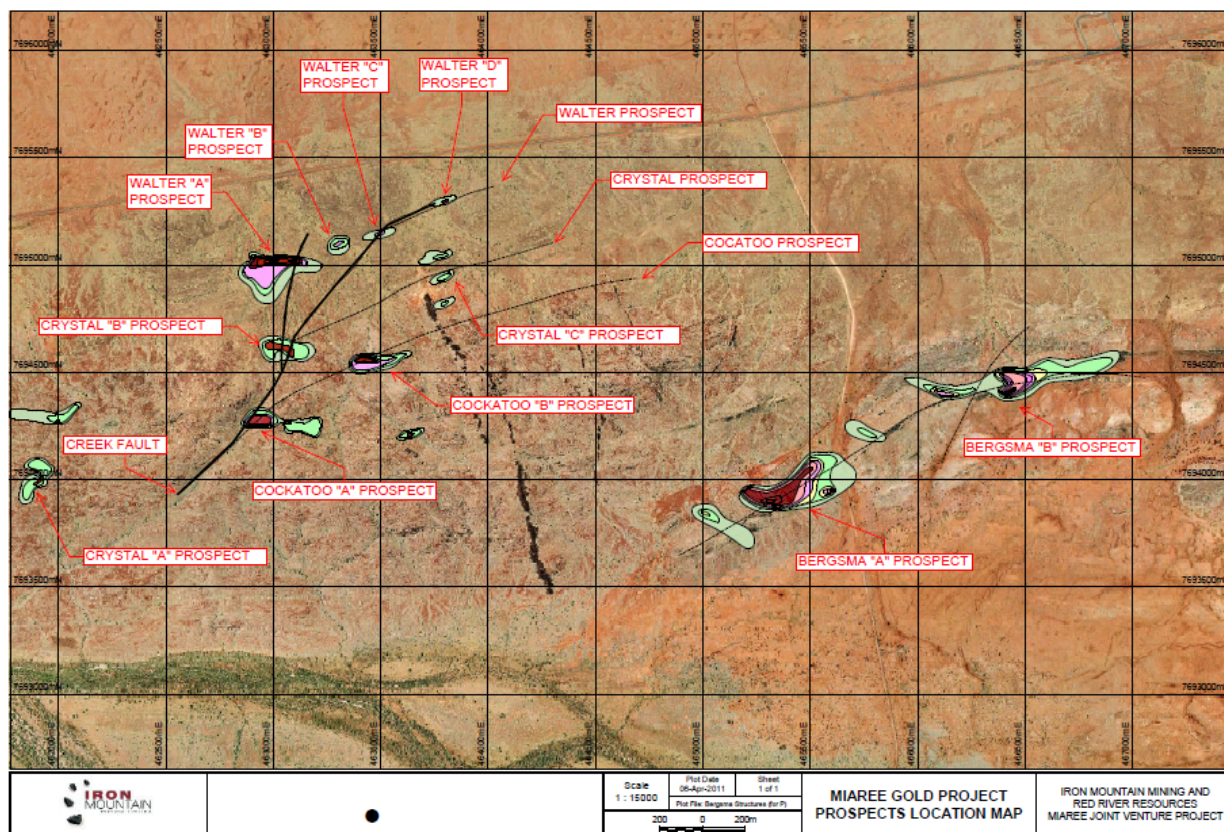


Figure 8 – Miaree Gold Project showing locations of Creek Fault and associated geochemical anomalism

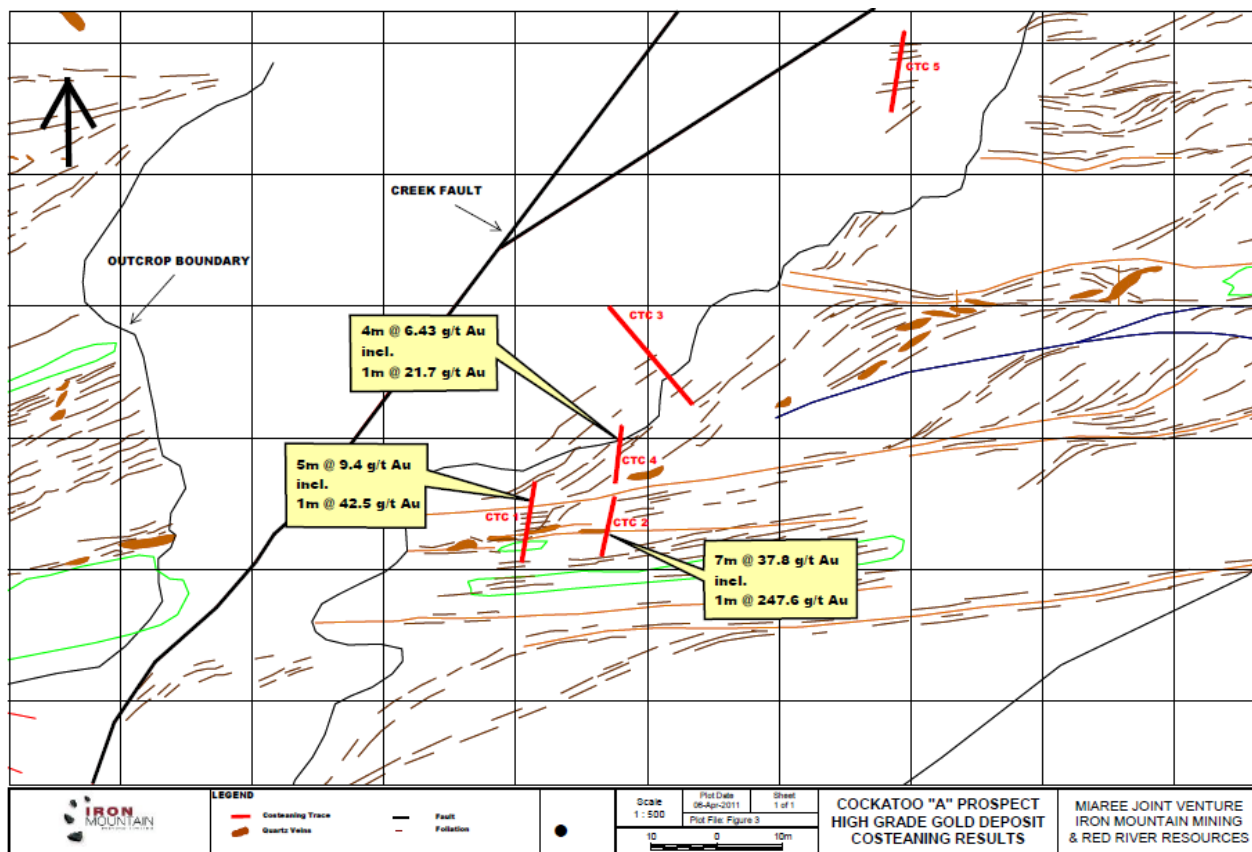


Figure 9 – Position of costeans CTC 1-2 and 4 with respective high grade intervals

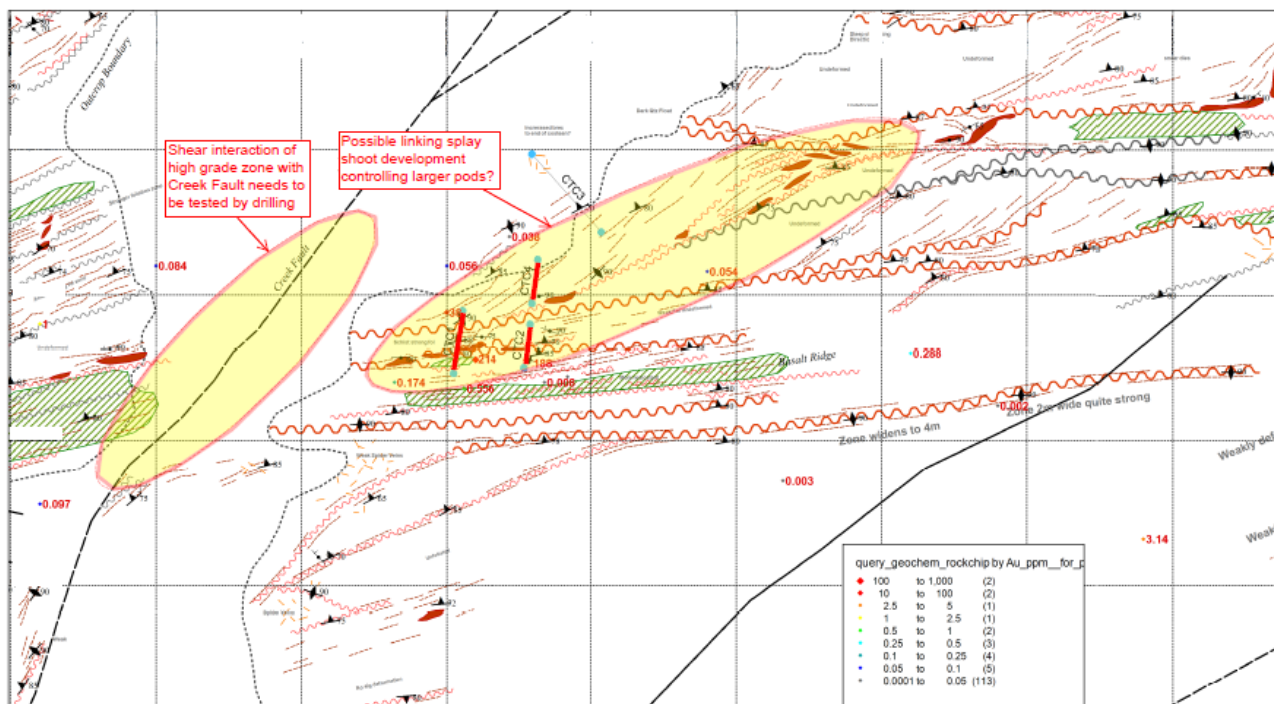


Figure 10 – Creek Fault and possible linking splay drilling targets (Solid Geology Pty Ltd)

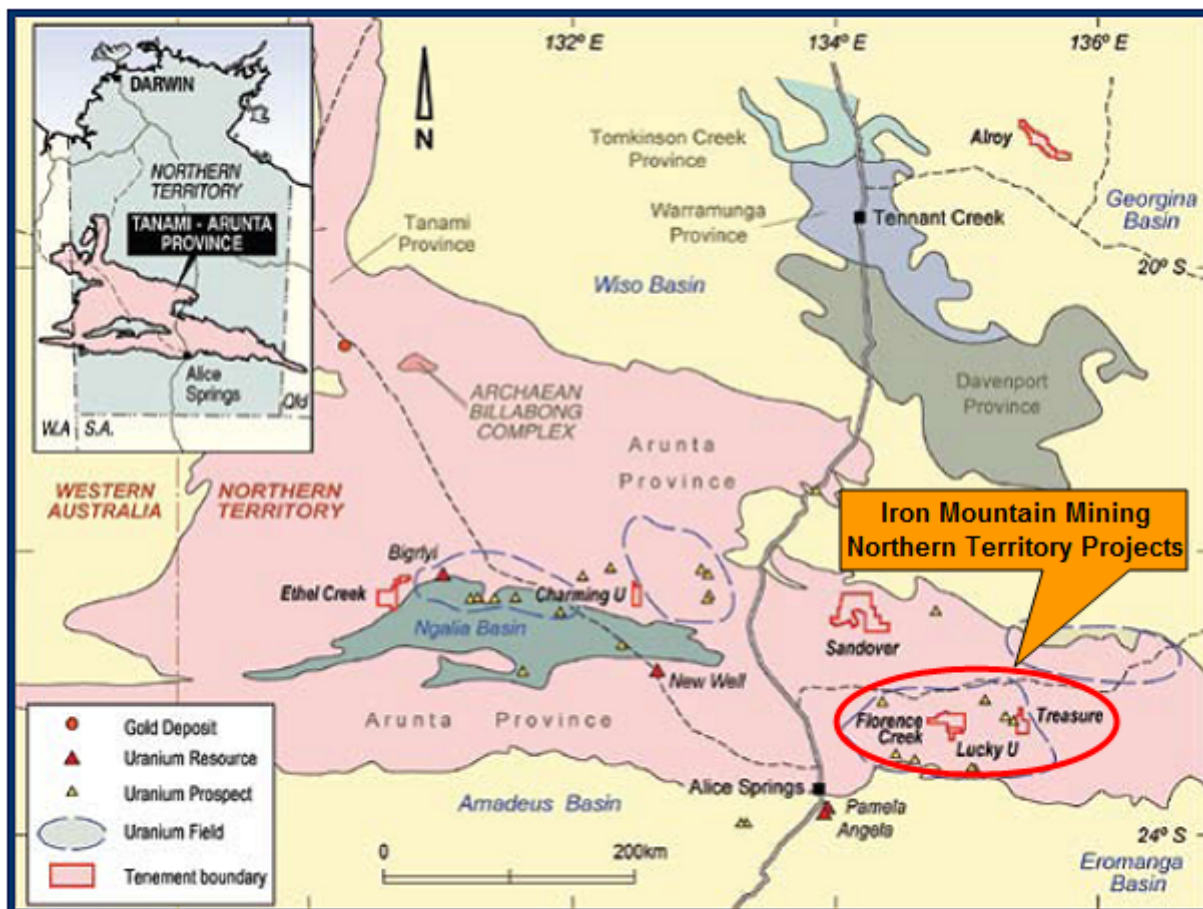


Figure 11 –Northern Territory Project locations (from Aluminex Resources Ltd)

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

IRON MOUNTAIN MINING LIMITED

ABN

62 112 914 459

Quarter ended ("current quarter")

31 March 2011

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(145)	(703)
(b) development	-	-
(c) production	-	-
(d) administration	(259)	(981)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	78	213
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material):		
- Rental Income	5	12
- Net GST Collected/Paid	(10)	(7)
- Option Fee Income	25	6,025
<b>Net Operating Cash Flows</b>	<b>(306)</b>	<b>4,559</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	(109)
(c) other fixed assets	(7)	(40)
(d) security deposits	-	(6)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	2
(d) security deposits	6	6
1.10 Loans to other entities (Subsidiary: Aluminex – Wandoo Bauxite Project)	(12)	(23)
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material):		
- Orange Hills IPO Expenses	(267)	(267)
<b>Net investing cash flows</b>	<b>(280)</b>	<b>(437)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(586)</b>	<b>4,122</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(586)	4,122
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(586)	4,122
1.20	Cash at beginning of quarter/year to date	6,122	1,414
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	5,536	5,536

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	109
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.23 Directors Fees paid to Directors

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	NIL	NIL
3.2 Credit standby arrangements	NIL	NIL

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	300
4.2 Development	NIL
4.3 Production	NIL
4.4 Administration	200
<b>Total</b>	<b>500</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	100	124
5.2 Deposits at call	5,436	5,998
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>5,536</b>	<b>6,122</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	E74/312	Surrendered 01/03/2011	100%	0%
	EL6/2005 EL15/2006 EL35/2006 EL18/2007 EL53/2007 EL25/2009	Forward Mining Limited purchased an option to acquire the Blythe Project tenements from RVR and IRM during the quarter.	50%	50%
6.2 Interests in mining tenements acquired or increased	E47/1823	Granted 15/03/2011	0%	100%

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference securities</b> <i>(description)</i>	NIL			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	NIL			
7.3	<b>+Ordinary securities</b>	122,086,881	122,086,881		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	NIL NIL	NIL NIL		
7.5	<b>+Convertible debt securities</b> <i>(description)</i>	NIL			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	NIL			
7.7	<b>Options</b> <i>(description and conversion factor)</i>	40,186,250	40,186,250	<i>Exercise price</i> 20 cents each	<i>Expiry date</i> 01/02/2012
7.8	Issued during quarter	NIL			
7.9	Exercised during quarter	NIL			
7.10	Expired during quarter	NIL			
7.11	<b>Debentures</b> <i>(totals only)</i>	NIL			
7.12	<b>Unsecured notes</b> <i>(totals only)</i>	NIL			

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX \(see note 5\)](#).
- 2 This statement does /does not\* [\(delete one\)](#) give a true and fair view of the matters disclosed.



Sign here:

(Company secretary)

Date: 29 April 2011

Print name: MARK KILLMIER

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** [ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic \(if any\) must be complied with.](#)

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+ See chapter 19 for defined terms.