ASX Announcement
17 December 2013

About Legacy Iron Ore

Legacy Iron Ore Limited ("Legacy Iron" or the "Company") is a Western Australian based Company, focused on iron ore development and mineral discovery.

Legacy Iron's mission is to increase shareholder wealth through capital growth, created via the discovery, development and operation of profitable mining assets.

The Company was listed on the Australian Securities Exchange on 8 July 2008. Since then, Legacy Iron has had a number of iron ore, manganese and gold discoveries which are now undergoing drilling and resource definition.

Board

Narendra Kumar Nanda, Non-Executive Chairman
Sharon Heng, Executive Director & Managing Director
Swaminathan Thiagarajan, Non- Executive Director
Subimal Bose, Non-Executive Director
Timothy Turner, Non-Executive Director
Ben Donovan, Company Secretary

Key Projects

Mt Bevan Iron Ore Project
Hamersley Iron Ore Project
Robertson Range Iron Ore and Manganese Project
South Laverton Gold Project
East Kimberley Gold, Base Metals and REE Project

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ASX Market Announcements
ASX Limited

Via E Lodgement

SIGNIFICIANT RESOURCE UPGRADE AT MT BEVAN IRON ORE PROJECT

- **Significant upgrade to 2km portion of Western BIF resource.**
- **Maiden JORC compliant Indicated Resource of 322Mt at a grade of 34.7% Fe with high mass recovery of 44.2% for 2km section.**
- **Remaining 8 km Western BIF section to undergo additional upgrades.**
- **Increased confidence in geological continuity of resource and grade for area identified as preferred site for initial mining activities.**
- **DSO exploration work to commence under the Phase 4 exploration programme at Mt Bevan.**

Legacy Iron Ore Limited (**Legacy Iron**) is pleased to provide a significant resource upgrade for the Mt Bevan Iron Ore Project following the incorporation of the completed Phase 3 resource definition drilling programme.

The resource upgrade is for a 2km section of the 10km strike length of the Western BIF section of the Mt Bevan project.

Following completion of the phase 3 drilling, modelling has now resulted in an upgrade of the inferred resource for the 2km section to **an Indicated resource of 322Mt at a grade of 34.7% Fe with high mass recovery of 44.2%** which suggests the ore is more amenable to simple magnetic separation.

Legacy Iron Managing Director Sharon Heng said: "The upgrade to a JORC Indicated Resource is a welcome development and a key milestone in support of a future development at Mt Bevan, especially considering that the upgraded resource comes from merely a 2km section of the Western BIF. There remains an additional 8km of known strike where, based on these results, we are confident of achieving a similar conversion following additional drilling."

"The establishment of a significant Indicated Resource at Mt Bevan will enable Legacy to proceed with greater confidence in project development studies and reinforces the scale and potential long life of this project," Ms Heng said.

"With the Phase 4 exploration program currently underway, which includes further work to define DSO iron drill targets, we are pleased to be taking good momentum into 2014 after a challenging year."

Legacy Iron is also pleased to report further constructive progress with Hawthorn Resources Ltd (**Hawthorn**), its 40% Joint Venture Partner at Mt Bevan. Legacy Iron recently made a cash call of Hawthorn in relation to the first stage of the Phase 4 exploration program and has received that contribution.

Mt Bevan is a 60:40 joint venture between Legacy Iron and Hawthorn with Legacy Iron acting as Joint Venture Manager.

Earlier drilling at Mt Bevan allowed the definition of a JORC compliant Inferred Resource **of 2.26 billion tonnes of magnetite mineralisation grading 27.6% Fe (15% Fe cut-off), or 1.59 billion tonnes of magnetite mineralisation grading 30.2% Fe (25% cut-off)*.**The resource extends over a 10 kilometre strike length of the Western BIF target at Mt Bevan.

The Phase 3 drilling targeted a central 2 kilometre strike length of this 10 kilometre long magnetite resource, identified as the preferred site of initial mining. This infill drilling was located between previous drill lines 3 to 5. A cross section for drill line 3 is shown in Figure 1 below which highlights the thickness of the magnetite mineralisation, typically exceeding 100m, and the shallow dip to the east.

**2102 Inferred Resource Study. The information is extracted from the report entitled 'Update to Mt Bevan Mineral Resource Estimate, created on 7 February 2012 and available to view on website www.legacyiron.com.au. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Persons findings are presented here have not been materially modified from the original market announcement.*

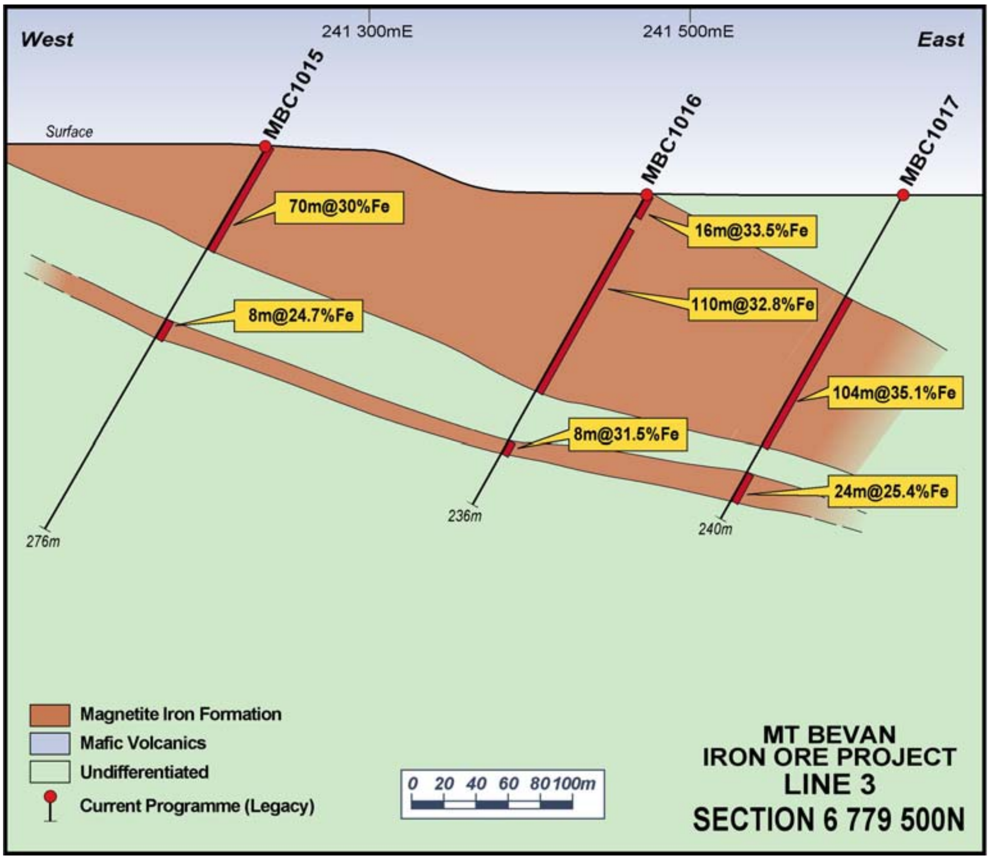

Figure 1 Drilling Cross Section - Lines 3

SRK Consulting has now completed modelling and a revised Mineral Resource Estimate based on the results of the Phase 3 infill drilling. The maiden Indicated Mineral Resource, which is reported in compliance with the JORC Code 2012, has been calculated by SRK as: **322 Mt @ 34.7 % with a high mass recovery of 44.2%**.

The Company is encouraged to see that the mass recovery of the Indicated Resource is high at 44.2% reflecting the high pure magnetite component of the host BIF unit.

This JORC Indicated Resource provides an increase in confidence in the geological continuity and grade of a substantial part of the Western BIF magnetite body.

The following table sets out the updated resource:

Mt Bevan Fresh BIF Resource											
Class	**Material**	**Tonnes x 10^6**	**Fe %**	**SiO_2 %**	**Al_2O_3 %**	**CaO %**	**P %**	**S %**	**LOI %**	**MgO %**	**Mn %**
Indicated	*In situ* Total	322	34.7	46.2	0.57	1.35	0.054	0.131	-1.05	1.91	0.31
	In situ Magnetic*	44.18%	30.0	2.4	0.01	0.08	0.005	0.053	-1.38	0.05	0.01
	Concentrate	142	68.0	5.5	0.02	0.18	0.012	0.130	-3.12	0.12	0.03
Inferred	*In situ* Total	847	35.0	45.6	0.77	2.00	0.063	0.39	-1.15	1.77	0.04
	In situ Magnetic*	45.70%	30.8	2.8	0.01	0.06	0.004	0.042	-1.37	0.03	0.01
	Concentrate	387	67.5	5.9	0.03	0.14	0.009	0.096	-3.00	0.06	0.02
Total	*In situ* Total	1,170	34.9	45.8	0.71	1.82	0.060	0.137	-1.12	1.81	0.11
	In situ Magnetic*	45.28%	30.6	2.7	0.01	0.07	0.004	0.045	-1.37	0.03	0.01
	Concentrate	530	67.7	5.80	0.03	0.15	0.010	0.105	-3.03	0.07	0.02

*In situ Magnetic is the material that is expected to report to the magnetic fraction. The in situ Magnetic quantities in the Tonnes column are expressed as the percentage of the in situ Total tonnes (as estimated from Davis Tube Mass recovery).

For the reporting of resources, a block cut-off grade has not been applied to the model by SRK. This is because the minimum Fe and MagFe block grades for fresh BIF are relatively high (19% and 16% respectively), and therefore potentially economic.

This JORC Indicated resource is calculated for only a 2km strike of the 10km strike mineralisation. The company considers that given the excellent geological continuity of the drilled mineralisation over a 10km strike, that there is no reason to suppose that similar tonnage and grade would not be obtained in infill drilling over the remaining 8km of strike.

The full Project Memorandum for this Mineral Resource Estimate including JORC 2012 Table 1 is included as Appendix 1 below. Appendices 2 and 3 accompany the JORC 2012 Table 1.

Yours Faithfully,

Sharon Heng

Managing Director

The information in this statement that relates to the Mineral Resource Estimate is based on work done by Rod Brown of SRK Consulting (Australasia) Pty Ltd and Steve Shelton of Legacy Iron Ore Limited. Steve Shelton takes responsibility for the integrity of the Exploration Results including sampling, assaying, and QA/QC. Rod Brown takes responsibility for the Mineral Resource Estimate. Rod Brown is employed by SRK Consulting (Australasia) Pty Ltd, and Steve Shelton is a full time employee of Legacy Iron Ore Limited. Rod Brown is a Member of The Australasian Institute of Mining and Metallurgy and Steve Shelton is a Member of the Australian Institute of Geoscientists, and have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity they are undertaking, to *qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. The Competent Persons consent to the inclusion of such information in this report in the form and context in which it appears.*

APPENDIX 1

PROJECT MEMORANDUM – SRK CONSULTING

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Project Memo

Client:	Legacy Iron Ore Limited	**Date:**	17 December 2013
Attention:	Mr Steve Shelton	**From:**	Rod Brown
Project No:	LEG008	**Revision No:**	1
Project Name:	Mt Bevan MRE Update		
Subject:	Mt Bevan Magnetite Deposit Mineral Resource Statement - December 2013		

SRK Consulting (SRK) has prepared a resource model and Mineral Resource Estimate (MRE) for the Mt Bevan Magnetite deposit, using exploration data provided by Legacy Iron Ore Limited (Legacy).

The Mt Bevan deposit is located in the Yilgarn region of Western Australia, approximately 100 km west of Leonora. The deposit is hosted within the Mt Ida Greenstone Belt, and the magnetite mineralisation occurs in folded banded iron formation (BIF) units that are interlayered with metamorphosed mafics. The BIFs form a prominent scarp along the western edge of the deposit, and dip shallowly to the east.

The defined mineralisation extends for over 10 km along strike, with a down-dip length exceeding 500 m. Resources have been defined in three shallow-dipping and sub-parallel BIF units, separated by thin mafic units. The combined thickness of the BIF unit is approximately 100 m, and the deepest intersection is approximately 300 m below the surface.

The MRE was prepared from the database provided by Legacy on 29 October 2013. The geological model was interpreted using geophysical data, geology logging data, whole rock assay data, and Davis Tube recovery (DTR) and concentrate data. The resource model grades were estimated using DTR and head grade data. The resource estimates were classified in accordance with the 2012 edition of The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012).

A summary of the resource estimation activities, and JORC Code, 2012 Edition – Table 1, is presented here as Table 1.

Table 1: Mt Bevan Magnetite Resource Statement

Mt Bevan Fresh BIF Resource											
Class	**Material**	**Tonnes x 10^6**	**Fe %**	**SiO_2 %**	**Al_2O_3 %**	**CaO %**	**P %**	**S %**	**LOI %**	**MgO %**	**Mn %**
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Total	*In situ* Total	1,170	34.9	45.8	0.71	1.82	0.060	0.137	-1.12	1.81	0.11
	In situ Magnetic*	45.28%	30.6	2.7	0.01	0.07	0.004	0.045	-1.37	0.03	0.01
	Concentrate	530	67.7	5.80	0.03	0.15	0.010	0.105	-3.03	0.07	0.02

**In situ* Magnetic is the material that is expected to report to the magnetic fraction. The in situ Magnetic quantities in the Tonnes column are expressed as the percentage of the in situ Total tonnes (as estimated from Davis Tube Mass recovery).

Notes

The resource estimates were derived from a single block model that covered the identified extents of the Mt Bevan deposit, and was prepared using the resource delineation drill data provided by Legacy.

The exploration database contains a total of 67 RC holes and 10 diamond core holes, comprising a total of 16,505 and 1,758 drill metres respectively. The drilling was conducted on east-west section lines, with a nominal hole spacing of 150 m along each section line. The section spacing is nominally 200 m in the central part of the deposit, which covers a strike extent of approximately 2.3 km, and nominally 800 m in the southern and northern extensions, which have strike extents of approximately 4 km and 3 km respectively.

RC samples were collected over 1 m intervals and field composited to 2 m. Core was nominally sampled on 2 m intervals, but terminated at lithological contacts. The database contains major oxide head grade analyses for 4,360 samples, 1524 Davis Tube test results for 1,524 samples. The majority of the head grade analyses were performed on 2 m composites, and the DTR tests on 4 m or 6 m composites. The quality assurance database contains data derived from twinned holes, field duplicates, laboratory duplicates, laboratory repeats, laboratory retests, CRMs, blanks, and independent laboratory tests. The laboratory testwork was performed by ALS, and AMDEL.

All survey data are reported using MGA-Zone 51 (GDA94 AHD). The topographic surface model was created using data acquired from Landsat imagery collected in August 2008 and January 2009. Drillhole collar locations were surveyed using DGPS. Downhole surveys were conducted on the majority of holes using gyroscopic equipment or multi-shot camera.

The geological model was prepared using a combination of geological logging data, magnetic susceptibility data, head grade assay data, and DTR data. A total of three BIF units and two weathering boundaries were interpreted. The model was used to subset the assay data according to individual BIF units and weathering characteristics (domain). The data within each domain were composited to 4 m intervals; and statistical and variography studies were conducted.

A block model framework was created to represent the complete deposit volume. Model cells were assigned domain codes using the lithology and weathering wireframes. Cells located above the topographic surface were removed.

Grade estimation was undertaken using ordinary kriging. Cells within each domain were estimated using only the composites from that domain. A three-pass search strategy was implemented. Cells that did not receive an interpolated grade were assigned default grades equivalent to the composite grade averages for the domain. The results from the variography studies were used to assist with the selection of search and estimation parameters.

A new set of variables was calculated for each composite to facilitate the inclusion of concentrate grades into the model. These variables represent the *in situ* grade of the material that is expected to report to the magnetic fraction. They are calculated from the mass recovery and concentrate grade data (for example, MAGFE = MASSREC x ConcFe). In Table 1 above, these variables are termed "*in situ Magnetic*". The following constituent grades were estimated for each model cell:

MASSREC, MAGFE, MAGSIO2, MAGAL2O3, MAGCAO, MAGMGO, MAGMNO, MAGP, MAGS, MAGLOI, FE, SIO2, AL2O3, CAO, MGO, MNO, P, S, and LOI.

The *in situ* magnetic grades and the mass recovery were then used to back-calculate the concentrate grades for each model cell (CFE, CSIO2, CAL2O3, CCAO, CMGO, CMNO, CP, CS, CLOI).

The density dataset contains a total of 70 results derived from water displacement tests conducted on core samples. The sample coverage is quite limited and only deemed applicable to the fresh BIF. A default density of 3.5 t/m^3 was applied to fresh BIF blocks. This is consistent with the average of the test results, as well as the values used for other deposits that exhibit similar mineralisation characteristics and Fe grade tenor.

Model validation included visual and statistical comparisons of the composite grades and model grades, an assessment of estimation performance results, and a check of estimated oxide totals.

Resource estimates have only been prepared for fresh BIF mineralisation. Data quantity, quality, and coverage, geological complexity, model validation results, and potential economic viability were taken into consideration when assigning classifications to the resource estimates. Extrapolation was limited to approximately 100 m along strike and 75 m along dip, which corresponds to about half of the nominal drill spacing.

For the reporting of resources, a block cut-off grade has not been applied to the model. This is because the minimum Fe and MagFe block grades for fresh BIF are relatively high (19% and 16% respectively), and therefore potentially economic.

The information in this statement that relates to the Mineral Resource Estimate is based on work done by Rod Brown of SRK Consulting (Australasia) Pty Ltd and Steve Shelton of Legacy Iron Ore Limited. Steve Shelton takes responsibility for the integrity of the Exploration Results including sampling, assaying, and QA/QC. Rod Brown takes responsibility for the Mineral Resource Estimate.

Rod Brown is a Member of The Australasian Institute of Mining and Metallurgy and Steve Shelton is a Member of the Australian Institute of Geoscientists, and have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity they are undertaking, to qualify as Competent Persons in terms of The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 edition).

The Competent Persons consent to the inclusion of such information in this report in the form and context in which it appears.

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	Commentary
Sampling techniques	Sampling was conducted in three exploration phases between February 2011 and June 2012. Similar data acquisition techniques were used for all three phases. The deposit was sampled using both reverse circulation (RC) and diamond core samples (DD). The RC samples were taken over 1 m intervals, with the material collected from a rig-mounted riffle splitter, or a standalone cone splitter. A smaller standalone splitter was used to prepare 2 m composites for head grade analyses, and 4 m or 6 m composites for DTR analyses. The sampling activities were monitored by Legacy geologists during drilling. Field duplicates were collected at a frequency of 1:15 to assist with the identification of sampling issues. The DD samples were collected over a nominal interval of 2 m, with the interval length adjusted such that the samples did not span lithological boundaries. For Phase 1 and Phase 2, the cores were halved using a core saw. For Phase 3, whole core samples were submitted for testing.
Drilling techniques	The RC samples were collected using either a 5.625" or 5.5" face sampling hammer. The diamond drilling was performed using either PQ3 or HQ3 coring equipment. The cores were oriented using Ezy-Mark™ equipment.
Drill sample recovery	A Legacy field geologist was present during drilling to monitor and address issues that may impact upon sample recovery. Each 1 m RC sample was weighed to provide an indicative measure of sample recovery, with the estimated recovery recorded on the geology logs. Triple tube coring equipment was used for the core sampling, and core recovery was measured and recorded on the geological logs. The major oxide grades were compared to the recovery estimates, and strong correlations were not evident. Some of the RC holes were twinned with diamond holes. No significant grade differences were identified, indicating that preferential material loss was unlikely to have occurred.
Logging	The RC samples were logged on 1 m intervals. Magnetic susceptibility readings were taken for each interval using a KT-10 magnetic susceptibility meter. Material scooped from each interval was wet sieved and geologically logged, with specimens retained in chip trays and photographed. All diamond cores were logged on site and photographed. Geological, mineralogical, and geotechnical data were collected. Magnetic susceptibility readings were taken on core every 30 cm throughout mineralised zones. Selected intervals were submitted for petrological and metallurgical testwork. The samples have been logged to a level of detail considered appropriate to support mineral resource estimation, mining, and metallurgical studies.
Sub-sampling techniques and sample preparation	The Phase 2 core samples were halved using a core saw. The Phase 3 core samples were not split prior to laboratory submission. The RC samples were initially split using a rig-mounted riffle splitter or a standalone cone splitter. Sample preparation involved conventional grinding and splitting procedures. The core and RC samples were crushed to 100% passing 3.35 mm. A rotary splitter was used to collect a 150 g split. Staged wet-sieving and pulverising was used to achieve a pulp with a p97 – 75um, with minimal over-grinding. The pulps were oven-dried and a rotary splitter was used to collect a 10 g aliquot for XRF and Satmagan testing, and a 20 g aliquot for DTR testing. Field duplicates, pulp duplicates and blanks were used to monitor the sample preparation activities. The sample grind and split sizes are considered to be appropriate for the tested material.
Quality of assay data and laboratory tests	All samples were assayed for the standard iron ore suite of 24 elements by fused bead XRF. The suite included Fe, SiO_2, Al_2O_3, CaO, MgO, Mn, P, S, and TiO_2. LOI was determined by thermogravimetric analysis. DTR tests were used to produce magnetic concentrates and estimate mass recovery. The concentrate grades were assayed using XRF, and included the same analytical suite as that used for the head grades. Quality control procedures included CRMs, blanks, field duplicates, pulp duplicates, pulp repeats, and independent laboratory checks. An assessment of the QA data indicated an acceptable level

Criteria	Commentary
	of precision, with no evidence of significant bias. The QA submission frequencies equalled or exceeded those commonly used in the industry.
Verification of sampling and assaying	The relatively uniform nature of the mineralisation means that the resource estimates are not significantly influenced by individual intersections. Several RC holes were twinned with diamond core holes. This was primarily implemented to assess for sampling bias, but the twinned pairs show good agreement for the positions and grade tenor of the BIF intersections. In addition, significant intersections were checked by alternative company personnel. Laboratory and survey data were provided electronically and entered into an *MS Access* database. Geology data were entered manually. The various data types were cross-validated using visual and statistical methods. All data are securely held in company head office with back up data held off-site. No assay data required adjustment.
Location of data points	The drillhole collar locations were surveyed by a professional contractor using differential GPS, with a nominal accuracy 0.05 m. Downhole dip measurements were taken during drilling to assist with deviation control. All holes were downhole surveyed after drilling using gyroscopic equipment (SPT 007042 and Target INS). The majority of readings were taken at 5 m intervals, with a stated accuracy of +/- 1 degree in azimuth and +/- 0.1 degree in inclination. The topographic data were provided as 10 m contours derived from Landsat imagery. Both the contour and the drill collar data were used to generate the topographic surface model. The 10 m contour dataset is relatively coarse, but the natural surface over the majority of the deposit is very flat, and the style of mineralisation means that the resource estimates will not be significantly affected by uncertainty in the topography.
Data spacing and distribution	The nominal drill spacing is 150 m along section. The section spacing is nominally 200 m for the central part of the deposit and between 600-1,000 m for the northern and southern extension zones. The majority of samples were collected over 2 m intervals. For resource estimation, the samples were composited to 4 m. Both geological and grade continuity are evident in the sample datasets to levels that are consistent with the guidelines for the resource classifications that have been applied to the estimates.
Orientation of data in relation to geological structure	The orientation of the mineralised zone is generally consistent over the extents of the deposit and the drillholes have been angled to intersect the zones at right angles. In places, the drill section lines are slightly offset to the dip direction, but this is accounted for in the estimation method. At the chosen sampling interval, the controls on mineralisation are generally parallel to the lode geometry, and the likelihood of biases due to incompatible lode to sample orientation is considered to be low.
Sample security	The RC drill samples were packed into sealed polyweave bags and delivered to BV Amdel, Kalgoorlie under the direct supervision of a Legacy geologist. Amdel then despatched the samples to its Perth laboratory. The diamond core trays were securely bound and transported by road to BV Amdel Perth using a local transport company. The laboratory checks the received samples against the despatch documents and issues a reconciliation report for each batch.
Audits or reviews	In 2012, SRK conducted a review of the sampling techniques and did not identify any significant issues. An assessment of the quality assurance data indicates that the estimation datasets are sufficiently reliable for the classifications that have been assigned.

Section 2 Reporting of Exploration Results

Criteria	Commentary
Mineral tenement and land tenure status	Exploration prospects are located wholly within the Mt Bevan Joint Venture Exploration Leases. Mt Bevan is a 60: 40 joint venture between Legacy Iron and Hawthorn Resources Limited. Legacy Iron is the project operator. There are currently no registered native title interests in the area of drilling. At the time of reporting, there are no known impediments to obtaining a licence to operate in the area, and the tenement is in good standing.
Exploration done by other parties	Initial exploration for iron mineralisation in the tenements was undertaken by joint venture partner Hawthorn Resources Ltd. This consisted principally of a ground magnetic survey and several phases of shallow RC drilling targeting hematitic iron ore.
Geology	The Mt Bevan magnetite mineralisation is a stratiform, syngenetic deposit hosted within BIF units of the northern part of the Archaean Mt Ida Greenstone Belt. The identified resource is located within the Western BIF which comprises three parallel individual BIF units extending along strike for some 11 km.
Drill hole Information	A tabulation of the drill hole information is presented in Appendix 2 of this announcement as both Significant Drilling Intersections and complete Drill Hole Survey data.
Data aggregation methods	The tabulated significant drill hole intersections shown in Table 1 of Appendix 2 use a 25% Fe lower cut off. Minor (up to 2m thick) intersections of grade lower than 25% Fe were included in the calculated widths and grades.
Relationship between mineralisation widths and intercept lengths	The tabulated data refers to down hole widths and not true widths. Most drill holes were drilled at a 60 degree angle so as to provide an intersection width as close as practicable to a true thickness on section. The drilling fences were some 20 – 30 degrees oblique to the strike of the mineralisation.
Diagrams	Refer to Appendix 3 for a plan of drill hole collar locations, and appropriate sectional views.
Balanced reporting	All results have been reported.
Other substantive exploration data	Surface geological mapping has been completed by company geologists. Preliminary metallurgical testwork has been completed.
Further work	Exploration for complementary DSO hematite mineralisation. Mapping and sampling of other BIF targets

Section 3 Estimation and Reporting of Mineral Resources

Criteria	Commentary
Database integrity	Laboratory and survey data were provided electronically and loaded into the database. Geology data were transferred from field data sheets and manually entered into an *MS Access* database. Validation included visual and statistical checks. Legacy geologists performed independent checking to assist with data verification. As part of the resource estimation study, the datasets for head grade analyses, DTR analyses, geological logging, and magnetic susceptibility were compared, and any inconsistencies were checked against the original data sources.
Site visits	Rod Brown (SRK) conducted a site visit in May 2012 to examine the geology and to inspect the Phase 3 exploration activities. No significant issues with the data collection procedures were observed. The mineralisation characteristics observed in outcrop and core were consistent with those evident in the datasets.
Geological interpretation	The geological interpretation derived from the drill data is consistent with field observations, and the generally accepted understanding of the regional geology. The interpretation is based on a combination of geological logging, geophysical, and geochemical data, and there does not appear to be significant inconsistencies between these datasets. The upper and lower limits of the mineralised package appear to be well defined. There is some uncertainty associated with the position of individual BIF units within the zone. However, because the grades for the individual units are similar and the waste zones are relatively thin, alternative interpretations are unlikely to result in significant changes to the regional grade and tonnage

Criteria	Commentary
	estimates.
Dimensions	The mineralisation is hosted in three sub-parallel BIF units, which exhibit a NNW strike and dip shallowly to the east. The three units have been intersected in most drillholes. They have an identified strike length of approximately 8.5 km, a down-dip length of approximately 500 m, and a combined thickness of approximately 100 m. The deepest mineralisation in the defined resource is approximately 300 m below the surface.
Estimation and modelling techniques	The resource estimates have been prepared using conventional block modelling and distance weighted estimation techniques. A single model was prepared to represent the defined extents of the mineralisation. The modelling study was performed using *Datamine Studio 3*®, *Leapfrog*®, and *Supervisor*®. Iron is deemed to be the only constituent of economic importance and no by-products are expected. Separate hard-boundary estimation domains were defined for BIF, mafic, oxide, transition, and fresh material. A combination of grade, magnetic susceptibility, and geological logging data was used for domain interpretation. A parent cell size of 50 x 50 x 4 m (XYZ) was used. This is relatively small for the regions drilled on the wider section spacings. However, no cut-off grades have been used for reporting the estimates, and this material has been classified as Inferred. Sub-cells were used to enable the accurate reproduction of the domain volumes. The major oxide grades, the mass recovery, and the in situ grades of the material that is expected to report to the magnetic fraction, were estimated for each parent cell using ordinary kriging. Based on statistical analyses, grade capping was not considered to be necessary. A single set of search and variographic parameters were used for all constituents. The search ellipsoids were oriented parallel to the general orientation of the BIF units. Quantitative Kriging Neighbourhood Analysis (QKNA) was used to assist with the selection of search parameters. A 3-pass search strategy was applied. Model grades have been extrapolated 100 m beyond the southernmost and northernmost drill lines that intersect BIF. Down-dip extension has been limited to 75 m (half drill spacing) beyond the easternmost drillhole on each drill line. Up-dip extension is effectively controlled by the top of fresh rock weathering surface or the topographic surface. The majority of holes penetrate the footwall of the mineralised package. Concentrate grades were back-calculated from the mass recovery and the *in situ* magnetic fraction grades. Validation included visual checking of the estimated grades with the composite grades, local and global statistical comparisons of the sample and model grades, an assessment of the estimation performance measures, and checking of oxide totals and grade ratios.
Moisture	The resource estimates are expressed on a dry tonnage basis, and *in situ* moisture content has not been estimated. A description of density data is presented below.
Cut-off parameters	To date, there are no process study data that can be used to assess the economic viability of the Mt Bevan material. Therefore, cut-off parameters used elsewhere in the industry for studies on other deposits that exhibit a similar style of mineralisation were considered for Mt Bevan. The resource is confined to material in the fresh BIF domains. Within the fresh BIF, the grades that are commonly used for resource reporting (total Fe, magnetic Fe (MagFe), mass recovery, and Fe concentrate) are relatively uniform. The application of a total Fe cut-off of up to 25%, or a MagFe cut-off of up to 20%, has negligible effect on the resource quantities. For these reasons, it was not considered necessary to apply a cut-off grade for resource reporting.
Mining factors or assumptions	A mining study has not yet been completed for Mt Bevan. However, mining is expected to be a conventional open-pit truck and shovel operation. Some of the BIF units outcrop along a scarp on the western edge of the deposit. To the east, the topography is very flat, and the mineralised zone is relatively thick and shallowly dipping. An arbitrary limit of 300 m below the surface has been applied to the resource. This largely corresponds to the base of the drilling.
Metallurgical factors or assumptions	The expectation that a marketable Fe concentrate can be derived from the resource is based on the results of approximately 1,600 Davis Tube tests performed on 4-6 m composites collected from all drillholes that intersected BIF. The results indicate that high mass recoveries are possible, with the concentrates reporting high Fe and low contaminant grades. These results indicate that it should be possible to produce a high quality magnetite product.

Criteria	Commentary
Environmental factors or assumptions	There is currently no reason to consider that normal waste and process residual disposal options could not be implemented at the project area. The BIF ridges are potentially environmentally sensitive, but to date, no endangered flora or fauna species have been identified. The very large surrounding mulga and granite wash plain areas – the principal sites of potential disturbance and waste options, are not viewed as environmentally sensitive.
Bulk density	Dry *in situ* bulk density (DIBD) data were acquired from water immersion tests performed on 70 core samples. The data coverage is quite limited, and only deemed suitable for regional and global estimates for the fresh BIF. A default DIBD of 3.5 t/m^3 was used for all fresh BIF. This is consistent with the average value of the test results, as well as with values used for other deposits that exhibit similar mineralisation characteristics and Fe grade tenor. Resources have not been defined in the mafic or weathered zones.
Classification	The resource classifications have been applied based on a consideration of the confidence in the geological interpretation, the quality and quantity of the input data, the confidence in the estimation technique, and the likely economic viability of the material. The main BIF zones can be traced over the extents of the deposit. They are relatively consistent in terms of thickness and orientation, with little evidence of folding or faulting that could otherwise result in uncertainly with the boundary location and lode volume. The data spacing and quantity is considered adequate for the delineation of Indicated resources in the central part of the deposit, and for Inferred resources in the northern and southern extensions. Based on an assessment of the quality assurance data, the input data are considered to be sufficiently reliable for these classifications. The model validation checks show a good match between the input data and estimated grades, indicating that the estimation procedures have performed as intended. The confidence in the estimates is consistent with the classifications that have been applied.
Audits or reviews	An independent review or audit of these resource estimates has not been performed.
Discussion of relative accuracy/ confidence	The resource estimates have been prepared and classified in accordance with the guidelines that accompany The JORC Code (2012), and no attempts have been made to further quantify the uncertainty in the estimates. The uncertainty in the estimates is predominantly related to boundary location and confidence in the local grade estimates. Infill drilling would be required to address these issues and enable Inferred to be upgraded to Indicated and Indicated upgraded to Measured. The domain boundaries honour the drillhole intercepts, but a trend surface has been fitted between holes. Variogram definition is considered adequate for the classifications applied but is relatively poor in all directions other than along strike due to a lack of sample pairs. Both boundary interpretation and variography would be improved by additional data. The resource quantities should be considered as global estimates only. Mining has not occurred in the project area, and there are no production data that can be used to assess the veracity of the resource estimates.

Section 4 Estimation and Reporting of Ore Reserves

Reserves for Mt Bevan have not been defined.

Yours faithfully

SRK Consulting (Australasia) Pty Ltd

Signed by: **Signed by:**

Rod Brown **Robin Simpson**

Principal Consultant Principal Consultant

APPENDIX 2

PHASE 3 DRILL PROGRAM – SIGNIFICANT DRILLING INTERSECTIONS

RC DRILLING

Hole ID	From Meters	To Meters	Interval Meters	Fe % (25 % lower cut)
MBC1043	21	115	94	36.73
MBC1043	123	131	8	31.21
MBC1043	199	207	8	27.31
MBC1044	87	93	6	37.17
MBC1045	135	141	6	31.88
MBC1047	69	80	11	35.65
MBC1048	43	151	108	35.42
MBC1049	19	137	118	34.89
MBC1052	72	80	8	33.26
MBC1052	90	130	40	38.77
MBC1052	134	224	90	32.95
MBC1053	68	74	6	34.96
MBC1053	88	152	64	37.50
MBC1054	0	16	16	39.43
MBC1054	20	24	4	30.77
MBC1054	28	100	72	34.61
MBC1054	108	114	6	34.60
MBC1055	62	68	6	35.10
MBC1055	86	186	100	37.41
MBC1055	194	206	12	31.42
MBC1056	82	90	8	36.16
MBC1056	108	146	38	38.45
MBC1056	150	202	52	34.68
MBC1056	206	218	12	33.42
MBC1057	218	222	4	27.79
MBC1057	228	232	4	36.05
MBC1057	244	264	20	35.51
MBC1057	274	358	84	33.64
MBC1058	120	126	6	36.69
MBC1058	144	226	82	37.55
MBC1058	234	278	44	32.29
MBC1059	152	160	8	35.85
MBC1059	166	214	48	39.38

MBC1059	218	294	76	32.21
MBC1059	300	316	16	30.79
MBC1060R	250	258	8	37.39
MBC1060R	256	260	4	33.37
MBC1060R	258	284	26	37.94
MBC1060R	290	294	4	34.62
MBC1060R	308	312	4	31.58
MBC1060R	314	348	34	30.71
MBC1061	164	170	6	36.54
MBC1061	182	204	22	37.37
MBC1061	216	252	36	37.49
MBC1061	264	300	36	31.09
MBC1062	174	182	8	33.18
MBC1062	194	202	8	37.86
MBC1062	212	316	104	35.04
MBC1063	150	156	6	38.27
MBC1063	168	176	8	35.30
MBC1063	184	200	16	37.50
MBC1063	206	290	84	32.63
MBC1064	142	170	28	39.34
MBC1064	174	198	24	34.86
MBC1064	206	258	52	36.07
MBC1064	262	266	4	31.77
MBC1064	270	286	16	30.26
MBC1065	222	226	4	28.60
MBC1065	250	286	36	38.13
MBC1065	294	358	64	32.16
MBC1066	192	196	4	37.69
MBC1066	212	252	40	39.02
MBC1066	256	332	76	32.47
MBC1067	284	324	40	30.02
MBC1068	202	208	6	32.01
MBC1068	224	270	46	36.44
MBC1068	274	280	6	25.70
MBC1068	298	354	56	32.28
MBD1045	160	217.37	57.37	37.94
MBD1045	226	250	24	32.07
MBD1045	262	282	20	29.28
MBD1050	173	224.8	51.8	38.37
MBD1050	229	309	80	32.33
MBD1050	313	336.14	23.14	31.80

DIAMOND DRILLING

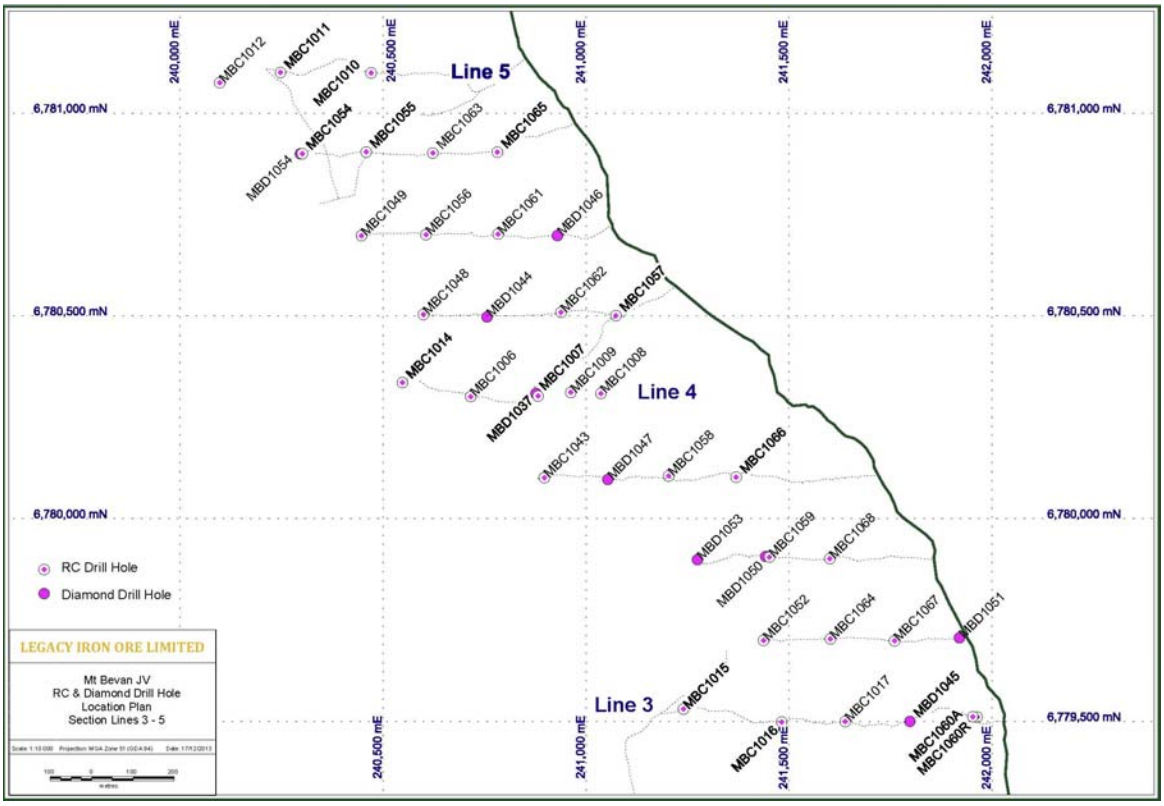
Hole ID	From Meters	To Meters	Interval Meters	Fe % (25 % lower cut)
MBD1044	114	221	107.00	35.36
MBD1046	243	252	9.00	32.60
MBD1046	265	302	37.00	39.37
MBD1046	311	353	42.00	33.92
MBD1046	362	392	30.00	31.34
MBD1047	80	179	99.00	36.71
MBD1047	184	197	13.00	30.56
MBD1051	270	316	46.00	37.94
MBD1051	320	328	8.00	35.87
MBD1051	337	380	43.00	34.34
MBD1051	384	388	4.00	29.86
MBD1054	26	99	73.00	35.02
MBD1054	103	111	8.00	31.69
MBD1037	77	217	140.00	37.06
MBD1053	152	215	63.00	32.56

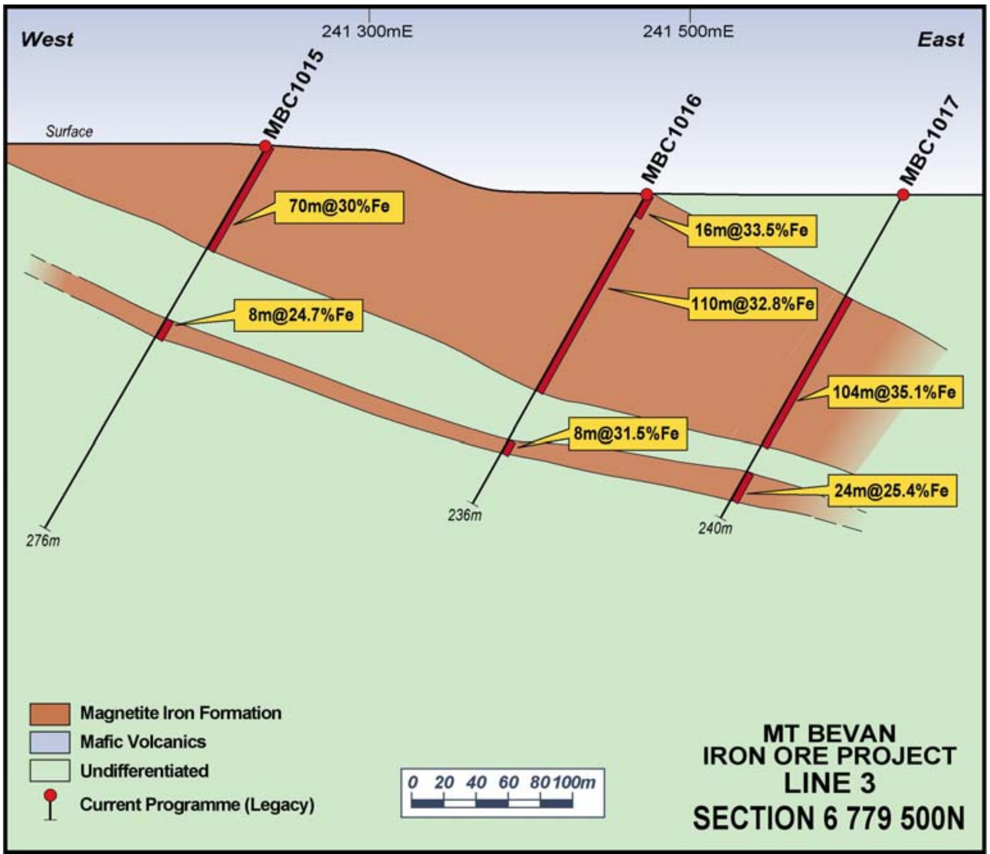
DRILL HOLE SURVEY DATA

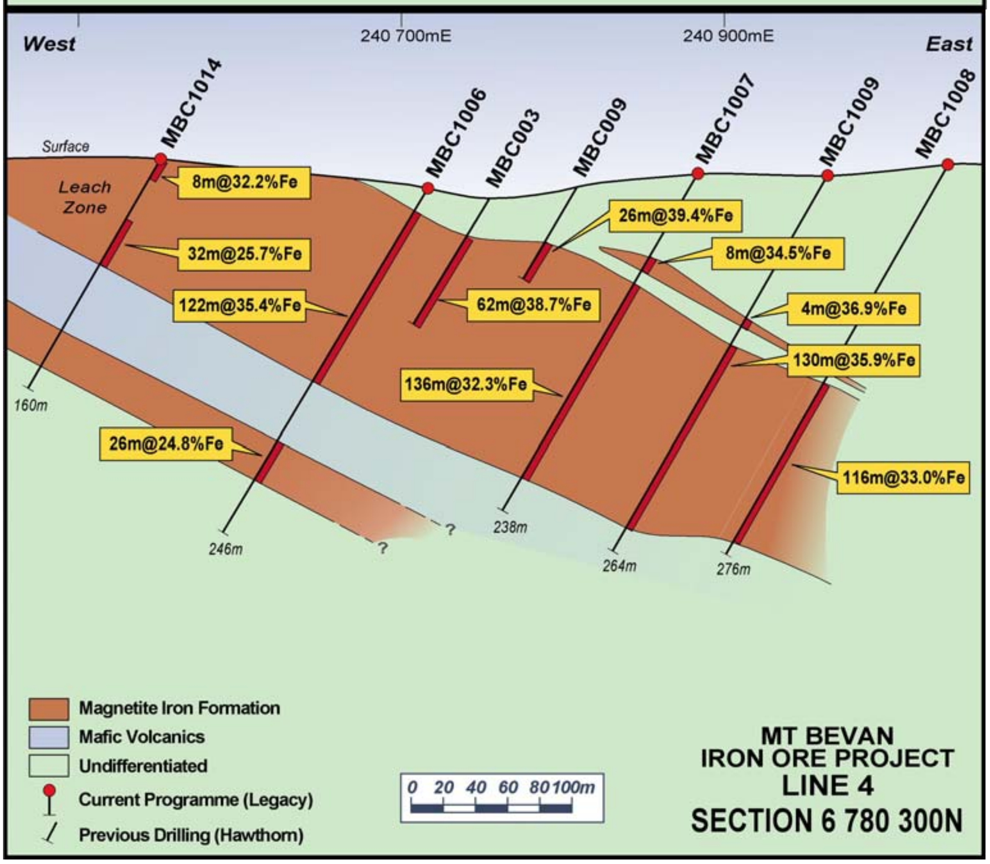
Hole_ID	Hole_Type	Line_No	Easting	Northing	Azimuth	Dip	RL	Depth_M
MBC1043	RC	3c	240897	6780101	270.0	-60.0	513.5	220.0
MBC1044	RC Precollar	4a	240757	6780497	270.0	-60.0	507.7	110.0
MBC1045	RC Precollar	3	241798	6779500	270.0	-60.0	496.1	160.0
MBC1047	RC Precollar	3c	241054	6780096	270.0	-60.0	505.6	80.0
MBC1048	RC	4a	240600	6780503	270.0	-60.0	514.5	180.0
MBC1049	RC	4b	240447	6780698	270.0	-60.0	511.8	180.0
MBC1052	RC	3a	241437	6779700	270.0	-60.0	500.0	240.0
MBC1053	RC - Diamond Tail	3b	241275	6779899	270.0	-60.0	500.6	152.0
MBC1054	RC	4c	240301	6780900	270.0	-60.0	516.1	138.0
MBC1055	RC	4c	240458	6780904	270.0	-60.0	508.4	240.0
MBC1056	RC	4b	240606	6780700	270.0	-60.0	507.4	240.0
MBC1057	RC	4a	241074	6780501	270.0	-60.0	506.8	378.0
MBC1058	RC	3c	241203	6780105	270.0	-60.0	504.0	294.0
MBC1059	RC	3b	241452	6779905	270.0	-60.0	497.2	324.0
MBC1060R	RC	3	241953	6779512	270.0	-60.0	494.4	378.0
MBC1061	RC	4b	240784	6780701	270.0	-60.0	503.2	320.0
MBC1062	RC	4a	240939	6780509	270.0	-60.0	508.8	324.0
MBC1063	RC	4c	240623	6780901	270.0	-60.0	505.9	318.0
MBC1064	RC	3a	241602	6779703	270.0	-60.0	495.0	294.0
MBC1065	RC	4c	240782	6780904	270.0	-60.0	501.4	378.0
MBC1066	RC	3c	241370	6780102	270.0	-60.0	501.7	355.0
MBC1067	RC	3a	241760	6779699	270.0	-60.0	491.5	378.0
MBC1068	RC	3b	241601	6779901	270.0	-60.0	496.4	366.0
MBD1045	Diamond	3	241798	6779500	270.0	-60.0	496.1	300.1
MBD1050	Diamond	3b	241443	6779907	270.0	-60.0	497.4	341.7
MBD1044	Diamond	4a	240757	6780497	270.0	-60.0	507.7	240.0
MBD1046	Diamond	4b	240930	6780698	270.0	-60.0	503.4	399.4
MBD1047	Diamond	3c	241054	6780096	270.0	-60.0	505.6	201.5
MBD1037	Diamond Twin	4	240877	6780309	270.0	-60.0	514.6	240.4
MBD1051	Diamond	3a	241920	6779706	270.0	-60.0	490.3	405.5
MBD1053	Diamond	3b	241275	6779899	270.0	-60.0	500.6	226.3
MBD1054	Diamond Twin	4c	240296	6780899	270.0	-60.0	516.6	117.0

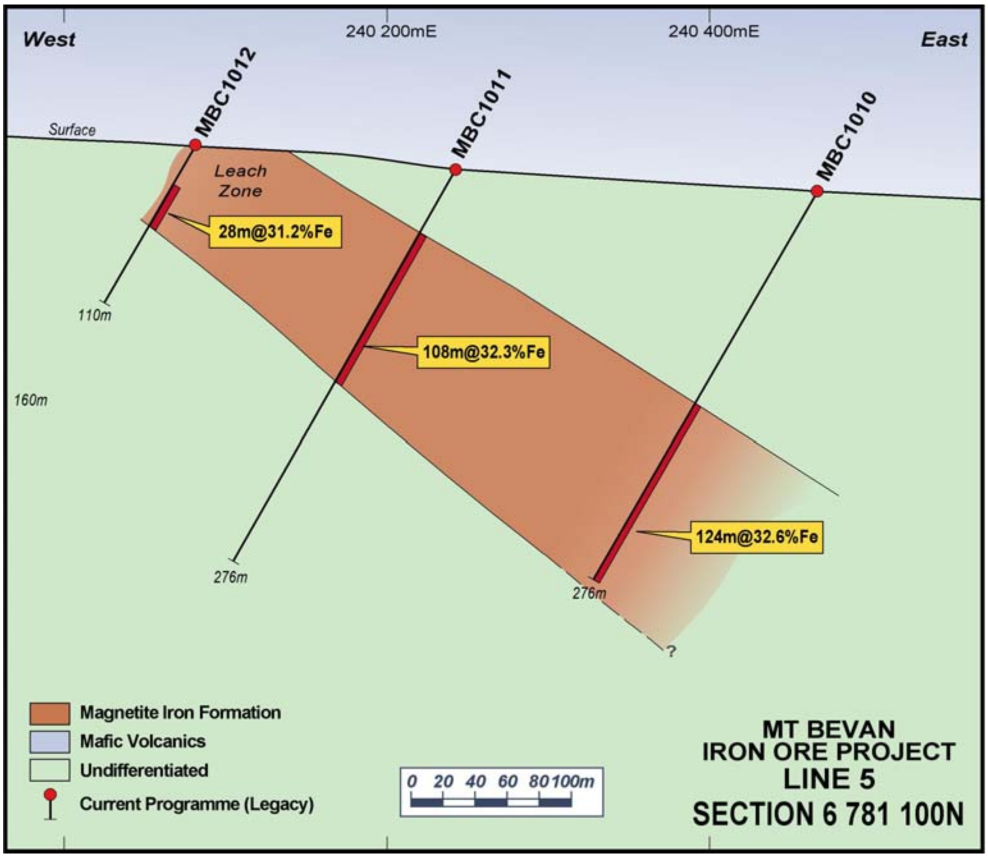
APPENDIX 3

DRILL HOLE LOCATION PLAN AND CROSS SECTIONS




West
241 300mE
241 500mE
East
Surface
MBC1015
MBC1016
MBC1017
70m@30%Fe
16m@33.5%Fe
110m@32.8%Fe
8m@24.7%Fe
104m@35.1%Fe
8m@31.5%Fe
24m@25.4%Fe
276m
236m
240m
Magnetite Iron Formation
Mafic Volcanics
Undifferentiated
Current Programme (Legacy)
0 20 40 60 80 100m
MT BEVAN
IRON ORE PROJECT
LINE 3
SECTION 6 779 500N


West
240 700mE
240 900mE
East
Surface
Leach Zone
MBC1014
MBC1006
MBC003
MBC009
MBC1007
MBC1009
MBC1008
8m@32.2%Fe
26m@39.4%Fe
32m@25.7%Fe
8m@34.5%Fe
122m@35.4%Fe
62m@38.7%Fe
4m@36.9%Fe
130m@35.9%Fe
136m@32.3%Fe
26m@24.8%Fe
116m@33.0%Fe
160m
246m
238m
264m
276m
Magnetite Iron Formation
Mafic Volcanics
Undifferentiated
Current Programme (Legacy)
Previous Drilling (Hawthorn)
0 20 40 60 80 100m
MT BEVAN
IRON ORE PROJECT
LINE 4
SECTION 6 780 300N



Drilling Cross Sections – Lines 3 to 5