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ASX ANNOUNCEMENT

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Initial Extension Hill South drilling programme delivers positive results

HIGHLIGHTS

- **First substantial drilling programme since 2004** completed at the Iron Hill Prospect, comprising 65 holes for 1,731 metres. 16 holes targeted the known primary hematite mineralisation, with the remainder testing for possible detrital mineralisation on the flanks of the prospect.
- **Significant intercepts were recorded in 15 holes** that targeted the primary hematite mineralisation. Best intersections included:

• 22m @ 63.8% Fe (from 18m downhole)	• 34m @ 58.0% Fe (from 1m)
• 53m @ 61.8% Fe (from surface)	• 52m @ 61.2% Fe (from 2m)
• 33m @ 60.1% Fe (from 2m)	• 54m @ 57.2% Fe (from surface)
• 49m @ 61.4% Fe (from 5m)	• 31m @ 58.7% Fe (from surface)
• 45m @ 59.9% Fe (from 1m)	• 39m @ 56.6% Fe (from 15m)

- **Results confirm potential to add to Extension Hill mine life** with further exploration.
- **Iron Hill is one of three known areas of hematite mineralisation** within 3km of the operating Extension Hill open pit.
- **Exploration Target of 5-7 million tonnes grading 58-61% Fe for the Iron Hill Prospect.** The potential quantity and grade of this Exploration Target is conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource.
- **Results support substantial follow-up exploration with further drilling planned for mid-2014.**

Mount Gibson Iron Chief Executive Officer Jim Beyer said: "We consider the Extension Hill South area to be our premier exploration target for DSO iron in the Mid West region, and the results from Iron Hill have given us greater confidence in that view.

"Given its very close proximity to our Extension Hill mine and the high tenor of the results to date, we will be progressing further exploration as quickly as possible, subject to the receipt of all necessary approvals.

"We are extremely confident that exploration in the Extension Hill South area will ultimately allow us to extend the life of our existing Extension Hill operation."

Overview

Mount Gibson Iron Limited (**Mount Gibson**) is pleased to report positive results from its first substantial exploration programme since 2004 at the Extension Hill South Project in the Mid West region of Western Australia.

The results from an initial Reverse Circulation (RC) drilling programme of 65 holes have confirmed the presence of significant high grade iron mineralisation at the Iron Hill Prospect.

The Iron Hill Prospect has a Hematite Exploration Target of 5 million to 7 million tonnes with an iron grade between 58% Fe and 61% Fe. The potential quantity and grade of this Exploration Target is conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource.

Pending approvals, a sizeable programme of follow-up drilling is planned at Iron Hill in mid 2014 to test the extent of the iron mineralisation identified to date as well as to obtain samples for metallurgical test work.

The Extension Hill South Project area is located only 3km south of the Company's existing Extension Hill Hematite Operation and its associated mining and transport infrastructure (refer Figures 1 and 2). The project area is considered highly prospective for direct shipping ore (DSO) grade iron ore.

The Iron Hill prospect is one of three known areas of hematite mineralisation within the Extension Hill South Project area, with the Extension Hill South and Gibson Hill Prospects to be explored in coming months.

Summary of material information and exploration results

The hematite iron mineralisation at the Iron Hill Prospect is characterised by strong supergene iron enrichment of primary magnetite mineralisation to hematite and goethite. The bedded hematite occurs in vertical to steeply east dipping tabular bodies within an oxidised iron formation. The detrital hematite mineralisation is characterised by discrete lenses of angular hematite clasts within a sandy matrix.

The drilling programme comprised 65 RC holes for 1,731 metres drilled at a nominal 50m spacing with drill hole depths from 6m to 54m. The programme focused on confirming the previously drilled, sampled and mapped hematite mineralisation and to test for possible detrital goethite-hematite mineralisation developed on the flanks of the prospect.

Of the 65 RC holes drilled, 16 holes directly targeted the known bedded hematite mineralisation.

Best intersections of this first stage campaign included:

- 22m @ 63.8% Fe from 18m downhole (in hole IH13RC0024)
- 53m @ 61.8% Fe from surface (IH13RC0022)
- 33m @ 60.1% Fe from 2m (IH13RC0027)
- 49m @ 61.4% Fe from 5m (IH13RC0018)
- 45m @ 59.9% Fe from 1m (IH13RC0021)
- 34m @ 58.0% Fe from 1m (IH13RC0017)
- 52m @ 61.2% Fe from 2m (IH13RC0016)
- 54m @ 57.2% Fe from surface (IH13RC0020)
- 31m @ 58.7% Fe from surface (IH13RC0028)
- 39m @ 56.6% Fe from 15m (IH13RC0003)

Relevant drilling results are tabulated in Appendix A.

A total of 25 significant intersections grading in excess of 50% Fe were returned, with significant intercepts reported in 18 individual holes. Importantly, 15 out of the 16 holes directly targeting the known hematite mineralisation returned significant intersections in excess of 50% Fe with 5 holes returning multiple zones of significant mineralisation in excess of 50% Fe.

Many of the drill holes were drilled along and across the near vertical mineralised body. The true width of mineralisation is considered likely to be in the order of 50 m in the north-west of the prospect tapering to 25 m at the midpoint, and widening to around 40m at the southern end.

Mount Gibson views the Iron Hill Prospect within the Extension Hill South Project as a DSO Hematite Exploration Target of 5 million to 7 million tonnes with an iron grade between 58% Fe and 61% Fe. The tonnes and grade of this Exploration Target are based on the exploration work completed to date, which comprises mapping, drilling and sampling of the Iron Hill prospect, and does not include the Gibson Hill and Extension Hill South prospects.

The hematite, goethite and limonite zones were mapped with a strike length in excess of 800m across the Iron Hill prospect in 1969 and 2008, and validated by Mt Gibson geologists in 2011 and 2013. Drilling has determined hematite mineralisation continues to depths over 60m, and iron grades in the mineralised zone consistently range between 57% Fe and 62% Fe. Sampling and assays have shown deleterious elements to be within acceptable limits. A density range similar to that of the nearby Extension Hill mine has been considered.

Further drilling is planned for mid-2014 subject to the receipt of necessary regulatory approvals, with the drilling planned to further define the known hematite mineralisation and to test for hematite extensions to the south-east as well as to follow up the detrital goethite-hematite mineralisation intercepted. Several diamond drill holes will be drilled to obtain samples for metallurgical testing and validate density assumptions.

The Iron Hill Prospect is located on Mining Leases M59/455-I and M59/609-I held by Extension Hill Pty Ltd (EHPL), an independent third party unrelated to Mount Gibson. Mount Gibson's operating Extension Hill mine is located within Mining Lease M59/339-I, also held by EHPL. Mount Gibson has contractual rights to explore and develop DSO iron ore (defined as hematite, goethite and limonite) across EHPL's tenement package which covers approximately 46 sqkm (refer Figures 1 & 2).

Examples of the distribution, depth and grade of iron mineralisation as indicated by the recent drilling are depicted in Figures 3 - 6 in Appendix A.

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Competent Person Attribution

The information in this report that relates to Exploration Targets and Exploration results is based on information compiled by Gregory Hudson, who is a member of the Australian Institute of Geoscientists. Gregory Hudson is a full time employee of the Mount Gibson Iron Limited group, and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Gregory Hudson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

APPENDIX A – Additional Information



Figure 1: Regional location of the Extension Hill Hematite Project relative to MGX Mid West assets and infrastructure.
 (Note: Acquisition of the Shine project remains incomplete pending satisfaction of outstanding conditions precedent, refer ASX release dated 9 December 2013.)

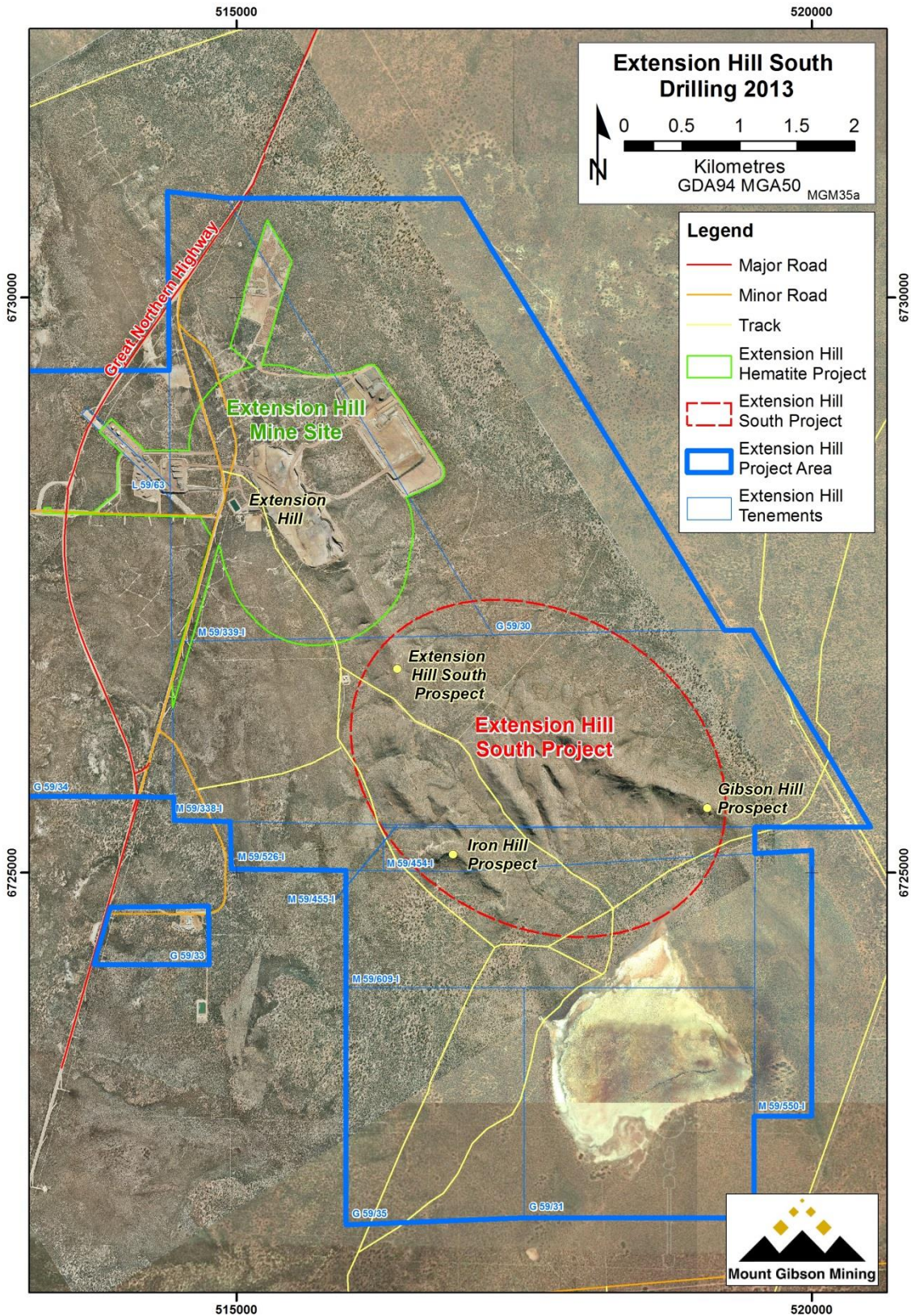


Figure 2: Tenement boundaries at Extension Hill and Extension Hill South, showing key hematite prospects, including the Iron Hill Prospect. The potential quantity and grade of the Exploration Target implied in this map are conceptual in nature at this time. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

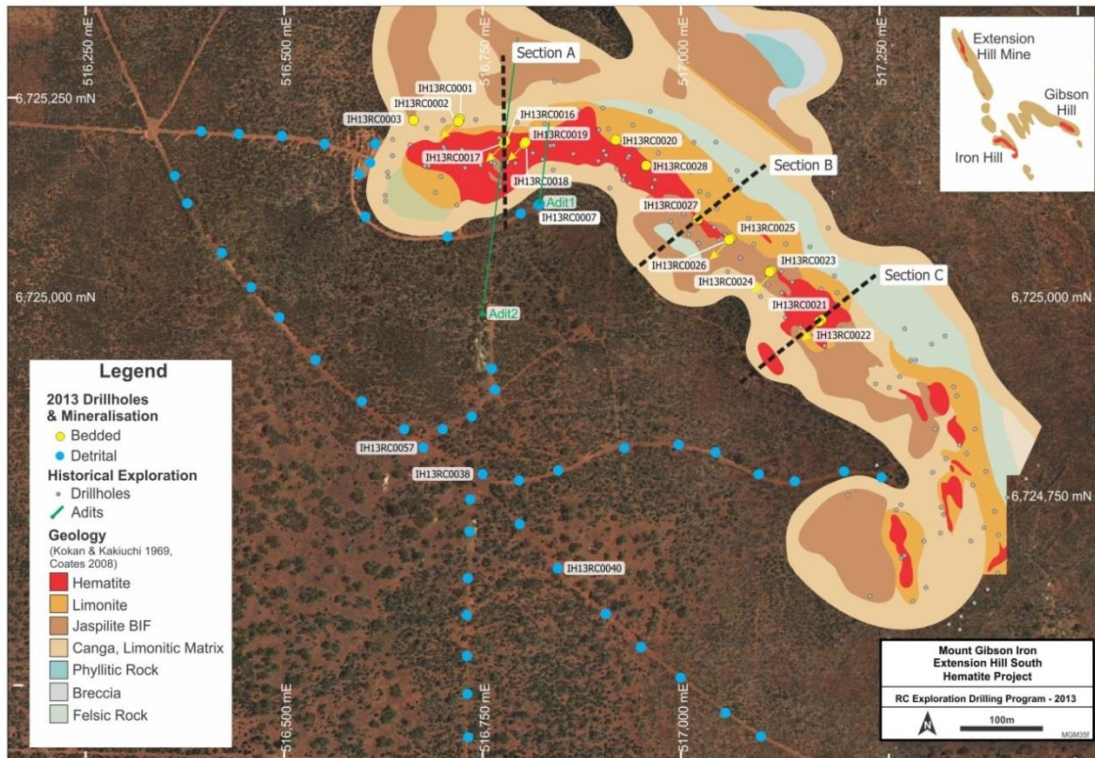


Figure 3: Location of drilling within the Iron Hill Prospect at Extension Hill South, showing significant intersections and interpreted geology over the area of the Exploration Target. The quantity and grade of the Exploration Target implied in this map are conceptual in nature at this time. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

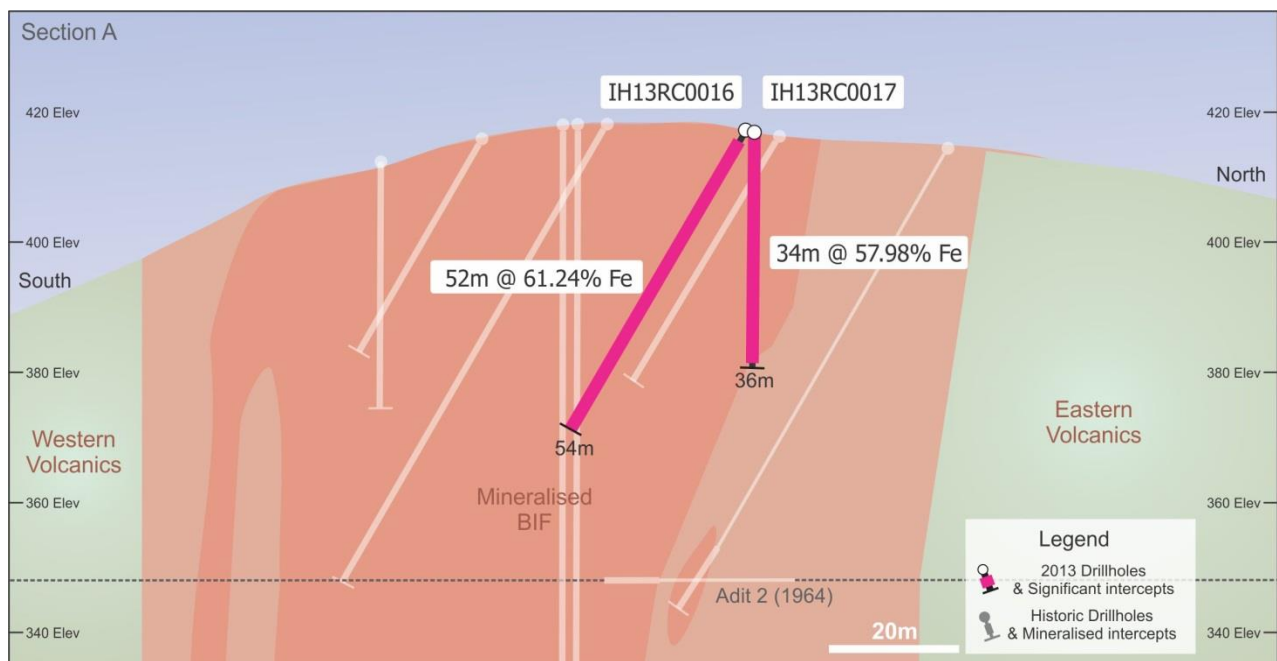


Figure 4: Cross-section of Iron Hill showing Section A identified in Figure 2. The BIF-hosted iron mineralisation is shown in pink. Cross sections are a schematic interpretation of the mineralisation and geology based on limited drilling and surface mapping and should not be used to make estimates of any potential Mineral Resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource.

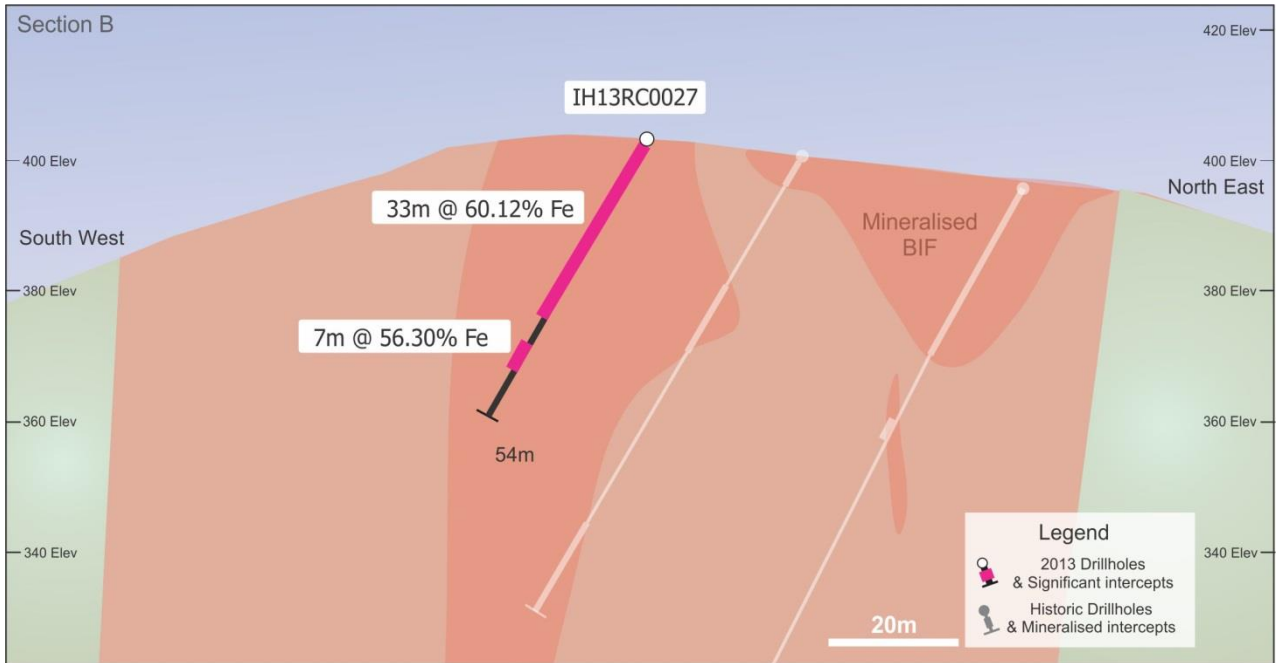


Figure 5: Cross section of Iron Hill showing Section B identified in Figure 2. The BIF-hosted iron mineralisation is shown in pink. Cross sections are a schematic interpretation of the mineralisation and geology based on limited drilling and surface mapping and should not be used to make estimates of any potential Mineral Resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource.

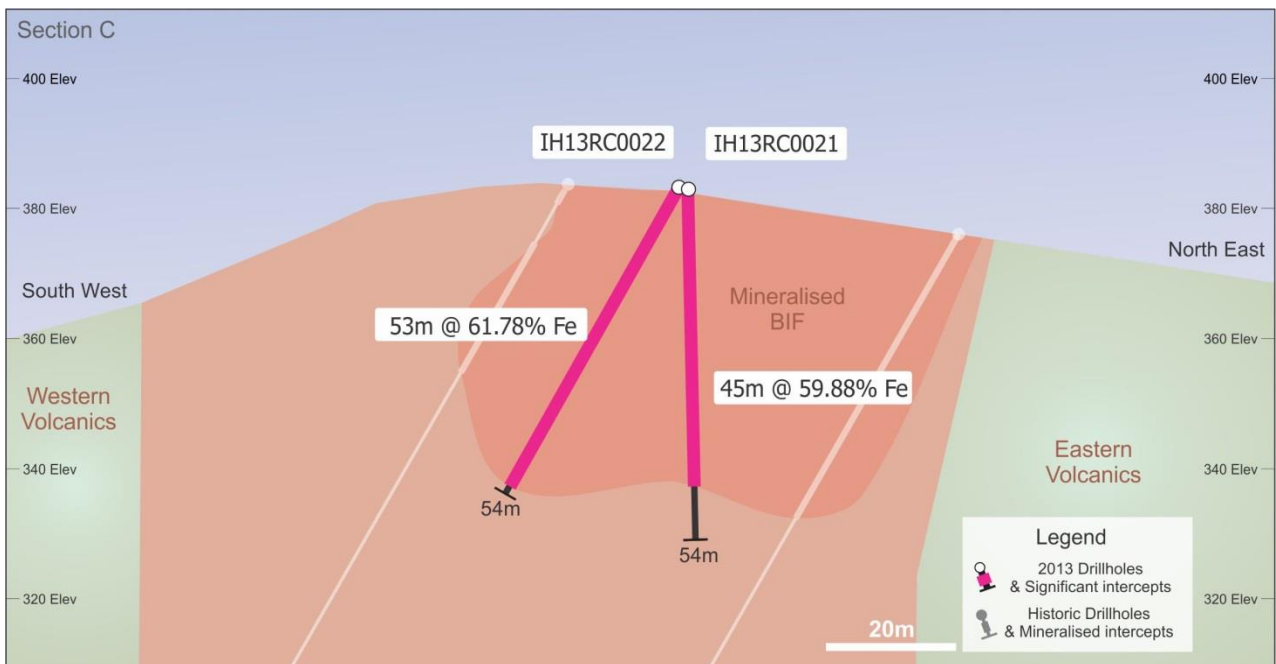


Figure 6: Cross section of Iron Hill showing Section C identified in Figure 2. The BIF-hosted iron mineralisation is shown in pink. Cross sections are a schematic interpretation of the mineralisation and geology based on limited drilling and surface mapping and should not be used to make estimates of any potential Mineral Resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource.

Table 1: Drill hole information of the drilling at the Extension Hill South Prospect.

Hole ID	Hole Depth (m)	Easting	Northing	RL	Dip	Dip Direction
IH13RC0001	30	516720.78	6725223.11	396.08	-90	0
IH13RC0002	54	516719.48	6725220.03	395.94	-60	225
IH13RC0003	54	516663.29	6725221.60	387.66	-90	0
IH13RC0004	54	516594.49	6725153.65	374.17	-90	0
IH13RC0005	50	516608.48	6725168.15	376.66	-90	0
IH13RC0006	50	516614.81	6725191.82	378.95	-90	0
IH13RC0007	54	516820.59	6725114.52	387.08	-50	45
IH13RC0008	54	516821.75	6725116.16	387.22	-50	225
IH13RC0009	12	516798.11	6725104.18	385.87	-90	0
IH13RC0010	12	516705.73	6725075.09	377.17	-90	0
IH13RC0011	18	516602.20	6725100.12	368.80	-90	0
IH13RC0012	18	516551.16	6725191.80	366.58	-90	0
IH13RC0013	18	516497.18	6725201.55	356.97	-90	0
IH13RC0014	12	516442.94	6725204.24	350.02	-90	0
IH13RC0015	12	516395.48	6725207.69	345.21	-90	0
IH13RC0016	54	516776.74	6725192.98	416.69	-60	225
IH13RC0017	36	516777.40	6725194.25	416.49	-90	0
IH13RC0018	54	516802.53	6725191.78	418.50	-60	225
IH13RC0019	54	516803.28	6725192.78	418.45	-90	0
IH13RC0020	54	516917.91	6725196.86	412.96	-60	225
IH13RC0021	54	517176.28	6724970.09	383.05	-90	0
IH13RC0022	54	517175.27	6724969.19	383.24	-60	225
IH13RC0023	54	517112.34	6725031.13	390.24	-90	0
IH13RC0024	54	517111.64	6725030.67	390.17	-60	225
IH13RC0025	54	517061.22	6725071.62	398.50	-90	0
IH13RC0026	54	517060.39	6725071.16	398.82	-60	225
IH13RC0027	54	517021.30	6725097.27	403.92	-60	225
IH13RC0028	54	516956.21	6725164.74	410.05	-60	225
IH13RC0029	18	517252.54	6724772.18	349.61	-90	0
IH13RC0030	18	517205.51	6724779.65	346.08	-90	0
IH13RC0031	11	517143.24	6724767.52	341.82	-90	0
IH13RC0032	12	517097.97	6724776.17	341.21	-90	0
IH13RC0033	12	517043.49	6724803.90	341.73	-90	0
IH13RC0034	10	516997.03	6724813.32	341.75	-90	0
IH13RC0035	6	516928.52	6724809.23	339.12	-90	0
IH13RC0036	9	516845.38	6724781.08	336.27	-90	0
IH13RC0037	9	516795.85	6724768.44	335.03	-90	0
IH13RC0038	9	516749.94	6724776.32	334.09	-90	0
IH13RC0039	10	516796.77	6724713.57	332.30	-90	0
IH13RC0040	18	516844.90	6724657.92	329.93	-90	0
IH13RC0041	30	516905.26	6724600.51	328.52	-90	0
IH13RC0042	30	516949.52	6724558.48	327.82	-90	0

Hole ID	Hole Depth (m)	Easting	Northing	RL	Dip	Dip Direction
IH13RC0043	24	516999.51	6724520.35	326.69	-90	0
IH13RC0044	24	517055.91	6724476.05	326.68	-90	0
IH13RC0045	26	517100.76	6724446.32	326.21	-90	0
IH13RC0046	15	516734.34	6724744.40	332.77	-90	0
IH13RC0047	12	516733.67	6724704.28	331.29	-90	0
IH13RC0048	24	516731.33	6724645.32	328.58	-90	0
IH13RC0049	26	516730.23	6724599.05	326.83	-90	0
IH13RC0050	30	516730.30	6724547.39	325.40	-90	0
IH13RC0051	30	516730.97	6724499.79	324.83	-90	0
IH13RC0052	28	516731.75	6724445.46	323.31	-90	0
IH13RC0053	17	516761.80	6724908.94	341.09	-90	0
IH13RC0054	9	516765.58	6724882.63	339.12	-90	0
IH13RC0055	6	516736.43	6724848.67	336.40	-90	0
IH13RC0056	6	516699.91	6724832.82	334.94	-90	0
IH13RC0057	9	516675.20	6724809.53	333.55	-90	0
IH13RC0058	6	516651.34	6724832.86	334.41	-90	0
IH13RC0059	6	516598.13	6724867.98	335.16	-90	0
IH13RC0060	6	516539.47	6724920.12	336.84	-90	0
IH13RC0061	6	516494.05	6724973.59	337.85	-90	0
IH13RC0062	9	516458.48	6725011.46	337.75	-90	0
IH13RC0063	6	516421.45	6725054.71	339.23	-90	0
IH13RC0064	9	516377.99	6725117.10	341.48	-90	0
IH13RC0065	9	516362.12	6725151.61	341.32	-90	0

All collar locations shown in MGA94z50.

Table 2: Significant intercepts through bedded material from 2013 drilling at the Iron Hill Prospect (intercepts above 50%Fe)

Hole ID	From (m)	To (m)	Width (m)	Fe (%)	SiO2 (%)	Al2O3 (%)	P2O5 (%)	S (%)	TiO2 (%)	LOI (%)
IH13RC0001	3	13	10	54.83	10.35	1.31	0.047	0.148	0.059	8.24
IH13RC0001	20	23	3	54.60	11.99	2.11	0.046	0.135	0.060	6.85
IH13RC0002	17	25	8	54.98	14.53	1.35	0.027	0.104	0.036	4.66
IH13RC0002	43	54	11	58.11	10.92	1.04	0.053	0.236	0.047	2.65
IH13RC0003	15	54	39	56.64	11.39	0.66	0.097	0.112	0.030	0.10
IH13RC0016	2	54	52	61.24	5.25	0.35	0.030	0.002	0.011	1.97
IH13RC0017	1	35	34	57.98	7.59	1.42	0.054	0.025	0.037	6.84
IH13RC0018	5	54	49	61.40	7.13	0.49	0.051	0.016	0.016	1.78
IH13RC0019	8	21	13	56.61	7.49	1.99	0.023	0.048	0.090	11.22
IH13RC0019	29	54	25	58.36	10.67	1.17	0.082	0.031	0.026	3.43
IH13RC0020	0	54	54	57.21	11.62	0.24	0.073	0.002	0.005	2.68
IH13RC0021	1	46	45	59.88	5.87	1.13	0.104	0.019	0.012	6.07
IH13RC0022	0	53	53	61.78	3.81	1.24	0.082	0.013	0.013	5.07
IH13RC0023	0	19	19	54.50	9.52	1.83	0.053	0.035	0.059	8.76
IH13RC0024	0	5	5	58.17	8.15	1.46	0.073	0.028	0.058	6.11
IH13RC0024	8	11	3	52.02	5.80	3.07	0.031	0.065	0.163	13.29
IH13RC0024	18	40	22	63.76	5.73	0.42	0.029	0.021	0.015	2.01
IH13RC0025	0	5	5	52.62	15.03	2.44	0.034	0.073	0.078	6.77
IH13RC0027	2	35	33	60.12	10.51	0.75	0.013	0.016	0.024	2.02
IH13RC0027	38	45	7	56.30	16.11	0.27	0.077	0.005	0.011	1.67
IH13RC0028	0	31	31	58.69	6.67	1.96	0.053	0.045	0.056	6.64
IH13RC0028	34	54	20	51.43	22.40	0.30	0.068	0.003	0.011	1.48

Significant intercepts have been calculated using $\geq 50.0\%$ Fe as the minimum grade cut-off with a minimum width of 3m and incorporating up to 2m of consecutive internal dilution $\leq 50.0\%$ Fe. The minimum Fe grade for the commencement and termination of the intercept calculation was $\geq 50.0\%$ Fe. Only drill holes with Fe intercepts greater than 50% Fe have been reported in Tables 2 and 3. Holes not listed are not considered relevant as they do not have Fe intercepts greater than 50% Fe, however the location and drill orientation of all holes drilled is noted in Table 1.

Table 3: Significant intercepts through detrital material from 2013 drilling at the Iron Hill Prospect (intercepts above 50%Fe)

Hole ID	From (m)	To (m)	Width (m)	Fe (%)	SiO2 (%)	Al2O3 (%)	P2O5 (%)	S (%)	TiO2 (%)	LOI (%)
IH13RC0038	4	8	4	50.48	10.25	8.34	0.381	0.174	0.108	7.90
IH13RC0040	11	15	5	55.84	5.07	7.13	0.029	0.144	1.560	5.83
IH13RC0057	0	9	9	55.20	8.66	5.69	0.233	0.013	0.181	4.27

Significant intercepts have been calculated using $\geq 50.0\%$ Fe as the minimum grade cut-off with a minimum width of 3m and incorporating up to 2m of consecutive internal dilution $\leq 50.0\%$ Fe. The minimum Fe grade for the commencement and termination of the intercept calculation was $\geq 50.0\%$ Fe. Only drill holes with Fe intercepts greater than 50% Fe have been reported in Tables 2 and 3. Holes not listed are not considered relevant as they do not have Fe intercepts greater than 50% Fe, however the location and drill orientation is noted in Table 1.

APPENDIX B – Iron Hill geology and summary of December 2013 exploration activities

Results from an initial RC drilling programme of 65 holes conducted in December 2013 have confirmed the presence of significant high grade iron mineralisation at the Iron Hill Prospect.

The Extension Hill South Project is located 80kms east of Perenjori in the Mid West region of Western Australia, and only 3km south-south-east of the Company's existing Extension Hill Hematite Operation.

The area outside the Extension Hill Hematite Operation has undergone limited recent exploration for hematite and the newly completed RC drilling is the first substantial programme targeting the hematite occurrences of the Extension Hill South area since 2004.

Drilling approvals were received in late September 2013, with the initial RC drilling programme undertaken and completed at Iron Hill Prospect in December 2013. All assay results have been received and the geology has been interpreted.

Of the 65 RC holes drilled, 16 directly targeted the known bedded hematite mineralisation. Three of these 16 holes were twin holes collared within 6m of a parent drillhole to help assess data from historic exploration activity within the project area.

The remaining 49 RC holes were drilled to close out mineralisation to the north-west and to test for detrital hematite and goethite mineralisation on the flanks of the prospect. A comprehensive approach to sampling was adopted as part of the programme. Samples from all drill holes were collected and assessed at one metre intervals, and the entire hole sampled.

A total of 1,869 samples were collected from the RC drilling and submitted for XRF and LOI analyses at an independent specialist laboratory in Perth. Validation and cross checking of laboratory performance included the submission of Certified Reference Materials, repeat and split samples.

The results have confirmed Mount Gibson's conceptual geological model for the Iron Hill Prospect as well as demonstrating the area's potential to host detrital hematite mineralisation.

The geology of the Iron Hill Prospect consists of a structurally thickened jaspilitic iron formation bounded by strongly weathered volcanics altered to kaolinite clays near surface. The hematite mineralisation is contained in discrete vertical to steeply east dipping tabular bodies within the iron formation which is strongly oxidised. Within the iron formation there are minor bands of intrusive mafic rocks.

The detrital hematite mineralisation is characterised by discrete lenses of angular hematite clasts within a sandy matrix either at surface or up to 11m in depth. In places a distinct clay-filled paleo-channel is present containing discrete hematitic pebble layers. The prospect is covered in a thin veneer (<1m) of sand and gravels with massive hematite outcropping in places.

The hematite mineralisation appears to be terminated to the north-west by a fault but remains open to the south-east. Further work is required to delineate the transition from hematite to magnetite mineralisation at depth

In the December 2013 drill programme twin drilling of three historic drill holes was completed at the Iron Hill Prospect to confirm the validity of the geology, mineralisation and grade of the original holes.

A total of 174 historic drill holes for 10,610m, and two exploration adits, were completed across the Extension Hill South Project between 1962 and 2004. The majority of these holes are within the Iron Hill Prospect and were drilled on a nominal 50m to 30m spacing. Due to the topography and the curved nature of the prospect drilling has not been conducted on a regular grid.

This historical data is being evaluated against the results of the recently completed drilling programme to verify the validity of the historic data and to assess whether it is appropriate for use in future work. Until this assessment has been completed, it would be inappropriate to report intercepts and grade ranges for this historic work.

APPENDIX C – Table 1 information in accordance with JORC 2012

Iron Hill Prospect, Extension Hill South Project

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	Commentary
<i>Sampling techniques</i>	<p>All data collected from the Iron Hill Prospect has been based on a Reverse Circulation ("RC") drilling programme completed during December 2013.</p> <p>Samples were collected at one metre intervals using a static cone splitter attached to the RC drill rig. This resulted in the collection of an "A" and a "B" sample for each interval, each weighing between 2-4 kg. These A and selected B samples were then analysed using XRF.</p> <p>Laboratory accuracy and precision were assessed by the submission of Certified Reference Materials and duplicate samples.</p>
<i>Drilling techniques</i>	<p>65 RC drill holes have been completed at the Iron Hill Prospect using a face sampling hammer with a 108 mm diameter bit. All holes were drilled in either a vertical orientation or at -60°/225 aside from two drill holes drilled at -50°/045 and -50°/225 orientation.</p>
<i>Drill sample recovery</i>	<p>The geologist recorded the sample recovery during the drilling programme and these were overall very good with 88% of samples logged as having good recoveries.</p> <p>Minor sample loss was recognised while sampling the first metre of some drill holes due to the presence of unconsolidated soil to gravel at surface.</p> <p>No relationship between sample recovery and grade has been recognised.</p>
<i>Logging</i>	<p>All drill holes have been geologically logged for lithology, texture, alteration and mineralisation. All samples were logged in the field with spoil piles and sieved chips assessed.</p> <p>The total length of drilling from this programme at the Iron Hill Prospect is 1,731m, including 162m of holes twinning existing (historic) RC and percussion drill holes.</p> <p>The logging is considered to be of an industry acceptable standard.</p>
<i>Sub-sampling techniques and sample preparation</i>	<p>Samples were received by Bureau Veritas laboratories in Perth and sorted. Samples were typically 2 to 4kg, and usually submitted in batches of 150 to 200 samples.</p> <p>Each sample was sorted and dried in an oven at 100°C to 110°C in the original sample bags until all free moisture was driven off. Once dry each sample was primary crushed to 90% passing 10mm. The sample was then secondary crushed to 90% passing 3mm and was then split using a riffle splitter to obtain a sample for assay <2.5kg. The split sub-sample was then whole pulverised to 90% passing 106µm. They were then re-bagged and the residue returned to the original bag.</p> <p>An aliquot of 0.7g to 3g of the sub-sample was then submitted to 3 step LOI analysis using a TGA system with LOI determined at 425°C, 650°C and 1,000°C.</p> <p>The remainder (residue) of the sub-sample was stored at the lab for 90 days as a pulp in a labelled paper satchel.</p> <p>0.7g of the sub-sample was submitted for fusion with 7 grams of Lithium Borate</p>

Criteria	Commentary
	<p>flux to form an analysis bead and analysed using the an XRF.</p> <p>Sample quality control analysis was then conducted on each sample and on the batch.</p> <p>Results were reported to the client in sif, csv and pdf format.</p> <p>All sample preparation and sub-sampling techniques are considered to be industry standard and acceptable practices.</p>
<p>Quality of assay data and laboratory tests</p>	<p>Mount Gibson followed its established QAQC procedures for this exploration programme with the use of Certified Reference Materials as standards, along with field and laboratory duplicates.</p> <p>Iron ore standards (Certified Reference Materials) in pulp and coarse form have been submitted at a nominal rate of one for every 30 samples.</p> <p>For the analysis of 1,731 samples, 65 standards were assayed. The acceptable limit for the expected values of the CRM's is within 3 standard deviations. The actual accuracy of the reported values against expected values fell within ± 2 standard deviations for all Fe values apart for one sample which fell within ± 3 standard deviations.</p> <p>73 Field duplicates were taken and submitted during the programme. The field duplicate samples taken presented an excellent repeatability in terms of precision, with Fe, SiO₂ and Al₂O₃ each showing an R² of 0.99.</p> <p>The laboratory used for the programme conducted 92 Lab Duplicate checks, 92 Lab Standards and 23 Lab Blanks which all were within acceptable limits.</p> <p>Results show an industry acceptable level of accuracy and precision.</p>
<p>Verification of sampling and assaying</p>	<p>Validation and cross checking of laboratory performance has included the submission of repeat and split samples to SGS laboratories in Perth.</p> <p>Three twin holes were drilled with collar locations within 6 metres of the historic collars to confirm previously reported mineralisation, and to gauge the reliability of the historic sampling and assays.</p> <p>Assay results were provided by the lab to Mount Gibson in electronic (sif, csv and pdf) format, and then validated and entered into the Mount Gibson database situated at its Perth office. Backups of the database are stored out of the office.</p> <p>Assay, sample ID and logging data are matched and validated using filters in the Mount Gibson drill database. The data is further visually validated by Mount Gibson geologists and database staff.</p> <p>The Mount Gibson drilling database is a commercially available software package which is used throughout the mining industry.</p> <p>Significant intercepts are generated from the database by Mount Gibson geologists, then verified and peer reviewed by the Mount Gibson Principal Geologist.</p>
<p>Location of data points</p>	<p>A DGPS survey of all drill hole collars was conducted at the Iron Hill Prospect on 16 December 2013 upon completion of the programme. The final survey used a Trimble RTK GPS system with expected accuracy of +/- 0.02m horizontal and +/- 0.03m vertical, relative to each other and to the onsite survey control.</p> <p>A hand held GPS (Garmin GPSmap76 model) was initially used to determine the</p>

Criteria	Commentary
	<p>drill hole collars during the drill programme with a $\pm 8\text{m}$ coordinate accuracy.</p> <p>Survey pickups were completed and reported in MGA94z50.</p> <p>Downhole surveys conducted by ABIM Solutions for dip and dip direction, magnetic susceptibility, density and natural gamma were conducted on all drill holes >30m in depth. All holes were surveyed within 1 day of being drilled.</p> <p>A detailed and accurate topographic survey covers the Iron Hill Prospect area. It was flown in July 2013 in conjunction with the nearby Extension Hill Operation.</p>
<i>Data spacing and distribution</i>	<p>Drill holes targeting hematite and detrital mineralisation were completed approximately every 50m along drill lines. While preliminary, it appears that 50m spacing is adequate to understand geological continuity, however further assessment is required to determine the spacing confidence with regards to grade continuity. Three twin holes were collared within 6m of original historic drill collars. All holes were drilled vertically or at $-60^\circ/225$ aside from two holes drilled at $-50^\circ/045$ and $-50^\circ/225$ orientations. All samples were taken at 1m intervals.</p>
<i>Orientation of data in relation to geological structure</i>	<p>The hematite iron mineralisation is based on the supergene iron enrichment of the underlying magnetite mineralisation whereas detrital mineralisation is based on the erosion and re-deposition of the hematite mineralisation down-slope of the source.</p> <p>The hematite mineralisation is mostly vertical to steeply east dipping tabular bodies striking north-west. The detrital mineralisation is mostly flat lying sheet like bodies, and discrete lenses of angular hematite clasts within a sandy matrix.</p> <p>No sampling bias is believed to have been introduced by the orientation of the drilling compared to the local geology or structures. Further infill drilling is planned for the prospect.</p>
<i>Sample security</i>	<p>All samples taken from the Iron Hill Prospect were kept within Mount Gibson's premises before being transported by courier under consignment to Bureau Veritas in Perth. Upon receipt of the samples a sample confirmation note was sent from Bureau Veritas to Mount Gibson confirming the arrival of the samples and that all samples sent were received in good order.</p> <p>Sample security was not considered a significant risk to the project. No specific measures were taken by Mount Gibson to ensure sample security beyond the normal chain of custody for a sample submission.</p>
<i>Audits or reviews</i>	<p>All results have been audited and reviewed by Mount Gibson's General Manager of Geology and Reserve Growth. No external audits have been conducted at this early stage of the project.</p> <p>Mount Gibson Geological staff routinely audit laboratories used for analysis and review sampling, sample preparation and assaying procedures.</p>

Section 2 Reporting of Exploration Results

(Criteria listed in section 1 also apply to this section.)

Criteria	Commentary
<i>Mineral tenement and</i>	<p>The Iron Hill Prospect is located on the Mining Leases M59/455-I and M59/609-I held by Extension Hill Pty Ltd which is an independent third party</p>

Criteria	Commentary
<i>land tenure status</i>	<p>unrelated to Mount Gibson Iron Limited. Mount Gibson Mining, a wholly-owned subsidiary of Mount Gibson Iron Limited, has the right to explore and develop DSO iron ore (defined as hematite, goethite and Limonite) on the Mining Leases through contractual rights and agreement with Extension Hill Pty Ltd.</p> <p>All Mining Leases are in good standing.</p>
<i>Exploration done by other parties</i>	<p>The area has historically been explored for iron. Between 1962 and 1966 Kokan Mining Company Ltd and Kakiuchi & Company Ltd drilled a number of diamond holes into the Extension Hill South Prospect as well as mining two horizontal adits through the prospect. Work was suspended in 1966 and recommenced in 1969 with the Griffin Coal Mining Company joining as a joint venture member.</p> <p>Work including diamond and percussion drilling continued until 1977 when the joint venture was dissolved and the project abandoned. In 1995 Asia Iron Pty Ltd acquired the mining leases and conducted numerous drill programmes on the magnetite resources of the entire area.</p> <p>Asia Iron Pty Ltd conducted drill programmes over Extension Hill South Project in 1997, 2002 and 2004.</p> <p>No exploration other than mapping and rock chip sampling has been conducted on the Extension Hill South Project since 2004. In total from 1962 to 2004, 174 drill holes for 10,610m have been conducted on the Extension Hill South Project.</p>
<i>Geology</i>	<p>The geology of the Iron Hill Prospect area can be defined by a jaspilitic iron formation variably mineralised in places to hematite±goethite bounded by volcanics and cross cut by brittle to brittle-ductile faults and shears. The iron formation shows evidence of multiple folding events which have structurally thickened the iron formation.</p> <p>These rocks have been exposed to intensive weathering with the ultramafic to mafic rocks now strongly saprolitic. The depth of complete oxidation observed in the iron formation is generally 45 to 50m vertical depth.</p> <p>In places detrital accumulations of hematitic material is preserved on the lower slopes of the iron formation and overlying the saprolitic ultramafic to mafic rocks. The depth of the transported hematitic material between 1 to 9m in depth and can be found under up to 12m of soil material.</p> <p>The main iron mineralisation recognised so far is characterised by strong supergene iron enrichment of primary magnetite mineralisation to hematite±goethite. The hematite occurs in vertical to steeply east dipping tabular bodies within the oxidised iron formation.</p>
<i>Drill hole Information</i>	<p>65 drill holes have been completed in this programme of drilling at the Iron Hill Prospect targeting in-situ hematite mineralisation and detrital hematite-goethite mineralisation. The drilling programme was conducted in December 2013. All drillholes were drilled either vertically or at -60°/225, aside from two holes drilled at -50°/045 and -50°/225 orientation.</p> <p>Relevant drill hole information has been tabled in Appendix A including hole ID, drill hole depth, drill collar location and elevation, and significant intercepts.</p> <p>Significant intercepts have been calculated using ≥50.0% Fe as the minimum grade cut-off with a minimum width of 3m and incorporating up to 2m of consecutive internal dilution <50.0% Fe. The minimum Fe grade for the</p>

Criteria	Commentary
	<p>commencement and termination of the intercept calculation was $\geq 50.0\%$ Fe.</p> <p>As discussed in <i>Exploration done by other parties</i> above, information from Mines Department reports lodged by previous holders show 174 historic drill holes and two exploratory adits for 10,610m have been completed across the Extension Hill South Project from 1962 to 2004. The majority of these holes are at the Iron Hill Prospect. Mount Gibson will use its December 2013 drilling and sampling programme to verify the validity of the historic drilling and assess whether some or all of the data is acceptable for use in future work, however it is not appropriate to report mineralisation and grade ranges until the assessment is completed.</p>
<i>Data aggregation methods</i>	<p>All samples have been collected at 1m intervals down hole. Significant intercepts have been analysed using the following criteria:</p> <p>Significant intercepts have been calculated using $\geq 50.0\%$ Fe as the minimum grade cut-off with a minimum width of 3m and incorporating up to 2m of consecutive internal dilution $< 50.0\%$ Fe. The minimum Fe grade for the commencement and termination of the intercept calculation was $\geq 50.0\%$ Fe.</p>
<i>Relationship between mineralisation widths and intercept lengths</i>	<p>All drilling is vertical or at $-60^\circ/225$ aside from two holes drilled at $-50^\circ/045$ and $-50^\circ/225$ orientation and mineralisation is interpreted as sub-vertical, therefore intercept lengths do not reflect the true width of mineralisation.</p> <p>Many drill holes have drilled along and across near vertical mineralised body. True width of mineralisation is likely to be in the order of 20m to 30m.</p> <p>Future drilling will be at low angles wherever possible to improve understanding of mineralisation widths.</p>
<i>Diagrams</i>	<p>Maps and sections in Appendix A show the location of the areas of drilling (refer Figures 1 - 6).</p> <p>Cross sections and maps of the drill areas (Appendix A, Figures 3 - 6) show the current interpretation of the mineralised areas and the iron formation thickness. Cross sections and plans show schematic interpretation of the mineralisation and geology based on drilling to date, and should not be used to estimate a mineral resource.</p>
<i>Balanced reporting</i>	<p>The current understanding is based on a single phase of drilling conducted by Mount Gibson combined with historical drilling and mapping conducted by previous owners of the tenement. While results are encouraging Mount Gibson wishes to conduct further exploration and test work to gain an improved understanding of the economic potential of the Extension Hill South Project.</p>
<i>Other substantive exploration data</i>	<p>No further exploration data has been collected at this stage. Aerial photos, historic drill hole databases, mapping and regional geophysics acquired from the previous owners of the tenement have been used to define the Extension Hill South Prospect area.</p>
<i>Further work</i>	<p>Further drilling is planned for mid 2014 pending approvals with drilling to further define the known hematite mineralisation and to test for extensions of hematite to the south-east as well as to follow up the detrital goethite-hematite mineralisation intercepted. Several diamond drill holes will be drilled to obtain samples for metallurgical testing.</p>