



# Mount Gibson Iron Limited

ABN 87 008 670 817



Level 1, 2 Kings Park Road  
West Perth 6005, Western Australia  
PO Box 55, West Perth WA 6872  
Telephone: 61-8-9426-7500  
Facsimile: 61-8-9485 2305  
E-mail: [admin@mtgibsoniron.com.au](mailto:admin@mtgibsoniron.com.au)

VIA: [WWW.ASXONLINE.COM](http://WWW.ASXONLINE.COM)

## ASX ANNOUNCEMENT

ASX Code : MGX

16 July 2013

### T1 production to commence in September

- **Key State mining approval received for T1 deposit**
- **First ore anticipated in September 2013**
- **T1 Probable Reserves estimated at 801,000 tonnes grading 61.0% Fe**
- **T1 to extend Tallering Peak mining operations to mid 2014**
- **Total Tallering Peak ore sales guidance of 2.5 million tonnes in FY2014, including sales from lower grade stockpiles**

Mount Gibson Iron Limited (**Mount Gibson**) is pleased to advise that first ore production from the T1 hematite deposit at the Tallering Peak iron ore mine, 260km east of Geraldton, is scheduled to commence in September 2013.

Key State Government approvals have been received for the Company's mining proposal for the T1 deposit, which is located 1km east of the current T6 main pit. Mount Gibson expects formal receipt of final clearing permits shortly, after which works can commence. T1 production is expected to conclude in mid 2014.

On 19 March 2013, Mount Gibson announced a maiden Indicated and Inferred Mineral Resource for the T1 deposit which was updated to 1.4 million tonnes grading 60.4% Fe in the March Quarter Activities Report released to the ASX on 15 April 2013<sup>1</sup>. The Mineral Resource was estimated by John Graindorge from Snowden Mining Industry Consultants.

Following detailed study, the Company has estimated Probable Ore Reserves for the T1 deposit totalling 801,000 tonnes grading 61.0% Fe, using a 55% Fe cut-off, as detailed in Table 1 below:

**Table 1: T1 Ore Reserves**

Reserve Category	Tonnes ('000)	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %	S %	LOI %
Probable	801	61.0	10.0	0.70	0.03	0.03	1.4

The Ore Reserve model incorporates a life-of-mine waste to ore strip ratio of 3.6:1. An explanation of the Ore Reserves methodology and the Competent Person attribution is provided in Appendix A.

<sup>1</sup> Refer ASX announcement 19 March 2013 and March Quarter Activities Report released 15 April 2013.

With development of T1, Mount Gibson anticipates total ore sales of approximately 2.5 million tonnes from Talling Peak in FY2014, including sales of approximately 700,000 tonnes of stockpiled lower grade ore (grading 52% - 53% Fe). At prevailing iron ore prices, the sale of lower grade ore that has already been mined and crushed generates cash margins comparable with standard ore sales.

Following further pit optimisation work, mining in the operating T6 pit at Talling Peak is now scheduled to continue until January 2014. All ore sales from Talling Peak, including T1 and lower grade ore stockpiles, are expected to be concluded in mid 2014.

Mount Gibson Chief Executive Officer Jim Beyer said developing the T1 deposit further demonstrated the Company's commitment to extract maximum value from its existing operations while also focusing on long term growth.

"Exploiting the T1 deposit will deliver additional value to Mount Gibson from what has already been a highly successful investment since production at Talling Peak commenced in late 2003."

"It also demonstrates our ongoing commitment to the Mid West region, where we have invested heavily in strategic export capacity and are targeting opportunities that will complement our Extension Hill hematite operation so that we remain a substantial producer in the region for many years to come."

For further information:

**Jim Beyer**

Chief Executive Officer  
Mount Gibson Iron Limited  
+61-8-9426-7500

**John Phaceas**

Manager External Relations  
Mount Gibson Iron Limited  
+61-8-9426-7500

**Alan Deans**

Last Word Corporate  
Communications  
+61 (0)427 490 992

[www.mtgibsoniron.com.au](http://www.mtgibsoniron.com.au)

## APPENDIX A

Mount Gibson Iron has undertaken pit optimisation studies at the T1 deposit 1km from the existing Talling Peak T6 main deposit. These studies demonstrate the technical and economic viability of extracting the T1 ore reserve.

- Cost Data and Revenue Data was taken from the T6 operation.
- Geotechnical Studies were carried out to determine appropriate wall slope angles.
- Pit optimisations were run in order to determine the optimum pit shell.
- Mine Planning and scheduling was carried out.
- A detailed mine operating plan was developed to mitigate risk.
- The Mineral Resource estimate was outlined in an ASX announcement on 19 March 2013 and updated in Mount Gibson's March Quarter Activities Report released on 15 April 2013.

### JORC 2012 Edition: T1 Ore Reserve estimation parameters.

Section 1: Refer ASX announcements 19 March 2013 and 15 April 2013

Section 2: Refer ASX announcements 19 March 2013 and 15 April 2013

Section 3: Refer ASX announcements 19 March 2013 and 15 April 2013

Section 4: Estimation and reporting of Iron Ore Reserves:

Section	Comment
Mineral Resource estimate for conversion to Ore Reserves	<ul style="list-style-type: none"><li>• The mineral resource for T1 was previously reported on 19 March 2013, with an update provided on 15 April 2013. This resource statement was signed by John Graindorge who is a consultant to Mount Gibson and an AusIMM member with sufficient relevant experience to qualify as a Competent Person.</li><li>• The Mineral Resource is inclusive of these Ore Reserves.</li></ul>
Site visits	<ul style="list-style-type: none"><li>• Numerous site visits have been made by Mr Weifeng Li, mine planning engineering consultant to Mount Gibson.</li></ul>
Study status	<ul style="list-style-type: none"><li>• Talling Peak is an operating mine near Mullewa in the Mid West region of WA. Production is currently 2-2.5 Mtpa.</li><li>• A detailed and practical mine plan was developed following optimisation runs using Whittle software.</li><li>• Conventional open pit mining is planned using hydraulic excavators and dump trucks.</li><li>• Standard modifying factors used for open pit mining were applied.</li></ul>
Cut-off parameters	<ul style="list-style-type: none"><li>• A cut-off grade of 55% Fe was used.</li></ul>
Mining factors or assumptions	<ul style="list-style-type: none"><li>• The geometry and geology of the T1 deposit closely approximates the nearby main T6 deposit. T1 is approximately 3km from the Talling Peak crusher.</li><li>• Known mining parameters from the T6 pit were used in the optimisation and pit design.</li><li>• These factors include slope stability, ore recovery, mining dilution, and minimum mining width.</li><li>• The T1 pit is considered an extension of the existing Talling Peak operations and will use existing infrastructure and equipment.</li><li>• Low grade material totalling approximately 270,000 tonnes grading 52.9% Fe has been classified as waste; however Mount Gibson may receive some commercial gain from the sale of this material.</li><li>• Inferred resources do not form part of the ore reserves.</li><li>• T1 has a strip ratio of 3.6:1 Waste: Ore</li></ul>

Metallurgical factors or assumptions	<ul style="list-style-type: none"> <li>• Ore from the T1 deposit will be crushed and screened at the existing Talling Peak process plant.</li> <li>• Metallurgical characteristics of T1 ore are known to be similar to T6.</li> </ul>
Environmental factors or assumptions	<ul style="list-style-type: none"> <li>• The T1 Mining Proposal has been approved by the WA Department of Mines and Petroleum.</li> <li>• Further secondary State Government approvals are expected to be forthcoming, including Vegetation Clearing Permits.</li> <li>• The existing crusher and other infrastructure already have environmental approval.</li> <li>• The T1 project was not required to be referred to the EPA, so no higher level environmental approvals were required.</li> </ul>
Infrastructure and product transport	<ul style="list-style-type: none"> <li>• Existing infrastructure will be used</li> <li>• Crushed and screened product will be trucked to Ruvidini Rail Siding near the town of Mullewa.</li> <li>• From Ruvidini, product will be railed to Geraldton for shipment to overseas customers.</li> <li>• This transport chain is presently used to transport T6 ore.</li> </ul>
Costs and revenue factors	<ul style="list-style-type: none"> <li>• All costs for mining, processing and transport were taken directly from the still operating T6 operation.</li> <li>• Revenue is based on actual payments from cargo sold.</li> </ul>
Market assessment	<ul style="list-style-type: none"> <li>• Mt Gibson has agreements in place with existing customers to sell product mined from T1.</li> </ul>
Social	<ul style="list-style-type: none"> <li>• The Talling Peak mine has been in continuous operation since late 2003, and enjoys a good relationship with the Traditional Owners and local community.</li> </ul>
Classification	<ul style="list-style-type: none"> <li>• Indicated resources have been converted to probable reserves. There are no proven reserves. Inferred resources have not been converted into reserves.</li> </ul>
Audits or reviews	<ul style="list-style-type: none"> <li>• The T1 project has been subject to internal review and approval.</li> </ul>
Discussion of relative accuracy/confidence	<ul style="list-style-type: none"> <li>• All parameters are well defined from the nearby T6 mining operation which is nearing completion. Known costs and existing parameters give high confidence to the mine design and project viability.</li> </ul>

### **Attributions**

*The information in this report relating to Ore Reserves is based on information compiled by Weifeng Li, who is a member of the Australasian Institute of Mining and Metallurgy. Weifeng Li is a consultant to Mount Gibson Iron Limited, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the December 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Weifeng Li has consented to the inclusion of the matters in this report based on the information in the form and context in which it appears.*