Mount Gibson Iron Limited is an independent Australian resources company and established producer of high quality direct shipping grade iron ore products.

Head-quartered in Perth, Mount Gibson is an established Australian mining company which mines hematite iron in Western Australia. The Company currently owns and operates the Extension Hill mine in the Mid West region, and the Koolan Island operation off the Kimberley coast.

The Company seeks to optimise the returns from its existing operations and generate sustainable, long-term returns to shareholders through the discovery, development, participation in and acquisition of mineral resources.

Mount Gibson is an active member and participant in the following industry associations:

- Chamber of Minerals and Energy of Western Australia
- Association of Mining and Exploration Companies
- Australia China Business Council
Chairman’s welcome

As Chairman of Mount Gibson Iron, I present the Company’s Sustainability Report for the 2014-15 year. This report helps to demonstrate our commitment to operating ethically, responsibly and sustainably in the pursuit of all of our business objectives, even in the most challenging of circumstances such as those experienced over the last year due to the significant 40% decline in iron ore prices and the failure of the Main Pit seawall at Koolan Island in late 2014.

We do this by upholding our core values of safety, integrity, respect, agility and courage. Applying these values in everything that we do, and focusing on doing the essential things well, forms the essence of what we call ‘The MGX Way’.

The MGX Way provides us with a road map to sustainably deliver shareholder value. It includes always putting the health, safety and wellbeing of our people first, no matter where they are located and regardless of their roles and responsibilities. It means supporting and working together with the communities in which we operate, and undertaking our activities in an environmentally responsible and sustainable manner.

Continuing to improve on our safety performance is a fundamental strategic priority of the Company, as is continuous improvement in our use of natural resources, and in responsibly managing our impacts on the physical environment.

We recognise that mining is a temporary land use with potentially longer-term impacts, and that high performance in the management of these impacts is essential to business success.

I believe the manner in which Mount Gibson has responded to the extreme adverse events of the last year has underlined our commitment to these priorities.

In summary, as a Company, we are committed to:

- Continuous improvement and innovation;
- High performance in environmental management, including minimisation of the Company’s greenhouse gas emissions, energy and water consumption, and protection of rare or declared flora and fauna;
- Recognition and protection of areas of special heritage and cultural value;
- Maintaining strong bilateral relationships with communities and other stakeholder groups with a view to creating shared value;
- Always behaving in accordance with the MGX Way; and
- Compliance with all relevant state and federal legislation as a minimum.

This report shows the progress we have achieved on this journey over the past year in the midst of very difficult conditions, and I look forward to demonstrating even greater progress as our business evolves in the year ahead.

Lee Seng Hui
Chairman
CEO’s introduction

The 2014-15 year was an extremely challenging one for Mount Gibson Iron, which required substantial and decisive responses to mitigate the combined impacts of volatile market conditions and the unforeseen failure of the Main Pit seawall at the Koolan Island mine in late 2014.

These two challenges necessitated very significant restructuring to stabilise the business and preserve value, including a reduction in the Company’s total workforce by approximately two-thirds during the period. These reductions also reflected the scheduled final closure of the Tallering Peak mine site in September 2014 after ten years of operation.

It is of enormous credit to all our people, that by being true to the Company’s guiding core values, even in this time of profound change and challenge, Mount Gibson recorded a very significant improvement in its overall safety performance.

This improvement is reflected in a reduction of 29% in the Total Recordable Injury Frequency Rate (TRIFR) to 9.4, and a Lost Time Injury Frequency Rate (LTIFR) of zero, compared with 3.4 in the previous year, with improvements recorded at all sites. The safety of our people remains our absolute priority.

The unforeseen failure of the Main Pit seawall at the Koolan Island mine, which occurred progressively over a period of four weeks in October and November 2014, had a dramatic impact on Mount Gibson’s operating activities.

The inundation of Main Pit limited production at Koolan Island to a short-term campaign of remnant mining in the Acacia East satellite pit. Following the anticipated completion of this campaign in late 2015, Koolan Island will transition to care and maintenance while the Company continues to evaluate the future potential to rebuild the seawall and resume production in Main Pit should an economically viable option be identified and if market conditions are favourable.

Significantly, the Company’s incident management procedures and diligent response to the seawall failure ensured that all personnel remained safe, and also minimised any environmental risk posed by the event. The Company worked promptly and closely with the relevant regulatory agencies to implement appropriate monitoring and reporting procedures, which have confirmed no significant marine impacts resulting from the seawall failure to date.

It is also of great credit to the Company that government inspectors noted the very high quality of rehabilitation work at Tallering Peak in formal mine closure inspections in late 2014.

Amid these challenges, the Company continued to progress permitting for the Iron Hill deposit at Extension Hill in the Mid West region of Western Australia, with the intention of securing mining approvals by the time the current Extension Hill pit is complete in 2016-17.

Mount Gibson also entered an agreement with logistics group Qube Holdings Ltd to evaluate the potential establishment of the Koolan Island Logistics Base at Koolan Island, to support aviation services for oil and gas activity in the offshore Browse Basin.

Importantly, this proposal is being progressed in collaboration with the Dambimangari Traditional Owners, with whom Mount Gibson has established a strong and co-operative relationship over many years. Mount Gibson is extremely appreciative and proud of its relationship with the Dambimangari People in the Kimberley region, and similarly its strong relationships with Traditional Owners in the Mid West region, including the Badimia, Wajarri Yamatji and Mullewa Wadjari.

Throughout the period, the Company has maintained its support for a range of community initiatives relevant to the communities in which it operates. In particular, this includes substantial sponsorships of the Clontarf Foundation’s academies for young Aboriginal men in Geraldton and Derby, and the SHINE program for at-risk girls in Geraldton.

It is also pleasing to report continuing improvement toward achieving our gender equality objectives on a year on year basis.

Customers are also key stakeholders in our business, making effective customer service delivery critical to sustaining sales and revenue. Our effectiveness in this area is reflected in our continuing long term sales contracts and high proportion of repeat spot sale customers.

In conclusion, I would like to thank Mount Gibson’s hard working and talented employees and contractors for their efforts and commitment in the pursuit of our sustainability objectives in trying conditions.

Jim Beyer
Chief Executive Officer

About this report

This is Mount Gibson’s third Sustainability Report, which includes a summary of the Company’s structure, operations and performance and approach to managing the impacts of its activities.

Full details of Mount Gibson’s operational and financial performance in 2014-15 can be found in the Company’s 2015 Annual Report, available at www.mtgibsoniron.com.au
Mount Gibson’s disappointing financial performance in 2014-15 reflected the significant decline in iron ore prices over the year, the unforeseen failure of the Main Pit seawall at the Koolan Island mine in late 2014, and the substantial costs associated with necessary business restructuring.

However, Mount Gibson’s decisive and on-going cost reduction and optimisation initiatives helped to stabilise the business in the latter part of the year, and in turn preserved the Company’s financial capability and flexibility to adapt to the difficult conditions.

These characteristics are extremely important as the Company pursues improved returns on all of its assets while investigating new resource development opportunities.

The safety and wellbeing of our employees and contractors is at the forefront of the way we work. Significantly, Mount Gibson delivered a substantially improved safety performance in extreme circumstances during the year, and is committed to achieving continuous improvement across its entire business.

Our sustainability journey remains a work in progress and it is expected that further significant improvement can be demonstrated within the next reporting period.
Mount Gibson regularly engages with stakeholders to ensure comprehensive knowledge and understanding of their areas of interest in the Company’s operations and projects.

This ongoing engagement occurs through a range of activities including briefings, site visits, forums, regular reporting and via a range of communication platforms.

### How we engage | Key items of interest | Company response
--- | --- | ---
Customers | Individual meetings | Product quality and delivery schedule | Mount Gibson employs a senior manager whose key responsibility is to liaise with major customers.
Shareholders | Periodic reports and announcements | Business performance and growth | Building our existing business remains a key strategic focus. We have created a robust platform to build long-term value for shareholders. We remain focused on extracting the most from our existing resources assets, optimising costs and maintaining our strong balance sheet.
Employees | Inductions, Toolbox meetings, Intranet, email | Training and development | We encourage open and ongoing dialogue with all employees to ensure that individual concerns are addressed. Formal career paths define training requirements for many roles. Specific training plans are developed through consultation and agreement between the employee and their manager. External training is often provided for personal development, trade and skills training, and relevant industry and subject matter conferences.
Landowners (pastoralists) and neighbours | Individual meetings as required | Impacts to property (access to water, access to shared infrastructure) | Environmental management | Mount Gibson has been diligent in responding to all stakeholder questions. Community Relations personnel and site managers manage these relationships.
Traditional Owners | Ongoing face to face meetings | Protection of cultural heritage | Mount Gibson maintains regular dialogue with Traditional Owners at each operation including formal review meetings throughout the year. Benefit agreements are in place with each Traditional Owner group. Aboriginal Liaison Officers manage these relationships.
Regulators and government departments | Annual Environmental Report | Adherence to Ministerial statements, operational licences, environmental management plans | Mount Gibson actively promotes a proactive approach to communication and consultation with all key stakeholders. An Environment and Community Team is in place to manage this engagement.
Local government and local communities | Presentations, Site tours | Management of environmental impacts that affect community (noise, dust, light) | Road and infrastructure maintenance | Community investment | Mount Gibson actively promotes a proactive approach to communication and consultation with all key stakeholders. Community Relations personnel and site managers manage these relationships.
Health and safety

The safety and wellbeing of our people is integral to the way Mount Gibson operates and is embedded in every process and part of our organisation.

The Company’s ongoing commitment to maintaining a safe work environment and taking responsibility for the safety of our colleagues and ourselves remains a primary focus.

Over the period, Mount Gibson has seen considerable reduction in its workforce including a reduction in the central supporting functions in the risk and safety areas. Despite this and the significant change in site activities, we have experienced continued improvement in safety performance at all sites.

Of particular note is the improvement at the Koolan Island mine, where the seawall failure and reduction in mining operations and demobilisation activities significantly changed the operating profile of the site. The high quality leadership effort has meant that overall safety performance has continued to improve.

Mount Gibson achieved an overall Total Recordable Injury Frequency Rate (TRIFR) of 9.4 for 2014-15, which represents a 29% reduction from the previous year. The Lost Time Injury Frequency Rate (LTIFR) was zero for the year, compared with 3.4 in the previous year. Improvements were recorded at all sites.
Koolan Island

Safety performance at the Koolan Island operation continued to improve from the last reporting period with a reduction in the site’s TRIF from 20.6 down to 15.7 and the LTIFR reduced to zero, despite some very challenging incidents at the site. Following an initial slump in the Main Pit seawall in late October 2014, and before remediation efforts could be completed, a major failure of the seawall occurred in November 2014. The Main Pit was inundated as a result of this breach of the seawall.

All non-essential activities on the island were suspended following the seawall failure in order to reduce expenditure and preserve capital while detailed identification and assessment of potential redevelopment options were conducted. Importantly, no Mount Gibson personnel were harmed or put at risk as a result of the safety protocols enacted by the Company.

Mount Gibson’s investigation into the cause of the Koolan Island seawall failure identified the following technical factors as potentially relevant to the incident:

- Sensitivity and structure of the natural marine sediments that formed the base of the seawall;
- Extent that water pressure within the marine sediments had dissipated effectively; and
- Impact of planned excavation on the landward side of the seawall.

Mining activity safely resumed on Koolan Island in January 2015 with a short-term mining campaign in the Acacia East satellite pit, due for completion later in 2015.

Due to its remote location off the Kimberley coast, the Koolan Island site sometimes provides emergency assistance to others working or travelling offshore, or from other isolated parts of the region. In July 2014, a Department of Parks and Wildlife employee was evacuated to the Company’s medical centre on site via helicopter for medical assistance and monitoring after suffering heart palpitations while working in the region.

Shine Project

During 2014, a small workforce carried out some initial clearing and infrastructure work at the Shine Iron Ore Project in the Mid West region. No safety incidents were recorded during this period.

---

**Site**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Extension Hill</td>
<td>3.41</td>
<td>6.93</td>
<td>3.20</td>
<td>3.41</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Tallering Peak</td>
<td>8.21</td>
<td>2.81</td>
<td>2.70</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Koolan Island</td>
<td>24.55</td>
<td>20.64</td>
<td>15.70</td>
<td>5.52</td>
<td>0</td>
<td>0</td>
<td>12</td>
<td>0</td>
</tr>
<tr>
<td>Geraldton Port</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Rivudini (rail)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Perenjori (rail)</td>
<td>8.56</td>
<td>7.93</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Perth Office</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Shine</td>
<td>n/a</td>
<td>n/a</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>All</td>
<td>15.01</td>
<td>13.31</td>
<td>9.40</td>
<td>3.43</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>14</td>
</tr>
</tbody>
</table>
Our people

Mount Gibson strives to create a values-driven and rewarding workplace for its employees by valuing everyone’s contribution, encouraging personal development, recognising good performance and fostering equality of opportunity.

At the end of the period, Mount Gibson employed 214 people across the Company’s corporate and regional sites. This represents a significant reduction from 673 employees reported at the same time last year.

Following the unforeseen failure of the seawall at Koolan Island, combined with the impacts of volatile market conditions and the scheduled final closure of the Tallering Peak mine site, the Company’s total workforce was reduced by two-thirds during 2014-15. This reduction was a difficult but necessary action.

As with any major change to operations, the Company ensured that personnel were kept well informed of the Koolan Island event and any planned changes to the workforce. The re-structuring period was managed sensitively to ensure dignity and respect for those who left the organisation. Outplacement support was offered to all departing employees.

Diversity

Under the Workplace Gender Equality Act, companies with more than 100 employees are required to report on the gender balance of their directly employed workforce. At 30 June 2015, 17.8% of the Mount Gibson workforce was female against a target of 20%.

Female personnel at Mount Gibson

Mount Gibson continually strives to ensure equal opportunities for women to progress into senior and executive roles within the Company. As at 30 June 2015, females held 20% of our executive and senior management roles.

In early 2014, the Mount Gibson Board was reduced from eight to six directors and the make up of the Board has been constant since this time. During the period, the total number of senior roles in the company’s Executive Committee has been reduced from seven to four. There are currently no female Directors on the Board.

Awards

Samantha (Sam) Wood, the Company’s Production Supervisor at Koolan Island until May 2015, was a finalist in the Chamber of Minerals and Energy Women in Mining Awards.

Sam was the Company’s youngest and first female supervisor and was also captain of the Koolan Island Emergency Response group. Mount Gibson congratulates Sam on her ongoing and invaluable contribution to the mining industry.

Apprenticeship program

Mount Gibson’s commitment to the ongoing training and development of employees includes those at the very beginning of their careers. At the start of the reporting period, the Company employed six apprentices across mobile maintenance and crushing facilities. Five of these young people completed their apprenticeships during the year, and one left Mount Gibson to take up a role with another mining company.

Indigenous employment and training

The Koolan Island Indigenous Trainee program, which commenced in early 2014, saw local trainees take up roles within the crushing, logistics, mining and administration departments.

In partnership with the Dambimangari Aboriginal Corporation, new recruits were identified for trainee positions however the unfortunate timing of the seawall failure resulted in postponement of the program. Subsequently, one of the trainees accepted relocation to the Company’s Extension Hill mine to continue the program.

It is anticipated that the program may be re-initiated once a definitive decision on the Koolan Island mine’s future has been made.

Scholarships

The Company continued its arrangement with the Western Australian School of Mines by sponsoring a scholarship program, which supports women in mining-related engineering and geosciences fields.

University students studying mechanical engineering and environmental sciences were provided the opportunity to undertake vacation employment with Mount Gibson during their Christmas break.

Whistle-blower policy

The Company’s Whistle-blower Policy ensures its commitment to maintaining an open working environment in which employees and contractors are able to report instances of unethical, unlawful or undesirable conduct without fear of intimidation or reprisal. This policy applies to directors, employees and Company contractors and their employees. Under this policy an employee may report their findings to their immediate supervisor or another manager, the Chief Executive Officer or Chief Financial Officer.
Environmental performance

Mount Gibson is committed to responsible management and protection of the natural environment across all of the Company’s operations.

A significant emphasis on sound environmental management practices at all sites has continued over the past year. Ensuring that the impacts of our operations are carefully managed and the associated environmental monitoring and conservation activities are successfully completed, is important for future access to minerals.

During the year, a comprehensive review of environmental and social risks was undertaken for each site to test currency and identify new risks. Critical management controls and the process and actions required to give assurance of implementation remains ongoing.

With the introduction of the Western Australian government’s Mining Rehabilitation Fund (MRF), and the inaugural payment of annual levies in June 2014, Mount Gibson’s Unconditional Performance Bonds for Tallering Peak and the rail siding were retired in 2015.

In June 2015, Mount Gibson submitted its second year of disturbance data for all sites, to Department of Mines and Petroleum for levy assessment under the MRF framework.

Mount Gibson remains firmly committed to operating within approved environmental conditions. The Company’s relationship with regulatory agencies remains a priority and regular communication ensures a shared understanding of the sites current and proposed activities.
Greenhouse Gas emissions

Greenhouse Gas (GHG) emissions are mainly carbon dioxide and methane released into the atmosphere. Most of the carbon dioxide produced is from the combustion of fossil fuels. Diesel combustion is the largest source of GHG emissions from Mount Gibson’s mining activities.

The Company’s continued investment in improving the efficiency of power generation, and operating and maintenance systems and practices, ensures more efficient fuel usage. During the 2014-15 year, the rate of GHG emissions per 100 tonnes of ore mined decreased to 1.31 tonnes CO2-e from 1.71 tonnes CO2-e in the previous year.

The total of Scope 1 and 2 GHG emissions from all Mount Gibson facilities for the reporting period was 78,138 tonnes (CO2-e), which represents a decrease of 43% from the previous year, reflective of the substantial decrease in mining activities and in line with energy consumed.

GHG emissions reported for the corporate office include diesel consumption data for exploration activities and the Shine Project.


Energy use

Mount Gibson uses and generates energy primarily through the consumption of diesel fuel for power production or use by heavy mining equipment.

Across all operations during the 2014-15 period, 1,170,518 GJ of energy were consumed representing a 44% decrease from the previous year. The rate of energy use during the same period decreased to 19.71 GJ per 100 tonnes of ore mined, from 26.00 GJ per 100 tonnes of ore mined in the previous year.

Significant reduction in the Company’s mining program during the year, due to the completion of mining at Tallering Peak and the changes to mining activity as a result of the failure of the Koolan Island seawall, is reflected in the substantial reduction in energy consumption for the period. This reduction in energy use and the associated reduction in Greenhouse Gas emission reflects both lower total material movement and a lower average strip ratio, which also contributed to improved energy efficiency by the business.

Energy produced from generators stationed on the Company’s remote sites totalled 49,049 GJ during the period.

**Energy use all sites**

![Energy use all sites](image)

**Energy use comparison (GJ)**

![Energy use comparison (GJ)](image)

**Greenhouse Gas emissions**

![Greenhouse Gas emissions all sites (tCO2-e)](image)

**Greenhouse Gas emissions comparison (tCO2-e)**

![Greenhouse Gas emissions comparison (tCO2-e)](image)
Water use
The reduction in groundwater use during 2014-15 reflects the completion of mining at Tallering Peak and the temporary halt and subsequent reduced mining activity at Koolan Island following the unforeseen failure of the Main Pit seawall.

With the significant reduction in mining operations from December 2014, the requirement for surface water reuse in dust suppression was also substantially less than the previous year.

Dust control
Mitigating and suppressing dust within the Company’s operating and rehabilitation areas forms an important part of each site’s daily activities. A range of methods are utilised including:

- Fixed dust suppression sprays around crushing plants and conveyors, to keep any ground dust to a minimum;
- Dedicated water trucks applying water to haul and mine roads and stockpiles; and
- The use of a dust suppressant formula that also reduces water use.

Environmental dust monitoring is regularly undertaken via deposition dust gauges placed strategically around the Company’s operations and rail sidings. There were no reportable dust incidents during the period.

Noise management
Throughout the period, Mount Gibson conducted regular noise monitoring to ensure compliance with all applicable noise regulations.

Given the distance from the Company’s mining activities to the nearest neighbours, there has been no recorded noise impacts or nuisance caused to neighbouring pastoral properties.

Attenuation of mobile equipment or use of warning lights over audible alarms ensures that the rail and port operations do not impact nearby residents. No public complaints or reportable noise incidents were recorded during the period.
Waste management and recycling

The Company’s waste minimisation and recycling programs continued throughout the year across all sites, with employees demonstrating an ongoing effort to divert materials from landfill.

839 tonnes of scrap steel were recycled during the period – a significant increase from the previous year due to the final site clean up at Tallering Peak.

All sites have a range of facilities for recycling of cardboard and paper, glass bottles, aluminium cans, light globes and recyclable plastics, including the bulk bags used for carting and storing explosives.

Land rehabilitation

With the completion of mining at Tallering Peak in mid 2014, the comprehensive rehabilitation program was continued and over 270 hectares were rehabilitated as per the site’s closure plans and environmental approvals.

Extension Hill operations continued throughout the period and progressive rehabilitation works were conducted in disturbed areas no longer required for mining or other site infrastructure.

On Koolan Island, a range of rehabilitation trials and progressive rehabilitation were continued throughout the period. Trials focused on determining suitable growth mediums, surface stability of cover materials on rehabilitated slopes and suitable species for vegetating rehabilitated areas.

Progressive rehabilitation of approximately 25 hectares was undertaken during the period in the scree area (former mining area for surficial deposit) and Waste Rock Landform 4. Monitoring of the trials and progressive rehabilitation will continue to further inform the Mine Closure Plan along with results from a range of studies including surface hydrology, post-mine landform stability and vegetation.

Tallering Peak

Mining at Tallering Peak concluded in mid 2014 and all activity switched focus to the decommissioning and rehabilitation program.

Inspectors from the safety, geotechnical and environmental divisions of the Department of Mines and Petroleum visited the site in September 2014 to complete final mine closure inspections and noted that the quality of work was at a very high standard.

<table>
<thead>
<tr>
<th>Site</th>
<th>Total disturbance (ha)</th>
<th>New disturbance (ha)</th>
<th>Area under rehabilitation (ha)</th>
<th>Total area not under rehabilitation (ha)</th>
<th>Total disturbance allowance (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tallering Peak</td>
<td>458.1</td>
<td>79.2</td>
<td>273.6</td>
<td>184.5</td>
<td>458.1</td>
</tr>
<tr>
<td>Extension Hill</td>
<td>203.9</td>
<td>5.7</td>
<td>4.2</td>
<td>199.7</td>
<td>255.0</td>
</tr>
<tr>
<td>Koolan Island</td>
<td>602.5</td>
<td>42.9</td>
<td>9.4</td>
<td>593.1</td>
<td>650.0</td>
</tr>
<tr>
<td>Shine</td>
<td>6.6</td>
<td>0.0</td>
<td>0.0</td>
<td>6.6</td>
<td>200.0</td>
</tr>
<tr>
<td>Total</td>
<td>1271.1</td>
<td>127.8</td>
<td>287.2</td>
<td>983.9</td>
<td>1563.1</td>
</tr>
</tbody>
</table>
The rehabilitation works on the waste dumps ensured the land form was in keeping with the surrounding natural landforms. Once completed, the areas were seeded with a range of local provenance species in September 2014.

The final Mine Closure Plan was approved by DMP in February 2015 and rehabilitation activities have now been established in all areas of the site.

Rehabilitation of the final areas of the accommodation village and mining infrastructure was completed in the first quarter of 2015. Early rains this season continue to advance the vegetation seeded as part of the rehabilitation program.

The Company’s aim is to return the Tallering Peak site to its pre-mining land use of agriculture. Success criteria has been determined to track the performance of the rehabilitation program, and quarterly monitoring already shows healthy progress.

Monitoring of the rehabilitation will continue for a number of years, together with regular reporting to the Department of Water and the Mining Rehabilitation Fund, until agreed closure criteria have been met and the mining tenements are relinquished.

Extension Hill

Extension Hill operations have remained stable and productive throughout the year, while continuing to meet environmental and community obligations.

The Mining Proposal Addendum was approved by the Department of Mines and Petroleum in July 2015, permitting an increased production rate of 5Mtpa at the Extension Hill mine site.

The Office of Environmental Protection Authority (OEPA) confirmed the Company’s compliance with the relevant Ministerial Statements, following an audit and site visit conducted during the period. A revised Mine Closure Plan was submitted to the Department of Mines and Petroleum for review in June 2015.

A series of risk review workshops were conducted during the year to re-assess the site’s key environmental risks and ensure controls and mitigation actions are suitable and implementation is carefully managed.

One minor reportable incident occurred in September 2014 involving the change-out of flowmeters for re-calibration on two groundwater bores. This task was undertaken without the approval of the Department of Water, as required by the site’s licence conditions.

The annual malleefowl mound monitoring survey was conducted during the breeding season and recorded 28 nest mounds within the study area, comprising of three recently active and 25 inactive nest mounds including one ancient nest mound.

The presence of recently active nest mounds confirms that breeding occurs within the area of the Mt Gibson Ranges. Management controls are in place to protect malleefowl and their habitat including a restricted access permit system, a pre-clearance checking process and awareness training for all personnel on site.

The Iron Hill deposit at the Extension Hill South Project, on granted Mining Leases immediately adjacent to the Extension Hill mine, was the primary focus of Mount Gibson’s exploration activity in 2014-15. During the year, the Company focussed on progressing approvals and evaluating data for preparation of a Mineral Resource estimate for Iron Hill, which was declared in August 2015.

In late December 2014, the OEPA set a Public Environmental Review level of assessment for future mining at Iron Hill.

Progressing permitting for Iron Hill is a key priority for the Company in 2015-16, in order to extend the life of the Extension Hill mine when mining in the existing pit is completed in late 2016.

Koolan Island

Following an initial slump in the Koolan Island Main Pit seawall in late October 2014, and before remediation efforts could be completed, a major failure of the seawall occurred in November 2014. This resulted in the inundation of the Main Pit by seawater from the adjacent marine environment.

The relevant regulatory authorities were notified and investigations undertaken with the assistance of external expertise to assess any potential impacts to the marine waters and coral habitat.

Environmental monitoring and assessment has been conducted since the event and no significant marine impacts from the seawall failure have been identified.

A short-term mining campaign commenced in the Acacia East satellite pit following positive mine optimisation work. This is expected to conclude in late 2015, after which Koolan Island will be placed on care and maintenance. A care and maintenance plan is under development in accordance with Department of Mines and Petroleum (DMP) guidelines and is due to be submitted during the next reporting period.

Further technical work to aid evaluation of potential options for the future reconstruction of the Main Pit seawall is planned in 2016.

Reverse osmosis plants were established on Koolan Island to improve the potability of water across the site. The site is now capable of treating 202,000 litres of water per day for potable purposes. The main village system provides 192,000 litres per day and two reverse osmosis plants each provide 5,000 litres per day.

In addition to the failure of the Main Pit seawall, six environmental incidents were recorded at the Koolan Island site during the year, including:

- 1.35 hectares of land was cleared outside of approved disturbance boundaries. The area was found to be of low ecological value and immediately rehabilitated. Further actions were implemented to prevent a recurrence.

- One declared weed was located near the crusher and considered a quarantine breach as it has not been previously located on Koolan Island. Quarantine alerts were issued across site to identify further occurrences.

- Water discharged from a mine pit settlement pond exceeded the licence reporting limit of Total Suspended Solids on two occasions. Sampling conducted on subsequent days returned results below the reporting limit.

- A spill of 500 litres of hydrocarbons occurred on a haul road. The soils affected by the spill were removed and placed in an approved bioremediation facility.

- A bush fire across 4 hectares was assessed to have been caused by fly rock at the Acacia East satellite pit. This was immediately contained and extinguished.

The site continued to liaise with regulatory agencies to obtain relevant operational, environmental and planning approvals including surface disturbance, potable water management, modification of waste rock landforms, and revision of the site’s environmental management plan.

The Department of Environmental Regulation (DER) confirmed that remediation work at a former mobile workshop was satisfactorily completed with the area not posing a risk to the environment. Several operational areas pre-dating Mount Gibson’s operations on Koolan Island have been incorporated into the site’s closure planning framework, as recommended by the DER.
Mount Gibson continued support of the CSIRO research into controlling the highly invasive and problematic weed Stinking passionflower (Passiflora foetida), which is present as a result of historical mining and occupation on Koolan Island prior to Mount Gibson’s activities.

Ongoing monitoring for exotic plants and animals is conducted as part of controls to determine if quarantine practices have been successful at preventing the spread of exotic species from the mainland. No exotic species were identified during monitoring.

The DMP conducted a routine annual inspection at the end of the previous reporting period. Following feedback from the DMP, the Company has since made improvements to waste rock landform stability, management of dispersive materials, surface hydrology, topsoil reclamation and progressive rehabilitation. The most recent routine annual inspection was conducted in May 2015. A report from the DMP is expected in late 2015.

Shine Project

Mount Gibson acquired the Shine Iron Ore Project from Gindalbie Metals Ltd in March 2014. The Project site is located approximately 248km east of Geraldton within the Shire of Yalgoo, and 68 km southwest of the Yalgoo town site.

During the 12-month reporting period, some initial construction disturbance activities occurred for site infrastructure, internal roads, water supplies and laydown areas. Site buildings and services were also installed in preparation for future exploration and mining activities.

As the Shine Project is only at the early development and construction stage, no rehabilitation has occurred during the reporting period. However where clearing has taken place, the cleared vegetation and topsoil has been stockpiled and signposted.

In the context of prevailing iron ore prices, development of the Shine Project has been deferred.

Koolan Island is home to the Northern Quoll (Dasyurus hallucatus), which is listed as endangered under the Environmental Biodiversity Conservation Act 1999. Through on-ground monitoring over a ten-year period, Mount Gibson has developed a comprehensive knowledge of the Northern Quoll population on Koolan Island. The 2015 island-wide annual monitoring campaign indicated the population to be healthy and abundant with record numbers.

The Company works with Murdoch University to provide financial and in-kind support for a PhD research program to understand the distribution and abundance of Northern Quolls on the island.

Community

Knowing and understanding the communities in which Mount Gibson operates is imperative to building positive working relationships and collaborative partnerships.

Throughout the year, the Company continued its program of open and transparent communication with interested stakeholders in the communities surrounding operational sites. The engagement program included regular briefings, site tours, meetings and participation in community events. This enabled government representatives and community members to learn more about Mount Gibson’s activities and understand the Company’s operations.

Mount Gibson continued to work closely with the Dambimangari People, the Badimia People, and the Mullewa Wadjari and Wajarri Yamatji People in Western Australia. The Company’s relationships with these Traditional Owners of the lands where Mount Gibson operates, are characterised by respectful conversations, mutually beneficently access arrangements and a high level of communication.

Together, the responsibility is shared to protect cultural heritage, provide cultural awareness training, develop employment programs and identify opportunities for local Aboriginal businesses to supply Mount Gibson projects.

Investing in local communities

Mount Gibson’s relationships with local governments and community groups are an integral link to local communities. The Company recognises that support of local initiatives provides an important vehicle to share the benefits of mining. During the 2014-15 year, Mount Gibson continued its support of local communities with total direct community investments of $490,400.

Through the Perenjori and Yalgoo Community Benefit Trusts and financial contributions for local infrastructure, the Company provided $336,700 enabling local governments to identify and fund priority projects in partnership with their local communities.

Mount Gibson also provided $153,700 in direct contributions to community programs in the areas of education, health, arts, sports and local events. The decrease in community investments compared with 2013-14 reflects the completion of mining at Tallering Peak and conclusion of Mount Gibson’s relationships with the Mullewa Community Benefit Trust in 2014.

Mount Gibson continues to work closely with local governments and community groups an important vehicle to share the benefits of mining. During the 2014-15 year, Mount Gibson continued its support of local communities with total direct community investments of $490,400.

Direct community contributions 2014/15

<table>
<thead>
<tr>
<th>Category</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>$536,099</td>
<td>$629,117</td>
<td>$490,400</td>
</tr>
<tr>
<td>Health</td>
<td>$155,156</td>
<td>$145,988</td>
<td>$123,700</td>
</tr>
<tr>
<td>Community Infrastructure</td>
<td>$146,780</td>
<td>$271,117</td>
<td>$230,000</td>
</tr>
<tr>
<td>Community Benefit Funds</td>
<td>$13,134</td>
<td>$13,134</td>
<td>$13,134</td>
</tr>
<tr>
<td>Social Welfare</td>
<td>$6,173</td>
<td>$6,173</td>
<td>$6,173</td>
</tr>
<tr>
<td>Youth</td>
<td>$27,941</td>
<td>$27,941</td>
<td>$27,941</td>
</tr>
<tr>
<td>Events</td>
<td>$1,262</td>
<td>$1,262</td>
<td>$1,262</td>
</tr>
<tr>
<td>Arts, Sport &amp; Social Welfare</td>
<td>$1,262</td>
<td>$1,262</td>
<td>$1,262</td>
</tr>
</tbody>
</table>

Through the Perenjori and Yalgoo Community Benefit Trusts and financial contributions for local infrastructure, the Company provided $336,700 enabling local governments to identify and fund priority projects in partnership with their local communities.

Mount Gibson also provided $153,700 in direct contributions to community programs in the areas of education, health, arts, sports and local events. The decrease in community investments compared with 2013-14 reflects the completion of mining at Tallering Peak and conclusion of Company contributions to the Mullewa Community Benefit Trust in 2014.

Mount Gibson’s relationships with local governments and community groups are an integral link to local communities. The Company recognises that support of local initiatives provides an important vehicle to share the benefits of mining. During the 2014-15 year, Mount Gibson continued its support of local communities with total direct community investments of $490,400.

Through the Perenjori and Yalgoo Community Benefit Trusts and financial contributions for local infrastructure, the Company provided $336,700 enabling local governments to identify and fund priority projects in partnership with their local communities.

Mount Gibson also provided $153,700 in direct contributions to community programs in the areas of education, health, arts, sports and local events. The decrease in community investments compared with 2013-14 reflects the completion of mining at Tallering Peak and conclusion of Company contributions to the Mullewa Community Benefit Trust in 2014.
In July 2014, Mount Gibson commenced two new major sponsorships with the Clontarf Foundation and the SHINE girls’ program – both aimed at supporting young people at risk of disengaging from education and employment.

The Clontarf Foundation exists to improve the education, discipline, self-esteem, life skills and employment prospects of young Aboriginal men, and by doing so, equip them to participate meaningfully in society.

The Foundation currently supports over 3,700 boys in 68 schools around Australia. Mount Gibson’s support of this program is directed to the Clontarf Academies in Derby and Geraldton.

Students from the Midwest Clontarf Academy in Geraldton.

The SHINE program aims to support, educate and empower young women with life skills and emotional tools that help to place their future in their hands. It is an engagement program specifically targeted at young women at John Wilcock College in Geraldton, Western Australia.

With Mount Gibson’s sponsorship support, SHINE intends to expand its operations to Geraldton Senior High School.

**Tallering Peak**

As mining and rehabilitation activities at the Tallering Peak mine site concluded, the Company held its last community consultation meeting in Mullewa.

Agreements were made with the neighbouring Wandina and Tallering Stations to enable ongoing access by Mount Gibson to fulfill post-closure monitoring obligations.

Mount Gibson assisted the Mullewa Community Benefit Trust committee to work in partnership with the local community in the development phase of a community farm. Once operational, this farm will create ongoing revenue for local projects and organisations within the Mullewa district, for years to come.

The Company also donated three accommodation units from the Tallering Peak site for use by the Mullewa Wadjari People on their pastoral property.

**Extension Hill**

During the year, the Badmia Monitoring and Liaison Committee meetings were held on site to review and discuss important cultural heritage management, and cross cultural awareness training was provided to all site personnel.

Mount Gibson representatives participated in the Perenjori and Mullewa Agricultural Shows where information displays provided important details to the community about current and proposed mining and rehabilitation programs.

The Company was a major sponsor of the 2014 Blues for the Bush Festival in Perenjori – a community event aiming to raise awareness and funds for the 68,600 hectare Charles Darwin Nature Reserve managed by Bush Heritage Australia.

The purpose-built Perenjori Early Childhood Centre, funded in part by Mount Gibson, was completed and officially opened in April 2015. The centre includes a 19 place childcare facility, health and education rooms, flexible community spaces, a playgroup, toy library and culturally appropriate early childhood development services.

In addition to these direct community contributions, Mount Gibson provided a total of $216,000 to the Gunduwa Regional Conservation Association (GRCA), Pindiddy Aboriginal Corporation and the Department of Parks and Wildlife as part of the environmental offset obligations associated with the Extension Hill mine.

The GRQA aims to enhance biodiversity and sustainability in the region. Along with financial support, personnel from the Company’s Extension Hill site participate in the GRCA management committee. During the past year the GRCA provided funding and support for local conservation projects and a youth leadership initiative.

**Koolan Island**

Mount Gibson’s relationship with the Derby community is important, given the town’s proximity to Koolan Island. From Derby, supplies for the Koolan Island mine are delivered by barge while most of the site’s employees transfer from commercial to charter aircraft in Derby for the final leg of the commute to site. The Company has a very strong relationship with the Dambimangari People and the Shire of Derby-West Kimberley.

In 2014-15, Mount Gibson supported several local and regional events in the West Kimberley region including sponsorship of the Annual Boab Festival in Derby.

The Company continues to explore development opportunities within its existing operations and assets in order to add further shareholder value and to contribute to the local, state and national economies. One of these opportunities is the proposed Koolan Island Logistics Base (KILB).

This is an innovative proposal to utilise existing disturbed land, including existing waste rock landforms, to establish a commercial runway and airport facility capable of supporting offshore oil and gas development activity in the Browse Basin.

The proposed KILB offers a unique opportunity for the Dambimangari People to participate in a long-term business that also has the potential to deliver significant benefits to the broader region.

The Company is consequently engaging closely with Dambimangari Aboriginal Corporation and the Shire of Derby-West Kimberley on the potential development of this project.

**Blues for the Bush concert.**
Governance

Board composition

As at the date of this report the Company has six Directors. All are Non-Executive Directors, including the Chairman.

Board composition, size and structure is reviewed annually to ensure that the Non-Executive Directors between them bring the range of skills, knowledge and experience necessary to direct the Company. The skills, knowledge and experience, which the Board considers to be particularly relevant, include qualifications and experience in the areas of mining, engineering and project management, accounting and finance, commodities, mergers and acquisitions.

The Company’s Board is committed to protecting and enhancing shareholder value and conducting the Company’s business ethically and in accordance with high standards of corporate governance. In determining those standards the Company has reference to ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (3rd edition – “ASX Recommendations”).

The Company believes that its practices are consistent with the ASX Recommendations.

The Board meets at least six times each year, and full Board meetings are usually held every two months. Meetings are convened outside the scheduled dates to consider issues of importance that arise from time to time. The Board has established an Audit and Financial Risk Management Committee, a Nomination, Remuneration and Governance Committee, a Contracts Committee, and an Operational Risk and Sustainability Committee (ORSC).

As the committee with primary responsibility for overseeing the Company’s sustainability actions, the ORSC is discussed in greater detail below.

The Company’s Corporate Governance Statement, including details of the function of each Board committee, and the skills, experience, relevant expertise, and Board committee membership for each Director in office as at the date of the Sustainability Report, can be found on the Mount Gibson website.

ORSC

The ORSC was established to enhance the risk management process for the Company in respect of operational matters. The ORSC is currently comprised of Russell Barwick, Paul Dougas, and Simon Bird. Mr Barwick is currently the Chair of this Committee.

The ORSC has a formal charter and normally meets at least four times during a financial year and its specific responsibilities include:

- Assisting the Board to monitor and understand the Company’s business and operations so as to assess if operating risks and sustainability actions are being managed;
- Monitoring operational risks and sustainable performance associated with occupational health and safety, environment, development, community and stakeholder relationships, human resources management and optimisation, legal and regulatory compliance, geological resources and reserves, mining, geotechnical, transport and infrastructure, marketing and business risk; and
- Reviewing and reporting to the Board as to whether the risk management program is operating effectively, including identification of risk, management of risks, remedial actions for areas of weakness, and auditing processes.