Mount Gibson Iron Limited is one of Australia’s leading independent producers of high quality direct shipping grade iron ore products and an established force in the bulk commodities sector.

Head-quartered in Perth, Mount Gibson explores for and mines hematite iron ore in Western Australia. The Company owns and operates the Koolan Island mine off the Kimberley coast in the remote north-west of the State, and in the Mid West region, the Extension Hill mine in the Mount Gibson range south east of Geraldton, and the Tallering Peak mine, north east of Geraldton, where mining was concluded in mid 2014 after ten years of successful operation.

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

As an established exporter of direct shipping hematite iron ore, Mount Gibson has a clearly defined strategy to operate as a successful Australian supplier of raw materials to the global carbon steel market, providing sustainable, long-term returns to shareholders.

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
• Geraldton Iron Ore Alliance
• Australia China Business Council
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Chaiman’s welcome

As Chairman of Mount Gibson Iron, it is with great pleasure that I present the Company’s Sustainability Report for the 2013/14 year. This report provides a means of demonstrating to all our stakeholders, and the broader community, our commitment to operating ethically, responsibly and sustainably in the pursuit of all of our business objectives.

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, form 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 and that high performance in the management of these impacts is essential to business success.

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;
- Compliance with all relevant state and federal legislation as a minimum.

This report shows the substantial progress we have achieved on this journey over the past year, and I look forward to demonstrating even greater progress in the year ahead.

Lee Seng Hui
Chairman
The MGX Way provides us with a behavioural guide on how to sustainably deliver shareholder value. It includes always putting the health and safety of our people first, working together with the communities in which we operate, and undertaking our activities in an environmentally responsible and sustainable manner.

**Safety**
- Genuine care for self and others
- Constant concern (hazard identification)
- Actively intervene to improve

**Integrity**
- Do what you say you will do
- Do the right thing, even when no one is looking
- “Walk the talk”

**Respect**
- Be approachable and open to other points of view
- Treat others as you would expect to be treated
- Encourage and develop people

**Agility**
- Make timely decisions
- Be dynamic and embrace change
- Grab the opportunity

**Courage**
- Taking and giving feedback
- Be prepared to admit being wrong
- Challenge the norm constructively
- Make the hard calls
CEO’s introduction

The 2013-14 year was one of substantial achievement for Mount Gibson Iron. Operationally and financially, the Company again excelled in often challenging conditions, further demonstrating the merits of our disciplined focus on business optimisation, cost reduction and business efficiency.

Record sales volumes, strong earnings and record year-end cash reserves are all testament to the Company’s focus on delivering value to shareholders, which in turn enables the capacity to deliver outcomes for our broader group of stakeholders.

It was also a year of milestones, with the Company celebrating ten years of iron ore sales from Tallering Peak, and 20 million tonnes of sales from Koolan Island in February 2014, followed by the export of the Company’s 50 millionth tonne in April 2014.

In mid-2014, a milestone of a different kind was reached with the final depletion of ore reserves at Tallering Peak, at which time our attention shifted to final rehabilitation works and the safe implementation of the Mine Closure Plan.

Significantly, we also demonstrated our disciplined approach to achieving our sustainability objectives, as shown by how we manage our people, engage with communities and interact with the natural environment, in a manner consistent with our values and the MGX Way.

At the tenth anniversary, Tallering Peak had paid over $450 million to Mid West service providers, and $250 million directly in wages to mine workers. It had also contributed over $100 million in State government royalties, over $60 million in company taxes and $3 million in local community and shire contributions.

I am pleased to report another sound year of environmental performance at all of our operations. This is a significant achievement, given the Company operates in several areas of significant sensitivity, notably at Extension Hill and Koolan Island.

Mount Gibson’s successful application for new exploration work at both operations during the year was a strong endorsement of the Company’s record of sustainable and responsible exploration and development. Approval of Tallering Peak’s Mine Closure Plan, the first mine in WA to be assessed under rigorous new regulations, was also a significant achievement.

Mount Gibson also strongly recognises the importance of working closely with Traditional Owners and respecting areas of cultural significance.

This year six new Indigenous trainee positions were created at our Koolan Island operations across a range of roles including administration, crushing, workshop and production.
The Dambimangari Rangers regularly work with the Company's horticulturalist on a variety of important environmental management actions including weed control and seed collection for rehabilitation.

In summary, I would like to thank our employees and contractors for committing to the MGX Way in the pursuit of our sustainability objectives. The hard working, disciplined and talented people at Mount Gibson are, and will always be, central to our success. I look forward to continuing our journey and reporting further progress next year.

Jim Beyer  
Chief Executive Officer

About this report

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

Full details of Mount Gibson’s operational and financial performance in 2013/14 can be found in the Company’s 2014 Annual Report, available at www.mtgibsoniron.com.au
Performance and highlights

- Solid improvement in group safety performance
- Record ore sales of 9.7 million tonnes
- Record ore sales revenue of $898 million
- Record year-end cash and term deposits of $520 million
- Net profit after tax of $96.4 million
- $21.8 million returned to shareholders in dividends
- $55.8 million paid in corporate taxes
- $6.9 million in other taxes (FBT, payroll tax, stamp duty, land tax)
- $67.5 million paid in State government royalties
- $109.6 million paid in salaries, wages and other employee benefits
- $577.3 million in payments to contractors, suppliers including:
  - $491 million to contractors and suppliers within WA, and
  - $81.2 million in the rest of Australia

$898m
Record ore sales revenue of $898 million

$520m
Record year-end cash and term deposits of $520 million
DURING 2014, MINING CONCLUDED AT OUR TALLERING PEAK SITE.

During 2014, mining concluded at our Tallering Peak site.

Over ten years of mining, Tallering Peak paid over $450 million to Mid West service providers, and $250 million directly in wages to mine workers. The operation also contributed over $100 million in State government royalties, over $60 million in company taxes and $3 million in local community and shire contributions.

Mount Gibson delivered a strong operational and financial performance in the 2013/14 year, amid volatile market conditions, particularly in the second half of the year.

Despite the challenging conditions, the Company’s ongoing focus on cost reduction and business optimisation delivered improved safety, record ore sales, record sales revenue, record year-end cash reserves and robust earnings.

A comprehensive program of monitoring and risk assessment across all sites ensured a high standard of environmental management was maintained throughout the period.

Our relationships with the communities where we operate continued to strengthen through ongoing dialogue and support for local projects and infrastructure.

Several key operational milestones also marked the 2013/14 year.

In February 2014, the Company celebrated the tenth anniversary of sales from Tallering Peak, and 20 million tonnes of sales from Koolan Island following the mine’s re-opening in 2007. In April 2014, the Company celebrated the export of its 50 millionth tonne of iron ore.

In mid-2014, mining was finally concluded at Tallering Peak after ten years of successful production. Safely and responsibly completing site closure, in accordance with the approved Mine Closure Plan, is a key priority for the first half of the new financial year.

The safety and wellbeing of our employees is at the forefront of the way we work. Our performance on this front improved from the previous year including reductions in the rate of incidents across all sites and an outstanding 622 consecutive days without a Lost Time Injury at Tallering Peak. Mount Gibson is committed to achieving continuous improvement across our entire business with an ongoing focus on improving our safety performance.

As we align systems and efforts across our sites, new methods of engagement are being developed and implemented to improve sustainability performance.

Our aim is to leave a positive legacy with the rehabilitation of our sites and the communities with which we have interacted.

Our sustainability journey remains a work in progress and it is expected that significant improvement will show demonstrated results within the next reporting period.
Mount Gibson values its relationships with stakeholders and works to ensure a mutual understanding of the impacts of current and proposed operations.

An ongoing program of stakeholder engagement supports Mount Gibson's knowledge of the Company's impacts and assists in continuous improvement of our overall performance.

Consultation with customers, shareholders, our own employees and suppliers, landowners, Traditional Owner groups, regulators, local governments, interest groups and the broader community includes a range of communication platforms, briefings, forums, site visits and reporting.

Our approach to engagement has highlighted key areas of interest for our stakeholders.

<table>
<thead>
<tr>
<th>How we engage</th>
<th>Key items of interest</th>
<th>Company response</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customers</strong></td>
<td>• Individual meetings&lt;br&gt;• Annual Report</td>
<td>• Product quality and delivery schedule</td>
</tr>
<tr>
<td><strong>Shareholders</strong></td>
<td>• Periodic reports and announcements&lt;br&gt;• Annual Report&lt;br&gt;• Annual General Meeting&lt;br&gt;• Investor briefings</td>
<td>• Business growth and performance&lt;br&gt;• Market fundamentals&lt;br&gt;• Capital management&lt;br&gt;• Corporate governance</td>
</tr>
<tr>
<td><strong>Employees</strong></td>
<td>• Inductions&lt;br&gt;• Discussion with supervisors&lt;br&gt;• Toolbox meetings&lt;br&gt;• Intranet, website, and email&lt;br&gt;• Staff meetings&lt;br&gt;• Internal newsletter&lt;br&gt;• Employee survey</td>
<td>• Training and development&lt;br&gt;• Cultural and environmental awareness&lt;br&gt;• Individual employment circumstances</td>
</tr>
</tbody>
</table>
### Landowners (pastoralists) and neighbours
- Individual meetings as required
- Annual consultation meeting (or more frequent if required)
- Annual Report

### Traditional Owners
- Ongoing face to face liaison
- Formal review meetings (up to four times per year with each group)
- Annual Report
- Annual Environmental Report

### Regulators and government departments
- Annual Environmental Report
- Management Plans
- Briefings
- Individual meetings

### Local government and local communities
- Presentations
- Site tours
- Annual consultation meeting
- Individual meetings
- Annual Environment Reports
- Annual Report
- Website

### Key items of interest
- Product quality and delivery schedule
- Business growth and performance
- Market fundamentals
- Capital management
- Corporate governance
- Training and development
- Cultural and environmental awareness
- Individual employment circumstances
- Impacts to property
- Access to water
- Access to shared infrastructure
- Environmental management

### Company response
- Mount Gibson employs a senior manager whose key responsibility is to liaise with major customers.
- 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 resource assets, optimizing costs and maintaining our strong balance sheet.
- 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.
- Mount Gibson has been diligent in responding to all stakeholder questions. Community Relations personnel and site managers manage these relationships.
- 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.
- 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.
- Mount Gibson actively promotes a proactive approach to communication and consultation with all key stakeholders. Community Relations personnel and site managers manage these relationships.
- 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.
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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.

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

This has resulted in Mount Gibson achieving an overall Total Recordable Injury Frequency Rate (TRIFR) of 13.31 for 2014, which represents an 11% reduction from the prior year. The Lost Time Injury Frequency Rate (LTIFR) was 38% lower at 3.43.
HEALTH AND SAFETY

Our comprehensive employee and contractor induction program was updated during the year, including the development of an audio-visual presentation, which provides consistency in the delivery of key Company information including the MGX Way and our focus on ensuring safe workplaces. Personnel also participate in the relevant site induction and familiarisation program.

Mount Gibson’s corporate office in Perth has maintained an excellent safety record over the year with no recordable injuries. The corporate office worked with the sites to develop group wide HSEC Standards and all employees have participated in comprehensive HSEC and risk mitigation training. Alongside these aspects Mount Gibson continues to embed the Company values of safety, integrity, respect, agility and courage.

GROUP

New Standards for Health, Safety, Environment and Community (HSEC) have been rolled out across the Company. The HSEC Standards provide guidance for all employees and set the minimum standard for our operations. Key HSEC risks for each of Mount Gibson’s operations and the organisation as a whole were also reviewed.

Quality systems and tools to support the consistent implementation of these Standards, and to track our performance in these areas, are integral to achieving continuous improvement. Purpose-built software systems have been installed to assist with effective management of safety performance, environmental obligations and actions, training, human resources and travel.

Real time data analysis, with a focus on both lag and lead indicators, enables visibility of safety and risk performance at all levels across the organisation.

Water cart suppressing dust on Koolan Island
### 2013/14 Safety Results by Site

<table>
<thead>
<tr>
<th>Site</th>
<th>TRIFR 2012/13</th>
<th>TRIFR 2013/14</th>
<th>LTIFR 2012/13</th>
<th>LTIFR 2013/14</th>
<th>LTI 2013/14</th>
<th>MTI 2013/14</th>
<th>RWI 2013/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extension Hill</td>
<td>3.41</td>
<td>6.93</td>
<td>0</td>
<td>3.41</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Tallering Peak</td>
<td>8.21</td>
<td>2.81</td>
<td>2.05</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>10.16</td>
<td>5.52</td>
<td>7</td>
<td>5</td>
<td>14</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>
</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>
</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>1</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>
</tr>
<tr>
<td><strong>ALL</strong></td>
<td><strong>15.01</strong></td>
<td><strong>13.31</strong></td>
<td><strong>5.57</strong></td>
<td><strong>3.43</strong></td>
<td><strong>8</strong></td>
<td><strong>5</strong></td>
<td><strong>17</strong></td>
</tr>
</tbody>
</table>

**TRIFR** - Total Recordable Injury Frequency Rate  
**LTIFR** - Lost Time Injury Frequency Rate  
**LTI** - Lost Time Injury  
**MTI** - Medical Treatment Injury  
**RWI** - Restricted Work Injury  

**TALLERING PEAK**
During the year, Tallering Peak commenced the transition from operations to decommissioning and mine closure. The site delivered a record safety performance over the period resulting in significant decreases in incident frequencies and severity. At the end of June 2014, the site had passed 622 consecutive days without a Lost Time Injury, and had achieved a 68% reduction in the TRIFR for the year.

### EXTENSION HILL
Two injuries were recorded at Extension Hill over the period resulting in an increase in the TRIFR and LTIFR for the site. However, Extension Hill has made significant improvement in safety performance over the last year, demonstrated by the sites continuing focus on ensuring all actions from the HSEC audit were addressed and completed.

During the year, Mount Gibson’s Rivudini and Perenjori rail sidings, and our Geraldton Port operations were combined as ‘Mid West Logistics’ and collectively supported by the management team from Extension Hill.

Geraldton Port operations and Rivudini rail siding have maintained an excellent safety record over the last 12 months with no recordable injuries. Although Perenjori rail siding had one recordable injury during the period there has been a significant decrease in overall TRIFR.

All teams continue to focus on lead indicators to drive safety performance and maintain a strong safety culture.

### KOOLAN ISLAND
Safety performance at Koolan Island improved markedly over the year with a 46% reduction in LTIFR and a 19% reduction in TRIFR. This was a direct result of a concentrated effort to align workplace culture and the implementation of a comprehensive program of safety training and system improvements.

We recognise that there is still room for improvement in our safety performance at Koolan Island hence our focus will continue with the intent of embracing a workplace culture with a constant concern for safety and everyone taking responsibility for our colleagues and ourselves.
EMERGENCY PREPAREDNESS

The Crisis Management Team (CMT) is based in Mount Gibson’s Perth office. Consisting of members of the executive and senior management, the team leads regular training exercises to ensure response capability and to identify opportunities for improvement.

An Emergency Management Plan, Emergency Management Team and Emergency Response Team (ERT) with medical, rescue and fire-fighting capabilities exists at each site. Each ERT continually undergoes training to ensure they are competent and capable of assessing and responding to a safety incident.

Lightning strikes in February caused a bush fire to start at the eastern end of Koolan Island and burnt approximately 100ha of vegetation. The site’s Emergency Response Team was activated to contain the fire and protect infrastructure in the vicinity. A subsequent review was initiated of the Koolan Island’s Fire Management Plan and has lead to the development of a series of firebreaks being cleared around the village.

Training exercises were conducted at all sites during the year to test and improve the emergency response of the ERTs. A training scenario of a simulated oil spill at the Koolan Island port with ‘injured’ workers was conducted. The ERT arrived, assessed the situation and took the relevant actions to address the incident whilst ensuring their own safety. The CMT led this exercise via a coordination role from the Perth office.

These exercises form a critical component of building on-site and Perth-based capability for responding to emergency situations, and enhancing relationships with local emergency services.

PREVENTION OF INJURY AND FITNESS FOR WORK IS AN IMPORTANT COMPONENT OF OVERALL EMPLOYEE WELL-BEING.

Since January 2013, Mount Gibson has worked with specialist injury risk management provider, Aurenda, to enhance the management of the financial and human costs of injury. This has included onsite education, training and consistent implementation of best practise injury management policies and procedures at all sites as well as Pre-Employment Medicals, Fitness for Work Assessments and onsite Ergonomic Assessments.

Aurenda supports Mount Gibson with the management of employees’ injuries regardless of whether they are work related or not, by providing a team of technical and clinical experts with 24/7 availability. The program adopts a highly proactive approach to managing injured employees and enables their return, promptly and safely, reducing the time away from work.
Our people

Mount Gibson strives to create a values-driven and rewarding workplace for our 673 employees by valuing everyone’s contribution, encouraging personal development, recognising good performance and fostering equality of opportunity.
The Company is revising the organisational structure and adopting a more centralised approach to the provision of services to sites such as mobilisation and training administration, finance, human resources, supply and purchasing. This has resulted in a review of role location, skills and responsibilities.

A mandatory induction process for all new and transferring employees and contractors has been developed and implemented including training on our safety standards, Company values and key policies including diversity and discrimination.

During the year, Mount Gibson celebrated 10 years’ service by seven of our employees. These employees and their partners celebrated at a dinner in Perth and with a gift from the Company to mark this significant milestone.

An employee incentive program was introduced and is aligned with the Company’s strategy to build a culture of productivity, accountability and value creation by setting key site and business performance targets for safety, sales and cost performance. The business must achieve the targets for the incentive to be payable to employees. This gives employees greater line of sight to how their efforts contribute to site performance outcomes.

**IMPROVING EMPLOYEE RETENTION**

Recruitment is managed centrally and employment is offered on merit. Every person applying for a job is evaluated according to their job related skills, qualifications, abilities, aptitudes and alignment to the Company values.

Strong internal candidates are prioritised for roles and particularly promotional roles, and where necessary external recruitment is considered. Ongoing development of recruitment practices has resulted in positive hiring outcomes and reduction of turnover of new employees.
Succession planning processes were also revised to include identifying critical roles, profiling our leadership group to assess performance and potential, and identifying high potential employees.

During the year, a new Perth-based program of pre-mobilisation haul truck driver training and assessment was implemented to prepare employees new to the mining industry for site driving and successful transition to their new career.

DIVERSITY

At Mount Gibson, we strive to achieve diversity in all its forms and at all levels of the Company. Our aspiration is to have a workforce that best represents the diversity of the communities in which our assets are located and our employees live.

In an effort to improve representation of women in our workforce, Mount Gibson has adopted gender diversity targets. Our progress against the targets is outlined in the table on the following page. Currently females comprise 16% of our overall workforce. While this is in line with the Australian mining industry’s female participation rates, we acknowledge room for improvement in this area.

The Company is encouraged by the number of women in leadership roles across the business. Other activities we have undertaken to increase representation and equitable treatment of women include:

- Delivered equal average pay and pay review increases for men and women in each job grade.
- Sponsored three Women in Mining WA initiatives and supported our female employees from across the business to participate. These included a career development seminar, a networking function to promote and encourage diversity on boards, and an industry-led mentoring program for seven of our female employees.
- Conducted our second annual Mount Gibson Outstanding Woman award to promote and celebrate the contribution made by women to our business. Employees are encouraged to nominate a female work colleague and provide an example of demonstration of the Company values in the workplace.
- Commenced measuring turnover of female employees and conducting exit interviews to better understand this turnover and better target our retention strategies.
- Mandatory attendance for all employees to Eliminating Bullying and Harassment workshops conducted across the business.
Our commitment to developing a more diverse workforce includes a commitment to providing employment opportunities for Indigenous people.

During the year, we created an additional six traineeships at our Koolan Island site specifically for Indigenous employees to provide a pathway to employment in the mining industry. These traineeships give onsite training towards nationally recognised qualifications in Surface Extraction Operations, Resource Processing or Business Administration.

**MOUNT GIBSON SCHOLARSHIPS**

The Company has partnered with the WA Mining Club to provide two $10,000 scholarships to university students in a mining discipline including one for an engineering student and one specifically for a female student in a relevant technical discipline. Each recipient will also receive a year of mentoring with our most senior managers and an opportunity for vacation employment on a Company site.

**UNIVERSITY VACATION EMPLOYMENT**

Each year Mount Gibson provides vacation employment opportunities to undergraduate university students undertaking a relevant degree. During the year, eight students were provided with site-based work opportunities.

**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 Company’s Human Resources Manager; or the Chief Executive Officer or Chief Financial Officer.

**OUTSTANDING WOMAN IN THE WORKPLACE AWARD**

Now in its second year and timed to coincide with International Woman’s Day, this Mount Gibson award recognises the substantial contribution that women make to our business.

2014 Award winner, Samantha Wood is an extremely worthy winner who very much embodies the 2014 theme of ‘Inspiring Change’.

Highly respected in her role, Samantha has developed excellent working relationships with her colleagues. Samantha’s diligent and proactive approach to the safety of her crew and her willingness to lead from the front in achieving cultural change on site were key factors in her success.

Samantha has been working at our Koolan Island site since 2011, commencing as a trainee haul truck driver, then operating other equipment including excavators, before moving to Team Leader and relief Supervisor. Not long after receiving this award, Samantha was promoted to Production Supervisor.

The recipient of this award receives the opportunity to participate in the Women in Mining WA Mentoring Program, is invited to attend the Women in Mining annual seminar, and the Company donates $200 to a charity of their choice. Samantha selected Ronald McDonald House.
Environment

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

A significant emphasis has been placed on sound environmental management practices at all sites 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, are important factors for future access to minerals.
Implementation of new Health, Safety, Environment and Community (HSEC) Standards, together with environmental risk management, auditing, reporting, and induction training have been key areas of focus during the year.

A comprehensive review was conducted of all environmental obligations on each site. Where conditions such as monitoring requirements were found to be no longer valid, application was made to the relevant government department to have those elements altered or removed. Cost savings from these changes are re-directed into other environmental management activities.

During the year, the following regulatory corporate reports were submitted –

- National Pollutant Inventory Report to the Department of Environmental Regulation (DER)
- National Greenhouse and Energy Reporting scheme to the Federal Department of Environment
- Mining Rehabilitation Fund to the Department of Mines and Petroleum (DMP)
- Energy Efficiency Opportunities report to the Department of Industry

During mining, research and rehabilitation trials are conducted to better understand the natural vegetation and climatic characteristics of each site. As mining operations move into new areas, progressive rehabilitation of mined areas occurs with the long term aim of creating a safe, stable and self-sustaining ecosystem.

Rehabilitation of 161.3 ha was undertaken at Tallering Peak as mining ceased and the site transitioned to decommissioning and closure. Limited rehabilitation occurred at Koolan Island and Extension Hill as disturbed areas remain active with mining operations.
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, 2,060,938 GJ of energy was consumed during the year representing a 23% increase from the previous year and reflective of increased levels of mining activity.
Our rate of energy use decreased from the previous year to 26 GJ per 100 tonnes of ore mined.

Energy use (GJ) - all sites

Increased volumes of ore were mined and moved from Extension Hill and Koolan Island, in particular, resulting in increased levels of energy consumed. However, process improvements made in the previous year for the tracking and recording of diesel fuel usage and consolidation of facilities at Koolan Island, continue to achieve efficiencies in energy consumption.
At Tallering Peak, energy consumption decreased in line with the winding down of operations.
The increase in energy use reported by our Geraldton Port operation is as a result of the electricity used on Berth 5 being included in the data for the first time this year, following completion of comprehensive testing of new installations.
The marked increase in corporate energy use noted is due to the inclusion of data from diesel fuel usage for exploration activities and the new Shine Project.

LAND DISTURBANCE AND AREA OF REHABILITATION BY SITE

<table>
<thead>
<tr>
<th>Site</th>
<th>Total Disturbance (Ha)</th>
<th>New Disturbance (Ha)</th>
<th>New rehabilitation to agreed end use (Ha)</th>
<th>Total Disturbance not rehabilitated (Ha)</th>
<th>Total clearing allowance (Ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Koolan Island</td>
<td>573.56</td>
<td>31.70</td>
<td>9.39</td>
<td>564.17</td>
<td>650.00</td>
</tr>
<tr>
<td>Extension Hill</td>
<td>216.00</td>
<td>0.50</td>
<td>0</td>
<td>216.50</td>
<td>255.00</td>
</tr>
<tr>
<td>Tallering Peak</td>
<td>374.05</td>
<td>17.20</td>
<td>161.30</td>
<td>212.75</td>
<td>374.05</td>
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<tr>
<td>ALL</td>
<td>1163.61</td>
<td>49.40</td>
<td>170.69</td>
<td>993.42</td>
<td>1279.05</td>
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</tbody>
</table>

Reporting periods as per the Annual Environmental Reports
Tallering Peak 1 Oct 2012 – 30 Sept 2013
Extension Hill 1 Oct 2012 – 30 Sept 2013
Koolan Island 1 Jan 2013 – 31 Dec 2013
GHG EMISSIONS

The total of Scope 1 and 2 GHG emissions from all Mount Gibson facilities for the reporting period was 135,735 tonnes (CO2-e), which represents an increase of 21% from the previous year, reflective of an overall increase in mining activities and in line with energy consumed.

At the Company’s Geraldton Port operations this year, Scope 1 emissions increased 47% due to diesel use related to the increased volume of ore being moved by plant and equipment for shipping. Scope 2 emissions increased by 300% due to inclusion of data for the electricity used at Berth 5.

GHG emissions reported for the corporate office show a significant increase due to the inclusion of diesel consumption data for exploration activities and the Shine Project.


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 in 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 2013/14 year, our rate of GHG emissions per 100 tonnes of ore mined decreased to 1.71 tonnes CO2-e.

GHG EMISSIONS AND ENERGY USE

<table>
<thead>
<tr>
<th>Year</th>
<th>GHG (TCO2-e)</th>
<th>ENERGY USE (GJ)</th>
<th>ENERGY PRODUCED (GJ)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011/12</td>
<td>144,305</td>
<td>2,167,945</td>
<td>79,390</td>
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<tr>
<td>2012/13</td>
<td>111,755</td>
<td>1,672,518</td>
<td>58,314</td>
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<tr>
<td>2013/14</td>
<td>135,735</td>
<td>2,060,938</td>
<td>63,744</td>
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</table>
WATER USE
The water used by Mount Gibson’s operations is primarily accessed from groundwater. Each site has a series of bores that provide water for both potable and industrial purposes. No water sources are in protected areas and none were significantly affected by the Company’s operations during 2013/14. There are no permanent surface water bodies on any of the sites. Rainfall is collected in pit and then abstracted and used for dust suppression.

Across all sites during the 2013/14 year, 803,525 kilolitres (kl) of groundwater was abstracted, 7,774kl of scheme water was purchased and 317,000kl of surface water was re-used for dust suppression activities.

An increase in the number of high rainfall events on Koolan Island during the year reduced the demand for dust suppression activities requiring re-use of collected surface water.

A comprehensive groundwater monitoring program assesses the depth to ground water of each bore. Samples taken from the bores and water that has been processed through the potable water treatment plants, are analysed in accredited laboratories to assess water quality and ensure the potable water treatment plants are producing water that meets or exceeds the Australian Drinking Water Guidelines.

DUST EMISSIONS
Dust suppression across our sites is undertaken with dedicated water trucks applying water to haul and mine roads, and stockpiles from sprays mounted at the rear of the vehicles. A dust suppressant formula is used to improve dust suppression and reduce water use.

Fixed dust suppression sprays are fitted around crushing plants and conveyors. Additional water sprinklers are located at a variety of points around our plants to keep any ground dust to a minimum.

Environmental dust monitoring is regularly undertaken via deposition dust gauges placed strategically around our operations and rail sidings.

NOISE
Mount Gibson’s three mine sites are considerable distances from the nearest neighbours hence noise impacts are negligible, however rail sidings are in closer proximity to nearby towns.

Revolving yellow lights are used on loaders instead of reversing horns during night time operations and regular assessments are made to ensure noise levels comply with applicable legislation and are not a nuisance factor for local residents.

Noise abatement is important for our employees and contractors on site. In areas where noise levels are above the threshold of 82 dba for more than eight hours, hearing protection must be worn. All mobile machinery is fitted with noise abatement equipment to meet the 82 dba requirement.

WASTE MANAGEMENT AND RECYCLING
Mount Gibson is committed to minimising waste and diverting materials from landfill by recycling. Sites have a range of facilities for recycling of paper and cardboard, scrap metal, glass bottles, aluminium cans, light globes, and recyclable plastics, including the bulk bags used for carting and storing explosives.

Other waste minimisation initiatives include issuing permanent employees with crib sets consisting of stainless steel cutlery, reusable plastic containers, a travel mug and cooler bag in order to significantly reduce the use of disposable plastics.
During the year, more than 250 tonnes of scrap metal were removed from sites for recycling and waste oils were collected in storage tanks then removed by contractors for treatment, recycling, or disposal. Hydrocarbon contaminated soils from spills are managed in on-site bio-remediation facilities, while putrescible and inert wastes are directed to approved site landfills, which are managed in accordance with licence conditions.

The total volume of non-hazardous waste that was placed in landfill facilities across our sites during 2013/14 was 863 tonnes.

**TALLERING PEAK**

Tallering Peak Mine is located 63 kilometres north of Mullewa and 125 kilometres north east of Geraldton. It is located in a semi-arid region on the Tallering Range that rises 150m above the surrounding plain and breakaway country.

**Regulatory Approvals**

During the reporting period, the following regulatory approvals were received from the DMP:

- Approval for an addendum to the T6B Pit and waste dump expansion mining proposal to account for modifications to the waste dump design;
- Conditional approval for Version 8.0 of the Mine Closure Plan for Tallering Peak mine site;
- Approval of vegetation clearing under the relevant exemptions to allow for construction of abandonment bunds and rehabilitation of haul road batters.

**Biodiversity**

No fauna species of conservation significance were recorded during the most recent survey although three significant species were identified during previous surveys - the Peregrine Falcon, Bush Stone-curlew and Rainbow bee-eater. The region is characterised by open acacia shrub lands and low woodlands on sandy-earth plains. Within this environment there are no declared rare species that are protected. However, there are four plant species and one group of plants known as an ecological community that are recognised as important and have been fenced for protection. The route of a major haul road was redirected to mitigate impact on these species.

**Audits and inspections**

The report received from DMP as a result of their audit focused on closure commitments and progress against the Tallering Peak Mine Closure Plan. No significant findings were noted.
INNOVATION IN ENVIRONMENTAL MONITORING

Malleefowl (Leipoa ocellata) are large ground dwelling birds unique to the arid and semi-arid regions of Australia and listed as a threatened species in need of national conservation efforts.

These birds build large incubation mounds of soil, leaves and twigs. Their eggs are laid in the mound, buried and left to incubate by heat generated from composting litter. The survival rate of new chicks is very low.

Mount Gibson is committed to ensuring that malleefowl and their mounds, found near the Extension Hill mine site, are protected and regularly monitored. The number of active nesting mounds in an area is used to estimate the breeding population.

Mount Gibson collaborated with environmental consultants Terrestrial Ecosystems and aerial mapping Aerometrex to trial a new methodology for detecting previously unidentified malleefowl mounds over a large area.

High-resolution aerial photography was taken of a 7014 ha area using a large format camera mounted in an aerial drone. Expert analysis of the imagery and ground-truthing enabled the identification of an additional 180 mounds, of which 22 were either active or recently active.

With a 47% reduction in cost from previous methods, this trial has identified a highly effective, lower cost option for searching for malleefowl mounds in a semi-arid environment.

The survey methodology and interim results were presented at the Goldfields Environmental Management Group Workshop and a paper on the survey was submitted for publishing in the CSIRO’s Wildlife Research journal.

Reporting

The following reports were submitted to the relevant State Departments:

- Annual Clearing Report for CPS 4580-1 to the DMP
- National Pollutant Inventory Report to DER
- Annual Environmental Report to DMP
- Annual Groundwater Report to Department of Water (DoW)
- Annual Environmental Report to DER
- Annual Audit Compliance Report to DER
- Annual Clearing Report for CPS 5579-1 to DMP

Incidents

Four environmental incidents were reported during the period including three hydrocarbon spills. Contaminated soil was relocated to the on-site land farm for bio-remediation. The fourth minor incident was a kangaroo death from a traffic incident on-site.

Rehabilitation and mine closure

Since early 2011, progressive rehabilitation of the Tallering Peak mine site has been underway. Areas that did not interfere with operational requirements have been reshaped to resemble the surrounding landscape, topsoil applied, deep ripped on contour and hand seeded with a variety of local provenance species.
The Tallering Peak Mine Closure Plan received approval from the DMP in August 2013. Mining finished in May 2014 and the majority of rehabilitation tasks will be completed in September 2014.

Regular monitoring of the rehabilitation will continue for several years at Tallering Peak until agreed completion criteria targets have been achieved. The aim has been to create a safe, stable, non-polluting and self-sustaining landform that is consistent with the surrounding landscape. Once complete, the tenements will be relinquished and the site returned for pastoral land use.

EXTENSION HILL

The Extension Hill mine site is located approximately 350km north east of Perth in Western Australia, immediately adjacent to the Great Northern Highway and around 80km north of Wubin.

Regulatory Approvals

Key regulatory approvals received during the year include:

- An exploration drilling Program of Works for Iron Hill was approved.
- DER approval for an amended Prescribed Premise Licence, which allows an increased production rate of up to 5Mtpa.
- The Commonwealth Department of the Environment approved revised malleefowl and Darwinia masonii Management Plans.
- A minor amendment to Ministerial Statement 786 was approved under section s45c of the Environmental Protection Act 1986, removing constraints on trucking and train movements.

Biodiversity

Malleefowl

The annual malleefowl mound monitoring survey was conducted during the breeding season with eight active mounds identified. An aerial survey of 7014ha using a drone and high-resolution large format camera, combined with expert analysis of the imagery, enabled the identification of an additional 180 mounds, of which 22 were either active or recently active.

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.

Declared Rare Flora

Recovery Plans for two Declared Rare Flora (DRF) were submitted to the Office of the Environmental Protection Authority (OEPA). External consultants undertook annual monitoring of the health of a sub set of populations of both of these plants.

A full population census of Darwinia masonii was commenced and due for completion in July 2014. The preliminary results have identified that the total population count is higher than previously recorded.

Collaboration for Conservation

In 2011, Mount Gibson helped establish and now provides funding to the Gunduwa Regional Conservation Association (GRCA), which aims to enhance biodiversity and sustainability in the region. The GRCA includes local government, conservation groups, agricultural groups and Company representatives, and is currently chaired by Bush Heritage Australia.

In 2013/14 the GRCA provided small grants for projects, which meet the objectives of the group including:

- A study of the impacts of fire on semi-arid shrubland birds and identifying fire management regimes to conserve and promote biodiversity in the region, undertaken by Edith Cowan University.
- An assessment of soil properties in farmed areas and nearby remnant vegetation to improve understanding of farming impacts and identify sustainable farming practices, conducted by The Liebe Group.
- A young leaders project to engage Morawa and Perenjori youth in environmental activities and teamwork.
- Equipment, training and support for volunteers from the North Central Malleefowl Preservation Group.
A new population of *Lepidosperma gibsonii* has been identified outside of mine impact areas and the Department of Parks and Wildlife (DPaW) planned to quantify this population in July 2014.

**Offsets**
The Mount Gibson funds made available to Bush Heritage Australia, Pindiddy Aboriginal Corporation and Australian Wildlife Conservancy for biodiversity offsets projects during this period were spent on a variety of works, including fire management, weed control, erosion control, introduced fauna management and the promotion of cultural and environmental values of the area.

A DPaW officer funded by Mount Gibson commenced work in September 2013 with an initial focus on significant flora and fauna management.

**Audits and inspections**
The DMP conducted an Annual Environmental Inspection of the mine site and rail siding in November 2014. Opportunities for improvement were identified and addressed and the inspectors commended improvements made since the previous inspection in 2011.

**Reporting**
Regulatory reporting during the period included:
- Annual and Quarterly Potable Water Reports – Department of Health (DoH)
- Annual Groundwater Report – DoW
- Consolidated Annual Environmental Report – DoE, DER (Geraldton), OEPA
- Annual Environmental Report for the Extension Hill Hematite Road and Rail Siding – OEPA
- Annual Compliance Certificate – DoE
- Annual Audit Compliance Report – DER (Geraldton)

**Incidents**
Two non-compliances with environmental licence conditions were recorded during the period relating to the monitoring program for two species of DRF where, due to a number of factors, only 91% and 85% of the required 715 plants of each species were monitored. Additional monitoring plots have been established to rectify this program.

Two hydrocarbon spills in the mine pit were classified as reportable incidents and DMP and DER were notified. Contaminated material was either disposed of in hydrocarbon waste bins or relocated to the on-site land farm for bioremediation.

**Mine closure**
A Mine Closure Plan specific to the Extension Hill Hematite Operation was written and submitted to the tenement holders for submission to DMP. There is currently limited scope for rehabilitation as the disturbed areas are predominantly still active.

**KOOLAN ISLAND**
Koolan Island is located approximately 130 kilometres north of Derby and just off the Kimberley coast in northern Western Australia.

**Regulatory Approvals**
A review of regulatory approvals for Koolan Island was conducted during the period to identify requirements that are no longer applicable due to findings from our long-term environmental monitoring or changes that have occurred. The Environmental Protection Authority has subsequently removed a number of monitoring requirements for our Koolan Island operation.

**Contaminated sites**
The Mobile Plant Workshop, which has been in use for seven years, was relocated to a new facility at the Mining Operations Centre to accommodate plans for eventual advancement of a waste dump.

Following decommissioning of the Mobile Plant Workshop, the site was the subject of a detailed investigation conducted in late 2013 in accordance with the Contaminated Sites Act and guidelines from the DER.
The DER’s Contaminated Sites branch has confirmed that the work undertaken by Mount Gibson has adequately met the guidelines.

**Biodiversity**

Koolan Island is home to the Northern Quoll (*Dasyurus hallucatus*), which is listed as an endangered species under the *Environmental Protection and Biodiversity Conservation Act 1999*. Through on-ground monitoring over a nine-year period, Mount Gibson has developed a comprehensive knowledge of the Northern Quoll population on Koolan Island.

The Company works in partnership with DPaW, university researchers and environmental consultants to enhance the overall understanding and conservation status of Northern Quoll populations in Western Australia.

The Stinking passionflower (*Passiflora foetida*) is a highly invasive vine introduced from south and central America. The vine’s introduction to Koolan Island predates Mount Gibson’s presence on the island, and is particularly prevalent in areas that were disturbed by previous mining activity. The only effective long-term solution is biological control, using the weed’s natural enemies as control agents.

Mount Gibson contributed funds to an offset program and provided transport and on-site facilities for the first phase of a CSIRO study into a biological control for this weed. A further significant financial contribution has voluntarily been made by Mount Gibson to support DPaW and the CSIRO undertake the next phase of the research project.

**Audits and inspections**

The DER and DMP conducted external audits as part of their normal annual review. Minor findings from these audits, such as maintenance of the waste treatment plant meters, were promptly addressed.

**Rehabilitation and mine closure**

The Mine Closure Plan submitted during the previous reporting period remains under consideration by the DMP. The site’s rehabilitation plan provides guidance for determining soil and vegetation associations and identifying appropriate native species for use.

A temperature controlled seed storage facility constructed last year is being used to refrigerate fleshy fruits prior to processing and then store all of the cleaned and processed native seed. Sieves are used for the initial seed cleaning process and a multi-seed vacuum separator assist in the final clean of seeds prior to storage.

**Incidents**

There were five environmental incidents reported during the period including four instances where water discharged from a mine pit settlement pond exceeded the licence reporting limit of Total Suspended Solids. A minor oil spill impacted 10m² of road at the barge landing as a result of a ruptured prime mover fuel tank. The soils impacted by the oil were removed and placed in an approved bioremediation facility.

**Reporting**

- Annual Environmental Report to DMP
- Annual Environmental Report to DER
- Annual Environmental Report to OEPA
- Annual Northern Quoll monitoring report to DoE
- Annual Audit Compliance Report to DoE
- Annual Potable Water Report to DoH
Knowing and understanding the communities in which we operate is imperative to building positive working relationships and collaborative partnerships.
VALUED RELATIONSHIPS WITH ABORIGINAL COMMUNITIES

Mount Gibson’s relationships with the Traditional Owners of the lands where we operate are characterised by respectful conversations, mutually beneficial access arrangements, and a high level of communication.

The Company shares a commitment with the Traditional Owners for protection of cultural heritage, cultural awareness training, employment programs and opportunities for Aboriginal business to supply our projects.

ENGAGING WITH OUR COMMUNITIES

Mount Gibson is committed to engaging with interested community members about the Company’s existing and proposed operations, in an open and transparent manner.

Through a range of consultation programs and communication mediums, Mount Gibson provides regular updates to the community about its local activities. Stakeholder liaison meetings; briefings to local governments and regulators; site tours; and participation in community events provide opportunities for the community to meet with Company representatives and discuss our operations.

Our communities include local residents and businesses, our employees and contractors, landowners, Traditional Owners, regulators, government departments (local, state and federal), suppliers, customers and other interest groups.

COMMUNITY
At each mine site there is a comprehensive consultation program with each of the Traditional Owner groups. Monitoring and Liaison Committees meet regularly to review and discuss the operational performance of the site including production rates, safety statistics, employment of Aboriginal people, environmental activities, heritage survey requirements and mine closure plans.

Through this process, Traditional Owners have opportunities to participate in some of the decisions made by the site and to gain a clear understanding of any impacts that mining activity may have on the land today and in the future.

During the year, key members of local Traditional Owners groups, anthropologists, archaeologists and specialist consultants, have conducted heritage surveys in our new exploration areas. A number of Aboriginal artefacts were identified and Mount Gibson has undertaken to ensure those locations are not disturbed.

**INVESTING IN OUR COMMUNITIES**

Investing in the creativity, education and health of local people is an important component of our community engagement program. Mount Gibson understands its corporate responsibility to ensure that communities benefit from the changes that mining activities can bring to the local area.

The Company also recognises that local groups and local governments are best placed to identify and determine community needs and priorities.

Our investment in Community Benefit Agreements and Trusts with the local governments in our areas of operation is an important contribution towards creating stronger and more sustainable communities. The relevant local government authority manages the Trust funds with input from community and Mount Gibson representatives. Local community organisations apply and receive funding through this process.

During the year, Mount Gibson invested $629,117 in direct contributions to community organisations and projects in our areas of operation. This has included support for community infrastructure, events, youth, education and health projects.
EXTENSION HILL
The Extension Hill mine site has a strong relationship with its nearest community, Perenjori, despite being located more than 80km away and with only a rail siding situated adjacent to the town.

Our annual stakeholder liaison meeting was held on site to provide an update on mining and environmental management activities. Representatives from the local governments, the North Central Malleefowl Preservation Group, Australian Wildlife Conservancy, Pindiddy Aboriginal Corporation, Bush Heritage Australia, DER and DMP participated. Of particular interest to the group is our involvement in monitoring, research and protection of malleefowl.

The Badimia Monitoring and Liaison Committee met twice during the year to discuss cultural heritage, flora and fauna considerations.

Mount Gibson values its relationship with the local Traditional Owners. Recently, the Badimia people worked on a project to develop the *Badimaya Dictionary* to keep their traditional language alive. Mount Gibson provided financial support for this project, acknowledging the importance of conserving cultural heritage.

The Company was again pleased to sponsor the Perenjori Agricultural Show held in August and the Extension Hill site team was proud to win an award for the Best Family Interest Display.

During the year, Bush Heritage Australia and the Shire of Perenjori hosted the inaugural ‘Blues for the Bush’ concert at Charles Darwin Reserve. Mount Gibson was a major sponsor of this very successful event.

In 2013/14, the Perenjori Public Benefit Fund supported local projects including shade sails at the Latham Bowls Club; playground refurbishment at Perenjori Primary School and publishing of the local history book, *Sound of the Cockies* to commemorate Perenjori’s centenary.

In Yalgoo, Public Benefit Agreement funding was directed to youth programs and employment of a community development officer hosted by the Shire of Yalgoo.

PERENJORI EARLY CHILDHOOD CENTRE
Mount Gibson provides funding to the Shire of Perenjori under an agreement to support vital infrastructure in the community. Historically this has included road construction and maintenance projects. By mutual agreement, Mount Gibson’s more recent infrastructure contributions have been directed towards the construction of a new Early Childhood Centre in Perenjori.

This facility will provide a range of early childhood, parent and family support services in partnership with Perenjori Primary School, WA Country Health Service, community agencies and the local community. The facility will also house a licensed childcare service with the capacity for 19 places within the next 10 years.

The $2m Perenjori Early Childhood Centre commenced construction in mid 2014 and completion is expected by early 2015. The centre has been made possible by funding from Mount Gibson, Shire of Perenjori, the WA Government, Lotterywest and Karara Mining Ltd.
KOOLAN ISLAND

Due to the remote location of our Koolan Island operations, there is little direct impact on the local community. However, Mount Gibson maintains a strong and ongoing relationship with the local Traditional Owners, the Dambimangari people. Throughout the year we met regularly to discuss employment opportunities and heritage survey work.

Early in the year, the Koolan Island Cultural Heritage and Training Centre was officially opened and is regularly used for cultural awareness and other training and development programs.

The presence of our operations brings regular commercial flights to the Curtin Airport at Derby, which provides local people with access to air travel that otherwise might not occur.

Similarly, the upgraded port facilities at Derby directly benefit both the Koolan Island operations and the local Derby community.

Our annual stakeholder meeting was held in Derby to provide an opportunity for local businesses, community members, government representatives and other interested groups to be updated on the site’s activities.

During the year, Mount Gibson continued to support a range of community events and projects including the annual Boab Festival, football club, campdraft, art prize and an economic development forum.
TALLERING PEAK
Quarterly community meetings were held at Tallering Peak enabling interested community members to understand the decommissioning and rehabilitation program for the site.

There is a high level of interest in the post-mining use of facilities and infrastructure and Mount Gibson will continue to liaise with the local community regarding the mine closure. Regular liaison meetings were also held with the Mullewa Wadjari and Wajarri Yamatji people.

Our support for the Mullewa and Geraldton communities continued during 2013/14 with sponsorship provided to the local agricultural society; football, soccer, little athletics, teeball and bowling clubs; local schools; and the Young Indigenous Art and Writers Award.

In partnership with the WA Museum, Mount Gibson supported the development of a fictional book entitled, *Francine the Frog*. The illustrated book, by local author Bob Primrose, brings to life the fictional story of a tiny Shoemaker frog found at Predator Rocks, in the mid west region of WA.

Mount Gibson representatives participated in meetings of the Mullewa Community Benefit Trust committee, through which funds were distributed to local projects and groups including the rodeo, agricultural society, sporting groups, community resource centre, community facilities and the local school.
Governance

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 substantially 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).

**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 will be 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.

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

The Company’s complete Corporate Governance Statement is currently located on the Corporate Governance section of the Mount Gibson website, including details of the function of each Board committee. Information relating to the skills, experience, relevant expertise and Board committee membership for each Director in office as at the date of this Sustainability Report can be found in the Company’s 2014 Annual Report.

**OPERATIONAL RISK AND SUSTAINABILITY COMMITTEE (ORSC)**

The ORSC was established as part of the Company’s governance review and in particular to enhance the risk management process for the Company in respect of operational matters. The ORSC is currently comprised of Directors, Russell Barwick, Paul Dougas and Simon Bird, along with the Chief Executive Officer and Chief Operating Officer.

The ORSC has a formal charter and normally meets at least four times during a financial year. 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.