



6 March 2012

ASX Announcement

## **SALE OF WANDOO PROJECT TO ALPHA BAUXITE PTY LTD TO EXPEDITE EXPLORATION AND DEVELOPMENT**

Iron Mountain Mining Limited (“Iron Mountain”, ASX: IRM) is pleased to announce that it has signed a binding Agreement with Alpha Bauxite Pty Ltd (“Alpha”) for the 100% sale of the Wandoo Project tenements. Execution of the Sale Agreement is subject to a four month due diligence period ending on 30 June 2012 with provisions for extensions by mutual agreement if required. Consideration for the sale of the Wandoo Project is a combination of up-front cash as well as a production royalty that gives the company exposure to development upside and future growth. The company believes that the successful completion of this transaction will result in expedited exploration and feasibility evaluation that will hopefully lead to development options for the Wandoo Project and maximised value creation for all stakeholders.

Under the general terms and conditions of the Sale Agreement, the following consideration is payable to Iron Mountain subject to the satisfactory completion of the due diligence Transaction Period by Alpha:

- Payment of A\$4,000,000 within five business days of the 30 June 2012 Settlement Date or such other extended date as agreed between parties but not exceeding 31 December 2012
- A royalty of A\$0.75 per Dry Metric Tonne on future production of bauxite ore transported from the Wandoo Project tenements payable within 30 days of the end of each quarterly reporting period

Since mid-2011, Iron Mountain has received multiple unsolicited expressions of interest in the Wandoo Project as news of increasing Chinese bauxite imports and uncertainty over future low cost bauxite supply from Indonesia post-2014 became widespread. The company participated in advanced discussions with several interested parties and following careful and prolonged deliberation, the board decided unanimously that the final offer from Chinese backed Alpha represented a combination of up-front and deferred long-term consideration that the company was seeking.

During the significant time spent with Alpha representatives during the negotiation phase, the company was impressed by the level of technical expertise and Chinese support that will be critical factor during proposed project evaluation and development. Not only will this deal give Wandoo the best opportunity for development under the management of a dedicated single project company, but it will also provide valuable working capital for Iron Mountain to fund ongoing exploration and pursue other opportunities.

### **Alpha Bauxite Pty Ltd**

Alpha Bauxite is a private company comprised of Chinese Aluminium Industry and Australian investors led by THTF Australia Mining Pty Ltd (“TAM”). TAM is a Chinese backed Australian company with a mandate to identify mineral resource investment opportunities in Australia and other emerging regions by leveraging their in-house technical capabilities and Chinese funding to invest in or acquire key mining and exploration assets for expedited development.

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The Chinese shareholders of TAM include HongKong THTF Co. Ltd (part of the THTF group), Chengdu Rolar Investment Ltd (a private multiple business) and Hainan Mining Co. Ltd (controlled by the Fosun Group). During negotiations, TAM is working in partnership with a Chinese aluminium industry company interested in securing a safe long-term supply of bauxite. Further details are to be made available pending the successful completion due diligence and subsequent settlement.

### Wandoo Project

The Wandoo Bauxite Project is comprised of 13 granted exploration licences (E70/2444, E70/2692-93, E70/2943, E70/3124, E70/3146-47, E70/3712-15 & E70/3508-09) covering in excess of 950km<sup>2</sup> in the Darling Ranges, approximately 100km north of Perth, Western Australia (see Fig. 1).

Total reported Inferred Resources of bauxite at Wandoo at 31 December 2011 stand at 89.3Mt @ 41.75% Al<sub>2</sub>O<sub>3</sub>. A summary of the Total Inferred Resource for the Wandoo Bauxite Project is provided in Table 1 below.

Wandoo Project	Tonnes Mt	Total Al <sub>2</sub> O <sub>3</sub> (%)	Available Al <sub>2</sub> O <sub>3</sub> (%)	Soluble SiO <sub>2</sub> * (%)	LOI (%)
TOTAL INFERRED MINERAL RESOURCE	89.3	41.75	28.51	4.43	19.21

\* Soluble SiO<sub>2</sub> = Reactive Silica

Table 1 – Details of Wandoo Project Total Inferred Resource Estimate at 30% Available Al<sub>2</sub>O<sub>3</sub> cut-off

Independent consultants Hackman & Associates Pty Ltd have undertaken all of the resource estimation work as well as preparing a Wandoo Bauxite Project Inferred Estimate Report which is an expanded and detailed consolidation of the four previously reported Inferred Resources announced between 16 March 2010 and 5 May 2011 (see Fig.2).

Preliminary metallurgical test work on bulk samples collected during November 2010 from within E70/2693 was completed in February 2011. Work was carried out by Independent Metallurgical Operations Pty Ltd and comprised of the following analysis on three composite samples derived from a total of 19 bulk samples of bauxite collected from within the boundaries of New Norcia Resource area:

- Head assay characterisation
- Wet and Dry screening and assay
- Jig separation and assay

Test work on the New Norcia Resource bauxite composites confirmed that the dominant aluminium mineralisation present in the sample composites is Gibbsite. Of the principal aluminium hydroxide minerals that include Boehmite and Diaspore, Gibbsite (alumina trihydrate) has the most favourable economics for Bayer process digestion by alumina refineries due to lower required temperatures (135-150<sup>o</sup> C) compared to that needed for Boehmite and Diaspore (+200<sup>o</sup> C).

Composite head assay characterisation results were very encouraging (see Table 2). The final assay results achieved from XRF analysis show Total Al<sub>2</sub>O<sub>3</sub> up to 52.90% (av. 48.53%), Available Al<sub>2</sub>O<sub>3</sub> up to 40.20% (av. 36.23%) and Reactive Silica as low as 3.00% (av. 3.67%). Composite head XRF results exceeded those previously estimated for the 19Mt New Norcia Inferred Bauxite Resource within E70/2693 (see Table 3).

Composite	Alumina (%)	Available Alumina (%)	Silica (%)	Reactive Silica (%)	Alumina to Silica Ratio	Available Alumina to Reactive Silica Ratio
1	44.50	37.00	9.46	4.20	4.70	8.81
2	52.90	40.20	4.98	3.00	7.58	13.40
3	48.20	31.50	13.40	3.80	3.60	8.29
<b>Average</b>	<b>48.53</b>	<b>36.23</b>	<b>9.95</b>	<b>3.67</b>	<b>4.88</b>	<b>9.88</b>

\*Composite head characterisation based purely on direct XRF analysis for head grade determination

Table 2 – Composite head assay characterisation (IMO).

ANALYSIS COMPARISON	Total Al <sub>2</sub> O <sub>3</sub>	Available Al <sub>2</sub> O <sub>3</sub>	Reactive SiO <sub>2</sub>
<b>COMPOSITE HEAD XRF ANALYSIS</b>	48.53%	36.23%	3.67%
<b>NEW NORCIA INFERRED RESOURCE</b>	41.73%	29.75%	5.70%

Table 3 – Comparison between composite head XRF analysis and New Norcia Inferred Resource estimate.

Preliminary metallurgical test work on bauxite from the Wandoo Project is encouraging and confirms the potential for economic extraction and supply to alumina refineries. Total silica levels are concentrated in fractions less than 1mm and respond well to simple wet screening. Reactive Silica levels are typically very low and allow Available Alumina to Reactive Silica ratios of greater than 10 (ratio's of greater than 6.25 regarded as having potential for economic development).

Further work is now required to isolate and expand target areas for priority development in conjunction with evaluating infrastructure requirements to assess the viability of a possible mining operation to supply bauxite for export into China.



**ROBERT SEBEK**  
Managing Director

6 March 2012

*The information within this report as it relates to geology and mineral resources was compiled by the Managing Director, Mr Robert Sebek. Mr Sebek is a Member of the Australian Institute of Mining and Metallurgy. Mr. Sebek has sufficient experience which is relevant to the style of mineralization and the type of deposit under consideration to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC Code". Mr Sebek is employed by Iron Mountain Mining Limited and consents to the inclusion in the report of the matters based on information in the form and context which it appears.*

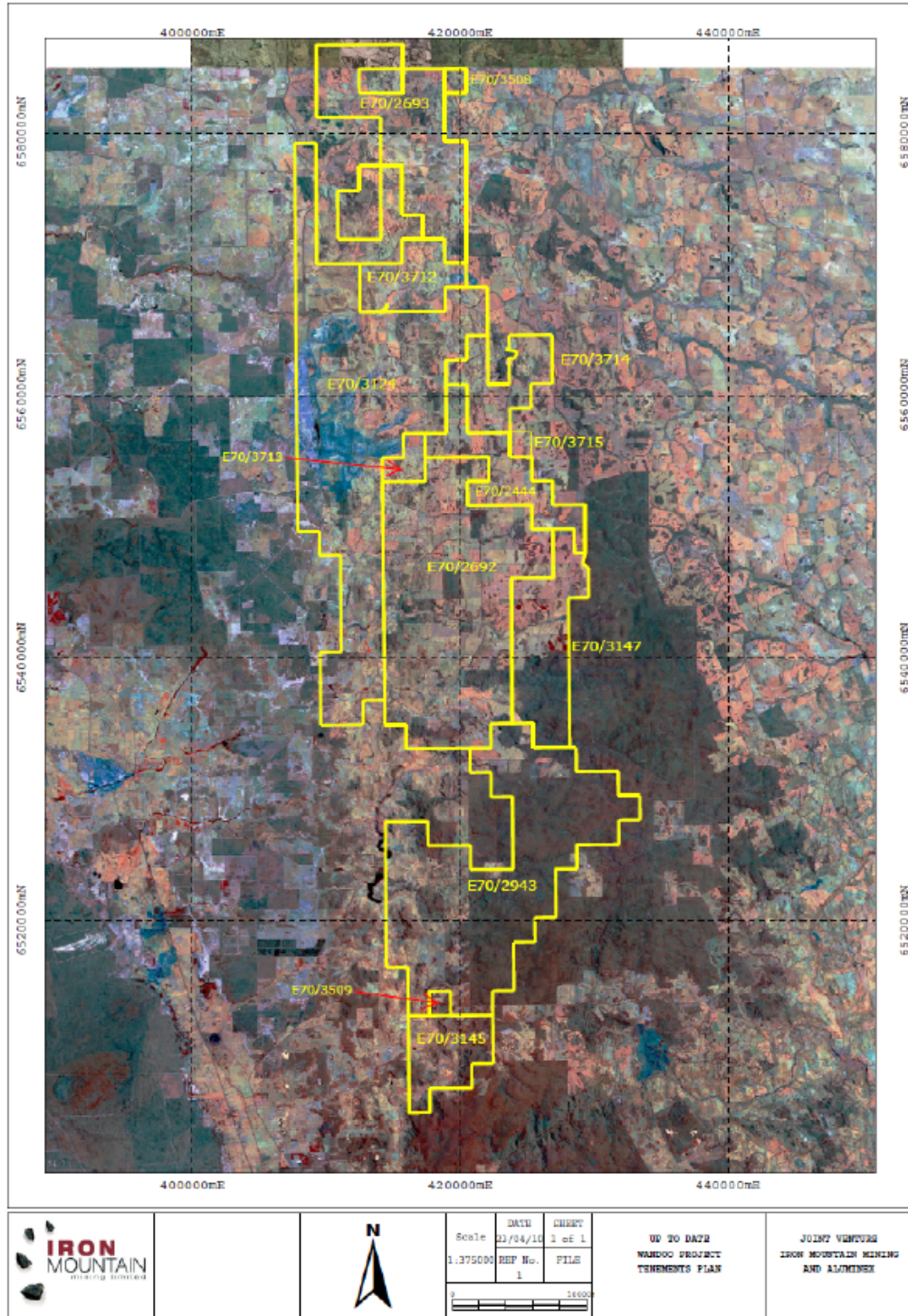


Figure 1 – Wandoo Project tenements north of Perth.

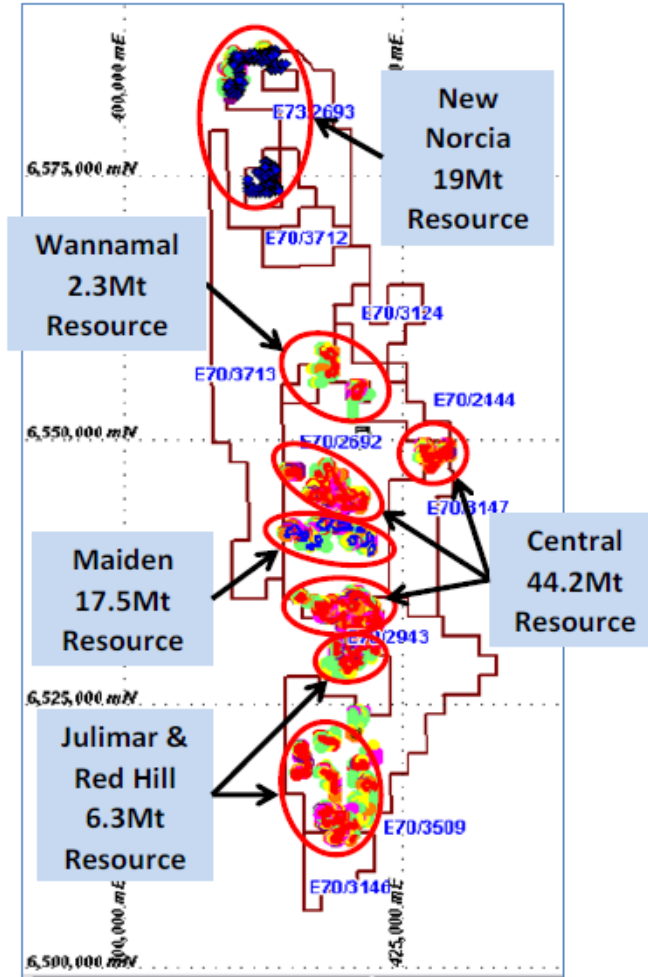


Figure 2– Total reported Inferred bauxite resource locations within the Wandoo Project tenements. (Note – Maiden drilling program collar locations are not colour coded to depict Total Al<sub>2</sub>O<sub>3</sub> grade variance and rounding errors may be present).