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ASX Limited Via E Lodgement

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Yarrie Project – Iron-ore drill targets selected and an Update on Gold and Base-metal Exploration Activities and Results

HIGHLIGHTS

- **Eight drill-pads on four gravity/magnetic anomalies that are prospective for high-grade iron-ore have been prepared for RC drilling on E45/3725.**
- **Drill programme comprises up to eight, vertical holes to 200m in depth for a total of 1600m**
- **Recent sampling recovered mineralisation from rock-chips in two settings; gold (Au) to 0.6 g/t and copper (Cu) to 0.7% in a mafic to ultramafic suite and manganese (Mn) to 44% and cobalt (Co) to 0.13% associated with the Nimingarra Iron Formation of E45/3728.**
- **Follow-up mapping and sampling is underway.**

YARRIE EXPLORATION UPDATE

Background

The Yarrie Project consists of six exploration licences (three granted, E45/3725, E45/3728, E45/4065 and three applications E45/4433, E45/4604 and E45/4605) held by XFE Pty Ltd , a wholly owned subsidiary of Coziron, covering a total of 1269km^2, about 160km east of Port Hedland (Fig 1 and Fig 3). Yarrie has the potential to host high-grade (+62% Fe) iron-ore deposits within the magnetically active Archaean-age Nimingarra Iron Formation (Fig 1). In addition, there is the potential for gold and base-metals associated with a strongly deformed, mixed mafic to ultramafic volcanic suite and interbedded metasediments. The area is largely under-explored because the prospective areas are often overlain by younger rocks. The tenements cover extensions of the prospective rocks from the Yarrie-Goldsworthy mining project which, until recently, was actively mined by BHP Billiton PLC (BHPB).

Yarrie is serviced by bitumen and gravel roads and a natural gas pipeline between Pt Hedland and the Telfer copper-gold mine. The BHPB-owned rail connection between the Yarrie-Goldsworthy mining area and Port Hedland also services this area.

Activities and Results

The focus of activities and results to date for Yarrie during 2016 can be summarised as follows.

1. Four high-priority iron-ore targets from the Egg Creek Prospect on E45/3725 have been identified and eight drill-sites to accommodate up to 1600m have been prepared for vertical RC drilling (Fig 2). The drill-targets are characterised by a positive gravity anomaly in a zone where the magnetic trace of the Nimingarra Iron Formation decreases. The anomalies are analogous to the geological setting of the 65Mt, high-grade (Fe @ 68%) Yarrie Y2/3 deposit located further to the east that was mined by BHP-Billiton Pty Ltd.
2. Gold, base-metals, iron-ore and other potentially mineralised targets are being assessed on E45/3728 by mapping, soil and rock-chip sampling. The first programme collected 82 gridded soil and 20 rock-chip samples. The soil sampling identified some lithologies with anomalous geochemical responses that will require further assessment. The rock-chip samples were also used to characterise some lithologies but four samples detected outcropping evidence for mineralisation. The most significant rock-chips results are presented in Table 1. All sample sites are plotted on Fig 3 with the mineralised samples highlighted.

Table 1. Selected results from the mineralised rock-chip samples in E45/3728 on the Yarrie Project.

Sample No*	Easting GDA Z51	Northing GDA Z51	Au ppb	Cu ppm	Cr ppm	Co ppm	Ba ppm	Mn %
AE2016-006	207,690	7,704,963	274	6,670	656	25.1	24	0.06
AE2016-007	207,690	7,704,963	12	1,140	203	1,340	28,900	44.9
PK2016-003	207,689	7,704,965	242	7,330	733	27.4	40.5	0.06
PK2016-004	207,557	7,704,450	579	210	1,440	89.9	38	0.34

**- rock-chips reported in Table 1 represent only those samples with precious and base-metals significantly above background and are used to identify structural and lithological features that require follow-up work. The locations of all samples collected as part of the sample database are reported on Fig 3*

The gold and base-metal bearing samples are associated with zones of carbonate, sulphide and silica alteration within a suite of mafic to ultramafic rocks that are associated with a major NNE-trending structure (Fig 3). The setting is consistent with the model for Archean load-style gold mineralisation. In contrast, the manganese is reported from brecciated veins associated with the margins of the Nimingarra Iron Formation (Fig 3). The association with barium and manganese associated with the younger Nimingarra sequence perhaps indicates a lower temperature epithermal affiliation for the system.

Follow-up work is underway for the gold-prospective system and will include more detailed soil and rock-chip sampling, with a strong interest in areas where the magnetic interpretations suggest there are opportunities for extensional structures. A more systematic sampling programme is also planned for Nimingarra Formation which is prospective for both iron-ore and manganese mineralisation. Results will be reported as they become available.

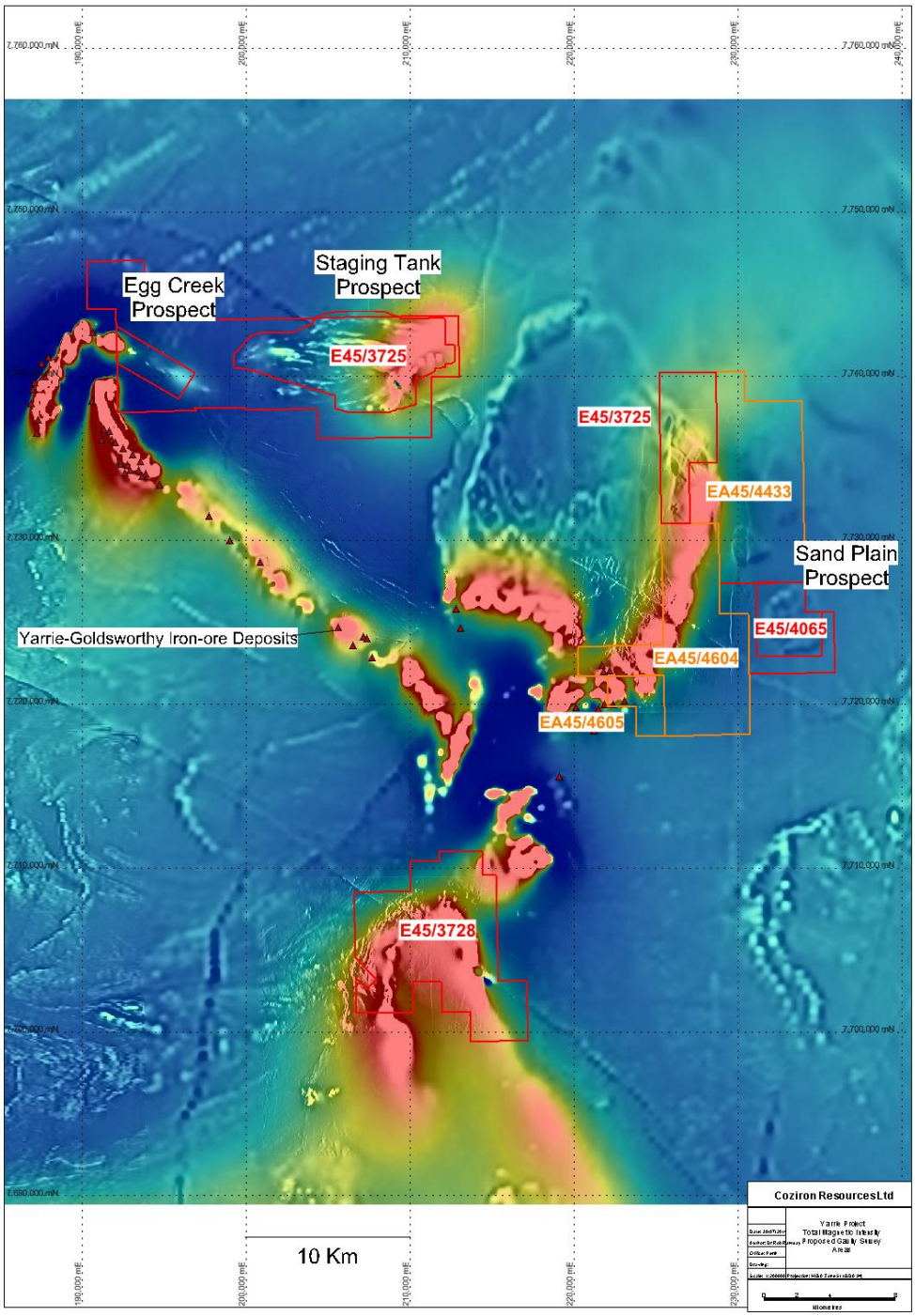

Fig 1. Regional setting of the Yarrie Project overlain onto the magnetic intensity with the most intense responses attributed to the Nimingarra Iron Formation.

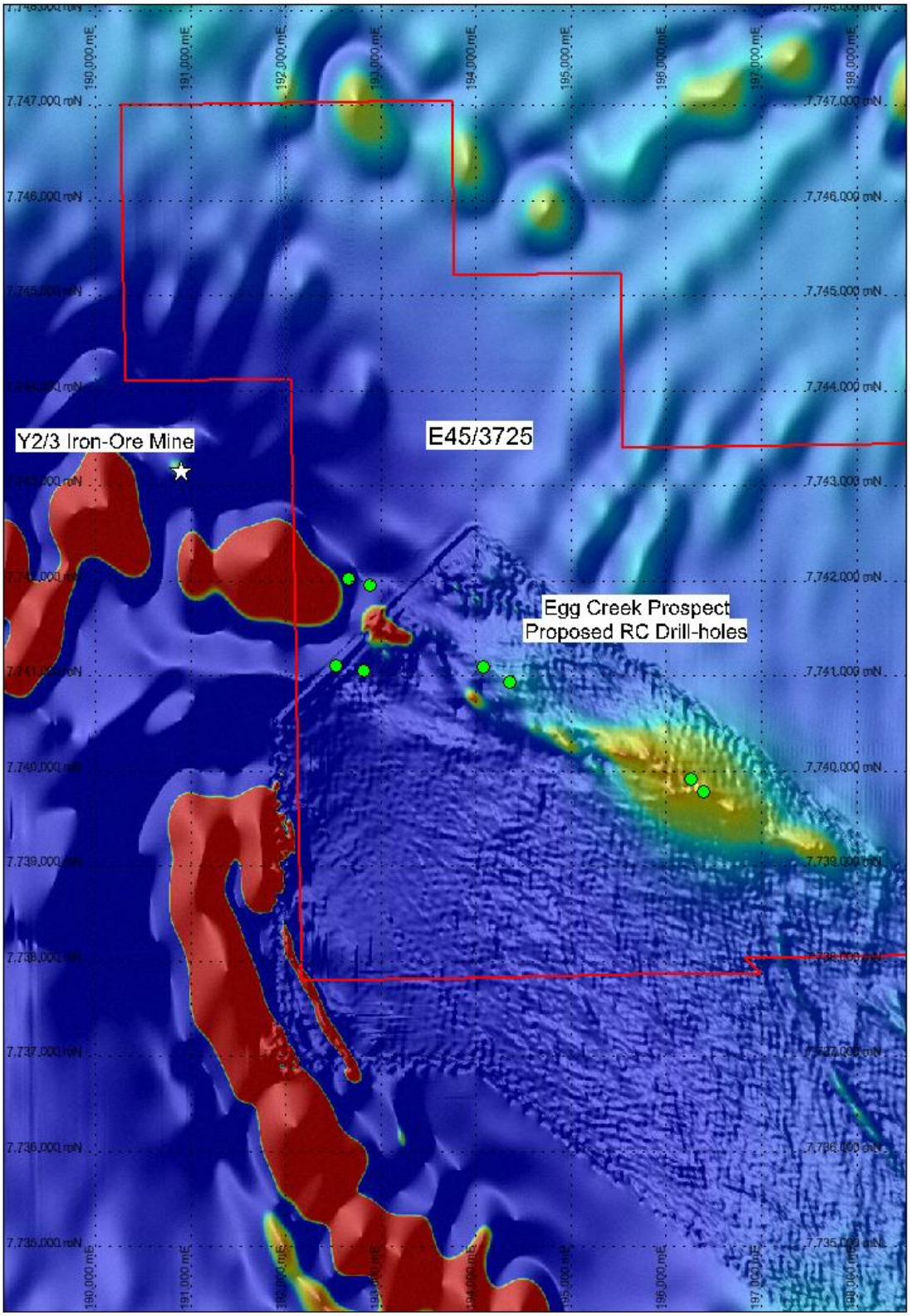

Fig 2 Location of the proposed RC-drill holes with the total magnetic intensity as a back-ground and the location of the Y2/3 Iron-ore deposit which was mined by BHP Billiton Ltd.

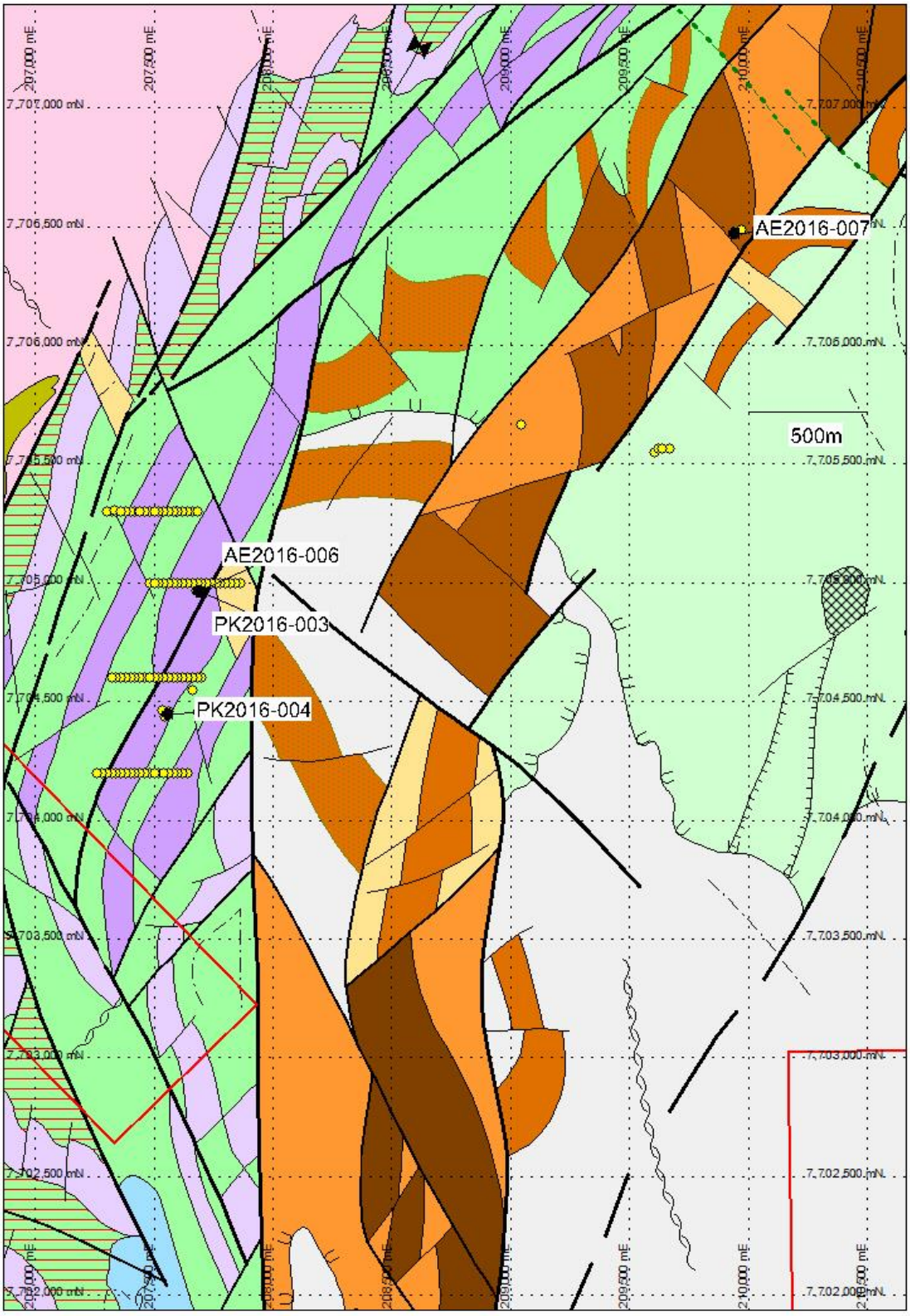

Fig 3 Interpreted Geological map for the western portion of E45/3728 showing the location of the first stage of soil and rock-chip samples (yellow) circles and mineralised rock-chip samples reported in Table 1. Purple and green units are ultramafic to mafic rocks and the orange and brown are parts of the Nimingarra Iron Formation. (The complete legend for the geological map is presented in Fig 4)

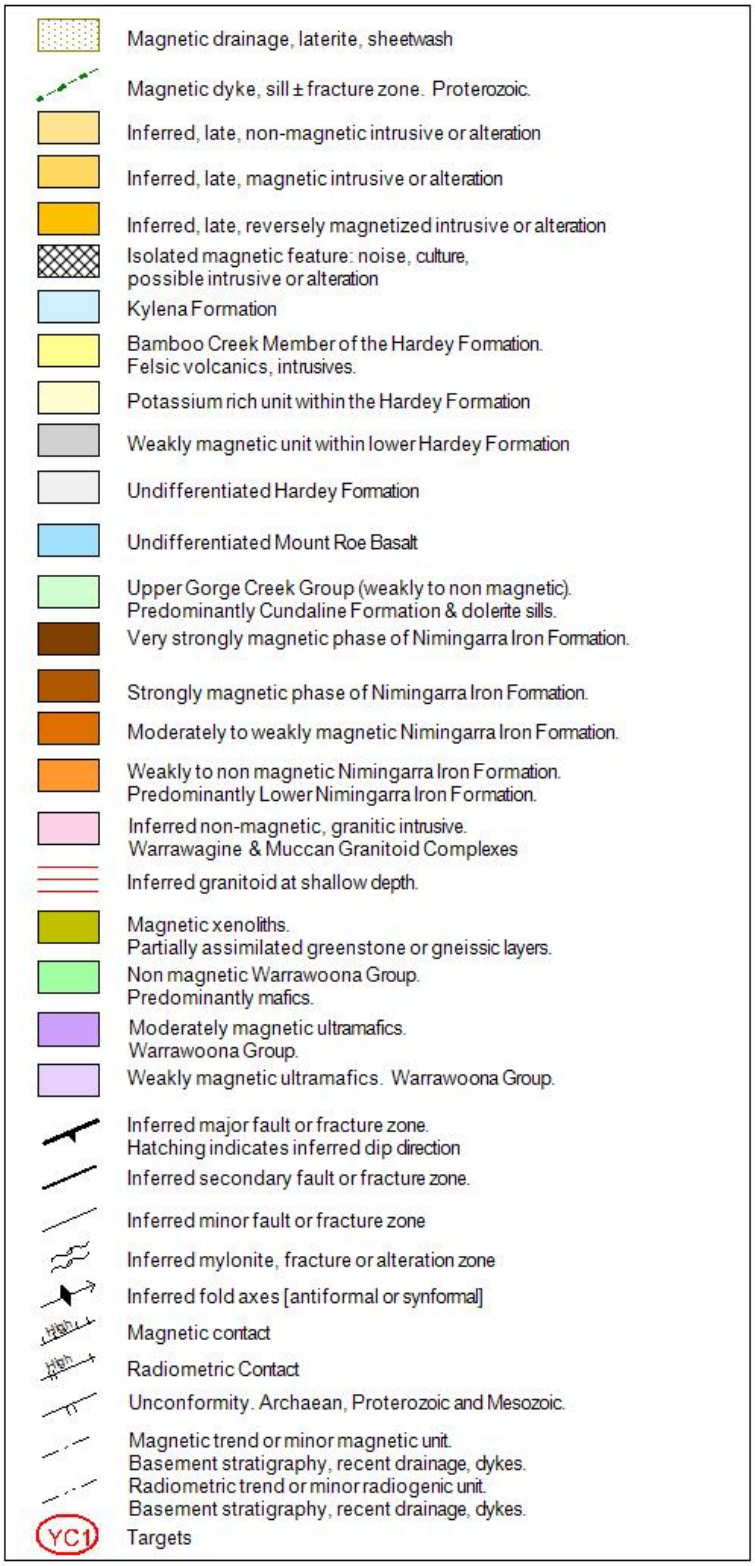

Fig 4 Complete legend for the Fig 3 geological map.

ABOUT COZIRON LIMITED

Coziron Resources Limited (ASX:CZR) owns 85% of the Yarraloola Iron-ore Project in the West Pilbara (853 km^2), a 70% interest of the adjacent Shepherds Well project (192 km^2), 70% of the Yarrie Iron-ore Project (988 km^2) in the North Pilbara, and 85% of the Buddadoo iron-ore project (125 km^2) in the West Yilgarn (Fig 5).

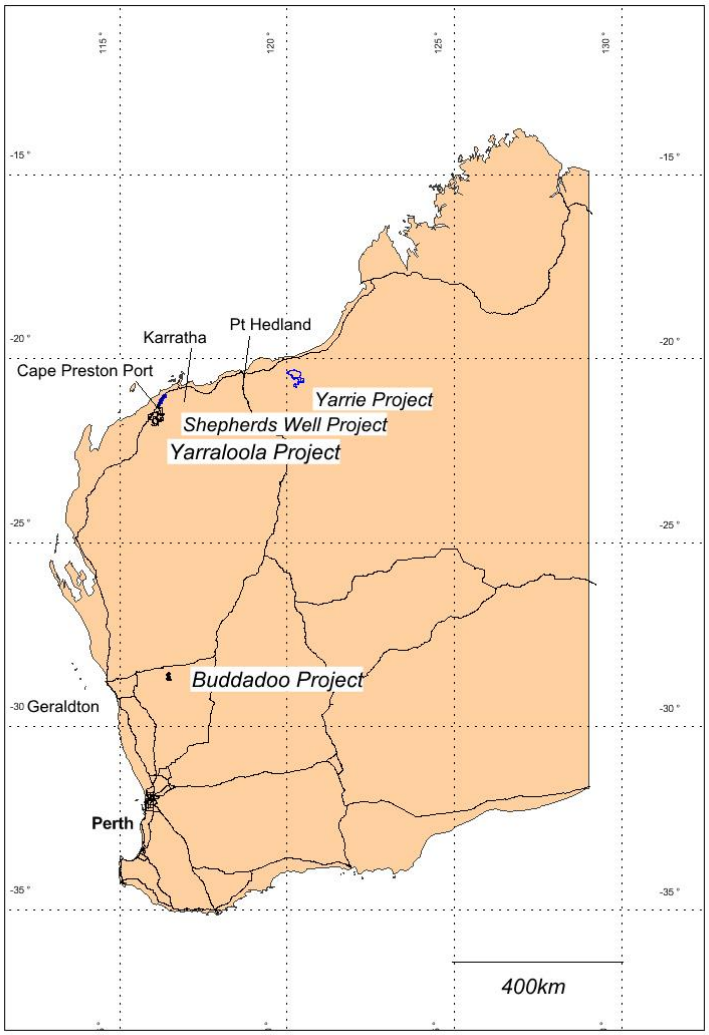

Fig 5. Location of the Coziron Resources Ltd projects in Western Australia.

For further information please contact Adam Sierakowski on 08 6211 5099.

Competent Persons Statement

The information in this report that relates to mineral resources and exploration results is based on information compiled by Rob Ramsay (BScHons, MSc, PhD) who is a Member of the Australian Institute of Geoscientists. Rob Ramsay is a full-time Consultant Geologist for Coziron and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Rob Ramsay has given his consent to the inclusion in this report of the matters based on the information in the form and context in which it appears.

Appendix 1 – Reporting of exploration results from the Yarraloola Project - JORC 2012 requirements.

Section 1 Sampling Techniques and Data		
Criteria	**JORC Code explanation**	**Commentary**
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	Samples reported are soil and rock-chips.
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	1-2kg of rock-chips or -2mm screened soil are regarded as being representative of each locality and are collected for analysis.
	• *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	The entire 1-2kg of sample was crushed, dried and pulverized. A sub sample was fused and the major oxides and analysed by XRF Spectrometry and an entire suite of trace-elements are analysed with Laser ablation ICPMS, which Au, Pt, Pd are analysefd by fire-assay on a 50g sample at Bureau Veritas laboratories in Perth.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	No drill-material is included in this report.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	No drill samples are reported.
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	No drill samples are reported.
	• *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	No drill samples are reported.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	No drill samples are reported.
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*	No drill samples are reported.
	• *The total length and percentage of the relevant intersections logged.*	No drill samples are reported.

Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.*	No core was collected for this study
	• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*	No core drill material was collected for this study
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	Soil and rock-chip sampling is representative of the lithology providing a representative sample of at least 1kg is collected.
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*	Multiple samples are collected and analysed to provide a comparison between mineralised and unmineralised material.
	• *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.*	In early stage exploration, all lithologies of interest are analysed to provide an indication of geochemical variation and determine whether any parts are of economic interest. Sufficient material is available for duplicate analysis.
	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	In fine grained rocks, 1-2kg is sufficient to provide an indication of lithological composition.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	The reported analyses are from Bureau Veritas Laboratories in Perth. Major-element oxides are determined by XRF and minor and trace-elements are by laser ablation and ICP on fused disks. Au, Pt, Pd are by fire assay of a 50g sample. These procedures are industry standard for exploration and are total analysis techniques.
	• *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*	No hand-held geophysical tools or hand-held analytical tools were used for the reported results.
	• *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	Laboratory QA/QC involves the use of internal lab standards using certified reference material, blanks, splits and replicates as part of their in-house procedures. Results highlight that sample assay values are accurate and that contamination has been contained.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.*	No drill-intercepts are reported.
	• *The use of twinned holes.*	No drilling is reported.
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	Assay data is received electronically and uploaded into an access database. All hand-held GPS locations are checked against the field logs.
	• *Discuss any adjustment to assay data.*	No adjustment or calibrations were made to any assay data presented.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	Sample locations were determined using hand held Garmin 72h GPS units, with an average accuracy of ±3m.
	• *Specification of the grid system used.*	The grid system is either Latitude-longitude or MGA GDA94, zone 51, local easting's and northings are in MGA
	• *Quality and adequacy of topographic control.*	SRTM90 is used to provide topographic control and is regarded as being adequate for early stage exploration.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.*	Gridded soil sampling and chip sampling is being used to examine prospects with the potential for mineralisation.
	• *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*	The data is not being used to generate either Mineral Resources or Ore Reserve estimations.
	• *Whether sample compositing has been applied.*	No data compositing has been applied.

Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	Mineralisation is lithologically controlled and sampling collects representative material from different lithologies.
	• *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	No drilling is reported.
Sample security	• *The measures taken to ensure sample security.*	Samples are labelled and packed into bulker bags in the field transported from the project area directly to Bureau Veritas laboratories in Perth.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	No audits or reviews of the sampling techniques or the data have been undertaken at this early stage of the exploration.

Section 2 Reporting of Exploration Results

Criteria	**JORC Code explanation**	**Commentary**
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	The tenements are either held or are under application by XFE Pty Ltd. and Coziron has acquired a 70% interest in the tenements.
	• *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	The tenements are in good standing and no known impediments exist.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	All relevant exploration history for the prospects and style of mineralisation being described has been summarised in the body of the announcement.
Geology	• *Deposit type, geological setting and style of mineralisation.*	Supergene and deeper hydrothermally generated enrichment of iron-ore is stratabound within the Archaean-age Nimingarra Iron Formation. Gold and associated base-metal mineralisation is perhaps structurally controlled within a suite a metavolcanic and metasedimentary rocks.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*	No drill hole information is being reported.
	o *easting and northing of the drill hole collar*	
	o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*	
	o *dip and azimuth of the hole*	
	o *down hole length and interception depth*	
	o *hole length.*	
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.*	No weighting or truncation has been applied to the geochemical data.

	• *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.*	
	• *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	No metal equivalents are presented.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.*	No intercepts are reported, assay results are from representative point samples.
	• *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*	
	• *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	Refer to Figures… in body of text Sectional views have not been created because there is insufficient data at this stage.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	For this early stage reporting only mineralised samples that provide guidance on the prospectivity of the exploration targets are presented.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	Relevant geological information is reported on the maps and analysis tables in the text.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*	Follow-up work will involve detailed mapping with infill soil and rock-chip sampling with a focus on generating sufficient evidence for the strike and width of the mineralised zones to justify drilling.
	• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	