



Mount Gibson Iron Limited

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**2007 ANNUAL GENERAL MEETING
21 NOVEMBER AT 2.30PM**

CHAIRMAN'S RUNNING SHEET

Chairman : Good afternoon ladies and gentlemen it is my pleasure to welcome you to the 2007 Annual General Meeting of Mount Gibson Iron Limited.

My name is Neil Hamilton and was appointed Chairman of Mount Gibson on 24 April of this year. This is my first AGM as Chairman of Mount Gibson and it gives me great pleasure to report to you our company's performance over the past year.

I would now like to introduce my fellow directors who are here today:

- Luke Tonkin Managing Director
- Craig Readhead Non-Executive Director
- Ian Mcliver Non-Executive Director
- Alan Jones Non-Executive Director
- Peter Bilbe Non-Executive Director
- Mark Horne Non-Executive Director
- Alan Rule Alternate Director to Mr Tonkin
- Angela Dent Company Secretary

The order for today's proceedings will be as follows:

- firstly I will provide a brief Chairman's address;
- the Managing Director, Luke Tonkin will then make a presentation on Mount Gibson's current operations and strategic objectives;
- We will then move to the business of the meeting which is detailed in the notice of meeting and after that there will be a period for questions;
- there will then be an opportunity for shareholders to ask questions, and afterwards, all shareholders are welcome to join Board members for tea and coffee.

If you then still have a question or two please feel free to approach any of the team for a more informal chat.

Minutes of previous meetings, the annual report and notice of AGM are all available for inspection at the entrance to this room.

Please be kind enough to switch off your mobile phones and pagers so we are not interrupted.

The past year was very rewarding for Mount Gibson with the company achieving a number of significant milestones. We delivered outstanding shareholder returns as we pursue our core value of being a successful, profitable and sustainable mid-cap mining company.

Key achievements included:

- The successful acquisition of Aztec Resources
- The divestment of Extension Hill Magnetite project
- A full year profit of \$47.7 million – an increase of over 100% on the previous year
- Commencement of iron ore shipments from Koolan Island, and
- Record iron ore mine production and shipments for the company

As a growing force in the Australian iron ore industry, Mount Gibson's market capitalisation has escalated four-fold from less than \$500 million in July 2006 to over \$2 billion today.

We also finished the financial year with cash reserves of \$61 million.

In what was a watershed year, Mount Gibson successfully established a platform for growth while experiencing substantial positive change and driving significant improvement in our underlying performance.

The company continues to benefit – and leverage – from strong iron ore prices and the high demand for iron ore in China, which in turn is driven by China's extraordinary industrial growth rate.

To this end, this year we finalised a major sales agreement with Chinese steel producer, Rizhao Steel, for the sale of the remaining annual iron ore production from both our Talling Peak and Koolan Island operations. This landmark agreement allows us to continue to build on our solid foundations, enhanced during the year by the acquisition of Aztec Resources.

Financial Results

I will now turn to the financial results for the twelve months to 30 June 2007.

The past year has seen record performance, including a net profit after tax of \$47.7 million, an increase of 103% over the previous year.

Our net assets increased 317% to \$454.3 million, while cash on hand remains high at \$60.8 million.

With such a strong platform upon which to build, we appointed HSBC Bank Australia Limited and National Bank Australia Limited as Joint Lead Arranger and Underwriter for a A\$200 million Corporate Debt facility to fund the refinance of existing facilities and to further develop our Koolan Island and Extension Hill operations.

This funding represents low levels of gearing in the context of our strong balance sheet and solid cash flow potential, which was further strengthened this year by the completion of the Asia Iron sale. We continue to focus on risk management and risk reduction, in order to provide ongoing flexibility to fund internal and external opportunities.

Production performance

In our quest to deliver a larger, lower cost and longer life business, we continue to conduct extensive drilling programs that are producing encouraging results, allowing us to set clearly established goals as we look to extend mine life and pursue additional opportunities.

On the operational side, we continued to enjoy record levels of iron ore production during 2006/07 – a 211 per cent increase over the previous year. Shipments also saw record levels – up 78 per cent – and are set to increase throughout the coming year following the achievement of our inaugural shipment from Koolan Island in June 2007.

We continued to cement our position as a driving force behind development of the Mid-West iron ore industry, as we continue to improve and fully utilise existing road, rail and port infrastructure projects in the region. This is critical both to our positioning within the industry and for the future success of our operations which has established Mount Gibson's projects amongst those with the lowest capital intensity in the industry.

In late January the Geraldton Port Authority announced that a new ship-loading facility will be commissioned by the end of 2007. This augurs well for the Port's ability to be able to properly service Mount Gibson as its largest customer.

In addition, the current high levels of ore stocks due to Port delays experienced this year and strong mine production performance will translate into a positive and sustained impact on the coming year's exports once this impediment is removed.

The finalisation of the Aztec Resources acquisition in February enabled our Koolan Island operation to be fully funded and major infrastructure works to be substantially complete, allowing us to meet planned production timelines culminating in the milestone achievement of the mine's first iron ore shipment to China in June.

People

Mount Gibson Iron's ongoing development and growth has not happened by accident and is the result of the dedication and hard work from our workforce.

A key element of our continuing success is the ability to continue to build capability – in particular the imperative of attracting and retaining a skilled workforce. In the current very tight employment market this is critical and our reputation for providing a safe workplace focused on eliminating incidents is a vital element of this imperative.

Our management teams at our operations have continued to work diligently to reduce risks faced by our employees by a process of continuous identification of operational hazards and the implementation of appropriate controls.

Our overall safety performance improved significantly recording a step change reduction of 48% in lost time injury frequency and total recordable injury frequency rate. This is an excellent result and the Board will continue to encourage and drive further improvement.

Mount Gibson is committed to creating opportunities for people in the local communities surrounding our operations. We are particularly focused on providing the local indigenous community and in particular the Dambimangari people, employment opportunities not only with Mount Gibson but broader employment opportunities within a diverse range of industries through our Job Ready Program provided by Derby TAFE.

The inaugural Job Ready Program, held in February 2007 over a 16 week period, provided essential training for 17 students and further programs are scheduled. To date 25 local indigenous employees have commenced work at Koolan Island and we remain committed to working cooperatively with their communities to meet our mutual goals.

We also continue to be committed to the principles and practices of good corporate and environmental citizenship, and we work to strengthen the communities in which we operate.

Future Developments

There are some very exciting opportunities for Mount Gibson in the coming year.

In addition to our two operating mines, we look forward to the imminent commencement of exploration drilling at Extension Hill – in the Mt Gibson Ranges east of Geraldton – now that the WA Government's Environmental Minister has granted approval for the project to proceed.

At Koolan Island we will complete minor capital infrastructure projects while preparing to access the mine's main pit, including construction of a seawall, pit dewatering and footwall rehabilitation. These preparatory works will shift the focus of ore production to satellite open pits and an extension to the main pit.

This is part of our growth strategy maximising returns to shareholders and growth in earnings per share, reflecting our commitment to shareholder value and potential.

Our position as a leading resources company in the S&P/ASX 200 – with a strong balance sheet and access to cash and earnings – has been achieved by our clear articulation of goals and the pursuit of opportunities in order to reach these goals.

Conclusion

I would like to thank my fellow Board members, Luke Tonkin and his management team, our operational and support teams, and our contractors and suppliers for their tireless efforts. Our people continue to meet the challenges we put to them, particularly the continuous pressure for stronger operating performance and enhanced health and safety performance, with skill and dedication.

You will be aware that we saw a significant restructuring of the Board at the end of the year. At around that time a couple of retirements of long serving Directors occurred. The Board took the opportunity to review the whole Board composition and function. The resulting Board does, we believe, better meet generally accepted corporate governance standards, increasing the representation of Independent and Non-Executive Directors, whilst also acknowledging the representation of two Directors representing our largest two shareholders. In addition, we have created two sub-committees of the Board and adopted a set of protocols addressing the management of any actual or perceived conflicts of interest.

I would like to pay tribute to my predecessor as Chairman, Bill Willis. Bill made a major contribution to Mount Gibson during its formative years and positioned us well to move to the next stage of development.

After many years' service, our Deputy Chairman and founding Managing Director Brian Johnson announced his retirement on 30 June 2007. We thank Brian for his vision and tenacity and for his outstanding contribution in establishing the firm foundation for growth that the company now enjoys.

We also welcome Mark Horn to the Board as a representative of our major shareholder Gazmetall.

Peter Bilbe also joined us during the year. He was the former Managing Director of Aztec Resources and has been assisting us with the integration of the Koolan Island operation in Mount Gibson. Peter's tenure on the Board will end at the conclusion of this meeting and we thank him for his valued contribution.

In conclusion, the year we have reviewed established the firm foundations for Mount Gibson's success and we look forward to the year ahead consolidating the past year and building for the future.

Thank you.

I would now like to hand over to Mr Luke Tonkin to take us through his presentation.

You will have the opportunity to ask general questions after Luke's presentation and before we commence the formal business of the meeting.