



**Mount Gibson Iron Limited**  
ABN 87 008 670 817



First Floor, 7 Havelock Street  
West Perth 6005, Western Australia

PO Box 55, West Perth WA 6872

Telephone: 61-8-9426-7500  
Facsimile: 61-8-9485-2305  
E-mail: admin@mtgibsoniron.com.au

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**VIA: WWW.ASXONLINE.COM**

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The Manager  
Company Announcements  
ASX Limited  
Level 10, 20 Bond Street  
SYDNEY NSW 2000

## **Extension Hill Direct Ship Ore Project to recommence**

Mount Gibson Iron Limited (**Mount Gibson**) is pleased to announce the recommencement of construction and development at its Extension Hill Direct Ship Ore Project (**Extension Hill**). Construction and development is scheduled to be completed within 15 months incurring \$80 million of capital expenditure.

Mount Gibson has executed Life of Mine ore sales agreements with each of Shougang Concord International Enterprises Company Limited and APAC Resources Limited for all the ore production from Extension Hill.

Mount Gibson also has in place track access and rail haulage agreements to cater for at least 3 million tonnes per annum of production. All the rail wagons required to meet Extension Hill's production targets have been delivered and a \$90 million upgrade of the existing line between Geraldton and Perenjori by Westnet Rail Pty Ltd will be completed by June 2011, with ore shipments to commence thereafter.

As previously advised, Mount Gibson submitted to the Western Australian State Government a proposal to upgrade, own and operate the rail unloading facility at the Geraldton Port. The State Government welcomed Mount Gibson's proposal however has elected to retain ownership of multiuser port facilities and has informed Mount Gibson that the Geraldton Port Authority is in the process of submitting a proposal to State Government to upgrade the existing rail unloading facility. Consistent with the State Government's commitment to upgrade, own and operate the rail unloading facility at the Geraldton Port, Mount Gibson has committed to the recommencement of activities at Extension Hill.

Mount Gibson's Managing Director Luke Tonkin said "the recommencement of the Extension Hill Project is a substantial investment in the Mid West region which enhances infrastructure, creates employment and creates opportunities for local communities. The recommencement of Extension Hill also signals the strength of Mount Gibson's balance sheet resulting from necessary capital raisings early in 2009, the very strong performance of our operations and a cautious optimism regarding iron ore demand."

Yours sincerely

**MOUNT GIBSON IRON LIMITED**

**David Berg**  
Company Secretary

For further information:

Luke Tonkin or Alan Rule  
Mount Gibson Iron Limited  
+61-8-9426-7500  
[www.mtgibsoniron.com.au](http://www.mtgibsoniron.com.au)