

QUARTERLY REPORT



MOUNT GIBSON IRON LIMITED (“MOUNT GIBSON”) QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2009 ASX ANNOUNCEMENT 20 APRIL 2009

HIGHLIGHTS

- Major shareholder, Shougang Concord, commenced iron ore shipments from Talling Peak and Koolan Island under Medium Term offtake agreement
- Ore sales increase 39% compared with the previous quarter
- Record quarterly iron ore sales from Talling Peak
- 10 millionth tonne of iron ore was delivered by rail to the Geraldton Port during the quarter with 10.5 million tonnes of Talling Peak ore being shipped since the commencement of operations
- Drilling results to date at Extension Hill indicate high grade mineralisation extends further to the north than previously interpreted
- A majority of the Banking Syndicate have received Credit Committee approval to amend the Senior debt facility and Contingent Instrument facility

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CORPORATE

Financing Update

In February 2009 the Company signed a Term Sheet and Mandate Letter with its Banking Syndicate, subject to final Credit Committee approval, to amend the Senior debt facility and Contingent Instrument facility as follows:

- Senior debt facility of \$105 million with the following repayment schedule:
 - \$25 million on 30 September 2010;
 - \$25 million on 30 December 2010;
 - \$25 million on 31 March 2011;
 - \$30 million on 30 June 2011; and
- Contingent Instrument facility of \$65 million (including guarantees, performance bonds) comprising 2 tranches:
 - Tranche 1 for Koolan Island and Tallering Peak of \$20 million; and
 - Tranche 2 for Extension Hill of \$45 million.

A majority of the Banking Syndicate have received Credit Committee approval to date. The Amended Facility Agreement is currently being finalised and is expected, subject to final Credit Committee approval, to be signed in the near term with conditions precedent normal to this type of facility which are expected to be satisfied shortly thereafter.

At 31 March 2009 Mount Gibson had outstanding US dollar foreign exchange forward contracts of US\$453.7 million at an average rate of 0.8498 per US\$. Pursuant to the signed Term Sheet and Mandate Letter, the Company's Banking Syndicate intend to roll forward forecast excess US dollar foreign exchange forward contracts in the 2008/2009 financial year amounting to US\$185 million into subsequent financial periods. This reduces the Company's obligation to cash settle any forward contracts not needed for coverage of monthly operational US\$ income in the period April to June 2009.

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OPERATIONS

Tallinger Peak

Mining operations at Tallinger Peak resumed as planned during the quarter and as detailed in December's quarterly report, namely to minimise cash expenditure without compromising ore sales. Ore sales increased 43% compared with the previous quarter which represents record sales from Tallinger Peak since the commencement of operations.

Total material movement was 13% lower than the previous quarter whilst ore production was consistent with the previous quarter. Production for the quarter focused on T6A2 cutback with high grade ore being sourced from the T6A1. By the end of the quarter the T6A2 cutback was well advanced and is expected to become another significant ore source during the June quarter.

Crusher throughput was increased 21% to match scheduled high grade ore deliveries to blending stockpiles at the Mullewa railhead. The 10 millionth tonne of Tallinger Peak iron ore was delivered by rail to the Geraldton Port during the quarter whilst a 57% increase in rail haulage compared with the previous quarter represents a rail haulage record to the Geraldton Port from Mount Gibson's Mullewa railhead.

Production for the March 2009 quarter and comparison with the previous quarter is detailed in the following table:

		Sept 2008 qtr 000's	Dec 2008 qtr 000's	March 2009 qtr 000's	TOTAL 08-09 000's
Mining					
Waste Mined	bcm	2,464	1,825	1,574	5,863
Ore Mined	wmt	623	570	569	1,762
Crushing					
Lump	wmt	487	282	389	1,158
Fines	wmt	312	199	192	703
Total	wmt	799	481	581	1,861
Transport to Mullewa Railhead					
Lump	wmt	452	301	337	1,090
Fines	wmt	381	157	198	736
Total	wmt	833	458	535	1,826
Transport to Geraldton Port					
Lump	wmt	320	236	392	948
Fines	wmt	344	258	385	987
Total	wmt	664	494	777	1,935
Shipping					
Lump	wmt	351	235	388	974
Fines	wmt	305	294	368	967
Total	wmt	656	529	756	1,941

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Comparison between figure 1 and figure 2 below shows the progress of Talling Peak's Main Range mining operations in the March 2009 quarter.

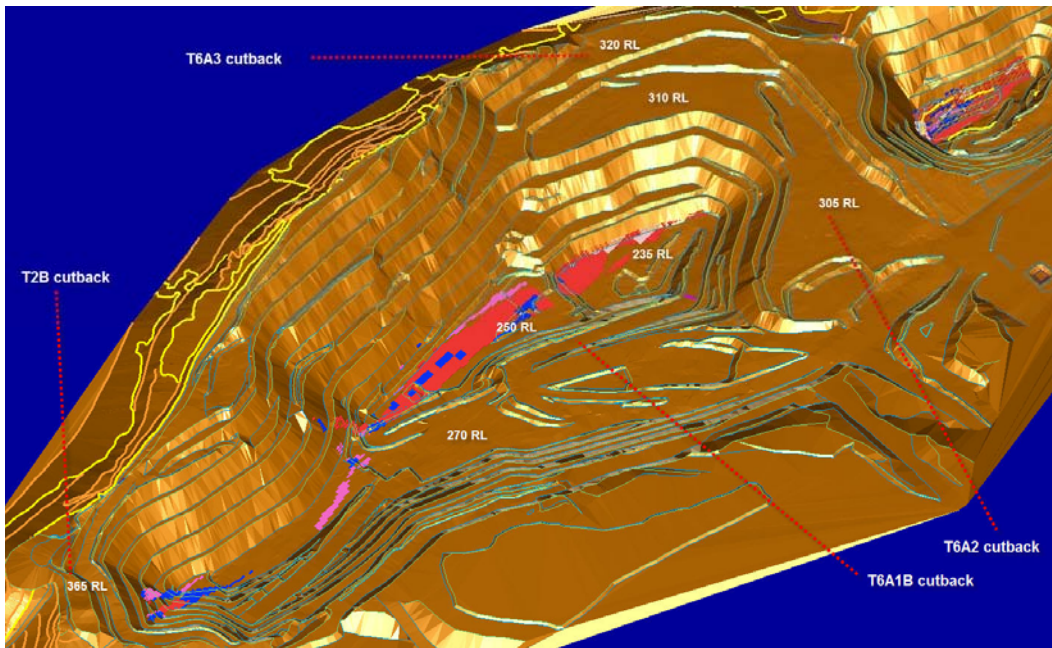


Figure 1 - Main range mining as at the end of December 2008 quarter

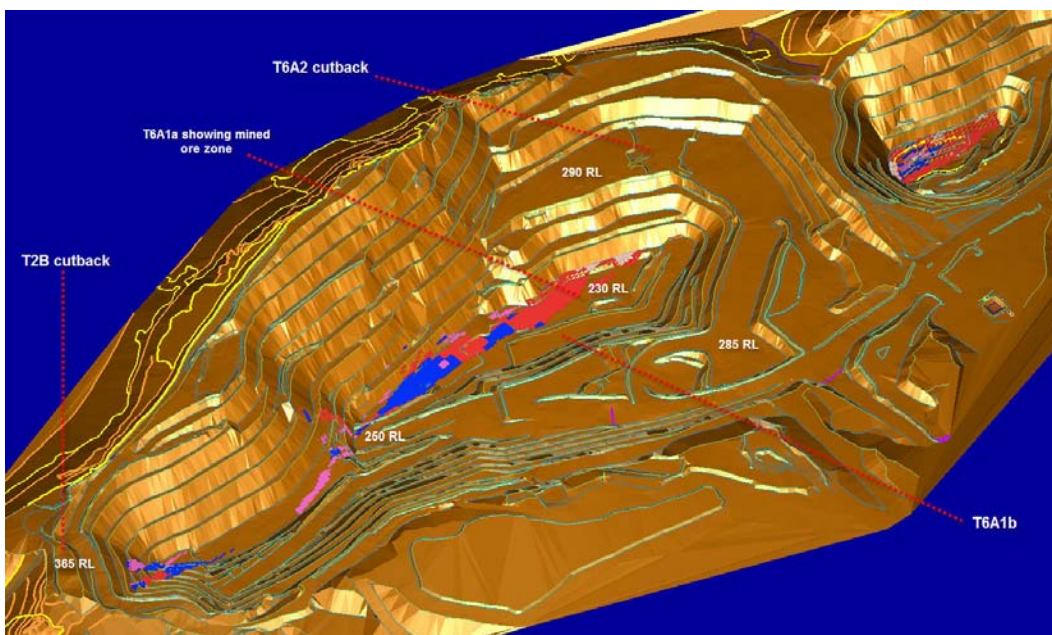


Figure 2 - Main range mining as at the end of March 2009 quarter

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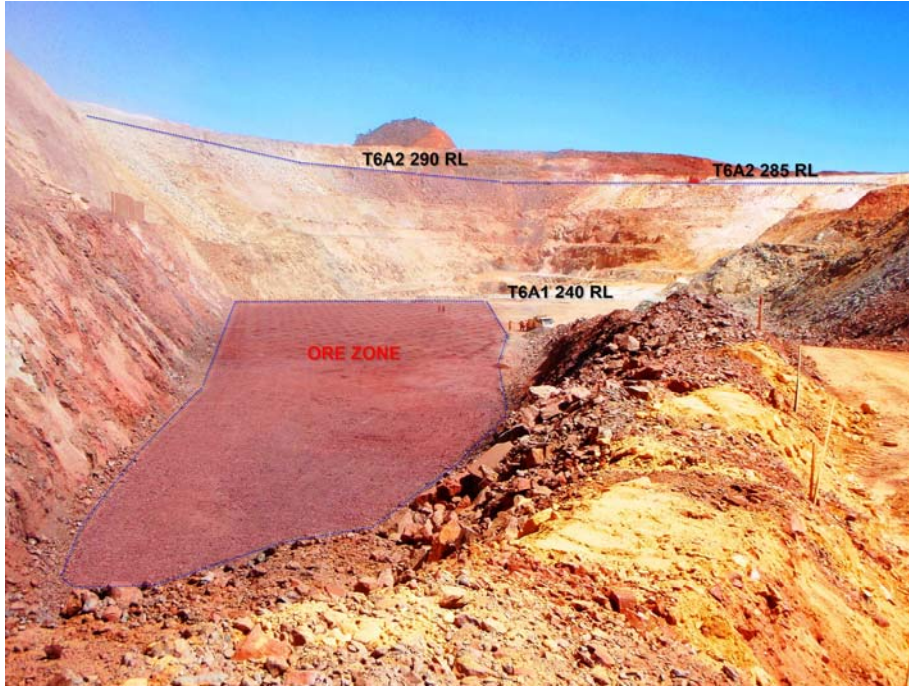


Figure 3 - Main range T6A1 pit floor looking south west at T6A2 cut back



Figure 4 - T6A2 cutback from main range operation north wall

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Koolan Island

Total material movement for the March quarter was 18% below the previous quarter however ore production and sales increased by 35% compared with the previous quarter. Total material movement was restricted by increased tropical cyclone activity and associated rainfall which exceeded the corresponding period last year by 38% and exceeded the average rainfall by 64%. Although the official wet season from December to March has dumped in excess of 960mm of rain on Koolan Island, more conducive operational conditions are expected in the June quarter. To compensate for the higher than anticipated rainfall on Koolan Island Mount Gibson increased ore sales from the Talling Peak mine, located in the Mid West, to deliver total ore sales in line with expectation.

The wet season which predominantly corresponds to the March quarter restricted ore production from the Mullet Pit to elevated and dryer benches. Development of the Mullet pit also focused on establishing long term haul road access and cutting back the Acacia ore zone.

Ore production for the quarter was largely sourced from Eastern Pit with mining of the original BHP lower bench being completed which has exposed the central ore zone and reduced the pit stripping ratio.

Backfilling of the Barramundi West pits was well advanced during the quarter and rehabilitation of this area has commenced.

Production for the March quarter is detailed in the following table:

		Sept 2008 qtr 000's	Dec 2008 qtr 000's	March 2009 qtr 000's	TOTAL 08-09 000's
Mining					
Waste Mined	bcm	3,998	2,747	2,181	8,926
Ore Mined	wmt	902	696	715	2,313
Crushing					
Lump	wmt	368	157	200	725
Fines	wmt	609	299	420	1,328
Total	wmt	977	456	620	2,053
Shipping					
Lump	wmt	361	222	217	800
Fines	wmt	415	209	364	988
Total	wmt	776	431	581	1,788

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Figure 5 - Mullet Pit at the end of March 2009 looking west with the development of the permanent haul road into the Mullet Acacia ore zones

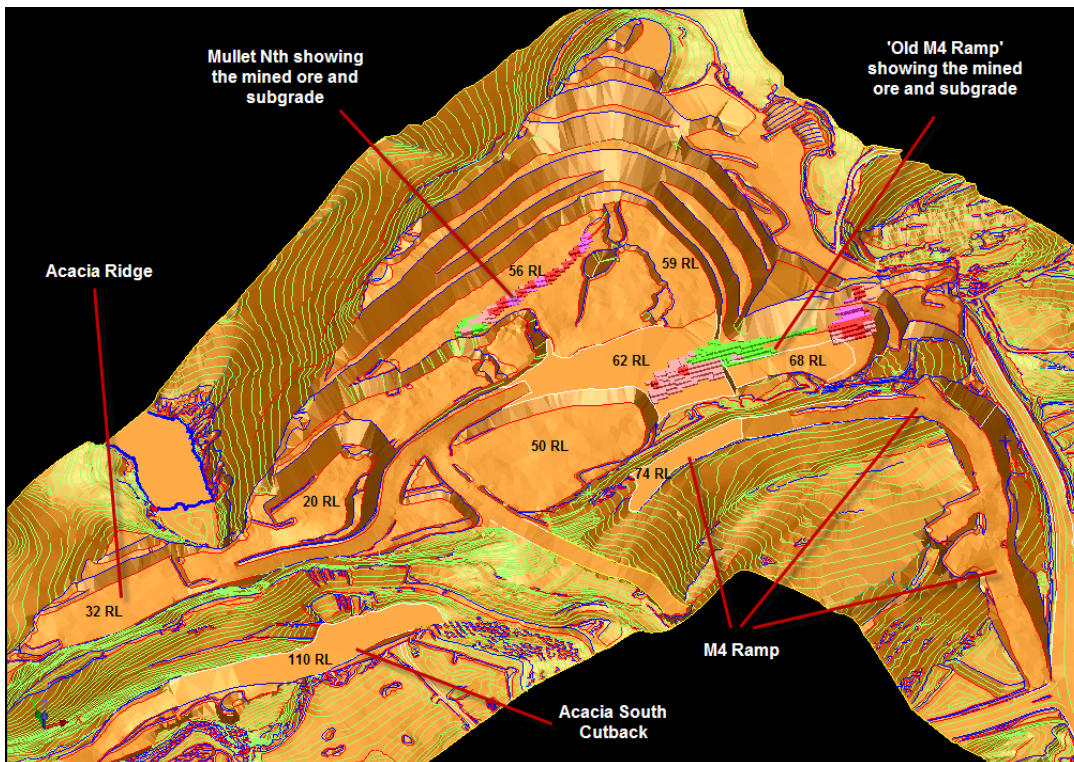


Figure 6 - Mullet Pit at the end of March 2009 showing bench development

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Figure 7 - Eastern Pit at the end of March 2009 looking west

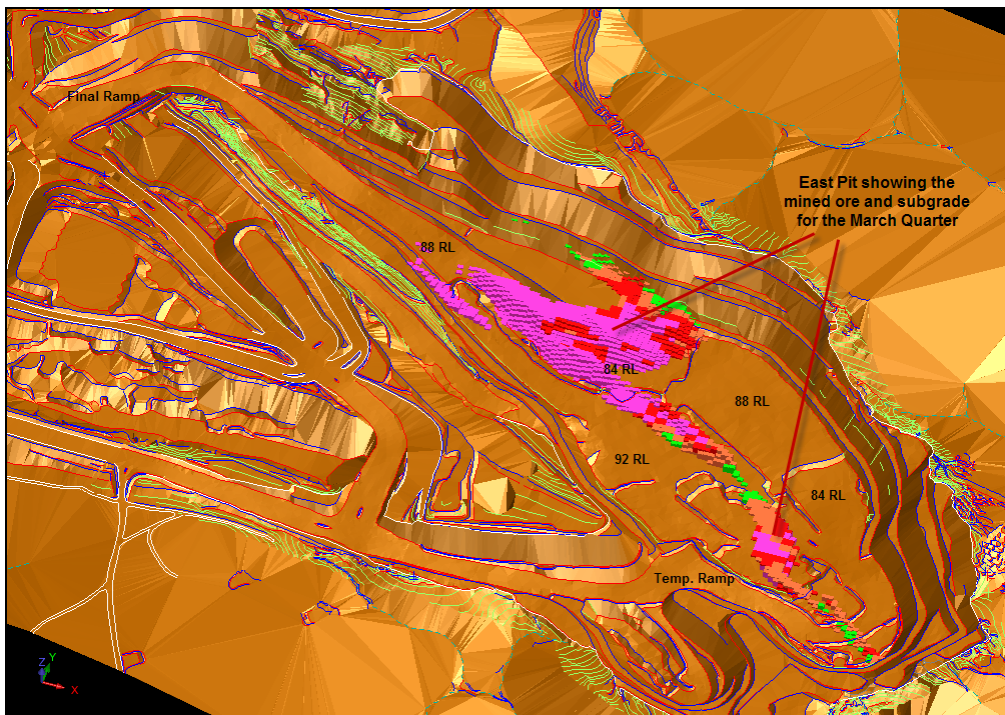


Figure 8 - Eastern Pit at the end of March 2009 showing bench development

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EXPLORATION

Koolan Island:

Resource infill drilling was completed in Eastern Pit during the quarter and drilling in the Mullet – Acacia pits commenced. A total of 60 holes were drilled for 5,359m (figure 9). Some of the better intersections are included in the table below.

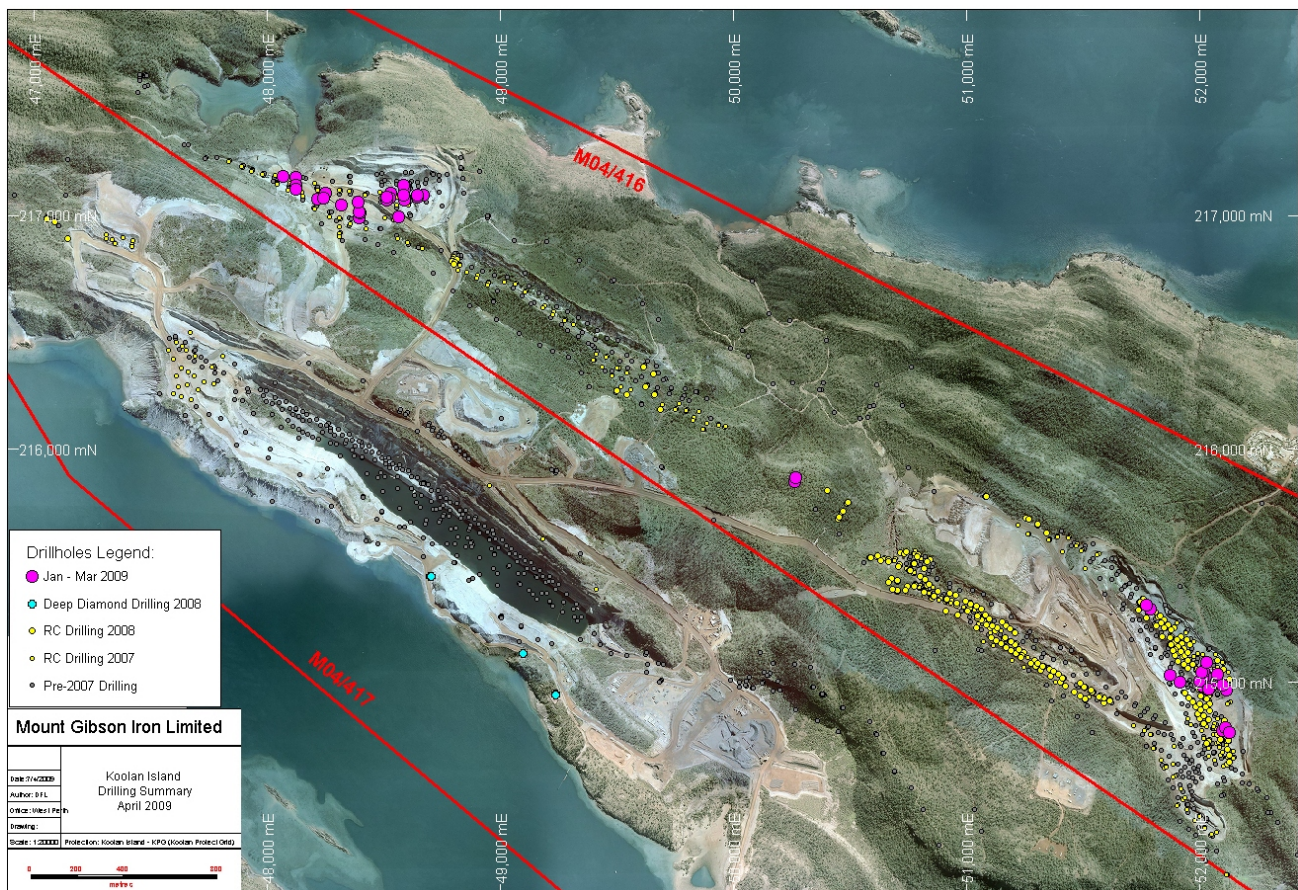


Figure 9 - Plan of Koolan Island showing drill holes completed during the Quarter (pink circles) and all previous drilling

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The Eastern - Barramundi deposit is now effectively drilled out at approximately 25m spacing, effectively more than doubling the data density. The previous broadly spaced drilling was insufficient to allow detailed short term planning and reconciliation. Figure 10 is a cross section through the central portion of the Eastern Pit and clearly shows the orebody morphology and grade distribution interpretations.

The new resource model for all of Barramundi and Eastern which was completed last quarter is being updated with the most recent drill results. The model has been improved to include detailed mining dilution parameters to enable more accurate planning and ore reserve calculations.

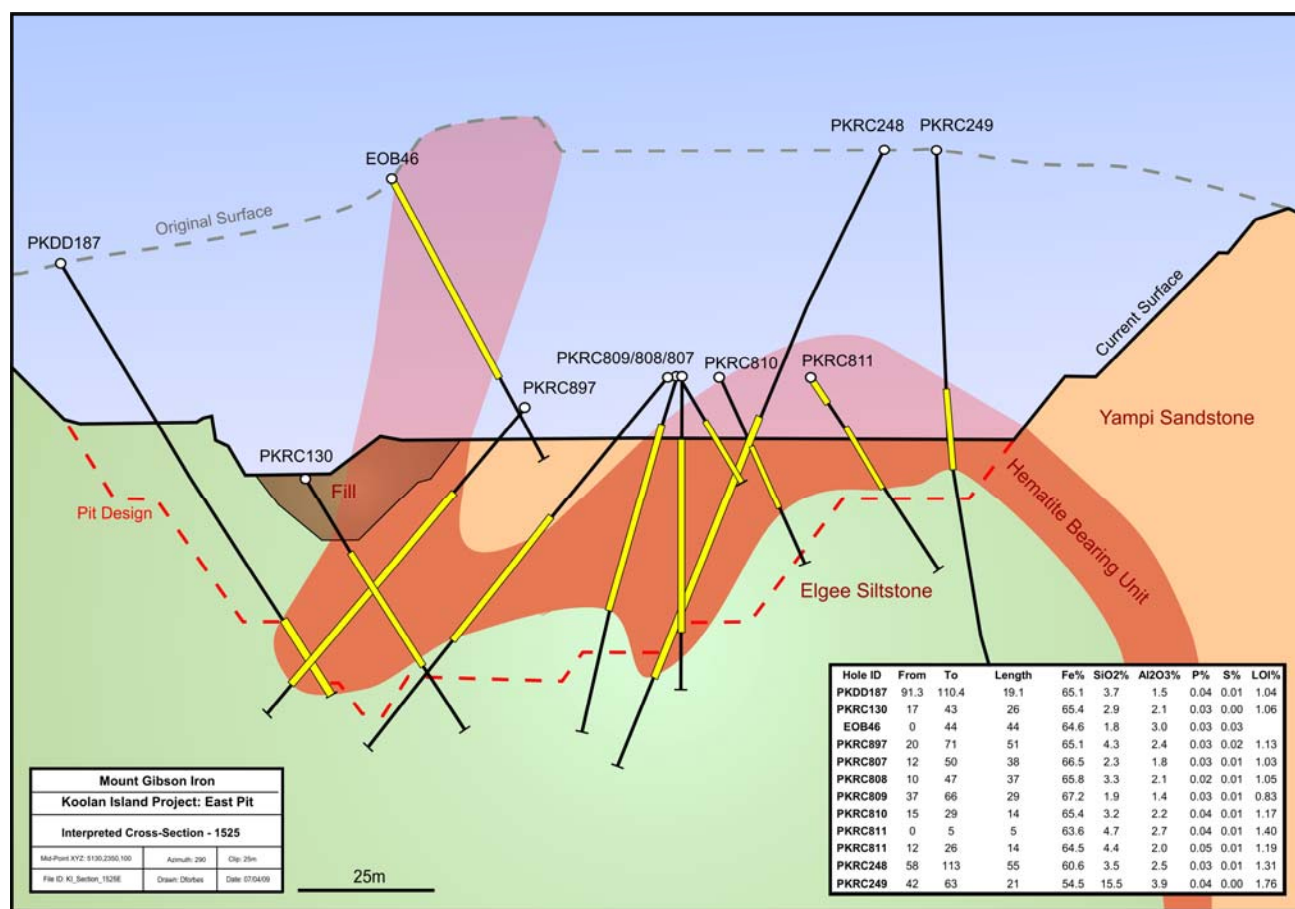


Figure 10 - Section 1525E Eastern orebody showing recent resource drilling

Infill resource drilling commenced at Mullet – Acacia where the orebody shapes are consistent and robust, with the distribution of contaminants, particularly silica and alumina more variable. A more thorough understanding of the contaminant distribution will enable mining to target critical portions of the resource and more efficient blending to produce an optimum product.

An example of some early drilling results from the eastern end of Mullet is included as figure 11. This area has returned significant high grade iron, low silica assays and has extended the known extent of a small, high grade pod of mineralisation in the footwall.

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A new resource model for Mullet Acacia will be developed as the new drilling results become available. Drilling is also planned to commence in Main West and some infill drilling is required in the Main Pit to convert remaining inferred resource to reserves.

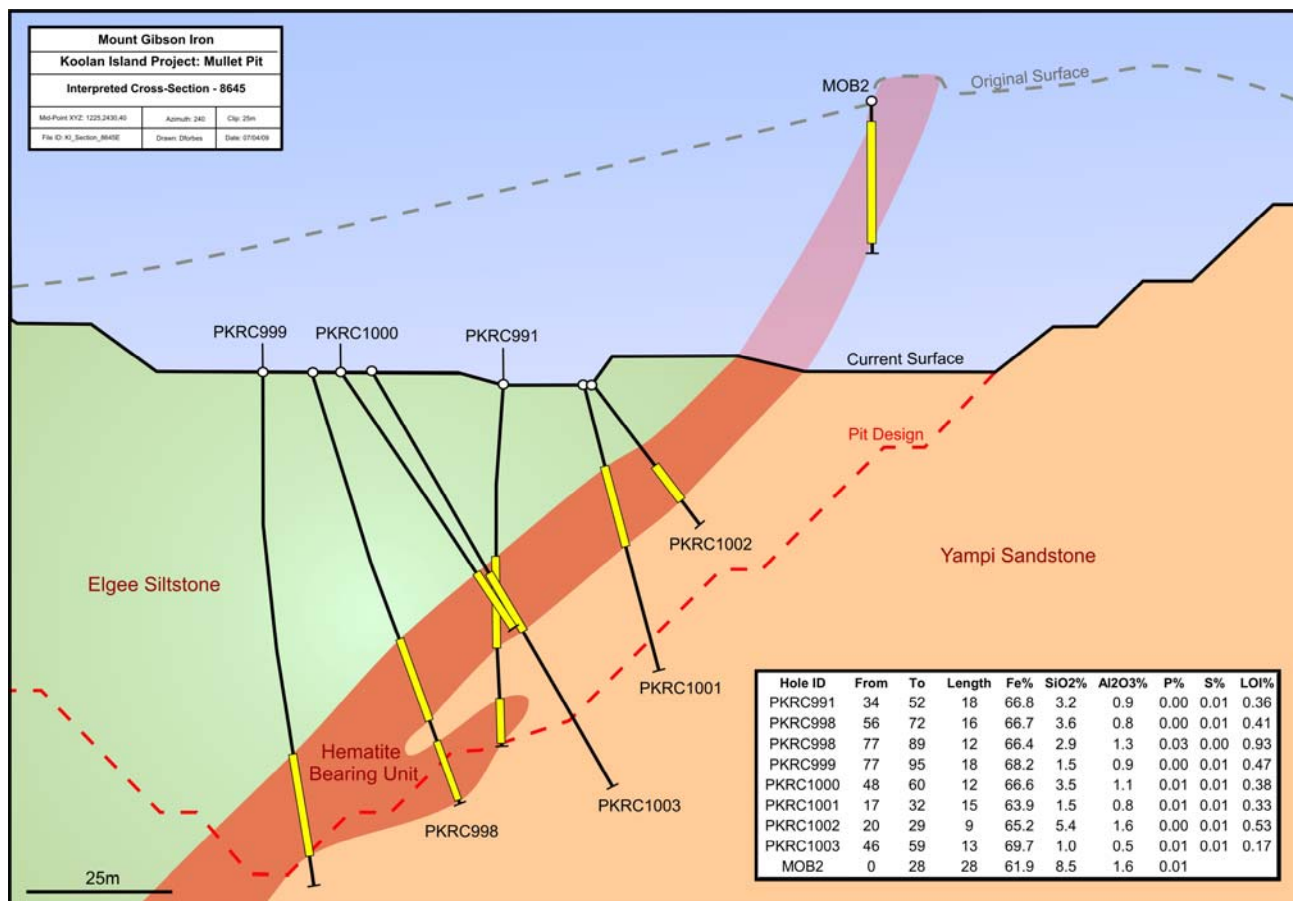


Figure 11 - Section 8645E Mullet orebody showing recent resource drilling

Prospect	Hole ID	From (m)	To (m)	Width (m)	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
East Pit	PKRC967	45	54	9	63.78	6.97	1.57	0.03	0.86
	PKRC968	105	117	12	61.84	9.45	1.52	0.04	0.84
	PKRC969	25	66	41	65.82	3.10	2.20	0.03	1.07
	PKRC970	35	45	10	61.03	8.48	2.65	0.05	1.57
	PKRC970	53	59	6	61.78	6.30	3.54	0.08	2.01
	PKRC970	60	66	6	61.17	7.75	3.07	0.06	1.63
	PKRC971	113	120	7	57.93	14.58	1.96	0.06	0.83
	PKRC972	11	41	30	67.19	2.35	1.44	0.02	0.68
	PKRC972	47	54	7	64.64	4.70	2.30	0.03	1.17

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	PKRC972	64	90	26	64.05	5.43	1.99	0.04	1.05
	PKRC977	62	68	6	63.45	6.28	2.49	0.04	0.90
	PKRC977	70	84	14	62.44	8.53	2.00	0.02	0.85
	PKRC979	66	82	16	64.26	5.89	1.98	0.03	1.02
	PKRC980	35	51	16	65.81	3.98	1.56	0.04	0.81
	PKRC981	56	78	22	63.90	5.81	2.19	0.04	1.13
	PKRC982	60	102	42	64.68	5.30	1.81	0.03	0.94
	PKRC984	70	89	19	64.04	6.45	1.86	0.02	0.76
	PKRC985	33	42	9	60.78	10.64	1.52	0.03	0.75
	PKRC986	26	44	18	64.18	5.52	1.76	0.04	0.98
	PKRC988	8	14	6	57.22	15.13	1.76	0.05	1.07
	PKRC988	23	36	13	65.20	4.79	1.38	0.04	0.70
	PKRC959	16	22	6	62.12	7.67	2.65	0.04	1.30
	PKRC960	28	34	6	63.80	7.07	1.26	0.04	0.82
	PKRC961	31	37	6	58.83	14.6	0.95	0.02	0.42
	PKRC962	17	24	7	60.89	8.69	3.20	0.05	1.47
	PKRC989	20	30	10	66.61	3.81	0.93	0.01	0.37
	PKRC991	34	52	18	66.83	3.19	0.95	0.02	0.36
	PKRC991	63	71	8	66.46	3.41	0.89	0.02	0.49
	PKRC992	122	132	10	61.92	9.04	0.63	0.13	1.86
	PKRC993	111	124	13	63.06	8.28	0.92	0.05	1.04
	PKRC995	49	55	6	62.97	8.05	1.40	0.02	0.53
	PKRC996	62	70	8	64.46	6.94	0.87	0.01	0.33
	PKRC997	49	58	9	64.49	6.94	1.31	0.010	0.66
	PKRC998	56	72	16	66.73	3.61	0.82	0.004	0.41
	PKRC998	77	89	12	66.38	2.85	1.25	0.031	0.93
	PKRC999	77	95	18	68.23	1.49	0.88	0.004	0.47
	PKRC1000	48	60	12	66.60	3.52	1.13	0.008	0.38
	PKRC1001	17	32	15	63.91	1.52	0.80	0.008	0.33
	PKRC1002	20	29	9	65.21	5.38	1.59	0.002	0.53
	PKRC1004	51	63	12	65.84	4.34	1.30	0.010	0.45
	PKRC1005	45	58	13	67.19	3.45	0.52	0.005	0.18
	PKRC1009	96	107	11	63.04	8.57	0.80	0.049	0.82
	PKRC1011	74	78	4	65.98	4.13	1.16	0.075	0.95
Mullet-Acacia									

Tallering Peak

No new exploration or resource drilling was undertaken during the quarter.

Heritage clearances have been undertaken as a prerequisite to obtaining statutory approval for drill testing of the multiple North Ridge gravity targets generated during 2008. A drilling program of up to 91 reverse circulation drill holes is designed to test a range of gravity and gravity/magnetic anomalies and will commence as soon as the required approvals are obtained. Several of the anomalies to be tested are strong, linear¹²



gravity highs with coincident low level magnetic anomalies, suggestive of hematite alteration zones in magnetite BIF horizons. These are similar to what would be expected over a buried deposit of the same type and size as the Main Range deposit.

Heritage clearances are also being sought over the T1 prospect. Resource infill and extension drilling is required over this area. Previous drilling has been limited in its extent due to the steep and rugged terrain at T1. This area was the focus of much of the early exploration work at Tallering Peak, including an exploration adit extending almost 200m into the banded iron formation.

Extension Hill

Reverse circulation resource infill drilling commenced in late November 2008. A total of 504 holes were planned for 21,000m (figure 13). Drilling was completed in April. During the quarter 389 holes were completed for 16,011m, taking the total completed to 468 holes for 19,393m. The location of drill collars and status of the drilling program is summarised in figure 13.

Results to date suggest high grade mineralisation extends further to the north than previously recognised. Interpretation of the new and existing data is in progress. A summary of the more significant results obtained to date is included in the table below. Figure 12 is a section through the previously poorly drilled northern end of the deposit which was thought to be dominated by the low grade flanking detrital zones. The new drill clearly shows the extent of the high grade hematite cap located above the unweathered magnetite-bearing Banded Iron Formation.

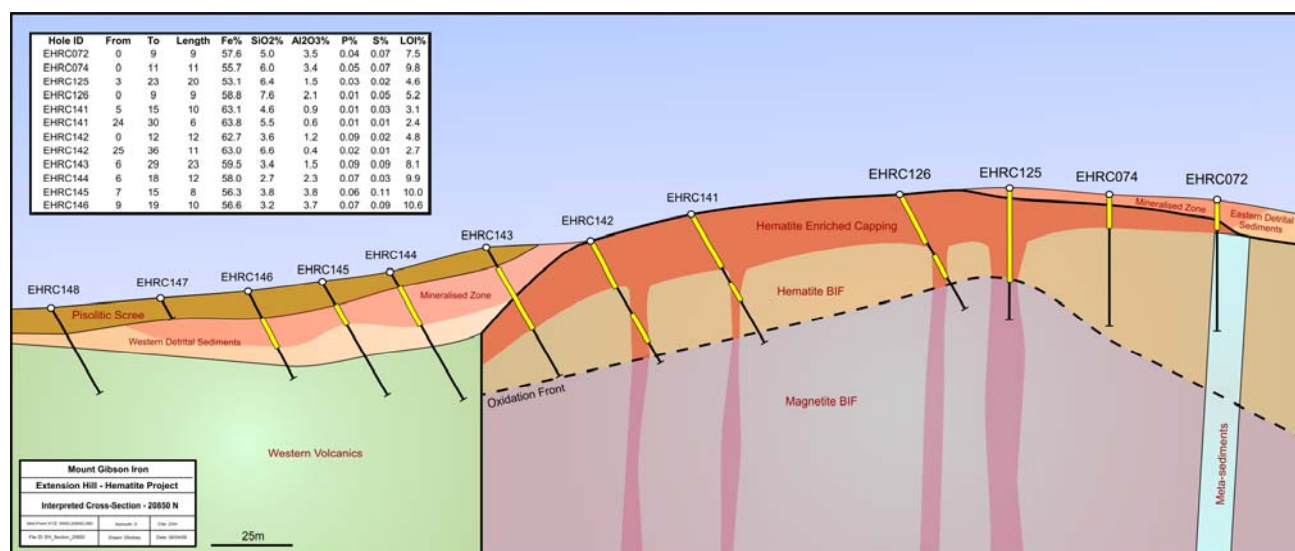


Figure 12 - Section 20850N, Extension Hill

A new resource model will be constructed over the next Quarter and updated resource and reserve estimations will be completed.

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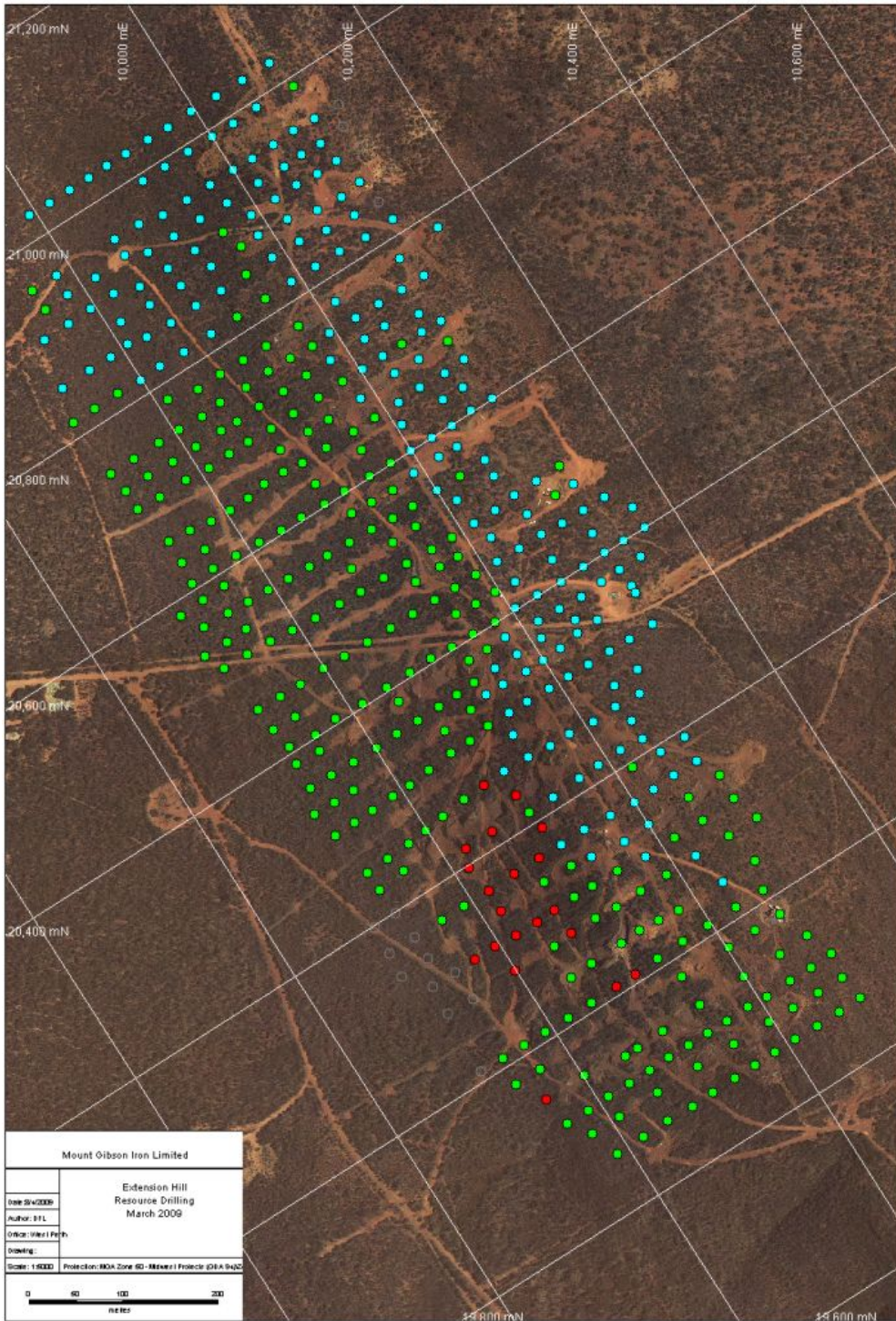


Figure 13 - Plan of Extension Hill showing completed (green and blue) drillholes and remaining planned (red) drillholes. Hole collars in blue indicate assay data returned.

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Hole ID	From (m)	To (m)	Width (m)	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
EHRC001	8	27	19	53.11	7.60	5.23	0.081	9.66
EHRC002	10	26	16	53.99	13.39	1.49	0.028	6.01
EHRC003	17	27	10	54.83	11.83	2.58	0.021	5.26
EHRC004	2	17	15	53.96	8.12	3.58	0.080	8.90
EHRC007	16	30	14	56.47	8.75	3.50	0.031	7.41
EHRC008	27	45	18	57.21	7.90	3.33	0.129	6.65
EHRC009	25	37	12	57.29	13.05	1.29	0.038	3.20
EHRC010	10	21	11	59.49	10.23	1.45	0.035	2.91
EHRC011	30	41	11	62.06	6.99	0.63	0.098	2.81
EHRC014	2	17	15	55.48	4.61	3.70	0.079	10.84
EHRC016	0	26	26	55.13	3.85	4.71	0.178	11.23
EHRC018	7	38	31	64.11	3.38	0.72	0.046	3.15
EHRC020	0	45	45	62.92	6.13	0.74	0.032	2.35
EHRC030	0	28	28	63.17	6.51	0.89	0.015	2.31
EHRC035	9	24	15	56.61	4.30	3.13	0.188	9.66
EHRC037	9	24	15	60.69	4.23	0.93	0.149	6.86
EHRC042	1	15	14	55.25	5.25	3.59	0.065	10.57
EHRC043	4	15	11	55.90	4.87	4.00	0.106	9.30
EHRC049	0	20	20	56.36	7.75	2.98	0.069	7.61
EHRC052	4	16	12	59.22	7.66	2.04	0.089	4.50
EHRC053	8	49	41	63.40	2.51	0.83	0.045	4.92
EHRC054	16	36	20	65.22	2.37	0.67	0.024	3.01
EHRC056	0	45	45	58.00	11.63	1.10	0.018	2.61
incl.	15	31	16	64.53	4.14	1.21	0.004	1.77
EHRC057	10	40	30	60.56	7.63	0.89	0.021	2.84
EHRC058	2	13	11	58.94	8.84	1.41	0.029	3.97
EHRC058	33	52	17	58.43	10.39	0.34	0.066	2.41
EHRC059	14	28	14	56.89	5.56	4.12	0.096	7.36
EHRC059	34	43	9	60.30	3.42	1.98	0.082	7.03
EHRC060	0	9	9	56.32	5.99	3.02	0.021	8.97
EHRC060	14	45	31	64.18	3.22	0.73	0.040	3.74
EHRC061	0	8	8	60.43	6.73	1.55	0.046	3.94
EHRC061	12	28	16	63.08	5.69	0.88	0.020	1.96
EHRC061	30	44	14	58.64	9.28	0.60	0.052	2.58
EHRC070	0	9	9	56.84	5.80	3.80	0.032	7.58
EHRC071	0	5	5	59.10	5.16	4.46	0.026	4.61
EHRC072	0	10	10	57.22	5.24	3.49	0.039	7.77
EHRC074	0	11	11	55.65	5.97	3.37	0.050	9.82
EHRC075	16	23	7	58.36	5.27	2.26	0.020	7.36
EHRC089	8	16	8	55.80	11.88	2.53	0.021	4.25
EHRC099	6	25	19	61.50	6.73	1.19	0.025	4.78

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Hole ID	From (m)	To (m)	Width (m)	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
EHRC099	27	35	8	62.89	5.08	1.14	0.015	3.61
EHRC106	0	17	17	59.99	4.56	2.40	0.028	5.78
EHRC106	20	42	22	62.24	5.26	1.03	0.041	3.69
EHRC108	6	14	8	58.84	3.88	2.04	0.043	8.64
EHRC109	4	22	18	56.87	4.91	2.07	0.072	10.42
EHRC110	8	22	14	61.38	1.80	2.03	0.052	7.12
EHRC116	14	25	11	62.06	5.57	0.64	0.009	3.56
EHRC117	30	38	8	58.05	11.82	0.71	0.064	3.22
EHRC118	36	45	9	60.35	6.77	0.70	0.077	4.30
EHRC121	15	20	5	61.71	7.50	0.87	0.018	2.97
EHRC124	6	37	31	61.57	6.79	0.94	0.021	3.07
EHRC125	0	23	23	58.43	7.12	2.07	0.036	5.66
EHRC126	0	9	9	58.76	7.56	2.06	0.014	5.23
EHRC126	12	18	6	60.02	7.92	1.29	0.072	3.58
EHRC126	21	29	8	59.61	8.87	1.08	0.030	1.89
EHRC127	0	25	25	62.06	4.85	1.00	0.031	3.92
EHRC128	19	40	21	64.51	2.63	0.86	0.039	3.44
EHRC130	12	22	10	61.65	4.44	1.34	0.011	5.19
EHRC130	30	36	6	61.75	6.65	0.53	0.050	2.91
EHRC131	14	45	31	63.68	3.52	0.70	0.058	3.80
EHRC132	4	19	15	58.15	3.88	2.00	0.060	9.36
EHRC133	7	21	14	59.45	1.81	2.49	0.062	9.14
EHRC134	8	20	12	60.33	1.96	2.15	0.057	9.54
EHRC137	24	39	15	61.37	7.64	0.67	0.039	3.23
EHRC137	40	45	5	58.91	12.13	0.50	0.086	0.50
EHRC138	17	33	16	62.37	4.46	1.40	0.032	4.14
EHRC139	2	27	25	56.04	5.63	2.41	0.077	9.91
EHRC140	8	15	7	54.96	3.17	4.60	0.040	11.30
EHRC141	5	15	10	63.13	4.58	0.90	0.010	3.10
EHRC141	24	30	6	63.81	5.55	0.56	0.010	2.39
EHRC142	0	12	12	62.72	3.59	1.22	0.091	4.80
EHRC142	25	36	11	63.01	6.61	0.39	0.024	2.69
EHRC143	6	29	23	59.49	3.36	1.52	0.091	8.13
EHRC144	5	19	14	57.57	2.84	2.66	0.067	9.92
EHRC145	7	16	9	55.75	3.96	4.19	0.056	10.14
EHRC146	9	20	11	56.40	3.46	3.76	0.066	10.66
EHRC149	3	31	28	65.07	2.13	0.61	0.023	3.04
EHRC150	1	26	25	58.89	2.39	2.00	0.097	9.59
EHRC151	5	28	23	59.44	2.62	1.75	0.083	8.98

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Hole ID	From (m)	To (m)	Width (m)	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
EHRC152	7	22	15	57.55	2.22	3.89	0.043	10.06
EHRC303	0	10	10	62.94	3.34	1.32	0.029	4.35
EHRC304	1	12	11	63.21	4.42	0.93	0.024	3.40

EXTENSION HILL DIRECT SHIPPING ORE (“DSO”) PROJECT

Construction works for the Extension Hill Project remain suspended. As previously stated in the December Quarterly report Mount Gibson has tentatively scheduled a 12 month suspension of the Extension Hill project and expects that first ore from the Extension Hill mine will now be shipped in the March quarter of 2010.

The status of various key project activities as at 31 March 2009 is as follows:

Regulatory submissions & approvals during the quarter were:

- The State Environment Minister formally approved the Extension Hill – Hematite Transport Proposal;
- The Extension Hill - Mining Proposal (Department of Mines & Petroleum) has been amended to incorporate the Extension Hill – Hematite Transport Proposal Ministerial Conditions; and
- The Extension Hill – Project Management Plan (Department of Consumer & Employee Protection) has been amended to incorporate the Extension Hill – Hematite Transport Proposal Ministerial Conditions.

Design & engineering work during the quarter were:

- No design or engineering work was undertaken during the quarter.

Extension Hill Mine Site

- The accommodation camp and main office complex for the Extension Hill mine site remain in storage;
- Primary communications equipment and the communications tower for the mine site remain in storage pending recommencement of project works; and
- Numerous items purchased directly by the Company for the Extension Hill mine site continue to be delivered in accordance with the various purchase orders issued prior to suspending work and the company has leased facilities to store this equipment until such time as project work recommences.

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Transport Corridor

- Components purchased and / or fabricated for the GNH bridge overpass were delivered during the quarter and are now in storage;
- Westnet undertook minor works associated with upgrading the existing rail line between Perenjori and Geraldton during the quarter to allow for ongoing grain transportation. All other work on the rail upgrade remains suspended; and
- The first 120 new rail wagons for the Extension Hill project were delivered during the quarter. Fabrication and delivery of the remaining wagons is scheduled to occur in the next quarter.

Geraldton Port – Berth 5 Storage Facility

- Items purchased directly by the Company for the new Berth 5 Storage facility continue to be delivered in accordance with contracts entered into and purchase orders issued prior to suspending work and Mount Gibson has leased suitable lock up facilities to store this equipment until such time as project work recommences.

GPA Rail Unloader Upgrade

Work on the Rail Unloader Upgrade remains on hold pending a formal decision to proceed with the Extension Hill project.

The recommencement of detailed design and construction work to upgrade the existing rail unloader and associated materials handling system will be sequenced such that these facilities are completed at the same time as the new Berth 5 storage facility.

The sole long lead item (primary feeder Hagglands drive) required for the Rail Unloader Upgrade Project was ordered prior to suspending works on this project and manufacture of this item continued throughout the quarter.

Attribution

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by David Larsen, who is a member of the Australian Institute of Geoscientists. David Larsen is a full time employee of the company, and has sufficient experience relevant to the styles of mineralisation and type of deposit under consideration and to the activity he is undertaking, to qualify as a Competent Person as defined in the December 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. David Larsen consents to the inclusion in the report of the matters based on his information in the form and context in which it appeared.

David Berg
Company Secretary