MOUNT GIBSON IRON LIMITED ("MOUNT GIBSON")
QUARTERLY REPORT
FOR THE PERIOD ENDED 31 MARCH 2010
ASX ANNOUNCEMENT 20 APRIL 2010

HIGHLIGHTS

- 1.63 million tonnes shipped during the quarter
- Record iron ore shipped from Tallering Peak of 828,000 tonnes
- Record year to date ore sales of 5.01 million tonnes, up 31% on the previous record and 34% higher than the corresponding period last year
- Extension Hill development and construction recommenced
- Preliminary field assessment of the western end of Koolan Island has commenced
- Structural change to iron ore price mechanism

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Mount Gibson Iron

CORPORATE

Iron Ore Market Developments

The demand for seaborne iron ore has strengthened considerably since late 2009 which has resulted in a corresponding increase in iron ore price indices. Typical iron ore indices exceeded the Hamersley fines price ("Benchmark Price") announced by RIO in May 2009 by 169% at the time of releasing this quarterly report.

To date RIO has not announced a Hamersley lump or fines iron ore price for 2010. BHPB and VALE are also yet to announce a 2010 benchmark iron ore price. RIO, BHPB and VALE have however all indicated that they will adopt an iron ore pricing mechanism that is shorter in duration and matches more closely seasonal demand for their iron ore products. This is a fundamental departure from the historical practice of announcing annual iron ore benchmark prices.

Mount Gibson is fully aware of the structural change to the iron ore pricing mechanisms established by the large iron ore producers and is consulting with its existing customers in accordance with existing agreements with the aim of ensuring Mount Gibson's iron ore sales reflect the prevailing industry iron ore price setting practice.

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OPERATIONS

Tallering Peak

Tallering Peak ore sales in the March 2010 quarter surpassed the previous record established last quarter. There were 828,000 tonnes sold which was a 7% increase on the previous quarter and a 10% increase on the corresponding quarter last year. Ore shipments for the year are 20% higher than the corresponding period last year.

Total material movement increased by 36%, which included the T6a3 and the T2 cutbacks. At the end of the quarter the T6A3 cutback was well advanced as was the T2 cutback. Ore recovered from these areas during the quarter exceeded the ore reserve estimation.

Crusher output increased by 7% compared with the previous quarter as the upgraded crushing facility was gradually commissioned. Further crusher improvements will be made in the June quarter which is expected to increase crusher output further.

Road and rail haulage were in line with Mount Gibson's forecast and will sustain current volume movement for the June 2010 quarter. The Mullewa stockpile was maintained at the current tonnage of 508,000 tonnes of Lump and Fines product.

Production for the March 2010 quarter and comparison with the previous quarters is detailed in the following table:

		Sept 2009 qtr 000's	Dec 2009 qtr 000's	March 2010 qtr 000's	TOTAL 09-10 000's
Mining					
Waste Mined	bcm	1,509	1,781	2,495	**5,785**
Ore Mined	wmt	1,063	792	731	**2,586**
Crushing					
Lump	wmt	431	391	463	**1,285**
Fines	wmt	425	347	322	**1,094**
Total	wmt	856	738	785	**2,379**
Transport to Mullewa Railhead					
Lump	wmt	421	382	417	**1,220**
Fines	wmt	277	465	457	**1,199**
Total	wmt	698	847	874	**2,419**
Transport to Geraldton Port					
Lump	wmt	546	440	439	**1,425**
Fines	wmt	179	350	348	**877**
Total	wmt	725	790	787	**2,302**
Shipping					
Lump	wmt	507	476	468	**1,451**
Fines	wmt	213	301	360	**874**
Total	wmt	720	777	828	**2,325**

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Comparison between figure 1 and figure 2 shows the progress of Tallering Peak's Main Range mining operations in the March 2010 quarter.

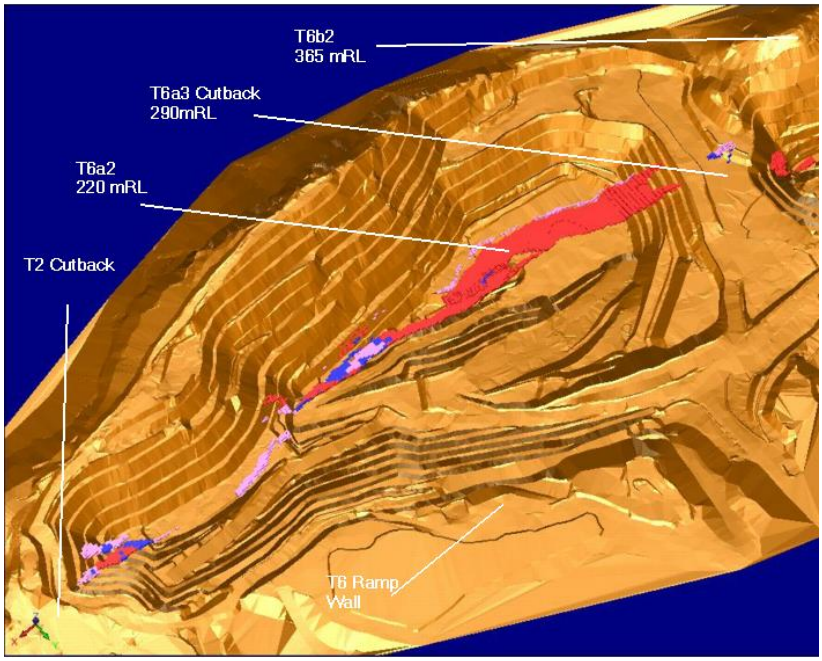

Figure 1 - Main range mining as at the end of the December 2009 quarter

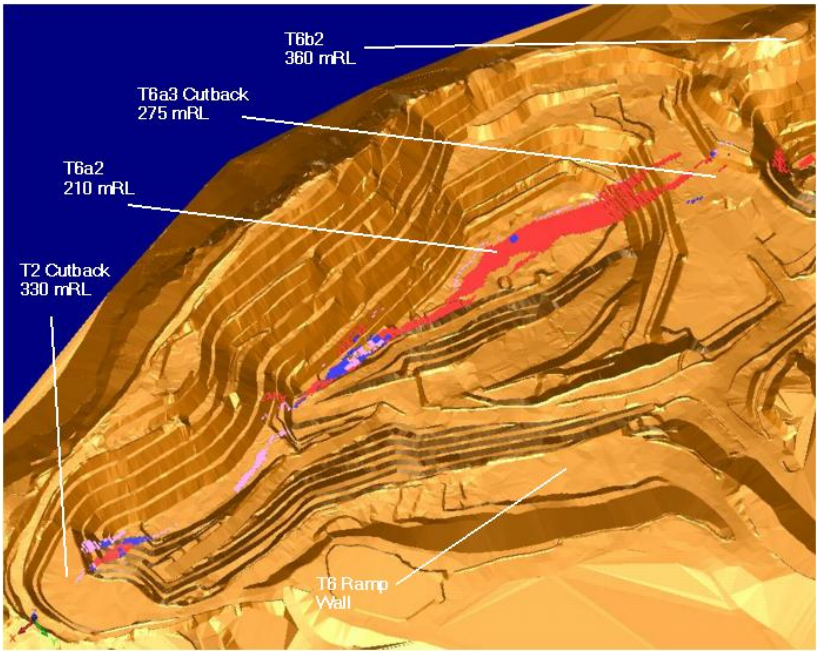

Figure 2 - Main range mining as at the end of the March 2010 quarter

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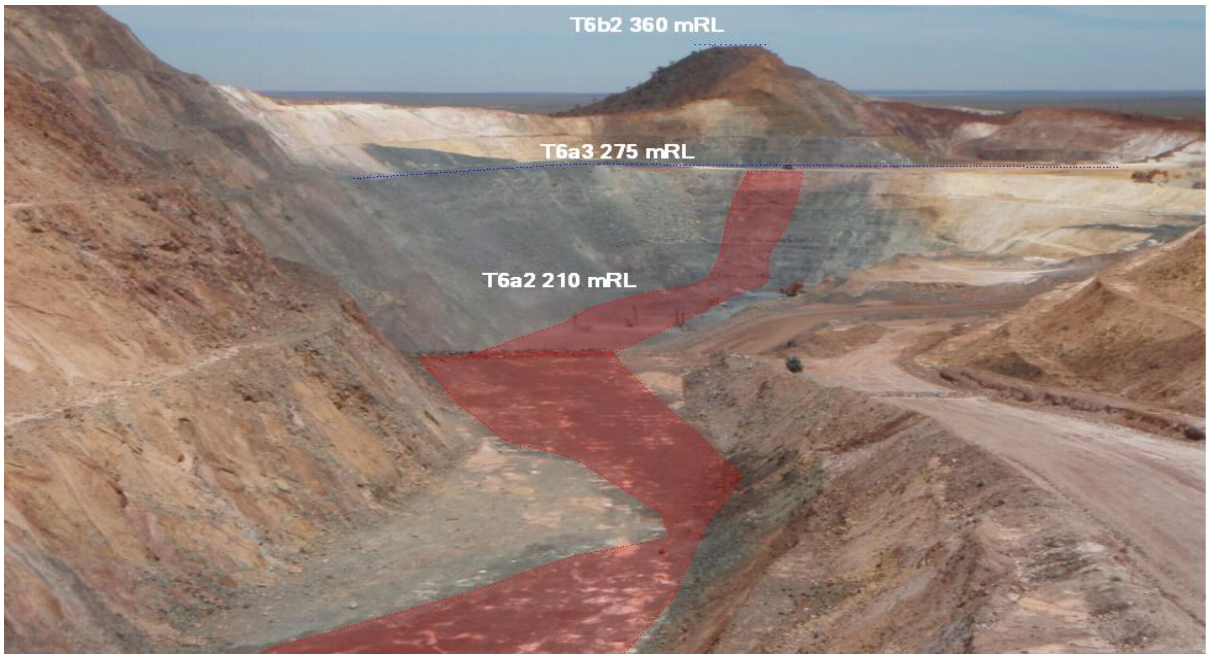

Figure 3 - Main Range Pit operations looking west from the eastern end of T2

Figure 4 - Main range operation looking from the crest of T6b2

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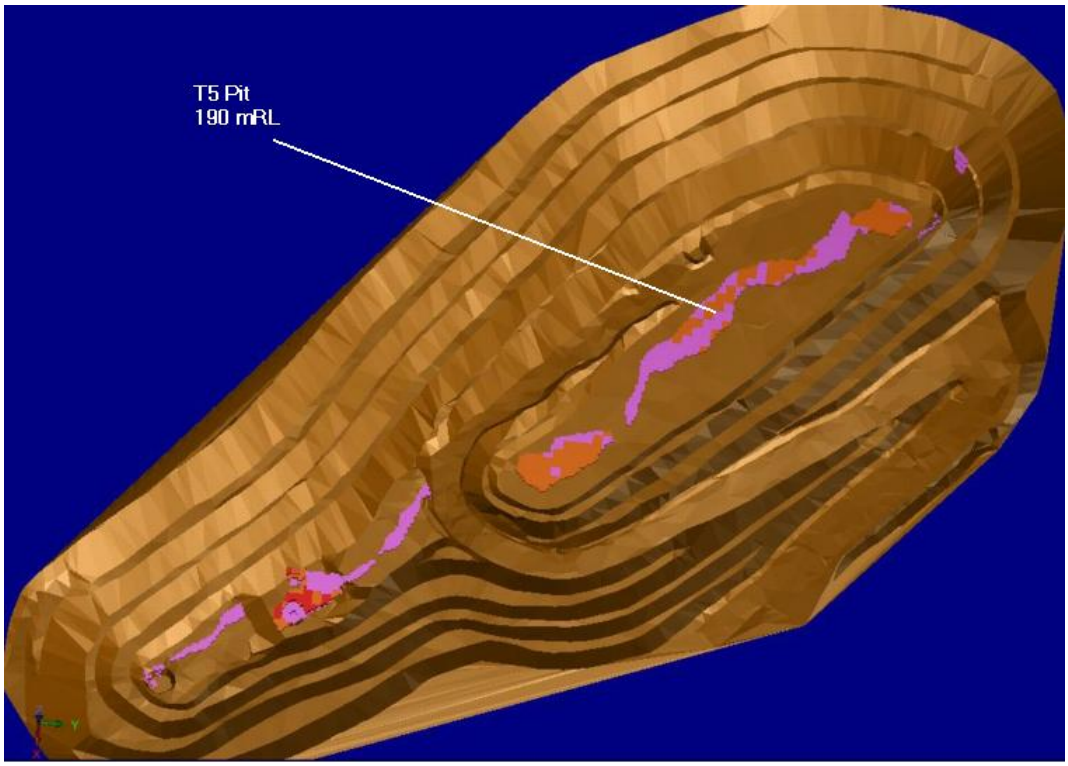

Figure 5 - T5 pit as at the end of the March 2010 quarter

Figure 6 - T5 pit as at the end of the March 2010 quarter

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Koolan Island

Koolan Island shipped 802,000 tonnes of iron ore during the quarter which was 38% above the corresponding quarter last year. Ore shipments for the year to date are 50% higher than the corresponding period last year.

Despite the evacuation of Koolan Island in January during tropical cyclone Magda and the inundation of East Pit as a result of very heavy rainfall in December from tropical cyclone Laurence, material movement and ore sales were in line with Mount Gibson's March quarterly monsoonal wet season forecast. Weather conditions in the June quarter are expected to favour production and sales increases.

High grade ore was sourced equally from East Pit and Mullet Pit whilst Barramundi West Pit commenced contributing to Koolan Island's ore supply during the quarter. The southern cutback of Mullet Pit has merged with the Acacia cutback during the March quarter. The Stage 1 Main Pit cutback advanced ahead of schedule during the quarter whilst the mining of Crusher Hill and Blinker Hill continued to provide waste material for the construction of the Main Pit seawall.

Rehabilitation of Main Pit, seawall construction and the dewatering of Main Pit continued as planned during the quarter. A second outer seawall embankment front was commenced from Blinker Hill during the quarter that will eventually meet with the advancing western outer seawall embankment. Rehabilitation and dewatering of Main Pit advanced to the -18mRl with 62m of dewatering and rehabilitation to be completed.

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

		Sept 2009 qtr 000's	Dec 2009 qtr 000's	March 2010 qtr 000's	TOTAL 09-10 000's
Mining					
Waste Mined	bcm	3,974	3,276	3,013	**10,263**
Ore Mined	wmt	1,054	770	725	**2,549**
Crushing					
Lump	wmt	298	347	285	**930**
Fines	wmt	664	627	519	**1,810**
Total	wmt	962	974	804	**2,740**
Shipping					
Lump	wmt	355	284	366	**1,005**
Fines	wmt	581	664	436	**1,681**
Total	wmt	936	948	802	**2,686**

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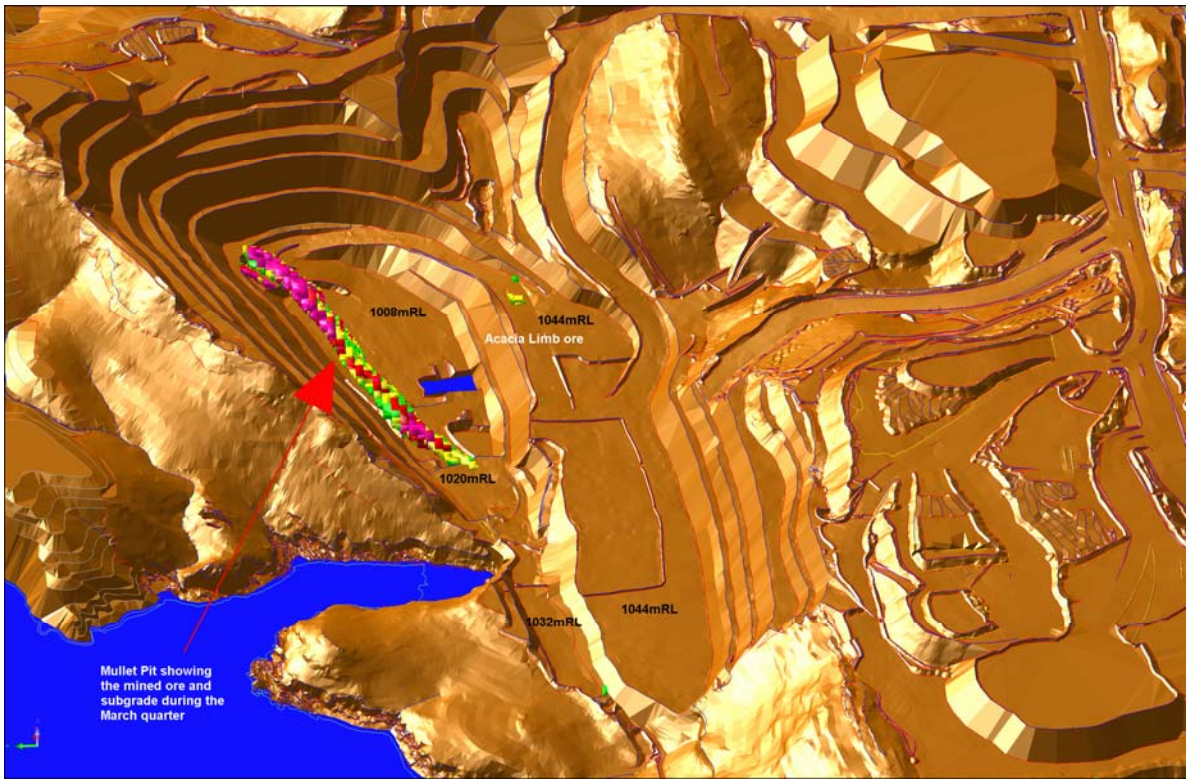

Figure 7 - Mullet Pit at the end of March 2010 looking east and the adjoining Acacia South cutback

Figure 8 - Mullet Pit at the end of March 2010 looking north-east showing bench development

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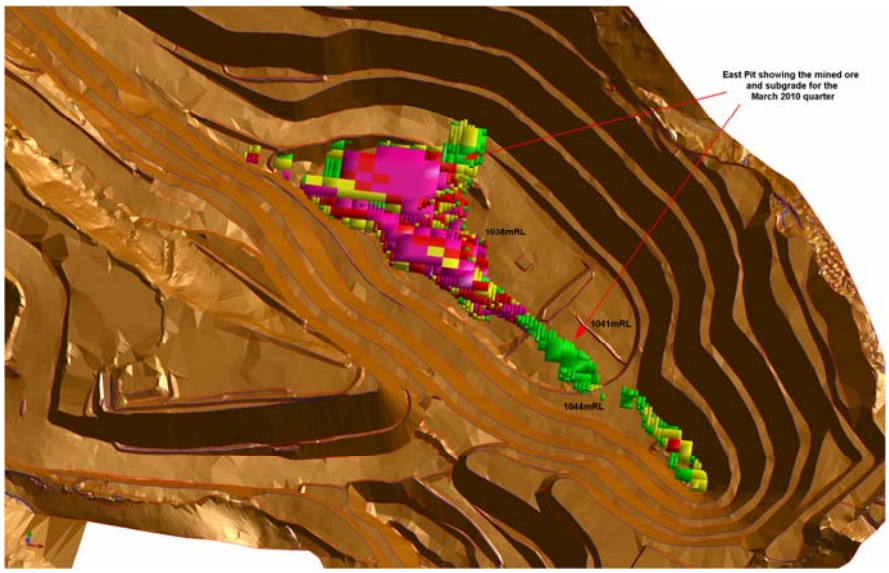

Figure 9 - Eastern Pit at the end of March 2010 looking south-west

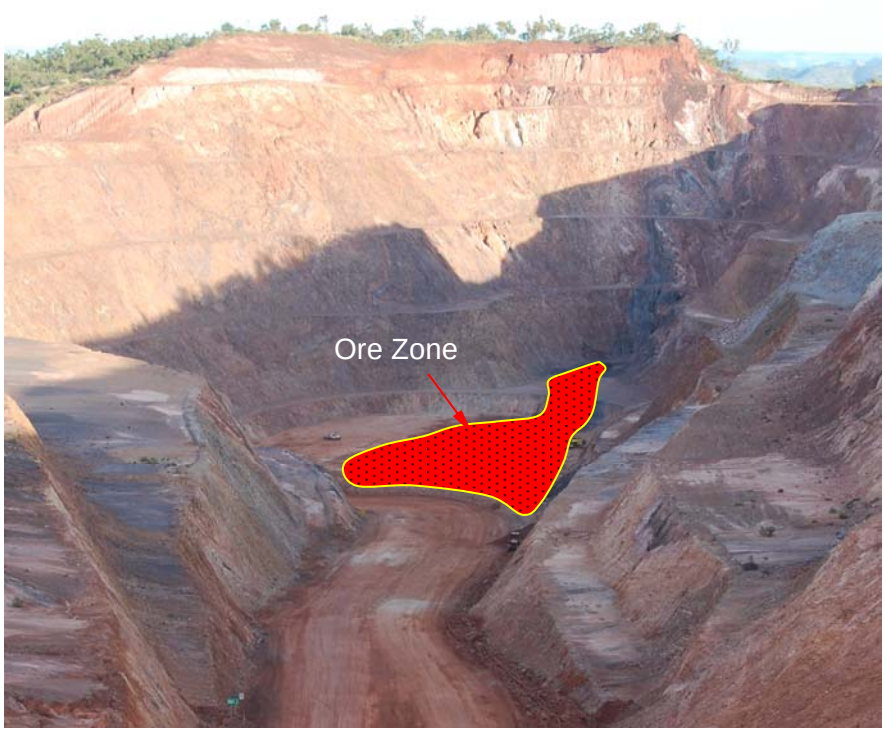

Figure 10 - Eastern Pit at the end of March 2010 looking east showing bench development

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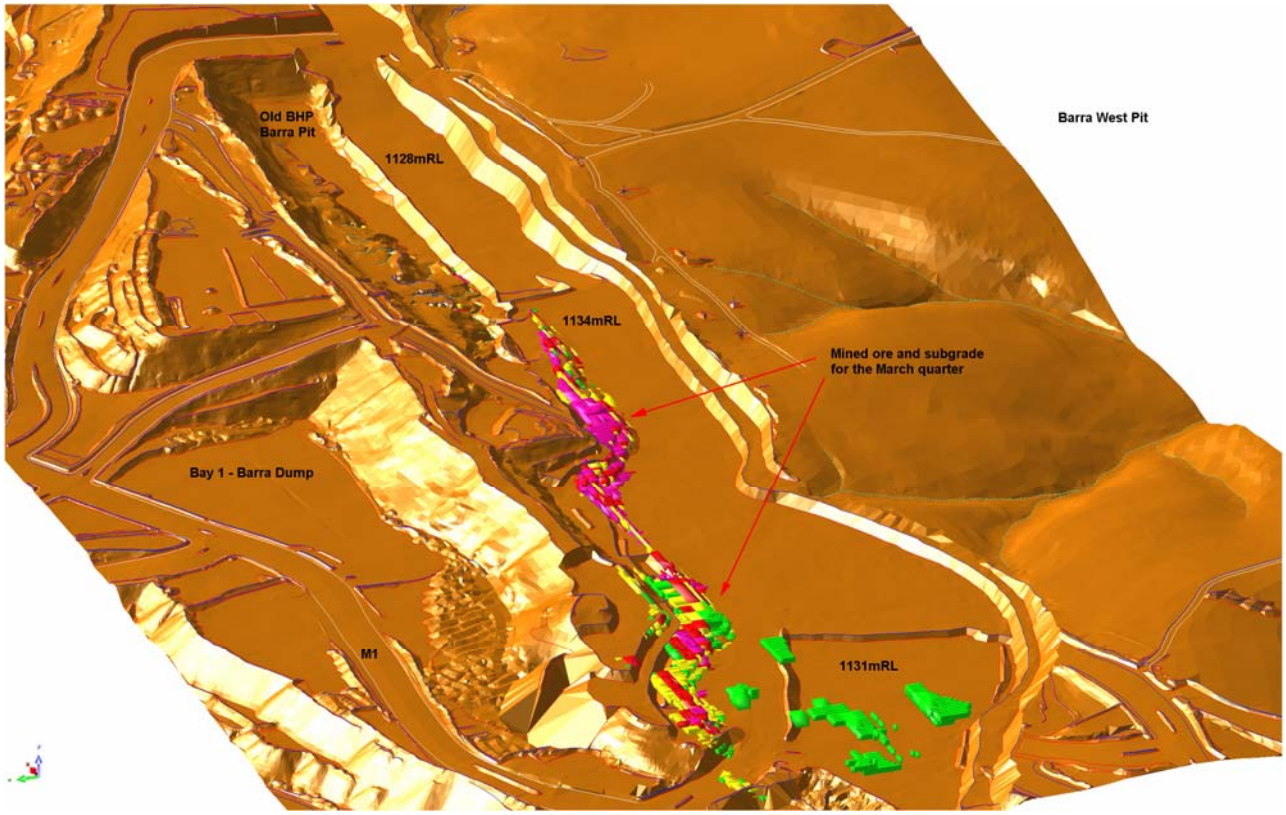

Figure 11 – Barramundi West Pit at the end of March 2010 looking east showing bench development

Figure 12 – Barramundi West Pit at the end of March 2010 looking north-east which commenced contributing ore production in the March quarter

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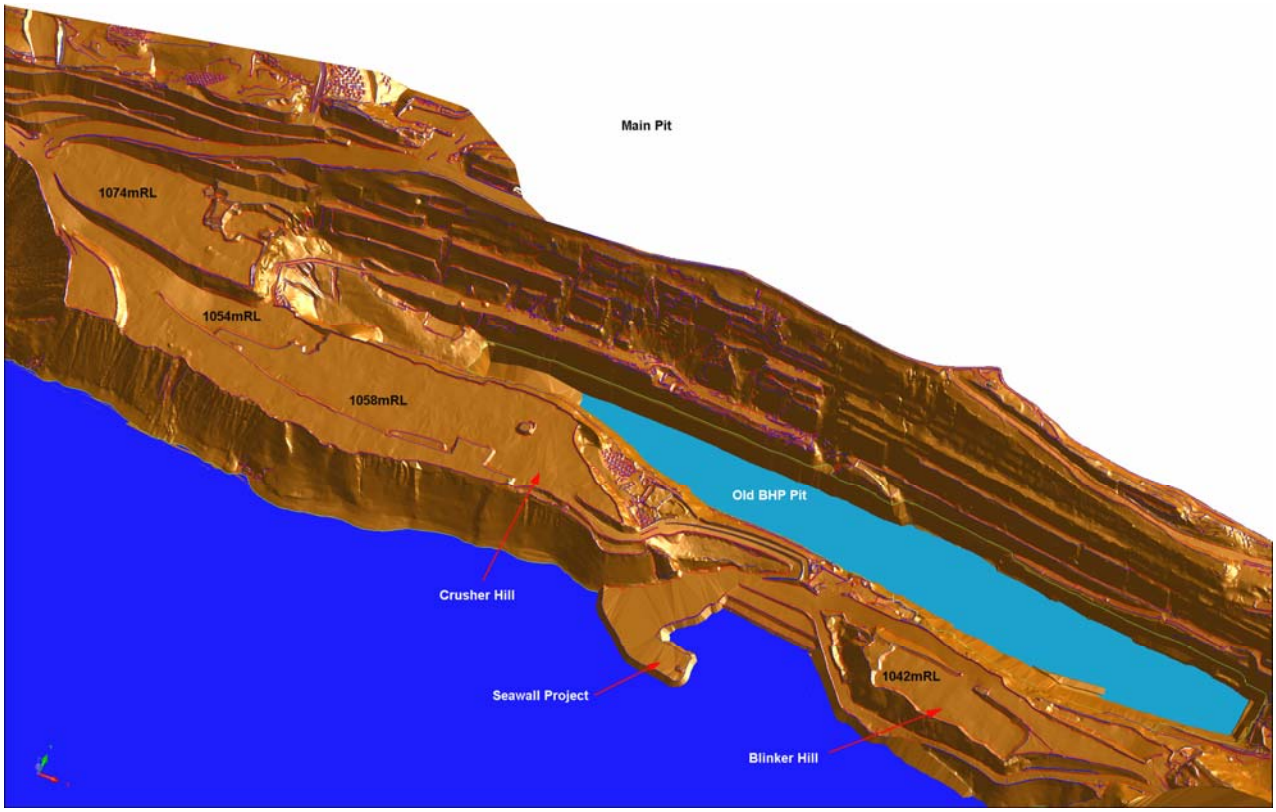

Figure 13 – Main Pit at the end of March 2010 looking north-west

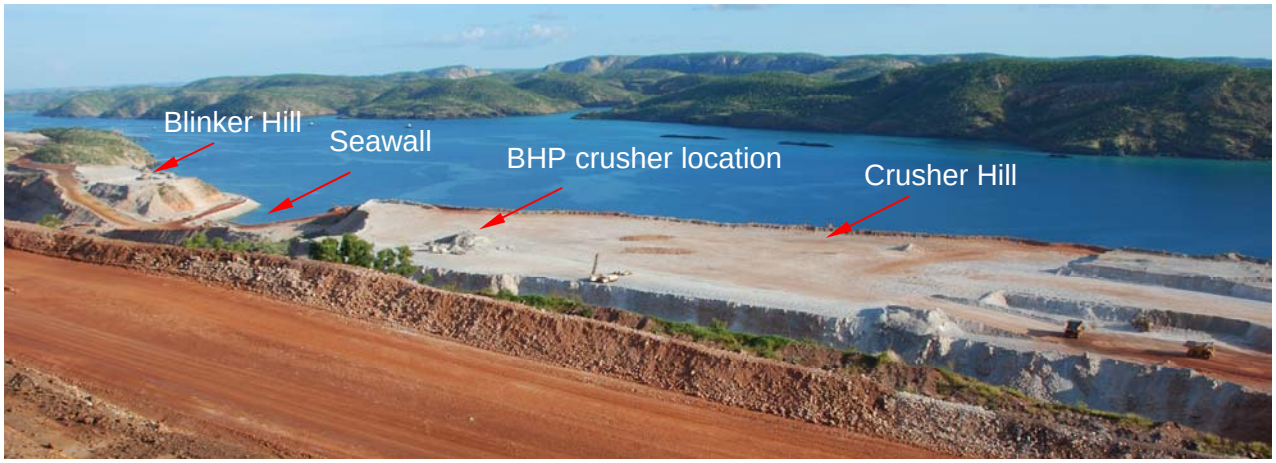

Figure 14 – Main Pit southern cutback at the end of March 2010 looking south-east

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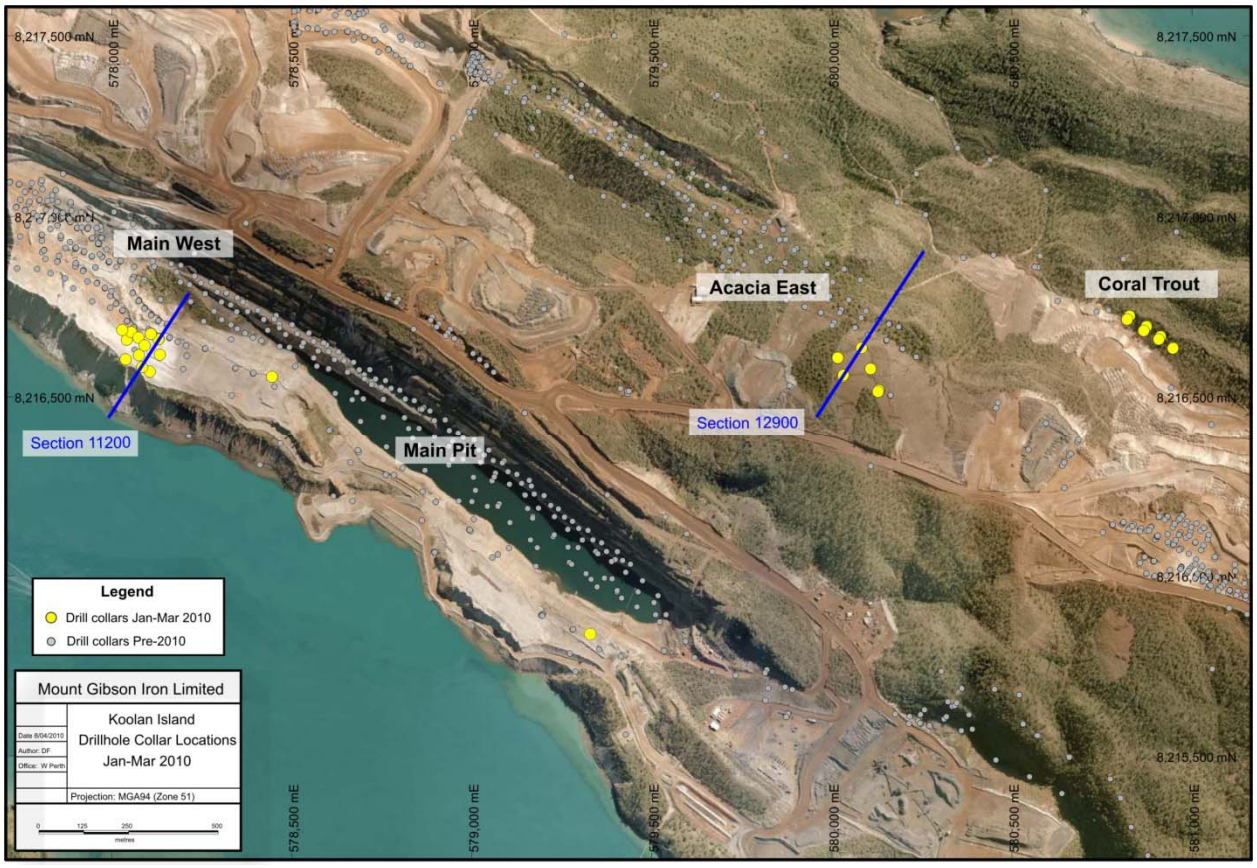
EXPLORATION

Koolan Island

Exploration and resource infill reverse circulation (RC) drilling continued at Koolan Island throughout the quarter. A total of 35 holes were drilled for 5,418 metres. The majority of the drilling was undertaken at the western end of Main Pit (figure 15) to define the transition from the narrower, generally lower grade mineralisation at Main West to the wide, high grade mineralisation typical of most of the orebody. This drilling also included a number of holes required to convert some of the remaining in-pit inferred resource to reserves and to reduce the average drill spacing throughout the pit to an average of 50m x 50m. Several holes were also drilled on both Crusher Hill and Blinker Hill in Main Pit, also targeting remaining in-pit inferred resources.



<u>Figure 15</u> – Plan of Koolan Island showing drillhole collar locations for holes drilled during the Quarter (yellow circles) and all previous drilling (grey)

Drilling at Main Pit continues to challenge conventional drilling techniques due to the very high grade friable hematite mineralisation. A number of holes were terminated in ore as the dense hematite ore collapsed around the drill bits (figure 16). Alternative drilling techniques are being trialled in order to improve the rate of successful completion of the holes and the overall drilling rate.

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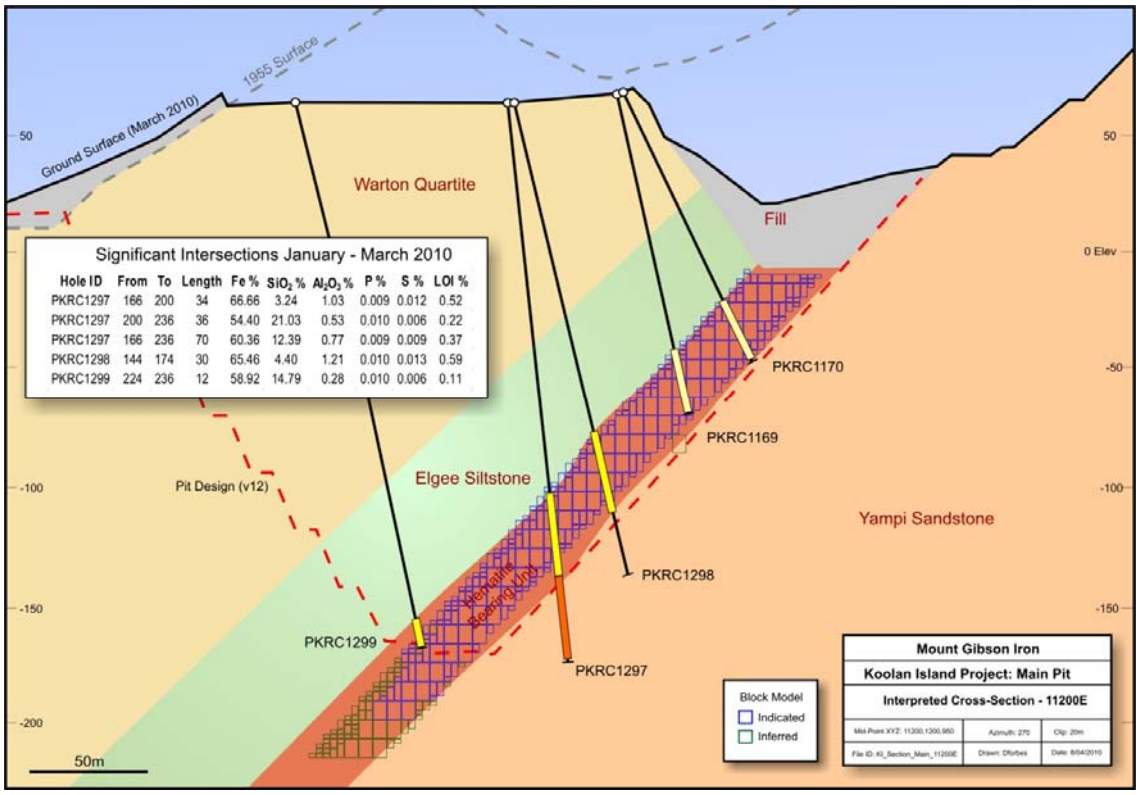

Figure 16 – Section 11200E, looking west, Main Pit. Drillhole PKRC1299 was abandoned in ore due to collapse of the hole.

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Significant assay results received during the quarter are included in the table below:

Hole ID	From	To	Length	Fe %	SiO2 %	Al2O3 %	P %	LOI %	Location
PKRC1283	188	208	20	67.75	1.45	0.67	0.01	0.37	Main
PKRC1284	190	198	8	60.45	12.67	0.17	0.01	0.06	Acacia East
PKRC1285	171	178	7	57.94	16.80	0.08	0.01	0.04	Acacia East
PKRC1286	159	168	9	65.00	6.50	0.28	0.01	0.16	Acacia East
PKRC1286	146	150	4	59.58	13.26	0.16	0.02	0.21	Acacia East
PKRC1287	187	204	17	56.71	18.00	0.27	0.01	0.13	Main
PKRC1288	196	203	7	56.33	18.46	0.23	0.01	0.11	Main
PKRC1289	200	210	10	65.38	4.00	1.10	0.01	0.43	Main
PKRC1290	160	173	13	58.62	14.84	0.37	0.01	0.14	Main
PKRC1290	185	193	8	61.85	10.31	0.42	0.01	0.18	Main
PKRC1291	148	153	5	60.62	11.59	0.79	0.01	0.28	Main
PKRC1292	229	233	4	61.53	10.03	0.56	0.01	0.23	Main
PKRC1293	228	236	8	57.36	16.33	0.23	0.01	0.13	Main
PKRC1295	159	167	8	65.53	5.14	0.91	0.01	0.42	Main
PKRC1295	190	199	9	63.64	9.06	0.17	0.01	0.09	Main
PKRC1296	142	152	10	63.10	8.69	1.04	0.01	0.43	Main
PKRC1296	161	174	13	59.35	14.61	0.26	0.01	0.09	Main
PKRC1297	166	200	34	66.66	3.24	1.03	0.01	0.52	Main
PKRC1297	200	236	36	54.40	21.03	0.53	0.01	0.22	Main
PKRC1297	166	236	70	60.36	12.39	0.77	0.01	0.37	Main
PKRC1298	144	175	31	65.12	4.93	1.18	0.01	0.58	Main
PKRC1299	224	232	8	62.80	9.00	0.28	0.01	0.11	Main
PKRC1300	112	140	28	67.35	2.27	0.53	0.01	0.23	Main
PKRC1301	237	248	11	67.07	3.35	0.58	0.01	0.31	Main
PKRC1303	146	150	4	64.40	7.88	0.08	0.01	0.01	Acacia East
PKRC1303	152	155	3	59.10	15.63	0.09	0.01	0.01	Acacia East
PKRC1304	132	144	12	63.38	9.41	0.07	0.01	0.01	Acacia East
PKRC1305	6	9	3	55.13	20.03	0.30	0.02	0.12	Coral Trout
PKRC1308	16	18	2	55.50	18.80	0.42	0.02	0.23	Coral Trout
PKRC1309	28	31	3	58.83	14.57	0.30	0.02	0.17	Coral Trout
PKRC1315	176	179	3	60.53	13.13	0.15	0.01	0.05	Acacia East
PKRC1316	162	166	4	57.75	17.11	0.11	0.02	0.03	Acacia East
PKRC1316	175	177	2	64.80	8.32	0.06	0.01	0.01	Acacia East
PKRC1317	161	164	3	61.90	12.67	0.09	0.01	0.03	Acacia East

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Eight holes were drilled at Acacia East to infill previous drilling and extend the mineralisation down dip. As reported previously the Acacia East mineralisation continues at least 500 metres beyond the old BHP Acacia Pit with a dip extent of approximately 200 metres and a true thickness of about 15 metres (figure 17). Drilling will continue to decrease the section spacing to 25 metres in order to define an indicated resource.

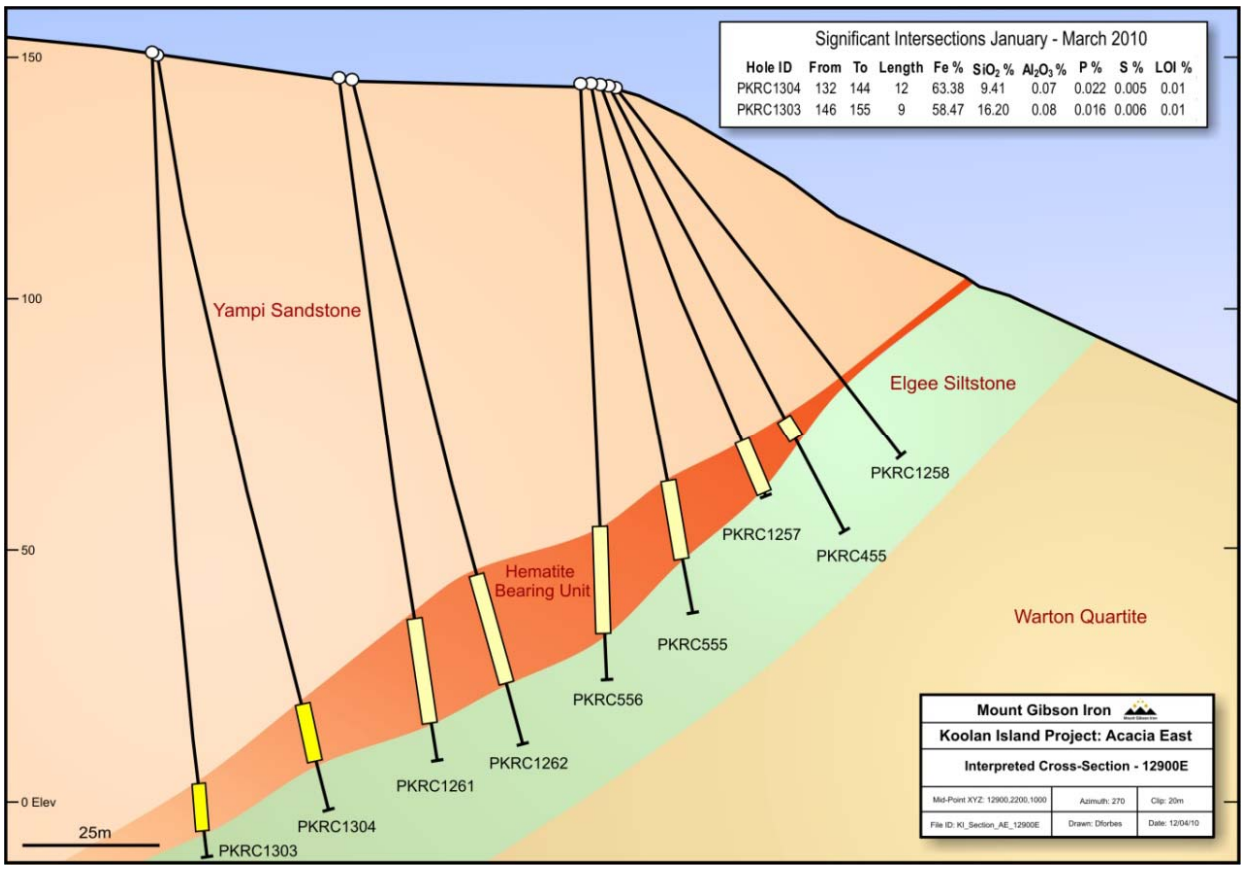

Figure 17 – Section 12900E, looking west, Acacia East.

A new resource model has been completed for all of Mullet Acacia, including the Acacia East mineralisation but does not include the drilling undertaken during the quarter. A new resource model has also been completed for Main Pit, incorporating Main Pit West, and includes most of the drilling completed during the quarter. An updated Resource/Reserve statement will be released early in the coming financial year.

A small drilling program was also completed at Coral Trout, the western extension of the East Pit mineralisation (figure 15). Drilling was undertaken on 50m and 100m spaced sections with 10 short holes completed at the western end of the mineralised outcrop, with only thin, poddy mineralisation intersected. The best potential is likely to occur in the top 50m which outcrops as a significant ridge that can only be drilled as the Barramundi waste dump is built up.

Access to the western end of Koolan Island on Exploration Licence E04/1266, known to include outcropping high grade hematite mineralisation has been granted with a preliminary field assessment commencing in April.

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Figure 18 – First rock chips being taken from a hematite outcrop on the western end of Koolan Island

Figure 19 – Surface hematite boulders in close proximity to outcrop on the western end of Koolan Island

Tallering Peak

The North Ridge drilling program which was to have been completed during the quarter was delayed due to lack of availability of a suitable drill rig. Eight holes are still to be drilled to complete the original program to test the gravity and magnetic targets defined following the 2008 gravity survey over the mine leases.

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EXTENSION HILL DIRECT SHIPPING ORE ("DSO") PROJECT

On the 12 January 2010 Mount Gibson announced the recommencement of the Extension Hill DSO project to ASX. The announcement advised the project is scheduled to have construction and development completed within 15 months and the upgrade of the railway line between Perenjori and Geraldton to be completed by June 2011.

Work on the project recommenced with the re-engagement of the project management team and the re-issuing of tender documents for several of the longest duration construction contracts. A number of tenders for these contracts closed during March and it is expected that the first of the new contracts will be ready for award in April 2010.

Regulatory submissions & approvals during the quarter were:

- The Extension Hill Mining Proposal was resubmitted to the Environment Branch of the Department of Minerals and Petroleum with approval received on 30 March 2010.
- The Extension Hill Project Management Plan was resubmitted to Mines Safety at the Department of Minerals and Petroleum with approval received on 6 April 2010.

Extension Hill Mine Site

- Tenders for site bulk earthworks at the Extension Hill Mine Site were reissued with bids received which are being evaluated. A contract for this work is scheduled to be awarded in early May 2010.
- The accommodation camp and main office complex remain in storage. Site construction work is scheduled to commence in mid May 2010.
- Bids to construct the crushing and screening facilities are being evaluated and a contract for this work is scheduled to be awarded in May 2010.

Transport Corridor

- Bids for the upgrade of Wanarra Road from the town of Perenjori to the Extension Hill mine site are being evaluated. A contract for this work is scheduled to be awarded in April 2010.
- Work on the upgrade of the rail transport corridor from Perenjori to the Port of Geraldton (to be undertaken by Australian Rail Group and Westnet Rail) has recommenced.
- ARG have recommenced work to ensure rail rolling stock for the Extension Hill project will be available when required.

Geraldton Port – Berth 5 Storage Facility

- The structural steel and mechanical installation contractor remobilised to site to commence structural steel erection.

GPA Rail Unloader Upgrade

- Work on the Rail Unloader Upgrade is the responsibility of the Geraldton Port Authority as it will be a common user facility. To date the GPA has been unable to secure funding from State Treasury for the upgrade of these common user facilities however Mount Gibson has offered to fund the construction of the facilities. Mount Gibson is currently awaiting a response to this proposal from the GPA.

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Figure 20 - Steel erection in progress – western side of new Berth 5 Storage Facility

Attribution

The information in this report that relates to Exploration Results 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.

The information in this report relating to Mineral Resources is based on information compiled by Rolf Forster, who is a member of the Australasian Institute of Mining and Metallurgy. Rolf Forster is a consultant to Mount Gibson Mining Limited, 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". Rolf Forster has consented to the inclusion of the matters in this report based on his information in the form and context in which it appears.

The information in this report relating to Mining Reserves is based on information compiled by Rolf Forster and Weifeng Li, who are both members of the Australasian Institute of Mining and Metallurgy. Rolf Forster and Weifeng Li are consultants to Mount Gibson Mining Limited, and have sufficient experience relevant to the styles of mineralisation and type of deposit under consideration and to the activity which they are undertaking, to each 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". Rolf Forster and Weifeng Li have consented to the inclusion of the matters in this report based on their information in the form and context in which it appears.

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