



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

VIA: WWW.ASX.ONLINE.COM

2 August 2007

Pages = 2

The Manager
Company Announcements
Australian Stock Exchange Limited
Level 10, 20 Bond Street
SYDNEY NSW 2000

SUBJECT: MOUNT GIBSON WELCOMES ENVIRONMENTAL MINISTER'S DECISION

Mount Gibson Iron Limited ("**Mount Gibson**") (ASX Code MGX) is pleased to announce that the Western Australian Minister for the Environment has advised that the Mt Gibson Iron Ore and Infrastructure Project ("**Project**") can proceed. Importantly, the approval is **not** conditional on *the remaining ridges of Banded Iron Formations in the Mt Gibson area that contain sub-populations or suitable habitat for Darwinia masonii and Lepidosperma sp. Mt Gibson and habitat for the remaining restricted floristic communities in the Mt Gibson ranges¹* being secured in a formal conservation estate prior to ground disturbing activities.

Official granted approval for the Project to proceed from the State and Federal Governments is expected within 7 weeks. Mount Gibson management will seek Board approval to commence Direct Ship Ore ("**DSO**") operations as soon as practicably possible with the expectation that production will commence late 2008.

Mount Gibson intends to transport DSO by road to Perenjori where it will be loaded onto rail wagons and transported to the Geraldton Port for shipment to Mount Gibson's customers. Mount Gibson will seek approval from the relevant agencies to transport DSO to Perenjori.

Mount Gibson's Managing Director Mr Luke Tonkin welcomed the Minister's decision saying; "The Minister's decision effectively decouples the Project approval from conservation reserve status and allows the Project to proceed which provides greater certainty to Mount Gibson shareholders, the local community and broader stakeholders."

A copy of the Minister for Environment Appeal Decision Report 426-457 of 2006 can be found at http://portal.appealsconvenor.wa.gov.au/portal/page?_pageid=1258.1&_dad=portal&_schema=PORTAL

Yours sincerely,
MOUNT GIBSON IRON LIMITED

Angela Dent
Company Secretary

¹ Extract from Environmental Protection Authority Perth, Western Australia Bulletin 1242 November 2006

For further information:

Luke Tonkin
Mount Gibson Iron Limited
08 9426 7500
www.mtgibsoniron.com.au

David Griffiths
Gryphon Management Australia
0419 912 496
www.gryphon.net.au

About Mount Gibson Iron Limited (ASX Code: MGX)

Mount Gibson is Australia's leading independent iron ore producer, and a driving force behind the development of the Mid West iron ore industry in Western Australia. Mount Gibson is leading the consolidation of the junior iron ore industry, and with the successful takeover of Aztec Resources, will build a sustainable platform for future shareholder growth. Mount Gibson has a hematite mining operation at Talling Peak operating at its targeted production rate and has commenced production from Koolan Island hematite mining operation. Mount Gibsons' plans to develop the Extension Hill hematite project are well advanced. Current production rates from Mount Gibson exceed 3Mtpa with forecast production of 10Mtpa in 2010. Mount Gibson has firm commercial relationships with major Chinese steel industry customers, and with continued strong demand and prices the Company and its shareholders are ideally leveraged to benefit from further commodity price rises. The Company is generating strong cashflow and has a stable and experienced management team focused on delivering returns to shareholders.