

QUARTERLY REPORT



MOUNT GIBSON IRON LIMITED (“MOUNT GIBSON”) QUARTERLY REPORT FOR THE PERIOD ENDED 31 DECEMBER 2008 ASX ANNOUNCEMENT 22 JANUARY 2009

HIGHLIGHTS

- Shareholder approval of:
 - offtake agreements with APAC & Shougang Concord;
 - underwriting of a rights issue by APAC and Shougang Concord; and
 - placement of 110 million Mount Gibson shares to Shougang Concord
- Execution of Medium Term offtake agreement with Shougang Concord and execution of Long Term offtake agreements with APAC & Shougang Concord
- Placement to Shougang Concord raising \$66 million before expenses
- Rights Issue raising \$96.5 million before expenses completed in January 2009
- Cash balance at 31 December of \$137 million with a further \$96.5 million received from the Rights Issue in January 2009
- Appointment of APAC nominee in December 2008 and of Shougang Concord nominee in January 2009 to the Mount Gibson Board
- Record shipments from Talling Peak in December
- Return to pre October shipping schedule from Koolan Island in December
- Commencement of resource definition drilling at Extension Hill
- Significant reduction in capital works and capital development at Talling Peak, Koolan Island and Extension Hill

QUARTERLY REPORT



CORPORATE

Iron Ore Sales & Corporate Transactions

During the quarter Mount Gibson announced that a number of its customers had failed to collect iron ore cargoes in accordance with binding purchase agreements. Agreements with three of these customers have subsequently been terminated in accordance with their terms; a dispute with a further customer has been referred to arbitration for determination whilst Mount Gibson has reached mutually acceptable shipping schedules for the remaining contract year with the remainder of its original customer base. Mount Gibson is seeking legal advice relating to defaulting customers and those customers whose agreements have been terminated.

The failure of certain customers to honour their binding long term ore sales agreements placed Mount Gibson under significant financial stress, which if not addressed at the time would have jeopardised the ongoing viability of Mount Gibson as a going concern.

To ensure Mount Gibson continued to trade as a going concern, the Board recommended to shareholders that they approve:

1. offtake agreements with APAC Resources Limited ("APAC") and with Shougang Concord International Enterprises Limited ("Shougang Concord");
2. underwriting of a rights issue by APAC and Shougang Concord; and
3. placement of 110 million Mount Gibson shares to Shougang Concord.

Shareholders overwhelmingly voted in favour of the resolutions on 30 December 2008 and as a consequence Mount Gibson has raised approximately \$162.5 million before expenses and secured medium term and long term iron ore offtake agreements for all of Mount Gibson's available production from Talling Peak, Koolan Island and Extension Hill.

Board Appointments

On 1 December 2008 Mr Cao Zhong, a nominee of APAC, was appointed to the Mount Gibson Board as a non-executive director. Mr Robert Willcocks was appointed as an alternate director to Mr Cao Zhong on 22 December 2008. On 19 January 2009 Mr Chen Zhouping, a nominee of Shougang Concord, was appointed to the Mount Gibson Board as a non-executive director.

Market Conditions

The December quarter saw a significant and sudden softening in demand for iron ore caused by slowing growth of the Chinese economy driven by domestic credit tightening to reign in inflation, weak domestic property market and the effects of deepening global financial uncertainty. Steel production reduced significantly in China during the quarter as did steel prices whilst iron ore stockpiles at Chinese ports and steel inventories remained high.

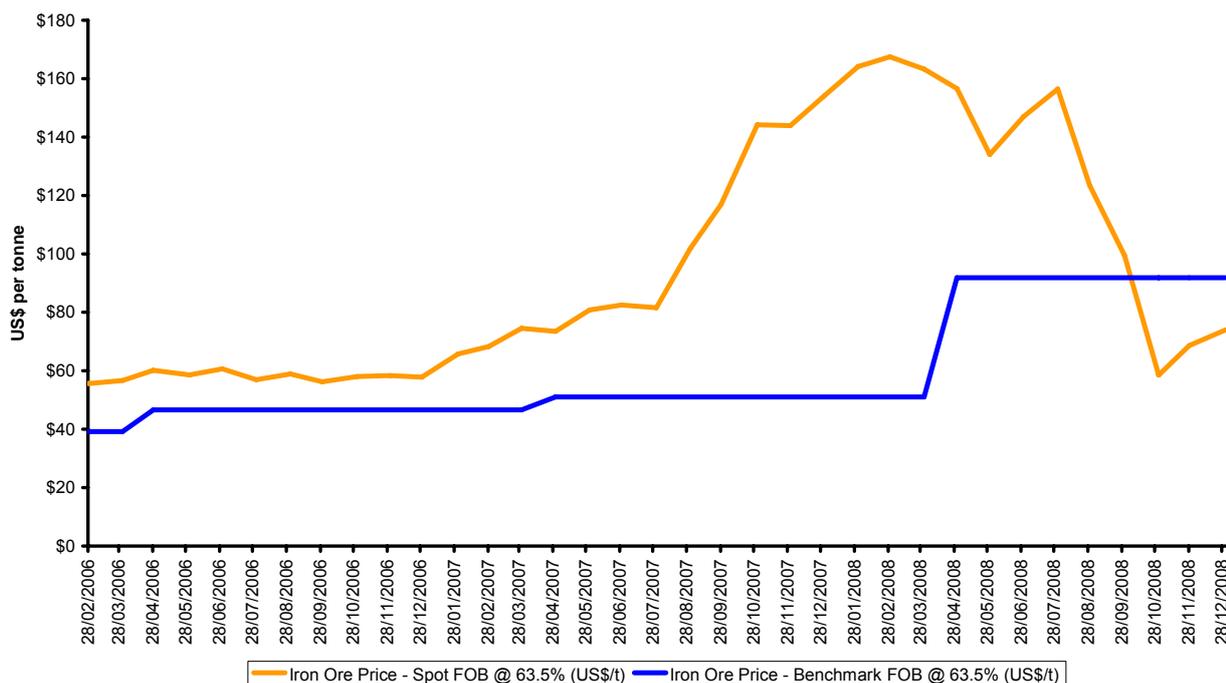
Iron ore producers throughout the world have experienced reduced demand for their product which has led to global cuts in iron ore supply and the suspension of large expansion projects. The spot price for Fe 63.5% Fines ore declined rapidly in line with a fall in demand which saw the spot price trading below the Hamersley

QUARTERLY REPORT



Benchmark FOB price from late September.

FINES BENCHMARK PRICE VERSUS FINES SPOT FOB PRICE



Source: Bloomberg

The spot price for Fe 63.5% Fines has firmed slightly since December 2008 however the iron ore market remains volatile whilst demand is relatively flat even though the Chinese Government has announced infrastructure and fiscal stimuli to maintain domestic growth. Commodity analyst sentiment in the iron ore market is generally weak in the short to medium term given the significant slowing of China's economic growth and the weakness of the global financial markets.

In such a volatile and adverse market environment Mount Gibson has secured offtake agreements for all of its available production with large customers who are also heavily invested in Mount Gibson as shareholders. These offtake agreements coupled with the substantial capital injection generated by the rights issue and placement, places Mount Gibson in a sound financial position.

Financials

The unaudited net profit after tax for the six months ended 31 December 2008 was \$13.3 million. After a very strong result for the September 2008 quarter, the December quarter was negatively impacted by significantly reduced sales volumes, reduced sale prices and a \$54.8 million mark-to-market adjustment relating to forecast excess foreign exchange hedging in the January to June 2009 financial year. The unaudited quarterly financial performance is set out below:

QUARTERLY REPORT



		Unaudited 6 months ended 31 Dec 2008
Tonnes mined	wmt (mill)	2.79
Tonnes sold	wmt (mill)	2.39
Revenue	\$ mill	232.9
Expenses	\$ mill	(158.0)
FX hedge mark-to-market	\$ mill	(54.8)
Operating profit before tax	\$ mill	20.1
Tax (expense)	\$ mill	(6.8)
Net profit / (loss) after tax	\$ mill	13.3

At 31 December 2008, Mount Gibson had \$137 million in cash on hand and \$105 million in Senior Debt. The cash on hand included the \$66 million proceeds from the Placement to Shougang Concord but did **not** include the \$96 million receipts from the Rights Issue that was completed after 31 December 2008.

As a consequence of the successful Placement and Rights Issue, Mount Gibson is currently in negotiations with its Banking Syndicate to restructure the foreign exchange hedge book. Mount Gibson anticipates that this restructure will be documented and completed in February 2009.

OPERATIONS

Tallering Peak

Mining operations at Tallering Peak were scaled back in the December quarter as a result of customers requesting iron ore shipment deferrals or failing to collect iron ore cargoes in accordance with binding iron ore purchase agreements.

Total material movement was reduced by 25% at Tallering Peak during the quarter compared with the previous quarter. To minimise cash expenditure during the next six months without compromising ore production, the T6A3 cutback has been divided into two staged cutbacks namely the T6A3a and T6A3b. Production for the quarter focused on pre-strip of the T6A3b cutback with high grade ore being sourced from the T6A1 and T6A2 cutbacks as required.

QUARTERLY REPORT



Excess equipment engaged in the T6A3 cutback was demobilised resulting in a reduction of 40 employees across the site and mine operations were shut down for two weeks in December to minimise cash expenditure whilst drawing down on existing ore stockpiles at the mine and Ruvidini rail yard. Minor capital projects were suspended and this, combined with a reduction in physical activity on the site, reduced mine expenditure significantly. Crusher maintenance was performed during October and November whilst throughput requirements were reduced. Shipping rates in the first two months of the December 2008 quarter were down on the previous quarter however Talling Peak shipped a record 6 shipments (~356Kt) from the Geraldton Port in December to existing and new customers.

With shipping schedules in place for the remainder of the financial year, 1.7 million tonnes of iron ore stockpiled as at 31 December 2008 and high grade ore exposed in the T6A1 and T6A2 cutbacks, strong shipping is anticipated for the March 2009 quarter.

Production for the December 2008 quarter and comparison with the previous quarter is detailed in the following table:

		Sept 2008 qtr 000's	Dec 2008 qtr 000's	TOTAL 08-09 000's
Mining				
Waste Mined	bcm	2,464	1,825	4,289
Ore Mined	wmt	623	570	1,193
Crushing				
Lump	wmt	487	282	769
Fines	wmt	312	199	511
	Total	799	481	1,280
Transport to Mullewa Railhead				
Lump	wmt	452	301	753
Fines	wmt	381	157	538
	Total	833	458	1,291
Transport to Geraldton Port				
Lump	wmt	320	236	556
Fines	wmt	344	258	602
	Total	664	494	1,158
Shipping				
Lump	wmt	351	235	586
Fines	wmt	305	294	599
	Total	656	529	1,185

Comparison between figure 1 and figure 2 below shows the progress of Talling Peak's Main Range mining operations in the December 2008 quarter.

QUARTERLY REPORT

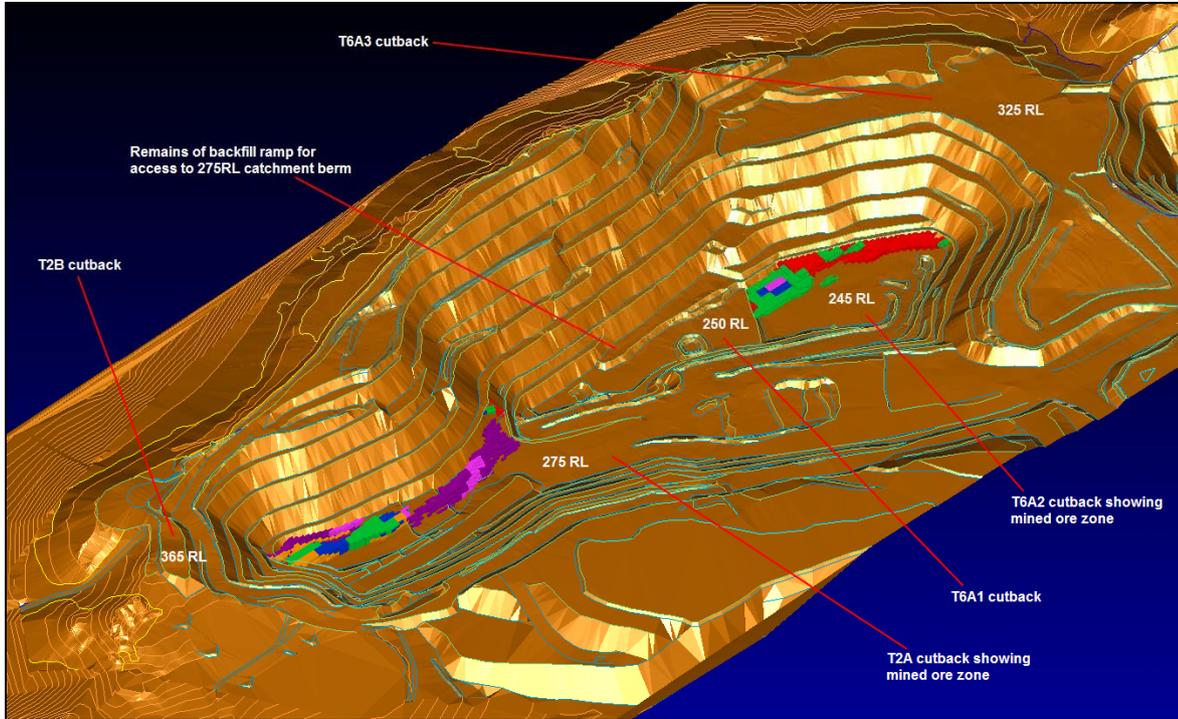


Figure 1 - Main range mining as at the end of September 2008 quarter

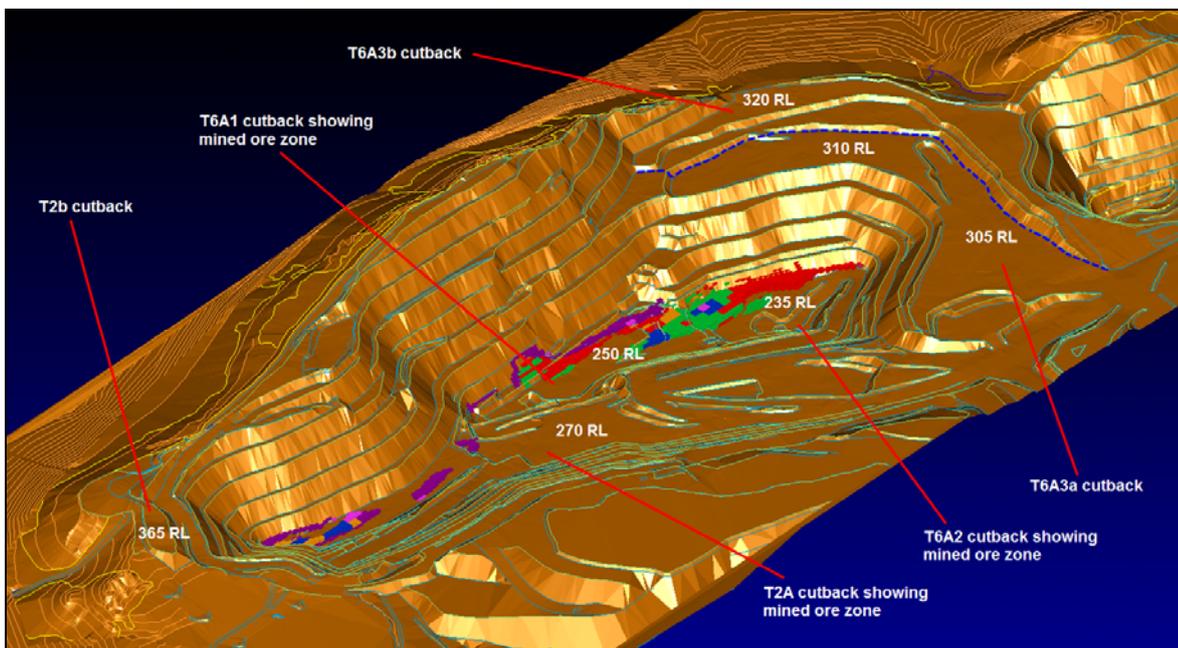


Figure 2 - Main range mining as at the end of December 2008 quarter

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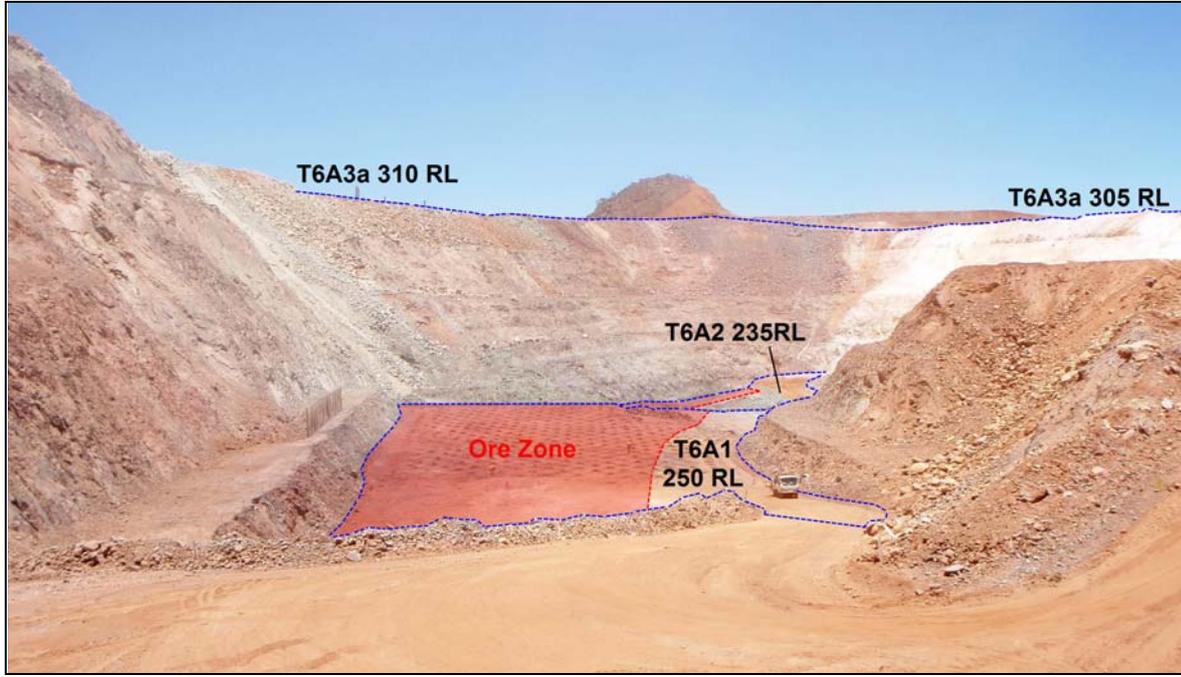


Figure 3 - Main range operation from western edge of T2A



Figure 4 - T6A3a cutback from main range operation north wall

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Koolan Island

Operations at Koolan Island were modified substantially in the December Quarter resulting from iron ore customers either deferring shipments or failing to collect cargoes in accordance with binding iron ore purchase agreements. Koolan Island management moved quickly to minimise cash expenditure by reducing mine operating activity, reducing equipment and personnel requirements and suspending capital project activity.

As a consequence of these measures equipment utilised on short term hire agreements was demobilised, seawall construction suspended, Main Pit Footwall rehabilitation suspended, Main Pit dewatering scaled back, non critical capital works suspended, Main West cut back suspended, Blinker Hill cut back suspended and Crusher Hill cut back suspended, resulting in a reduction of the contract workforce of 160 personnel and a reduction in total material movement of 32% compared with the previous quarter whilst ore production was reduced by 23% when compared with the previous quarter.

With the suspension of both the Main Pit cut back and Main West Pit, operations focused on the East-Barramundi and Mullet-Acacia pits. The small Barramundi East Pit was completed in the quarter and backfilling of this open pit commenced. Access to the East-Barramundi Pit from the west was established during the quarter which improved truck productivity due to pit access being closer in proximity to the waste facility.

Tropical cyclone "Billy" had an adverse impact on production in December dumping over 200mm of rain on the island. No damage or injury resulted from the cyclone activity with the Cyclone Management Plan executed effectively.

Mullet-Acacia Pit and East-Barramundi Pit will dominate ore production for the next 12 months at Koolan Island with development of Main Pit and the Main West cut back expected to recommence in June 2009. Access to high grade and quality iron ore from Main Pit is scheduled in 2010/11 assuming the Main Pit cut back resumes by July 2009.

Koolan Island enters the wet season from December to February when shipments are normally scheduled to decline however as a consequence of some customers failing to collect planned cargoes in the December quarter and Mount Gibson's replacement offtake agreement with Shougang Concord, Mount Gibson is forecasting a 75-80% increase in sales in the March quarter compared with the December quarter.

QUARTERLY REPORT



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

		Sept 2008 qtr 000's	Dec 2008 qtr 000's	TOTAL 08-09 000's
Mining				
Waste Mined	bcm	3,998	2,747	6,745
Ore Mined	wmt	902	696	1,598
Crushing				
Lump	wmt	368	157	525
Fines	wmt	609	299	908
Total	wmt	977	456	1,433
Shipping				
Lump	wmt	361	222	583
Fines	wmt	415	209	624
Total	wmt	776	431	1,207



Figure 5 - Mullet Pit as at end of December 2008 looking north



Figure 6 - Mullet Pit as at end of December 2008 looking west

QUARTERLY REPORT

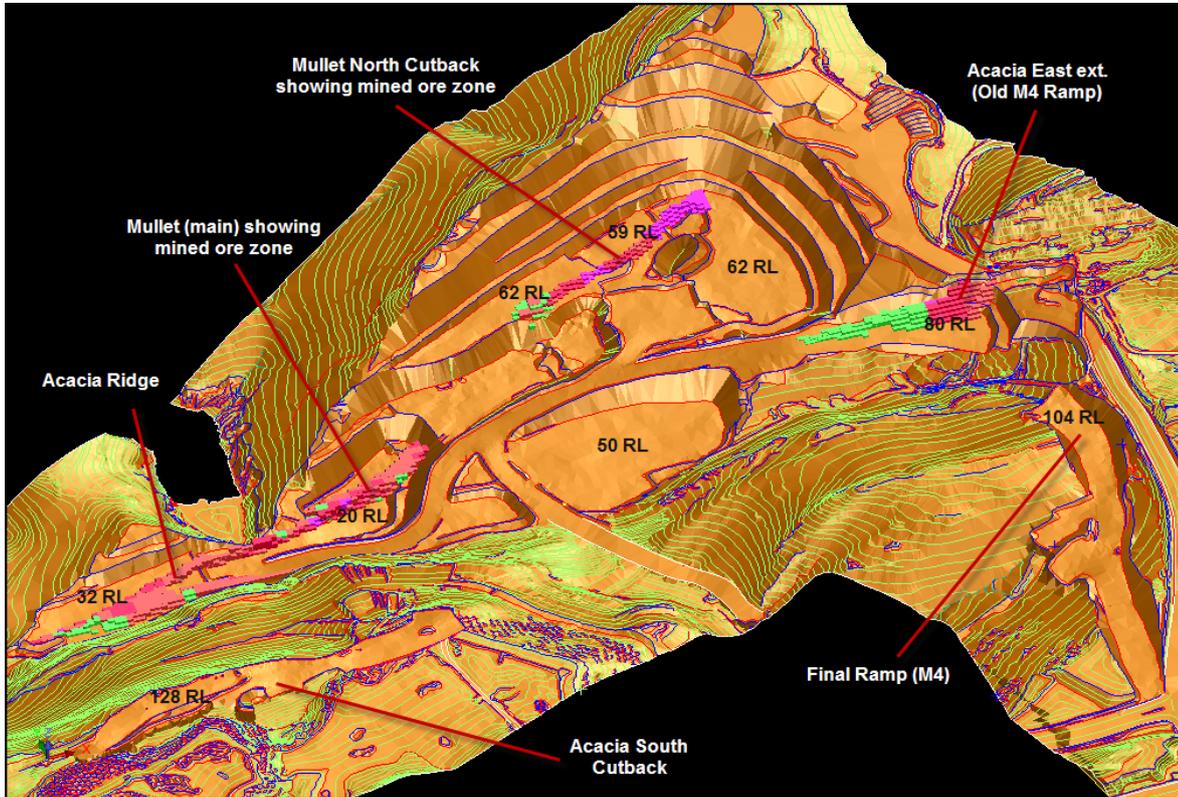


Figure 7 - Mullet Pit as at end of December 2008 showing bench development



Figure 8 - East Pit as at end of December 2008 looking east

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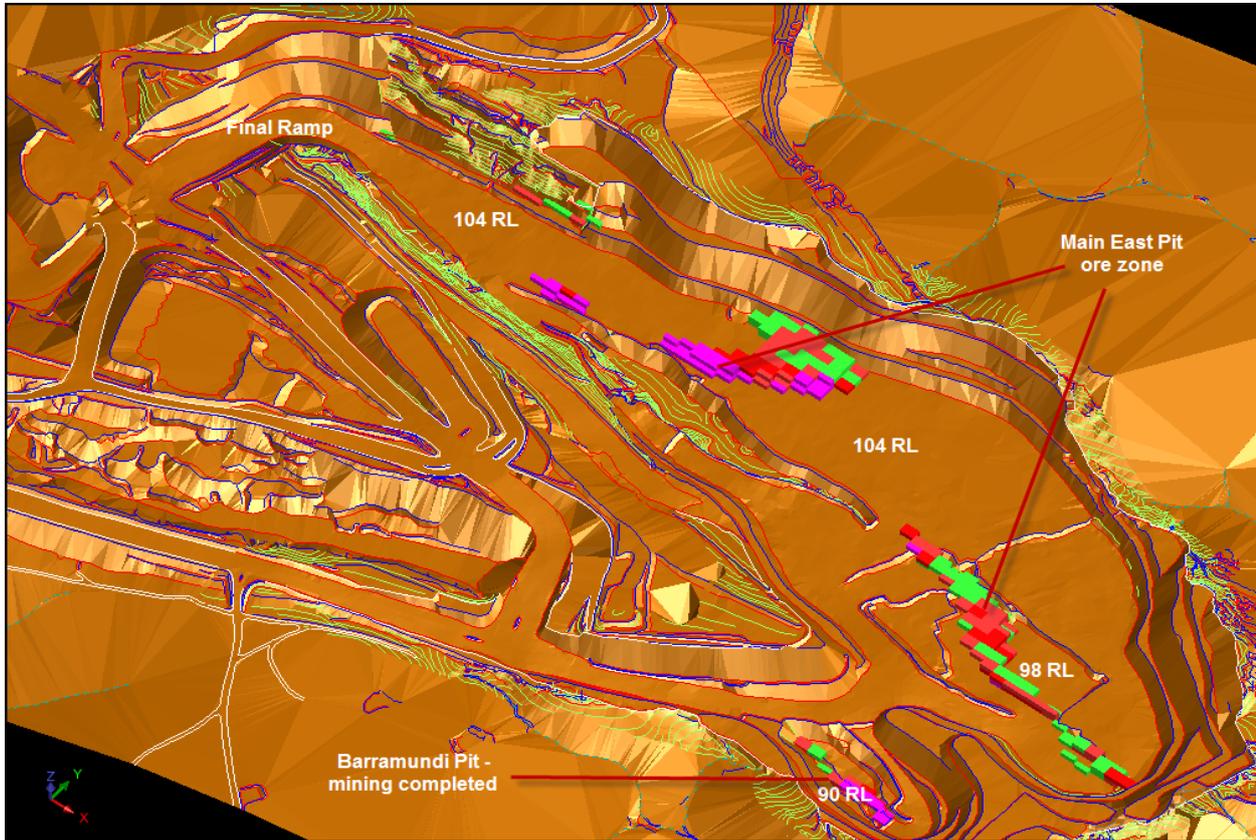


Figure 9 - East Pit as at end of December 2008 showing bench development

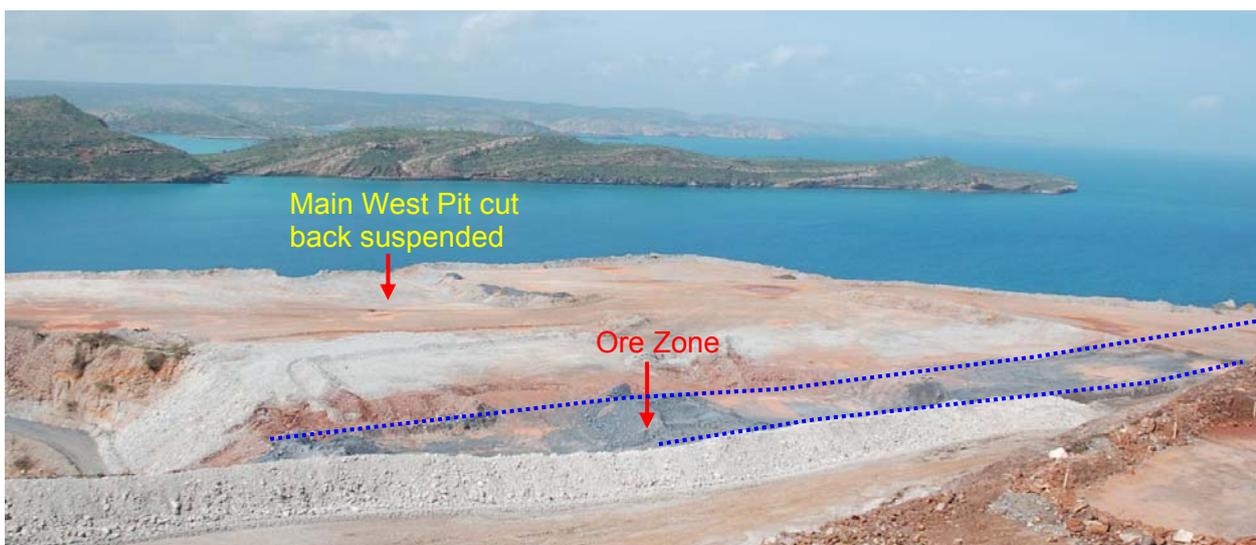


Figure 10 – The suspended Main West Pit as at end of December 2008

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QUARTERLY REPORT



Figure 11 – The suspended Main West Pit as at end of December 2008

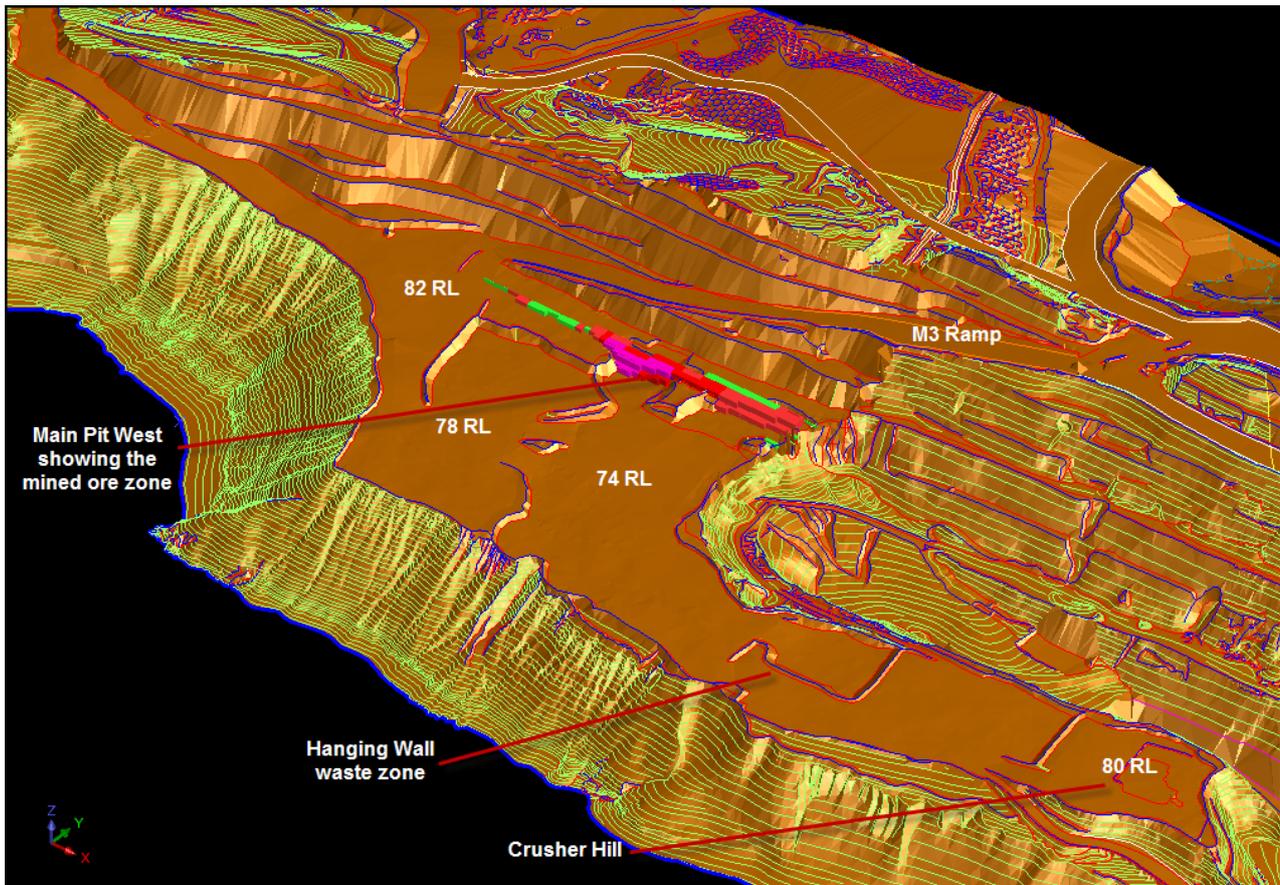


Figure 12 - Main West Pit and Main Pit Crusher Hill cut back as at end of December 2008 showing bench development.

QUARTERLY REPORT



The following key activities were undertaken during the quarter:

Seawall Construction

- Work suspended and contractors demobilised.

Main Pit Rehabilitation

- Work suspended and contractors demobilised.

Main Pit Dewatering

- Dewatering equipment maintained in a fully operational capacity on site to enable the water level in Main Pit to be maintained at a level that will not impact on rehabilitation work completed to date; and
- Dewatering commenced to remove inflow from rainfall associated with Cyclone Billy in December (approximately 1.5 vertical metres).



EXPLORATION

Tallering Peak

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

Heritage clearances are required before statutory approval will be granted to allow drill testing to commence on the multiple targets generated over the North Ridge as a result of the detailed ground based gravity survey undertaken earlier in 2008. A drilling program of up to 91 reverse circulation drill holes has been 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, linear 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 (figure 13).

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.

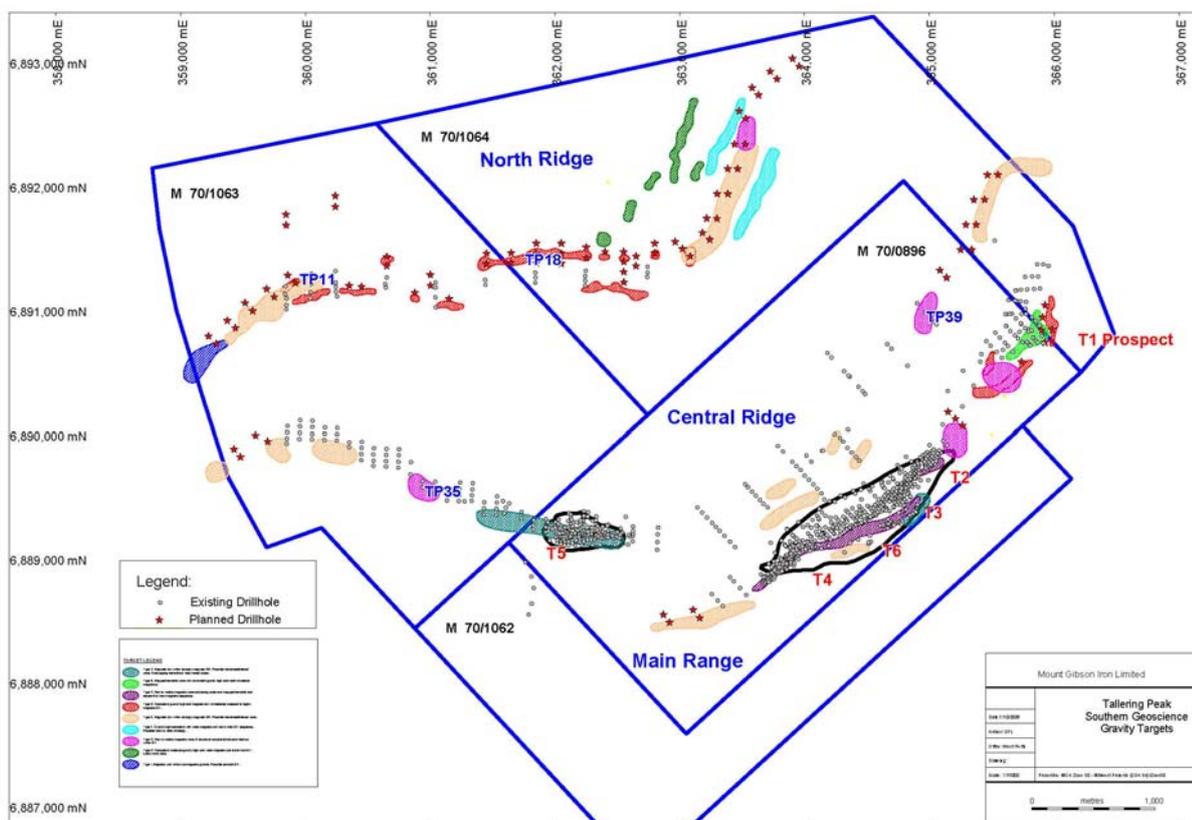


Figure 13 - Gravity and magnetic anomalies, with planned drillholes, Tallering Peak



Koolan Island

Reverse circulation drilling continued throughout the December quarter, predominantly within the Barramundi and Eastern orebodies (figure 14). The drilling is required to reduce the intersection spacing within the existing resource to approximately 25 metres and has enabled ongoing improvements in the accuracy and quality of the resource estimate. During the quarter 105 holes were completed for 9,234 metres with better intersections shown in the table below.

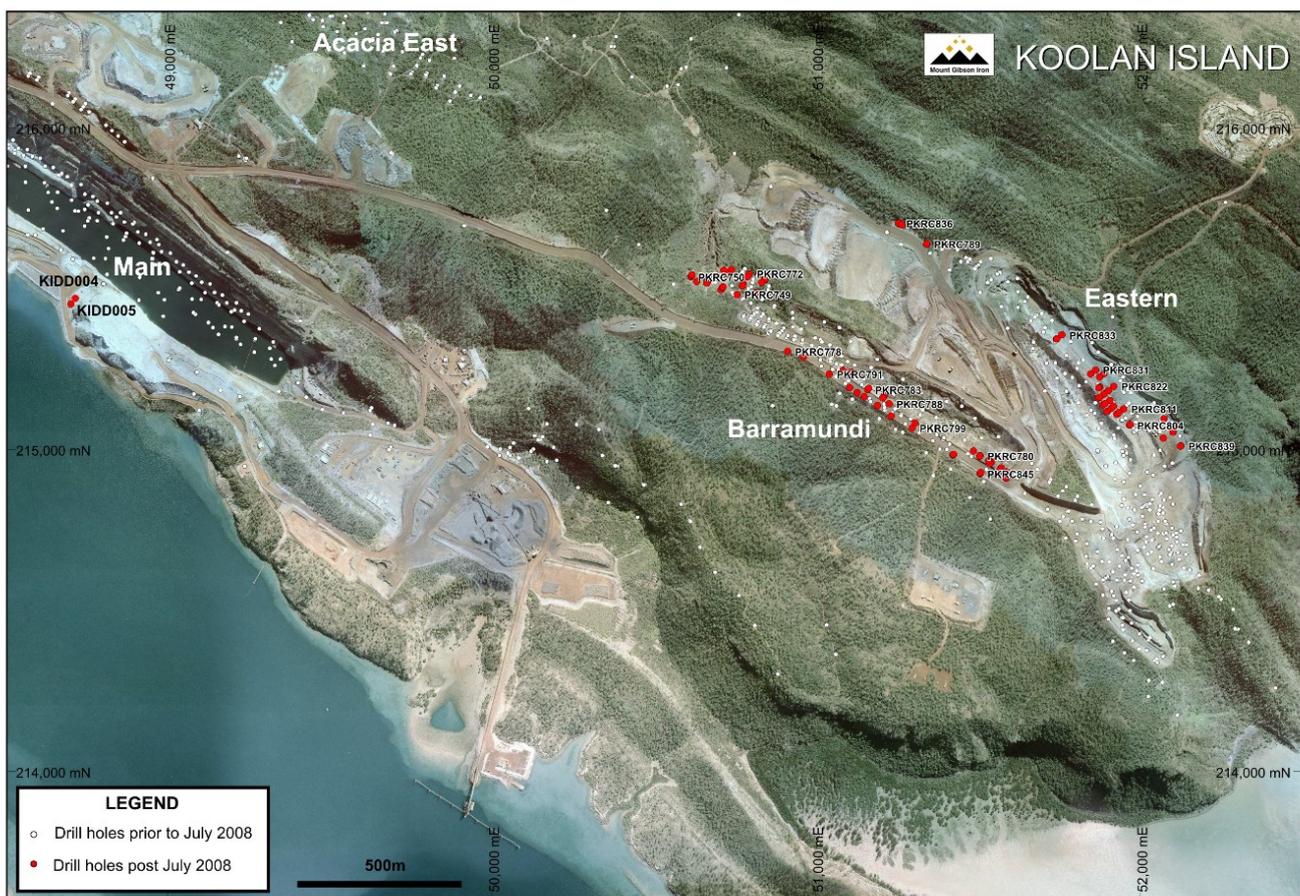


Figure 14 - Plan showing drill holes completed during the Quarter (red circles) and all previous drilling (white circles)

An updated resource model for all of Barramundi and Eastern has now been completed, incorporating drill data generated to the end of December. The new model highlights the limitations of the previous model particularly with spatial dislocation of the mineralisation, which can have short term and medium term reconciliation and planning implications. The updated model has also focused attention on the improved high grade low silica resource in the east plunging fold structure in the centre of East Pit (figure 15). The updated resource model is currently being reviewed and audited.

Infill resource drilling and resource extension drilling will continue into the next quarter, with the focus being the Mullet-Acacia area.

QUARTERLY REPORT



Prospect	Hole ID	From (m)	To (m)	Width (m)	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
Barramundi	PKRC867	26	33	7	64.90	4.07	1.98	0.02	1.41
Barramundi West	PKRC871	106	111	5	65.32	5.34	1.21	0.03	0.54
	PKRC874	72	80	8	67.86	1.93	0.55	0.04	0.54
	PKRC875	88	93	5	68.78	1.59	0.24	0.03	0.27
	PKRC876	95	101	6	65.35	6.85	0.28	0.02	0.1
	PKRC877	90	100	10	66.76	2.95	1.17	0.04	1.08
	PKRC878	100	105	5	64.22	6.76	1.67	0.03	0.66
	PKRC879	97	104	7	68.87	1.43	0.37	0.02	0.5
	PKRC880	89	94	5	67.06	2.82	1.42	0.03	0.8
	PKRC881	84	92	8	68.25	1.96	0.76	0.03	3.65
	PKRC882	86	97	11	63.65	4.52	3.08	0.05	1.54
	PKRC883	101	107	6	66.37	3.62	1.76	0.03	0.86
PKRC885	101	108	7	65.87	3.62	1.87	0.05	0.87	
East Pit	PKRC886	100	104	4	63.35	7.33	1.69	0.04	0.93
	PKRC886	109	120	11	65.62	4.04	1.46	0.05	0.91
	PKRC887	93	107	14	61.03	11.07	1.18	0.02	0.52
	PKRC895	25	44	19	66.16	2.69	2.01	0.03	1.01
	PKRC896	23	42	19	65.46	3.21	2.64	0.04	1.23
	PKRC897	20	40	20	66.96	2.47	1.87	0.04	1.06
	PKRC897	43	71	28	64.81	5.06	2.18	0.02	0.92
	PKRC898	16	26	10	64.14	4.16	3.39	0.06	1.68
	PKRC899	6	44	38	66.36	2.8	2.21	0.03	1.05
	PKRC900	27	53	26	66.07	3.17	2.28	0.03	1
	PKRC901	60	71	11	61.08	6.51	4.54	0.06	1.52
	PKRC901	72	83	11	62.58	6.04	4.2	0.04	1.53
	PKRC902	17	36	19	65.28	3.24	2.37	0.06	1.51
	PKRC918	16	30	14	57.24	16.9	1.08	0.02	0.53
	PKRC920	108	132	24	65.44	4.04	1.96	0.03	0.9
	PKRC922	33	44	11	59.09	13.93	1.4	0.02	0.52
	PKRC922	56	103	47	65.50	4.07	1.97	0.02	0.84
	PKRC923	0	11	11	59.64	12.89	0.87	0.06	0.85
	PKRC924	54	80	26	66.69	2.81	1.63	0.02	0.74
	PKRC924	87	119	32	64.27	6.96	1.19	0.03	0.67
	PKRC926	38	54	16	63.29	5.06	3.23	0.03	1.34
	PKRC926	62	79	17	66.90	2.64	1.69	0.03	0.83
	PKRC927	32	64	32	66.30	2.83	1.9	0.03	0.94
PKRC927	71	87	16	66.18	4.65	0.8	0.03	0.51	
PKRC928	7	21	14	65.82	2.9	1.96	0.05	1.09	
PKRC928	24	34	10	62.45	5.37	4.02	0.05	1.78	

QUARTERLY REPORT



Prospect	Hole ID	From (m)	To (m)	Width (m)	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
East Pit	PKRC929	22	39	17	65.23	3.03	2.52	0.04	1.23
	PKRC932	65	88	23	64.28	5.62	1.94	0.04	1.17
	PKRC933	51	70	19	63.99	4.56	2.56	0.04	1.47
	PKRC933	91	111	20	64.19	5.54	2.18	0.03	1.01
	PKRC934	46	56	10	61.48	7.03	4.1	0.03	1.68
	PKRC938	107	126	19	65.01	6.16	1	0.03	0.49
	PKRC939	9	20	11	61.43	9.39	2.04	0.03	1.13
	PKRC942	0	11	11	65.80	3.22	2.2	0.02	1.07
	PKRC947	3	35	32	68.11	1.45	0.91	0.06	0.94
	PKRC952	58	89	31	65.64	3.43	1.97	0.03	0.79
	PKRC953	65	114	49	64.09	5.33	2.28	0.03	1.12
	PKRC955	76	98	22	64.69	4.09	2.39	0.03	1.13
	PKRC955	100	114	14	64.30	5.54	1.68	0.02	0.96
	PKRC956	92	108	16	66.06	3.24	1.78	0.04	1.11
Acacia East	PKRC904	121	134	13	64.05	9.13	0.17	0.02	0.11
	PKRC906	112	125	13	65.55	6.71	0.14	0.01	0.09
	PKRC908	26	35	9	65.99	5.82	0.14	0.07	0.23
	PKRC958	99	103	4	61.10	13.1	0.18	0.03	0.09
	PKRC958	104	111	7	65.33	7.29	0.17	0.03	0.11

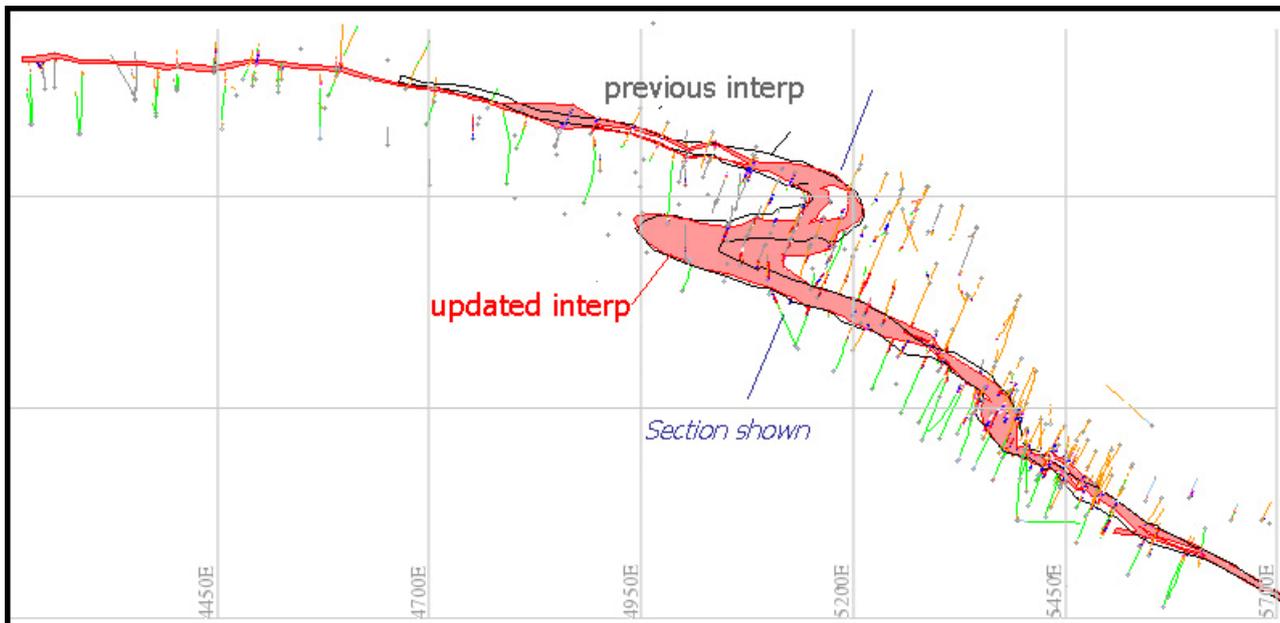


Figure 15 - Plan at 92mRL Eastern Orebody showing previous (black) and updated (red) interpretations with a similar overall structure, some internal waste units and mineralisation continuing west of ~ 4700mE

QUARTERLY REPORT

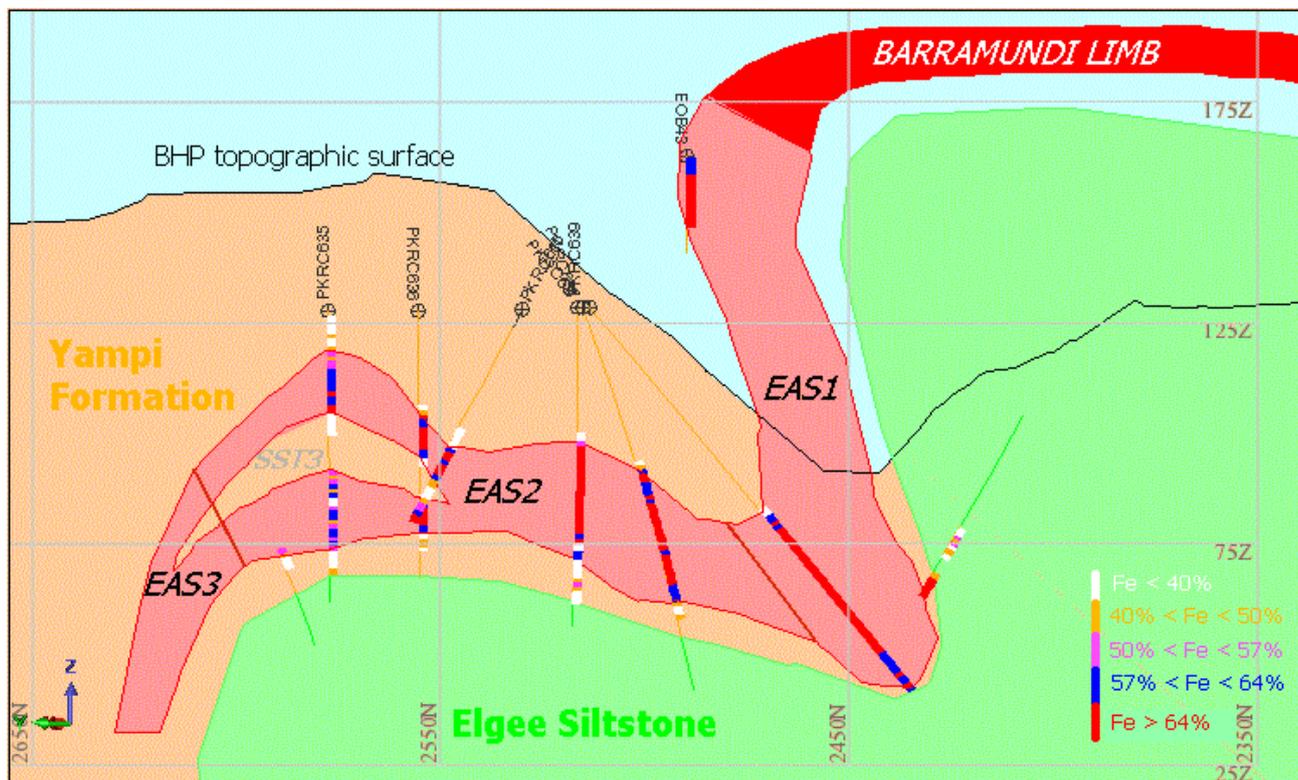


Figure 16 - Oblique section of Eastern limb, looking SE {+/-12.5m} showing geological wireframes, drillholes and mineralisation zones.

The deep diamond drilling program to test the tenor and extent of mineralisation beneath the final Main Pit and at depth on the Acacia Limb (figures 17 and 18) was suspended in late October following the completion of KIDD006. KIDD005 was not progressed beyond the 454m reached at the end of September.

Both KIDD004 (which was also terminated after intersecting the Main ore horizon) and KIDD005 returned wide, very high grade intersections from the Main ore horizon (figure 17).

Hole No.	Limb	From	To	Length (m)	Est. True Width	Rec (m)	Rec %	Fe	SiO ₂	Al ₂ O ₃	P	S	LOI
KIDD004	Main	209.3	230.3	21.0	20.0	12.4	59	69.40	0.84	0.47	0.01	0.02	0.30
KIDD005	Main	301.5	312.5	11.0	6.8	8.7	79	69.07	0.87	0.57	0.01	0.02	0.23
KIDD005	Main	312.5	324.2	11.7	7.0	8.5	73	25.94	62.34	0.31	0.02	0.03	0.09
KIDD005	Main	324.2	352.0	27.8	16.5	16.3	59	68.79	1.07	0.51	0.01	0.02	0.21

KIDD006 targeted ore at the fold hinge of the Main/Acacia iron mineralisation on 2800E section. An intersection of up to 80m of high grade ore was anticipated; however the hole failed to intersect the target, despite the hole closely following the planned path allowing for the re-interpretation of a more 'rounded' fold hinge (figure 18).

QUARTERLY REPORT

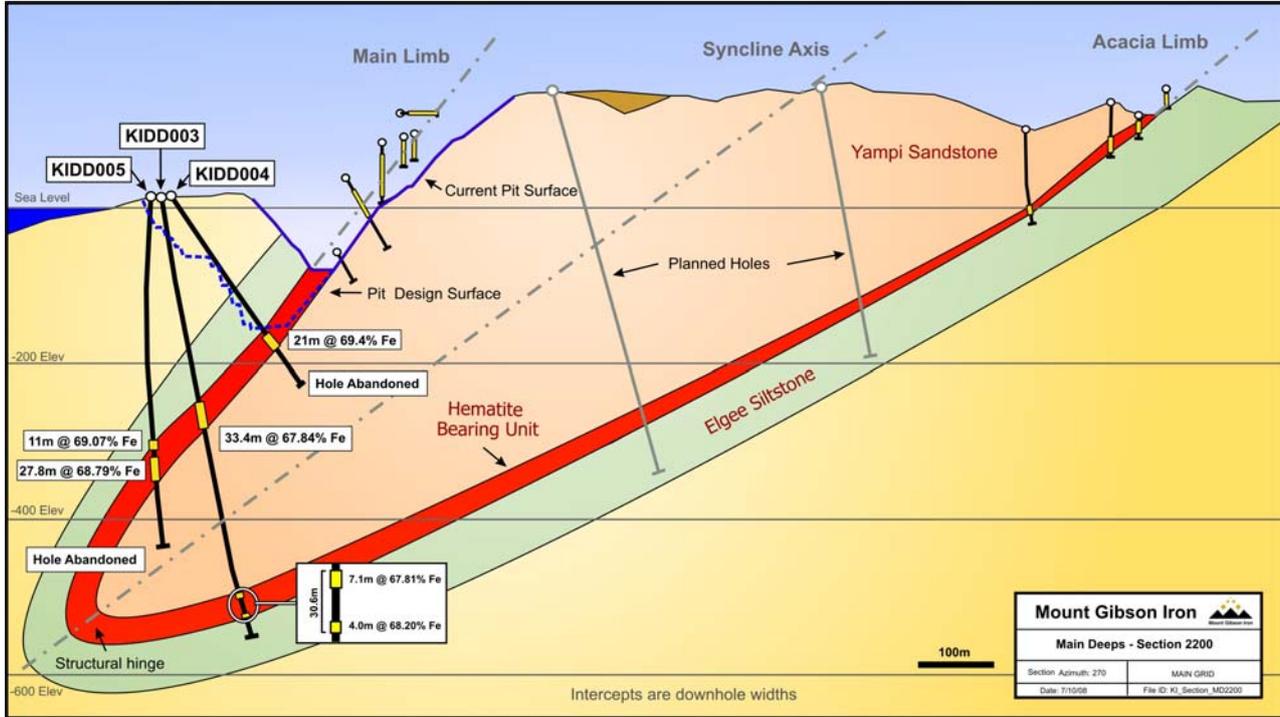


Figure 17 - Section 2200E showing latest diamond drill hole intersections on the Main Pit and Acacia Limb mineralised horizons.

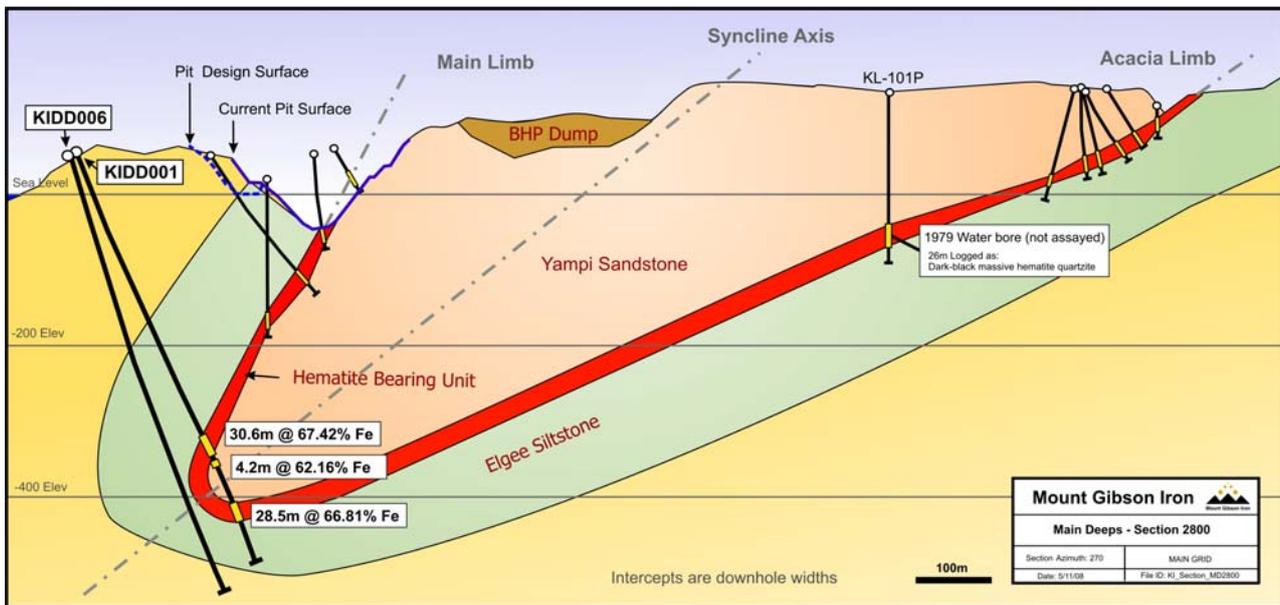


Figure 18 - Section 2800E showing latest diamond drill hole intersections on the Main Pit and Acacia Limb mineralised horizons.

QUARTERLY REPORT



Extension Hill

Reverse circulation resource infill drilling commenced in late November, following long awaited approval of Programs of Work by DoIR. A total of 504 holes are planned for 21,000m (figure 19). At the end of December 79 holes had been completed for 3382m.

The drilling will enable a new high quality resource and reserve estimate to be undertaken, including the definition of material types, required to ensure a high quality end product is produced.

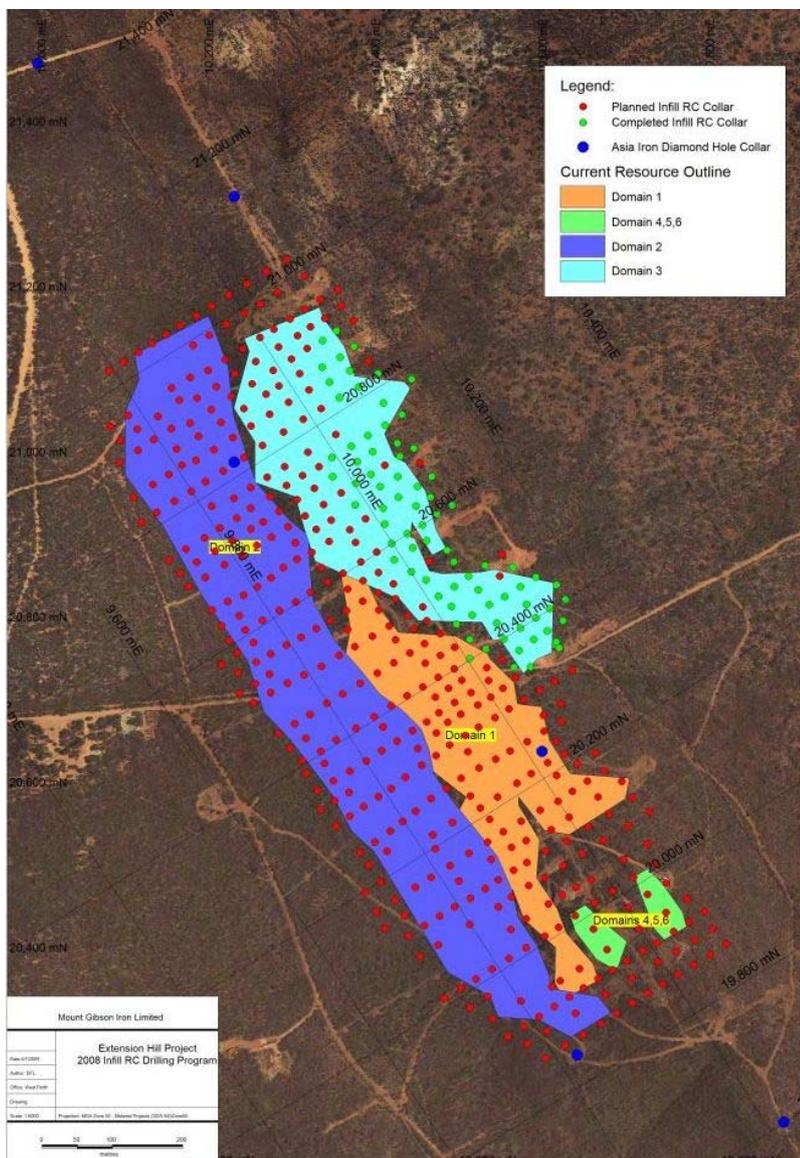


Figure 19 - Plan of Extension Hill showing planned (red) and completed (green) drillholes and plan projection of the existing resource.

QUARTERLY REPORT



Extension Hill Direct Shipping Ore (“DSO”) Project

The failure of a number of Mount Gibson’s customers to collect iron ore cargoes in accordance with binding purchase agreements combined with lower demand for iron ore as a consequence of the global financial crisis and the slowing Chinese economy resulted in Mount Gibson suspending, in a structured approach, all works associated with the Extension Hill Project during the quarter. 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. Market conditions will however ultimately dictate the timing of bringing the Extension Hill mine into production.

The status of various key project activities as at 31 December 2008 is as follows:

Regulatory submissions & approvals during the quarter were:

- Federal environmental approval was granted for the Extension Hill – Environmental Management Plans;
- The State Environment Minister dismissed the outstanding objections to the Extension Hill – Hematite Transport Proposal and issued draft conditions in relation to this proposal;
- Approval of the Extension Hill - Mining Proposal (Department of Industry & Resources) is pending approval by the Environment Minister of the Hematite Transport Proposal;
- Approval of the Extension Hill – Project Management Plan (Department of Consumer & Employee Protection) is pending approval by the Environment Minister of the Hematite Transport Proposal;
- An environmental “Permit to Take” DRF within the approved project footprint area was granted by the Department of Environment and Conservation;
- Approval to recommence resource definition drilling at Extension Hill was granted by the environment division of Department of Industry & Resources; and
- Approval to realign Great Northern Highway around the Extension Hill mine site was granted by the Main Roads Department.

Design & engineering work during the quarter were:

- Detail design for the realignment of a section of the planned haul road between the mine site and Perenjori rail siding as required by the DIA Section 18 approval completed; and
- Detail design work for site infrastructure and services (camp, administration buildings, workshops, communications system, power supply, water supply, site roadways, etc) completed.

Construction:

Extension Hill Mine Site

- The accommodation camp and main office complex for the Extension Hill mine site have been delivered and are currently in storage pending recommencement of project works;
- Primary communications equipment and the communications tower for the mine site were delivered during the quarter and are in storage pending recommencement of project works;
- 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;
- The potable and process water supply bores for the project were equipped and commissioned during the quarter; and

21

QUARTERLY REPORT



- A 21,000 metre resource definition infill drilling program commenced in December and will continue for the next 3 months.

Transport Corridor

- Contract works associated with the realignment of Great Northern Highway (GNH) were suspended during the quarter with components purchased and / or fabricated for the GNH bridge overpass being stored with the realignment contractor;
- Re-fencing of private agricultural property boundary lines where the company has acquired freehold land to upgrade the haul road between the mine and Perenjori was completed during the quarter;
- Water supply bores for use during road construction were equipped and commissioned during the quarter;
- A 17 km water supply pipeline was installed from the Company's licensed bore-field located north east of Perenjori to the Perenjori rail siding area for the ongoing supply of process water to the rail siding area;
- Upgrade work on the existing rail line between Perenjori and Geraldton commenced during the quarter however, consistent with other project activities, was suspended early in the quarter following discussions with track owner Westnet; and
- Certification of new rail wagon design for the Extension Hill project was obtained during the quarter. Fabrication and delivery of these wagons is scheduled to occur over the course of the next two quarters.

Geraldton Port – Berth 5 Storage Facility

- Civil works for the Berth 5 storage facilities at Geraldton Port were completed and the civil contractor demobilized from site;
- The fabrication and delivery of structural steelwork for the Berth 5 storage facilities was well advanced at the time the overall project works were suspended and the Company elected to have the contractor engaged to undertake this work complete the fabrication of all major structural steel components and deliver all fabricated sections to the Berth 5 work site prior to suspending this phase of the work; and
- 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 the company has leased suitable lock up facilities to store this equipment until such time as project work recommences.



Figure 20 – Geraldton Berth 5 Storage Facility Civil Works Complete Showing Main Conveyor Trench

GPA Rail Unloader Upgrade Project

Following a detailed assessment of alternatives, Mount Gibson subsidiary Geraldton Bulk Handling Pty Ltd ('GBH') and Geraldton Port Authority ('GPA') have completed all preliminary design work as the first stage in the upgrade of the existing port rail unloading and materials handling system.

The upgraded rail unloader and associated materials handling system will have a design capacity of 3,000 tonnes per hour and will allow crushed lump and fine products from both the existing Talling Peak mine and the planned Extension Hill Mine to be unloaded and conveyed to either the existing Berth 4 storage shed or the new Berth 5 storage shed.

Detailed design and construction work to upgrade the existing rail unloader and associated materials handling system is sequenced such that these facilities are completed at the same time as the new Berth 5 storage facility.

QUARTERLY REPORT



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