

Investor Presentation

April 2008



Mount Gibson Iron

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Investments in shares in MGI is considered highly speculative.

Company overview

Corporate

- Issued capital 803.3 million shares, 10.8 million options
- Market cap¹ A\$2,192 million
- Cash² A\$42 million
- Total debt² A\$93 million
- EV A\$2,141 million
- Index S&P/ASX 200
- Finance facilities A\$200m (includes A\$25m contingent debt)

Financials

		2005	2006	2007	2008 (6 mths)
• Sales volume	MWMT	1.9	1.4	2.5	2.6
• Sales	A\$ m	77	73	163	177
• NPAT	A\$ m	14	23	48 ³	32

Shareholders

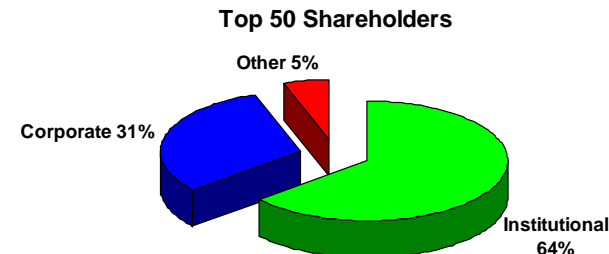
- APAC Resources 20%

Represents 75% of shareholding



Notes:

- 1 Share price of \$2.73 as at 18 April 2008
- 2 As at 31 Dec 2007
- 3 Includes \$19 million NPAT on sale of magnetite project



Mount Gibson key event timeline



Tallering Peak production commences

- Jan 2004: Mining of hematite ore commenced at Tallering Peak Iron Mine
- Sep 2004: Maiden full year profit announced
- Jan 2005: Tallering Peak production expected to exceed budget of 1.8Mtpa, producing 2.0Mtpa
- March 2005: Announces profits of \$6.1m for the H1 FY05 and revises profit forecast for H2 FY05 to \$15.0m

Production stabilised & growth explored

- Feb 2006: Completes feasibility study for 5mtpa magnetite project (Asia Iron)
- Jun 2006: 73% interest in Asia Iron Holdings and its magnetite project sold
- Jul 2006: Launches takeover offer for Aztec Resources
- Dec 2006: Announces compulsory acquisition of remaining Aztec shares

Koolan Island production commences

- Apr 2007: Mining reserves and mineral resources increased by 78% and 132% respectively
- Jun 2007: Off-take agreement signed with Rizhao for up to 1.5Mtpa from Koolan Island; first iron ore shipment from Koolan Island
- Aug 2007: Extension hill DFS completed
- Oct 2007: 69% sales increase due to increased iron ore prices & production

Source: Bloomberg; ASX company announcements

Note: Log scale for share price

Key investment themes

1

Quality assets

2

Solid growth profile

3

Earnings leverage to strong iron ore price outlook

4

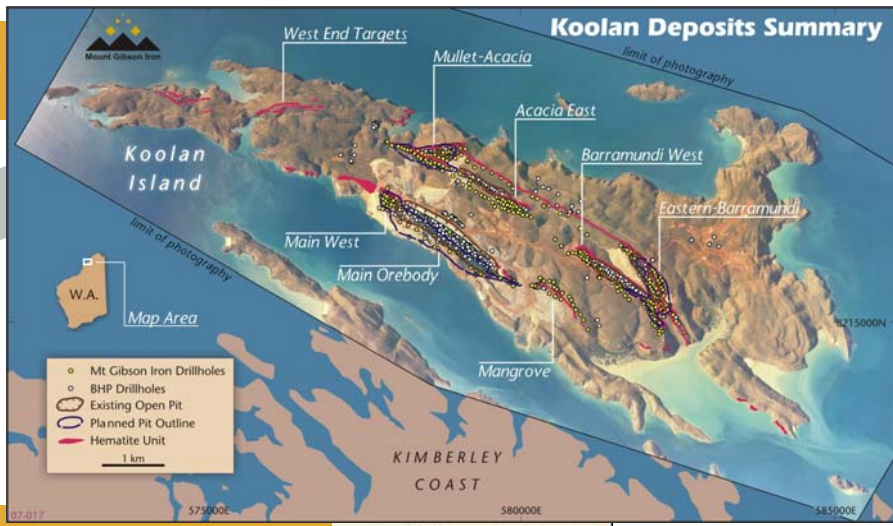
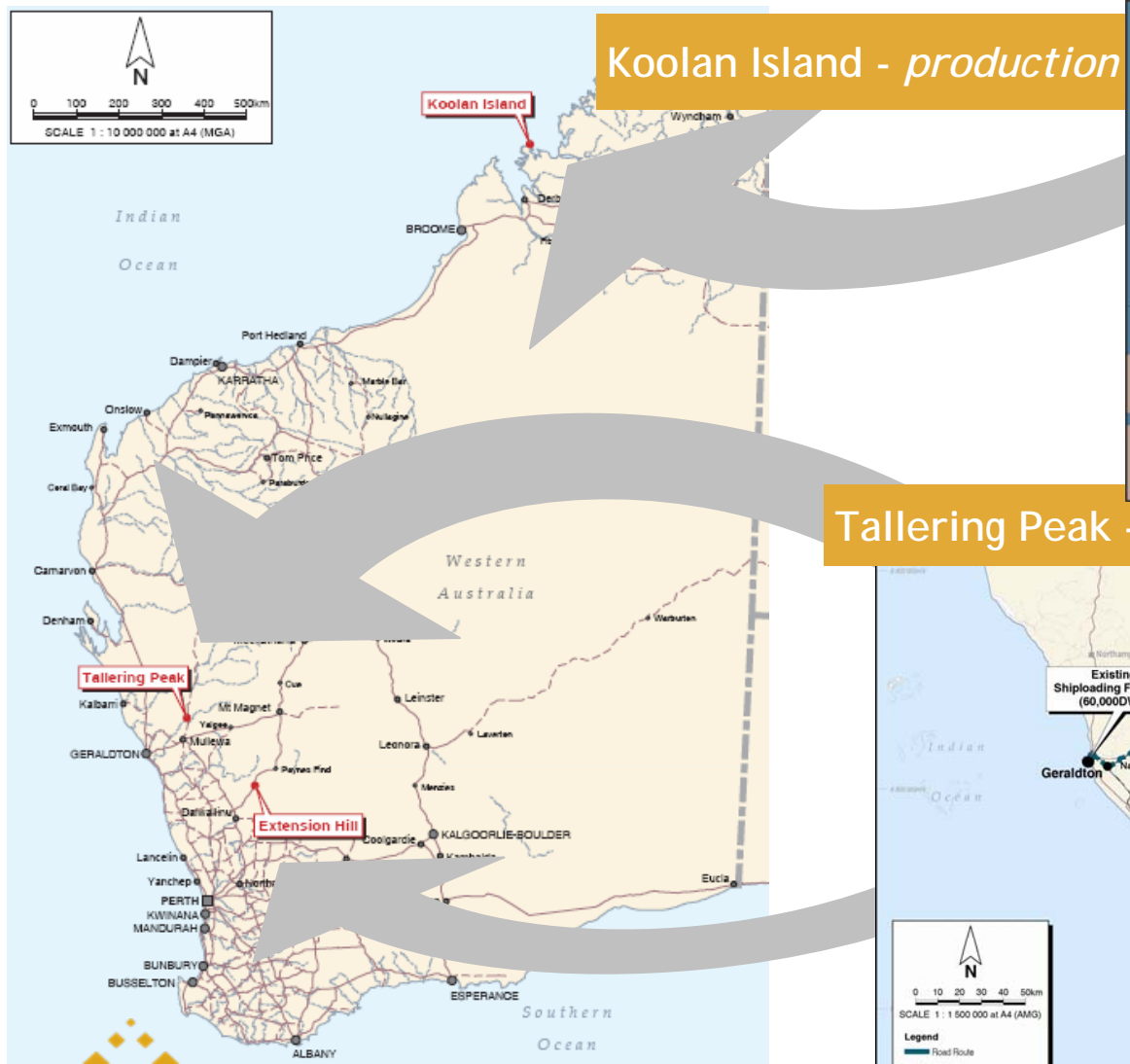
Disciplined financial strategy & strong performance

5

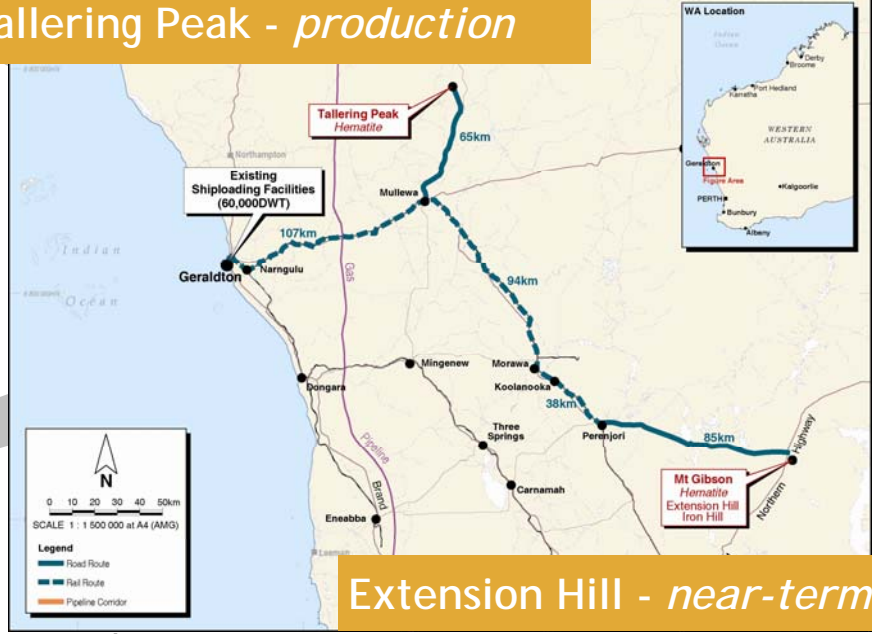
Experienced - disciplined Board & executive team with proven track record

...Mount Gibson has a solid investment case

1 Quality assets



Talling Peak - production



1 Quality assets

KEY STATISTICS

	Talling Peak	Koolan Island	Extension Hill	Combined
Reserves and Resources¹				
Proven & Probable Ore Reserves (Mt)	18.3 (61.7% Fe)	29.9 (65.0% Fe)	12.8 (60.3% Fe)	62.0 (62.9% Fe)
Measured, Indicated & Inferred Mineral Resources (Mt)	21.0 (61.6% Fe)	62.8 (63.1% Fe)	19.5 (59.9% Fe)	103.3 (62.2% Fe)
Operations Data				
Annual production (Mtpa)	3	4 (target)	3 (target)	10
Expected minimum mine life	6	8	6	
Lump:Fines ratio	65% : 35%	30% : 70%	50% : 50%	
Truck (km)	65	-	85	
Rail (km)	107	-	240	
Strip ratio	6:1	6:1 (est.)	0.7:1	
Port	Geraldton	Koolan Island	Geraldton	



Note:
1 As at 30 June 2007

1 Quality assets

Tallering Peak

- First hematite ore shipped Feb 2004
- Producing 3 Mtpa
- 65% Lump & 35% Fines ratio
- Quality high grade, low contaminant product:
 - 61.7% Fe,
 - 5.32 % SiO₂
 - 2.6 % Al₂O₃
 - 0.025 % P
- Access to installed infrastructure



Main Range Pits looking west at end of March 2008

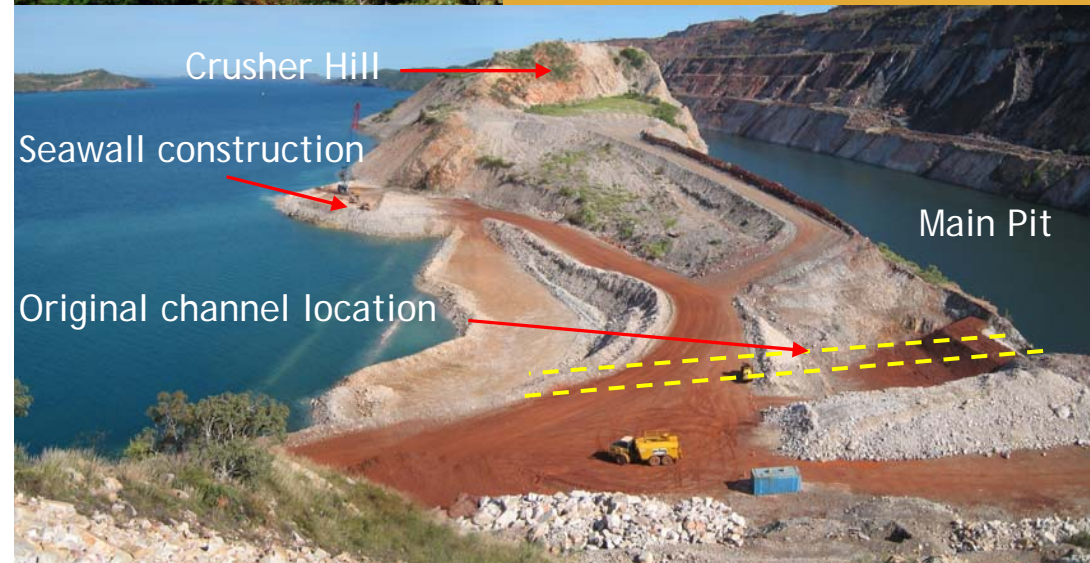


	12 months 2005-2006	12 months 2006-2007	9 months 2007-2008	Annualised Variance
	'000	'000	'000	%
Ore Mined wmt	1,122	2,932	2,682	↑ 22%
Ore Crushed wmt	1,608	2,711	2,383	↑ 17%
Shipped wmt	1,386	2,312	1,876	↑ 8%

1 Quality assets

Koolan Island

- First hematite ore shipped June 2007
- Production ramping up to 4 Mtpa (expected to reach capacity by 4Q 2009)
- 30% Lump & 70% Fines ratio (initial production 50% Lump & 50% Fines)
- Quality high grade, low contaminant product:
 - 64.8% Fe
 - 5.32% SiO_2
 - 0.99% Al_2O_3
 - 0.018% P
- Access premium Main Pit ore-body by 2Q 2009



1 Quality assets

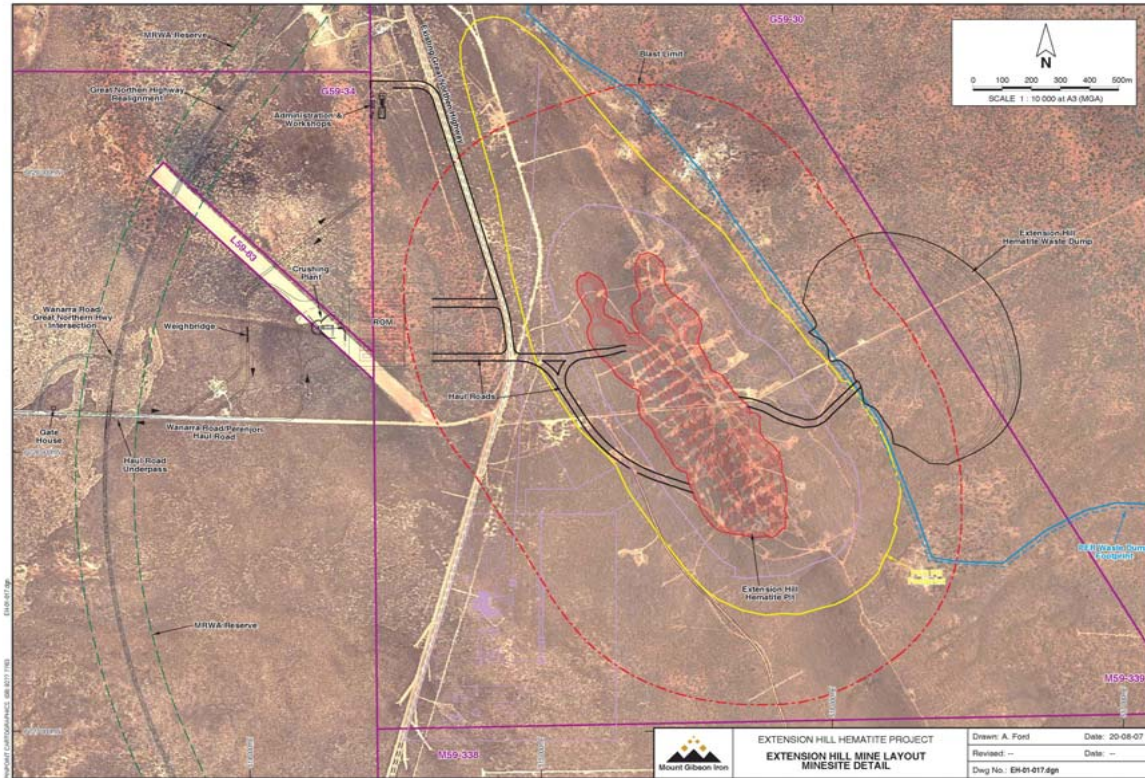
Main West ore-body has ensured timely access to Koolan Island Main Pit



1 Quality assets

Extension Hill

- Mining reserve will be increased
- Operationally robust and straightforward
- Low capital cost: \$100m
- Up to 3 Mtpa production rate
- Average LOM cash cost: \$34/t
- Low strip ratio - 0.7:1
- 50% Lump & 50% Fines ratio
- Quality grade, low contaminant ore
 - 60.3% Fe
 - 5.48% SiO₂
 - 1.64% Al₂O₃
 - 0.06% P
- Immediate cash generator

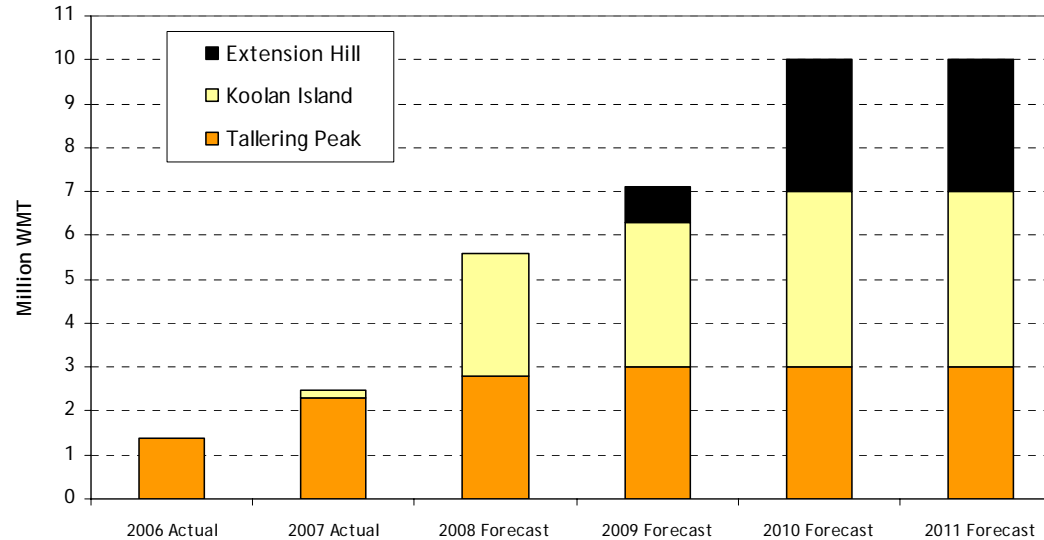


Extension Hill development timeline



2 Solid growth profile

✓ Production growth to reach full production by 2010...



✓ Organic growth opportunities

- T1 & North Ridge at Tallering Peak
- Koolan ramp up to 4Mtpa - installed capacity 6Mtpa
- Koolan surface and underground iron ore opportunities
- Extension Hill conversion of Resources to Reserves

✓ M&A opportunities in core steel production inputs - iron ore & coking coal

2 Solid growth profile

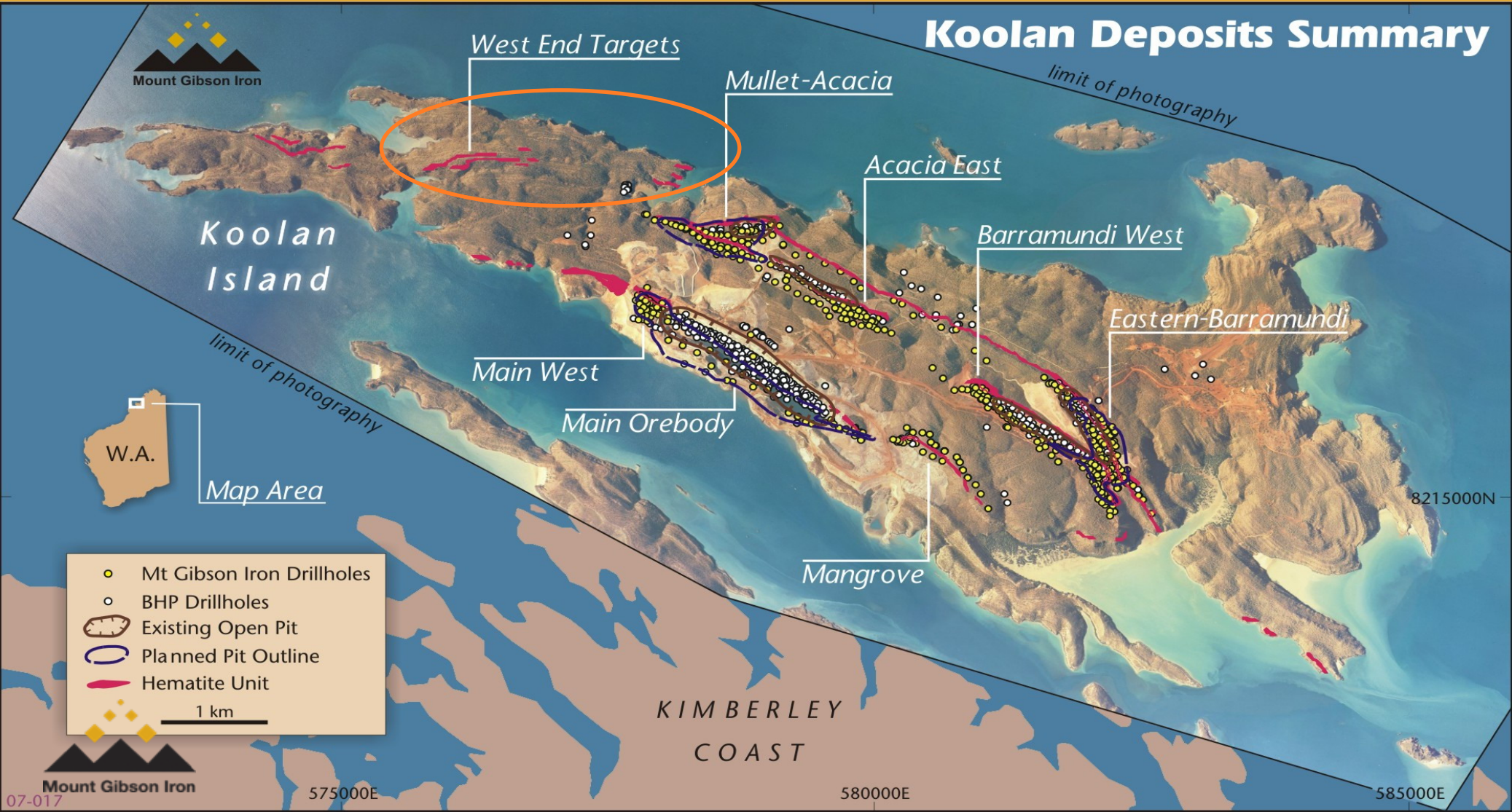
Ship-loading capacity increased at Geraldton Port to meet growth in Mount Gibson's production from the Mid West...



Rail unloading capacity at Geraldton Port requires upgrading to meet ship-loading capacity required for Extension Hill ...

2 Solid growth profile

Koolan Island provides significant upside potential on unexplored western side of the island...



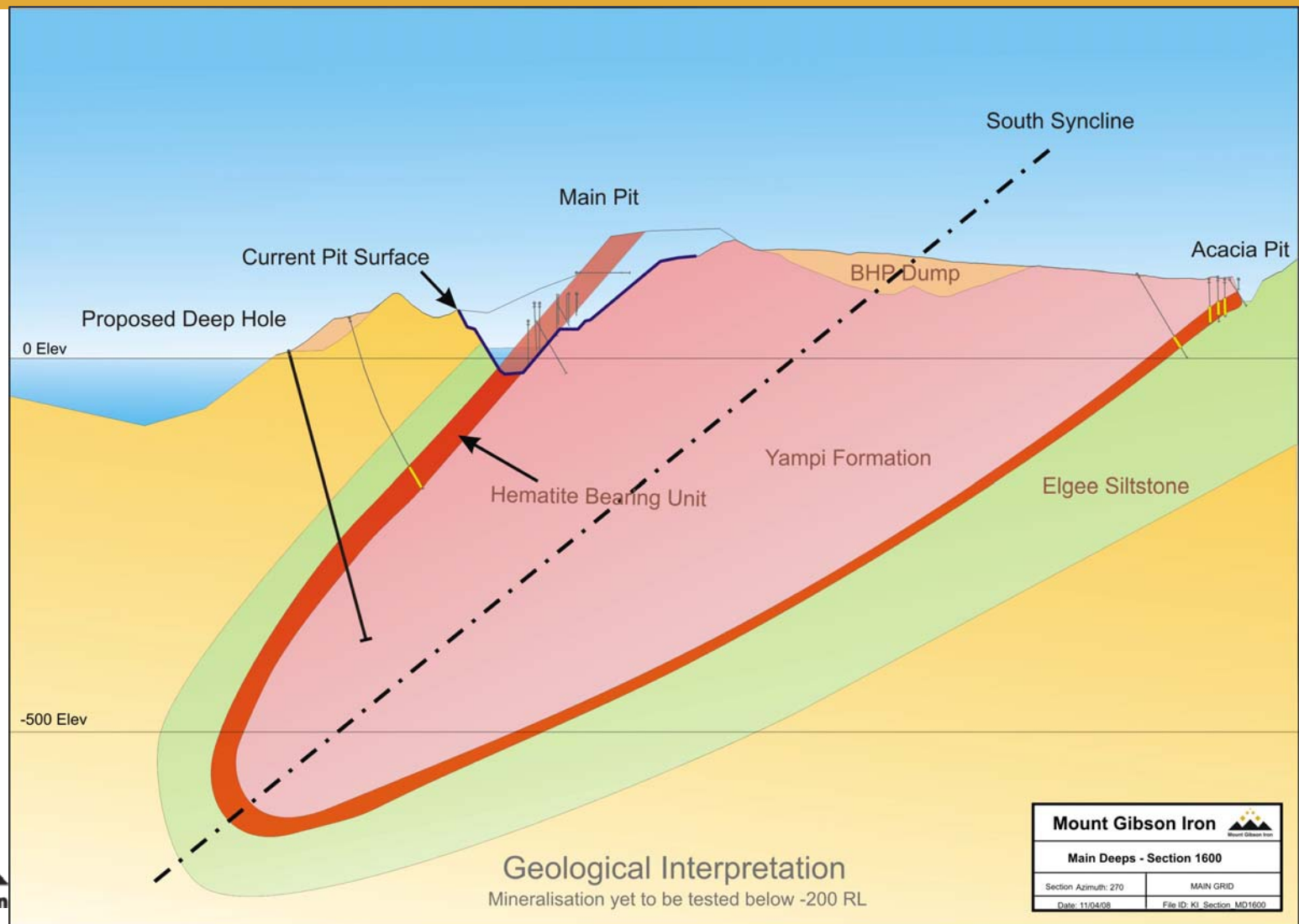
2 Solid growth profile

Koolan Main Pit - World class grade and quality - 66.5% Fe, 3.48% SiO₂, 0.69% Al₂O₃, 0.019% P, 0.3 LOI



2 Solid growth profile

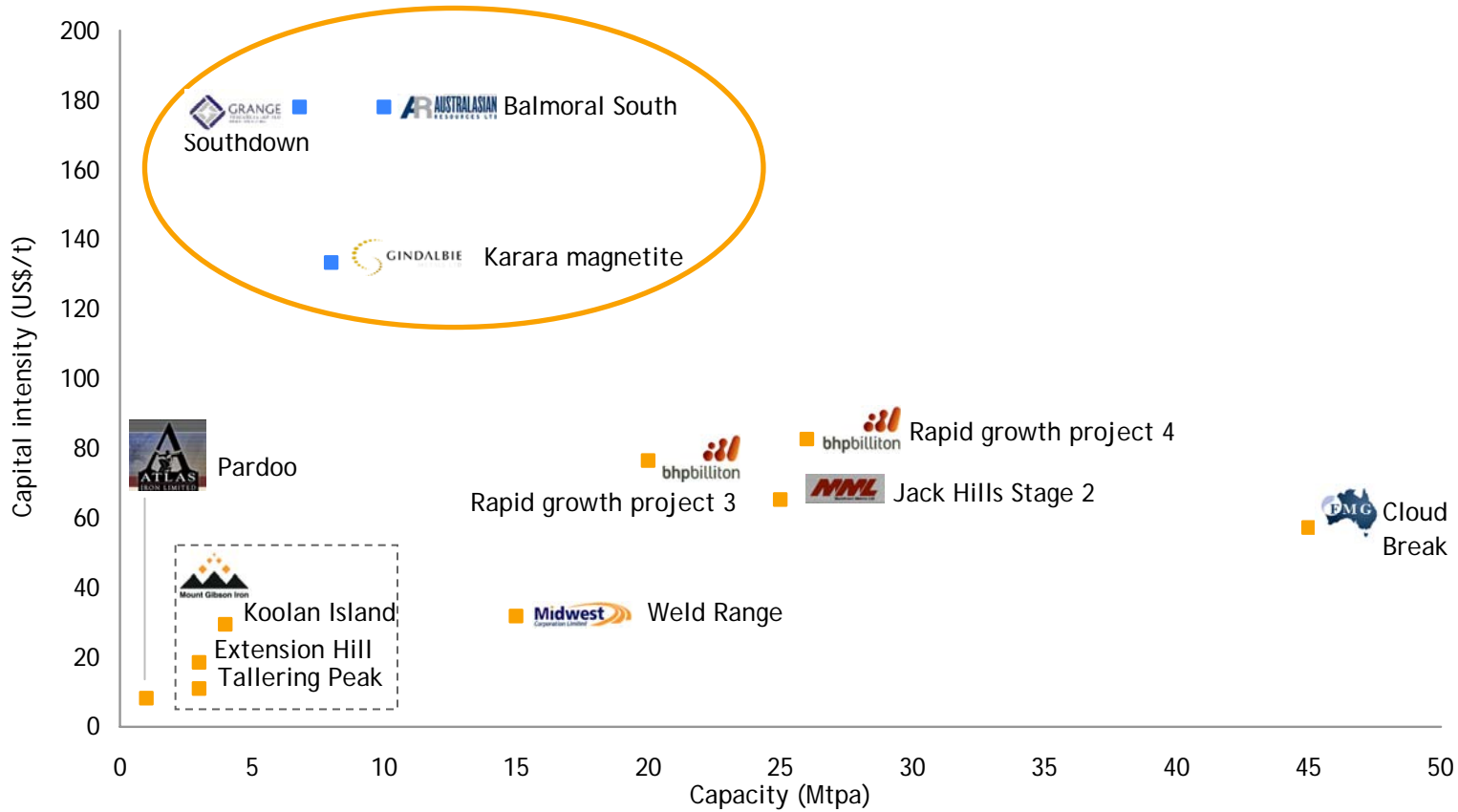
Extensive potential mineralised area under Koolan Main Pit to be drilled in coming months...



2 Solid growth profile

Mount Gibson's projects have amongst the lowest capital intensity of any of its peers

Magnetite
 ↑
 'Greenfields' infrastructure requirement
 ↓
 Hematite



■ Magnetite projects ■ Hematite projects

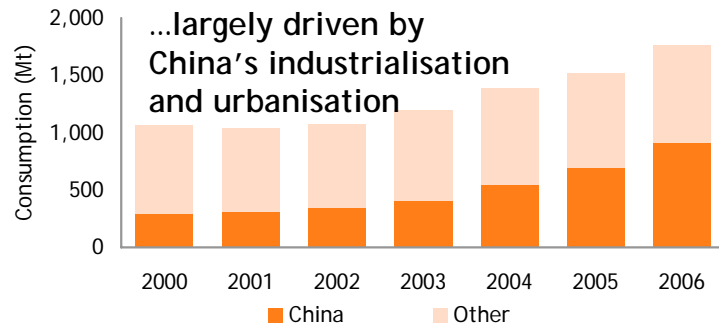
Source: Company reports



Earnings leverage to strong iron ore price outlook

Robust iron ore price outlook

Dramatic growth in global iron ore consumption...

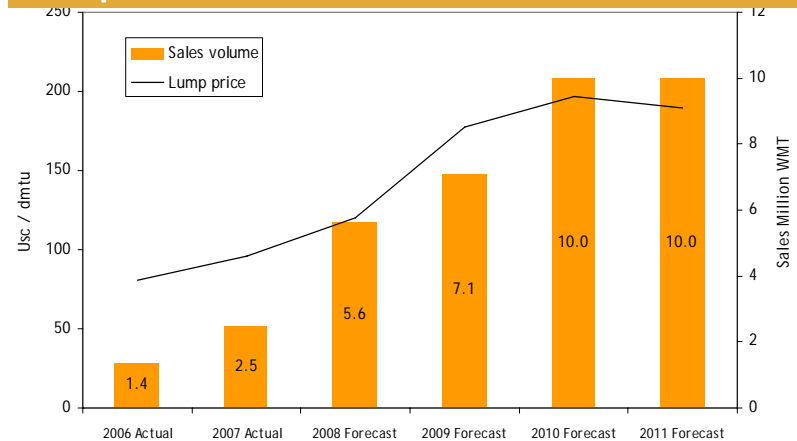


...combined with limited supply flexibility ...

- Long lead times to bring new supply to the market, with supply substantially lagging growth in demand
- Supply lag being compounded by infrastructure bottlenecks e.g. ports/shipping/rail
- Spot price driven higher by limited supply and substantial increase in shipping freight rates



Substantial increases forecast in iron ore prices...



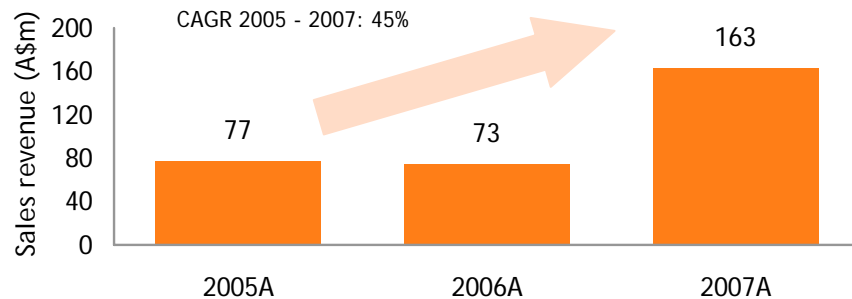
Mount Gibson has captured the sweet spot of the cycle ...

- ✓ Current production with developments to reach full production by 2010
- ✓ 100% current production and 50% Extension Hill production contracted
- ✓ Capturing price upside through Hamersley benchmark contract prices

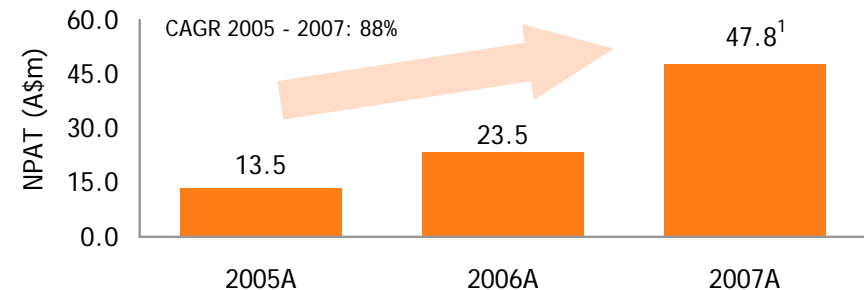
Disciplined financial strategy & strong performance

Good operating margins

2005-2007 sales revenue



2005-2007 net profit



Disciplined risk management strategy

Mount Gibson has...

- ✓ First mover status & access to existing infrastructure
- ✓ Substantially improved operational performance
- ✓ Divested high risk, high cost and capitally intensive assets
- ✓ Provided a comprehensive organic growth plan
- ✓ Demonstrated M&A credentials

Strong cash flow generation

- ✓ Growing production profile
- ✓ Robust iron ore price outlook
- ✓ Clean & strong balance sheet
- ? Continued operating and capital cost pressures

Reinvestment of capital for growth

- organic (exploration, development)
- M&A

Or return to shareholders



Source: Mount Gibson, Company reports

Note:

1. Includes contribution of \$18 million on sale of magnetite project during period

Experienced - disciplined Board & executive team with proven track record

Experienced Board & executive management team



Mr Luke Tonkin
Managing Director
B.E., MAusIMM, AICD

- Appointed in Oct 05
- 22 years experience, with management and executive roles with WMC (KNO, St Ives, Leinster, CNGC) and Sons of Gwalia
- Multi commodity executive and operational experience



Mr Alan Rule
CFO
B.Comm, B.Acc, CA

- Appointed CFO in Jun 07
- Finance Director Jul 05 - Jun 07
- Extensive experience in financial roles & international financing of mining projects
- CFO Western Metals and St Barbara



Mr Neil Hamilton
Chairman
LLB

- Appointed Non-Exec Chairman in April 07
- 23 years experience as a director of publicly listed companies
- Chairman of IRESS and Non - Exec of Insurance Australia Limited and Programmed Maintenance Services Ltd



Mr Craig Readhead
Non-Executive Director
B.Juris, LLB, AICD

- 26 years practicing in resources law
- Partner in law firm Pullinger Readhead Lucas
- Non-Exec' Director of Heron Resources, Galaxy Resources, Halcyon Group, Frankland River & Olive Company
- Past President of AMPLA and Vice President of AMEC



Mr Ian MacIver
Non-Executive Director
B.Comm, CA, F Fin, AICD

- MD of Grange Consulting Group Pty Ltd
- Many years experience as senior exec' & Director of resource & industrial companies with responsibility for capital raising & other corporate initiatives



Mr Mark Horn
Non-Executive Director
M.A., LLB(Hons),
Dip.B.Admin, FSI (Dip)

- Appointed Jun 07
- Chief Exec' of Mark Horn & Co, a British corporate finance boutique
- Chairman of ReSel Communications Ltd, Director and General Council of Lakeshore Capital and Non-Exec Director of numerous companies
- Served as a Director of AIM2 plc



Mr Alan Jones
Non-Executive Director
CA

- Appointed July 2006
- Extensive senior management & Board in listed & unlisted Australian public companies, particularly in construction, engineering, finance and investment industries
- Non - Exec of APAC Resources Ltd
- Merger & acquisition expertise

Proven track record

Produced ore tonnage 2006-2007:	↑ 211%
Shipped ore tonnage 2006-2007:	↑ 78%
Sales revenue 2006-2007:	↑ 119%
NPAT 2006-2007:	↑ 103%
Net assets 2006-2007:	↑ 316%

Tallering Peak

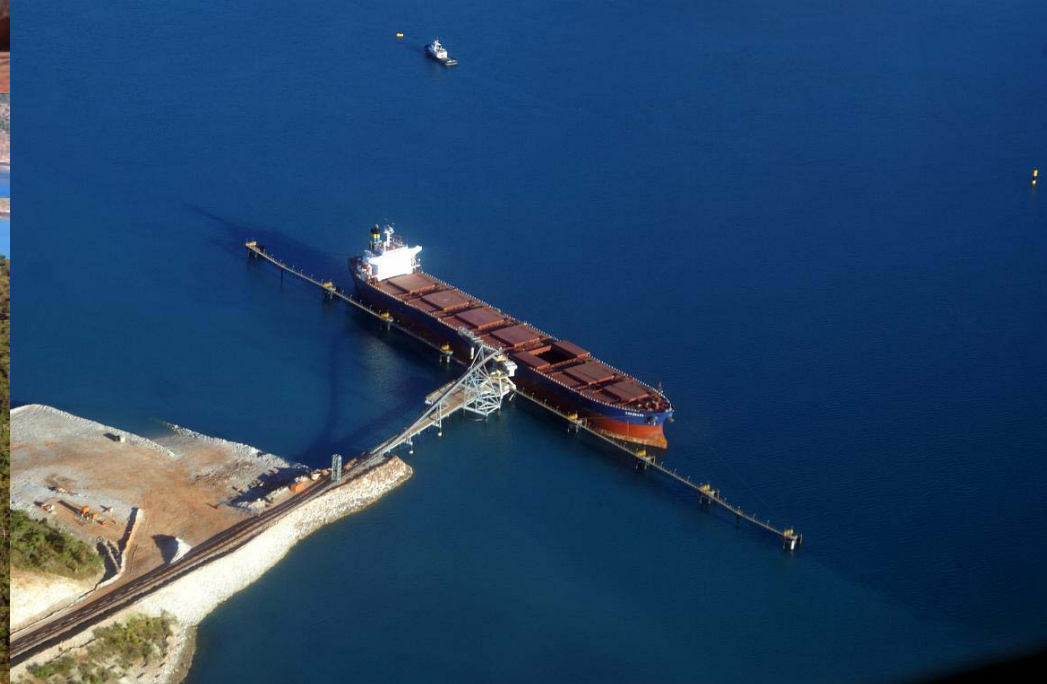


Access to infrastructure - full production



Koolan Island

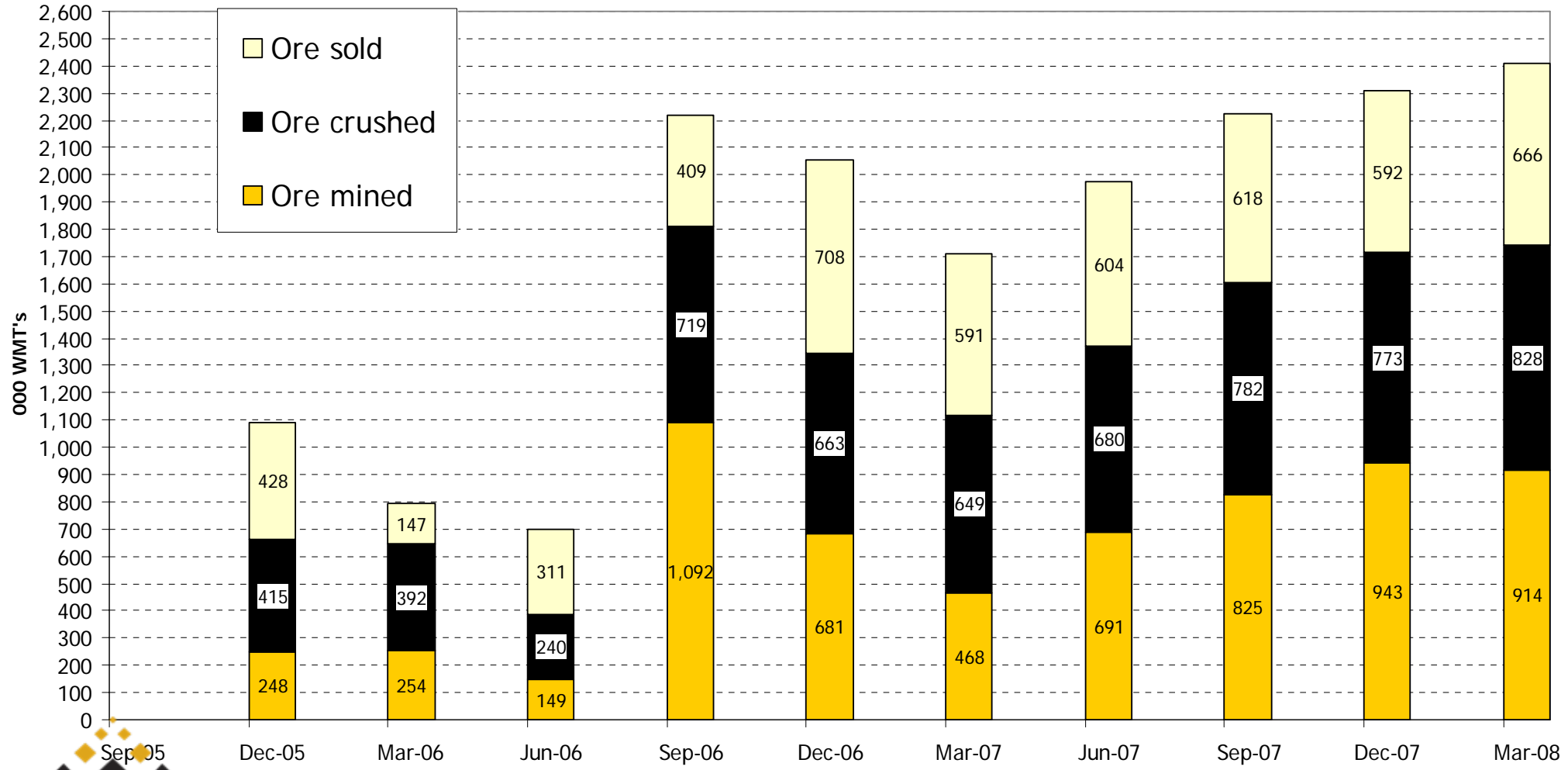
Installed infrastructure - capacity 6Mtpa



- Continued strong operating performance
 - Annualised ore mined and crushed >3Mtpa
 - Record ore crushed
 - Second highest ore sales quarter with ore sales increase 13% on prior quarter
 - Operating costs in line with expectations
 - 1.4 Mt stockpile
- Berth 5 shiploader - dedicated iron ore
 - Substantially all commissioning problems resolved by GPA during the March Qtr
 - Load rate 55% better than Berth 4
 - Last 7 Mount Gibson ships loaded in average of less than 30 hours
- Exploration
 - Gravity survey on North Ridge

6 Talling Peak - March 2008 quarterly

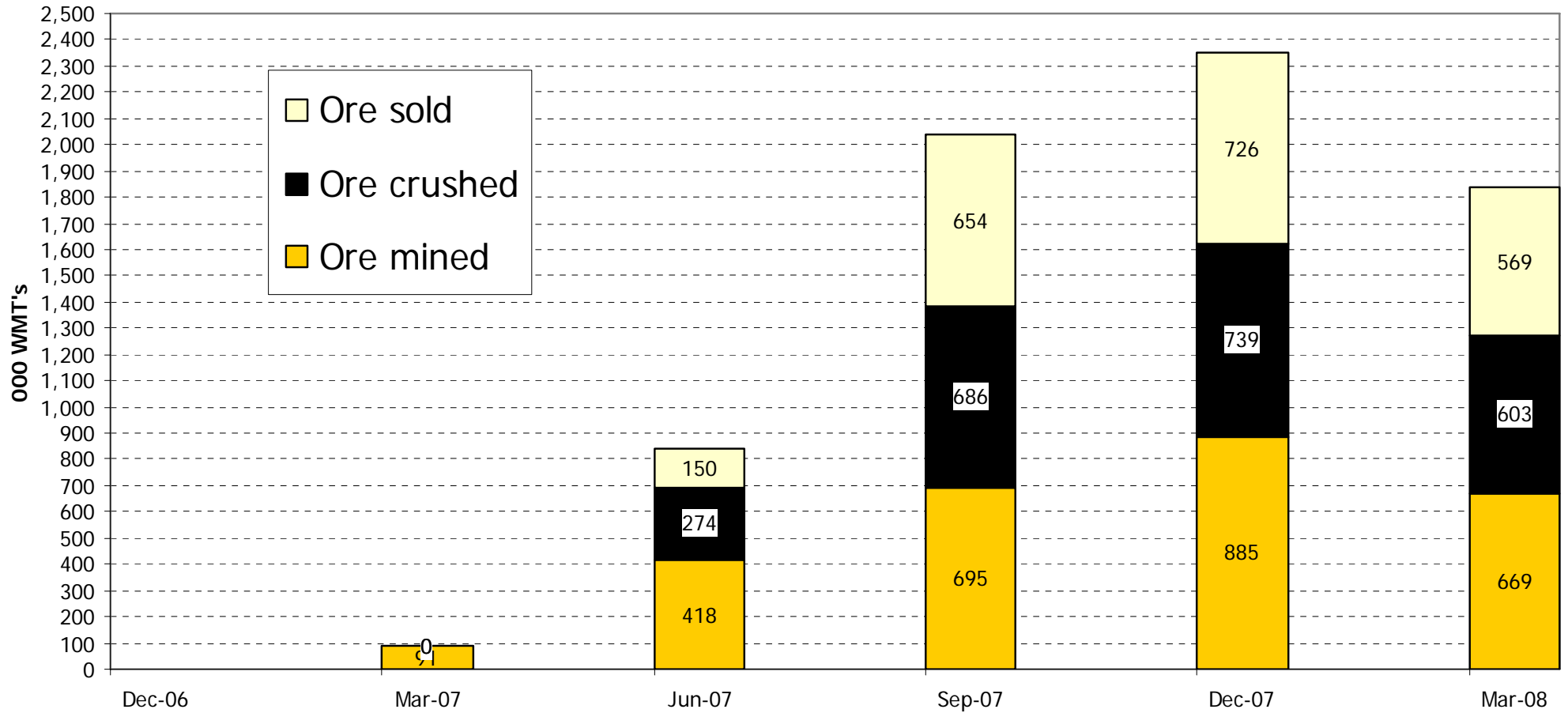
Talling Peak - Ore production (WMT)



- Operating performance in line with expectations
 - Monsoonal wet season from Jan to March impacted operations as forecast
 - Total BCM's moved only 6% below previous quarter
 - Material handling and shipments restricted by monsoonal wet season
 - 0.4 Mt stockpile
- Main Pit
 - Significant progress with commencement of seawall construction
 - Footwall rehabilitation and pit dewatering commenced
 - Drill rig mobilised for late April commencement of drilling below Main Pit
- Exploration
 - Infill drilling confirmed continuity of inferred resources which is likely to be converted to reserves
 - Additional targets identified

6 Koolan - March 2008 quarterly

Koolan - Quarterly ore production (WMT's)



- Various regulatory approval submissions lodged
- Detailed design and engineering continuing
- Major contracts finalised
- Commenced civil works at Geraldton Port
- Submitted tenders increase capex from \$85 mill to \$100 mill
- GPA rail unloader upgrade unlikely to be operational until 2nd quarter 2009