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VIA: WWW.ASXONLINE.COM

24 September 2010

The Manager
Company Announcements
ASX Limited
Level 10, 20 Bond Street
SYDNEY NSW 2000

State Government approves Geraldton Port Train Unloader Upgrade

Mount Gibson Iron Limited ("**Mount Gibson**") is pleased to announce that the State Government has approved the upgrade of the train unloading facility ("**upgrade**") at the Geraldton Port. As a result of the upgrade, rail unloading capacity at the Geraldton Port will increase to 3000 tph, allowing Mount Gibson to increase production from its Mid West operations through the commencement of operations at Extension Hill.

Mount Gibson has agreed to fund the upgrade up to \$20 million and it is expected to be completed in time for the first shipments from Extension Hill in the September 2011 quarter.

The upgraded train unloading facility will remain a common user facility with Mount Gibson receiving a rebate from the Geraldton Port Authority should other users wish to use the facility over the next 10 years, capped at 20 million tonnes of third party throughput.

Mount Gibson's Managing Director Luke Tonkin said:

"We are pleased to have finally agreed with the Geraldton Port Authority to upgrade the existing train unloading facility. It will allow increased throughput of the facility that will more closely match the shiploading capacity through the Geraldton Port's dedicated iron ore shiploader at Berth 5. We acknowledge the support and cooperation of the Minister for Transport and Disability Services, the Honourable Simon O'Brien and the concurrence of State Treasury."

Extension Hill Hematite Project Progress

Construction of the Extension Hill Hematite Project ("**project**") and associated transport infrastructure is progressing as scheduled. As previously announced the upgrade of the rail line from Perenjori to Mullewa by WestNet Rail will dictate when full production from Extension Hill can be transported to the Geraldton Port and this upgrade remains on schedule to be completed in June 2011.

The major elements of the project and their scheduled completion are itemised in the table below.

Activity	Scheduled to complete
Ore Storage Facility Commissioning – Geraldton Port	February 2011
Mine Site Infrastructure – Extension Hill	February 2011
Great Northern Highway Deviation – Extension Hill	January 2011
Sealed Haul Road – Extension Hill to Perenjori Rail Siding	February 2011
Rail Siding - Perenjori	January 2011
Crushing & Screening Plant – Extension Hill	April 2011
Accommodation Camp – Extension Hill	December 2010

Mine development and production at Extension Hill is scheduled to commence in January 2011 to build sufficient ROM stockpiles for crusher commissioning in April 2011. Significant final product stockpiles will be generated at Extension Hill and at the Perenjori Rail Siding prior to the commencement of railing to the Geraldton Port in June 2011, with the first shipments in the September quarter 2011.

Yours sincerely

MOUNT GIBSON IRON LIMITED



David Berg
Company Secretary

For further information:

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