



QUARTERLY REPORT



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MOUNT GIBSON IRON LIMITED ("MGI") QUARTERLY REPORT FOR THE PERIOD ENDED 31 DECEMBER 2006 ASX ANNOUNCEMENT 24 JANUARY 2007

HIGHLIGHTS

- MGI achieves record half year after tax profit of \$23 million
- MGI successfully moves to compulsory acquisition of all remaining fully paid Aztec shares after receiving acceptances for over 90% of Aztec's fully paid shares
- Completion of the sale of Asia Iron results in the immediate transfer of \$40 million to MGI with a further \$12.5 million due no later than 31 May 2007
- MGI achieves record ore shipments of 707,682 WMT for the December quarter from Talling Peak
- Infill drilling results continued to confirm the widths and high grades of Mineral Resources at Talling Peak
- Ore mining and stockpiling commences at Koolan Island in anticipation of the first iron ore shipment in the June quarter
- Exploration and infill drilling at Koolan Island indicates outstanding upside in the resource which supports and confirms the robustness of the current resource
- Construction of the Koolan Island Project progressed according to revised schedule
- Extension Hill Direct Shipping Ore Feasibility Study materially completed during the quarter which generally validates the broad strategies and parameters assumed for the June 2006 study



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CORPORATE

Aztec

On 24 July 2006, MGI announced an offer for Aztec Resources Limited ("**Aztec**"), representing a landmark consolidation of Australia's emerging iron ore sector. Under the bid, MGI offered Aztec shareholders, by way of an off-market scrip takeover bid, 1 new MGI share for every 3 shares held in Aztec ("**Offer**").

On 21 December 2006 MGI announced that it had received acceptances under its takeover bid for Aztec exceeding 90% of Aztec's fully paid ordinary shares and that as the applicable thresholds had been reached, MGI commenced the compulsory acquisition of all the remaining fully paid ordinary shares in Aztec which it does not already own. MGI expects the compulsory acquisition to take full effect by the end of February 2007.

Pursuant to Listing Rule 17.4, the securities of Aztec were suspended by the ASX on 3 January 2007, prior to eventual delisting of Aztec from the ASX on 19 January 2007. Aztec was also delisted from the London Stock Exchange PLC, effective from the end of trading on 12 January 2007.

MGI will act promptly to ensure the Koolan Island Operation is commissioned without undue delay and that the Koolan Island operation is expeditiously integrated into the MGI business with the aim of improving the financial performance of the operation and reducing operational risk. MGI will also undertake an operational review to validate the current operating plan and identify opportunities to improve current projections of Koolan Island's operational performance.

Market

Iron ore benchmark prices for 2007 were settled at 9.5% increase for both fines and lump in December between the Chinese steel mill Baosteel and the global major miners, which reflects the strong demand for iron ore due to continuing growth of Chinese steel production driven by industrialisation and urbanisation in China.

MGI will have 3Mtpa of unallocated iron ore production available for sale once Koolan Island and Extension Hill DSO operations are at full production. There is very strong interest from current and potential customers to secure this production and MGI will negotiate the sale of this production in the near term.

Very high shipping freight rates for bulk materials world wide due to market demand for large vessels and limited supply has imposed cost pressure on MGI's Chinese customers. MGI is a FOB iron ore supplier and has been working with our customers to mitigate the impact of freight on our respective businesses. Elevated Geraldton Port charges add a further cost burden to our customers which resulted in MGI providing requested freight relief during the December quarter.

Project funding and financial results

In October 2006, Aztec finalised a \$100 million project financing facility for the Koolan Island Project. Draw downs on the senior debt facility totalling US\$27.9 million have been made during the quarter. \$70 million equipment finance facilities are now being utilised to fund all mining fleet requirements. MGI appointed Grant Samuel to arrange a \$200 million corporate debt facility for the MGI Group. This facility will replace the Koolan Island project financing facility, replace MGI's existing debt facility and provide funding for the Extension Hill DSO project development. MGI is targeting finalisation of this corporate facility by the end of April 2007.

The unaudited profit after tax for the MGI Group for the six months to 31 December 2006 is expected to be \$23 million. This is \$6 million below the September 2006 after tax forecast range due to:

- realised price per tonne of ore sold was \$3.05/tonne below forecast;
- Write down of Resource Mining Corporation investment by \$1 million; and
- Profit on sale of Asia Iron \$1.6 million below forecast.



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OPERATIONS

Tallering Peak

Mining continued according to plan at Tallering Peak with operations focused on the development of the T6A pit. The majority of the pioneering work associated with this pit was successfully completed during the quarter. The completion of this pioneering work, which is slow and difficult due to the steep topography, reduces future production risk.

The focus on the pioneering work resulted in a reduced mining rate when compared with the previous quarter. Continuing large stockpiles of ore (751,000t) enabled the mining operation to focus on mining the T3C and T6A pits, exposing ore for future mining.

Ore tonnes transported to Mullewa and railed to Geraldton port both increased when compared to the previous quarter and was at record levels.

Ore tonnes shipped during the quarter were 74% above that of the September quarter, which established a new record for tonnes shipped by MGI.

Production for the December 2006 quarter and year to date for Tallering Peak is set out below:

		Sept 2006 qtr 000's	Dec 2006 qtr 000's	TOTAL YTD 000's
Mining				
Waste Mined	bcm	2,541	2,283	4,824
Ore Mined	wmt	1,092	681	1,773
Crushing				
Lump	wmt	411	408	819
Fines	wmt	308	255	563
Total	wmt	719	663	1,382
Transport to Mullewa Railhead				
Lump	wmt	391	370	761
Fines	wmt	254	296	550
Total	wmt	645	666	1,311
Transport to Geraldton Port				
Lump	wmt	300	331	631
Fines	wmt	216	253	469
Total	wmt	516	584	1,100
Shipping				
Lump	wmt	239	429	668
Fines	wmt	170	279	449
Total	wmt	409	708	1,117

The new mining fleet comprising 300t class excavators and 150t class off highway haul trucks has successfully been implemented on site. This equipment was used to establish T6 Pit, as shown in Figure 1 and Figure 2 below.



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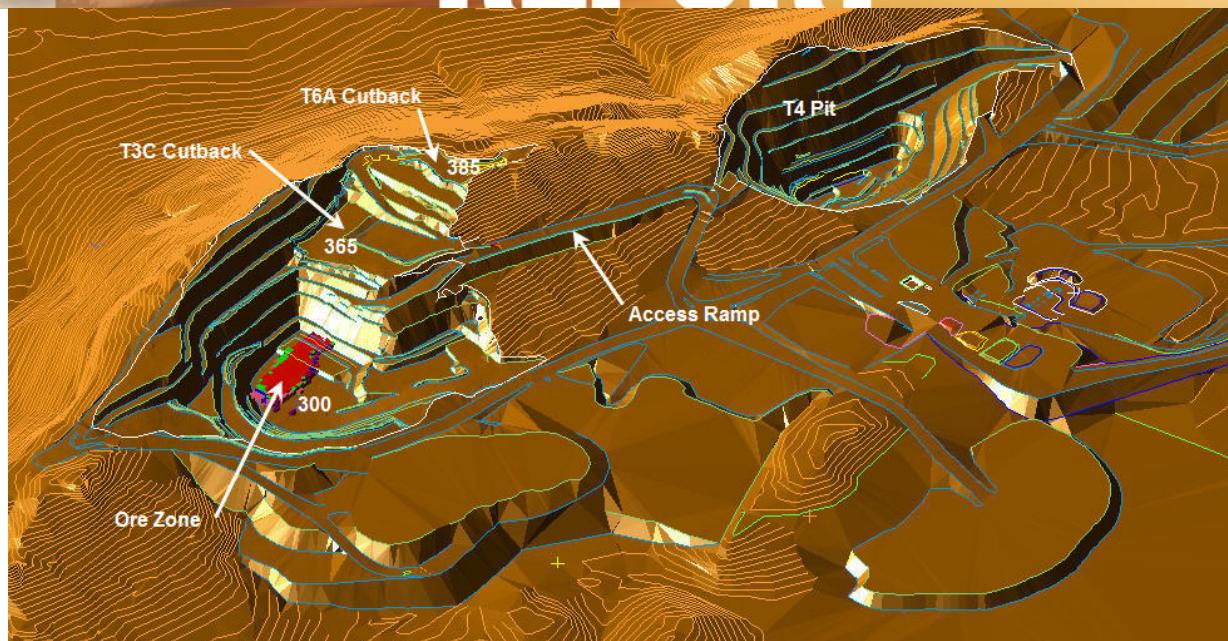


Figure 1 – Status of Talling Peak mine development in September 2006 looking south.

Figure 1 shows Talling Peak mine development as at September 2006 whilst Figure 2 shows the considerable waste movement completed to the end of December 2006. The exposure of the Talling Peak ore zone is well established and is being exploited in the north eastern benches of the main pit and cut backs to the south west are well established and are dropping down to the known mineral resource. Once these cut backs intersect the hematite ore, the strike length exposure of the ore at Talling Peak will increase significantly. It is anticipated that the T3C cutback will mine significant ore volumes during the March 2007 Quarter.

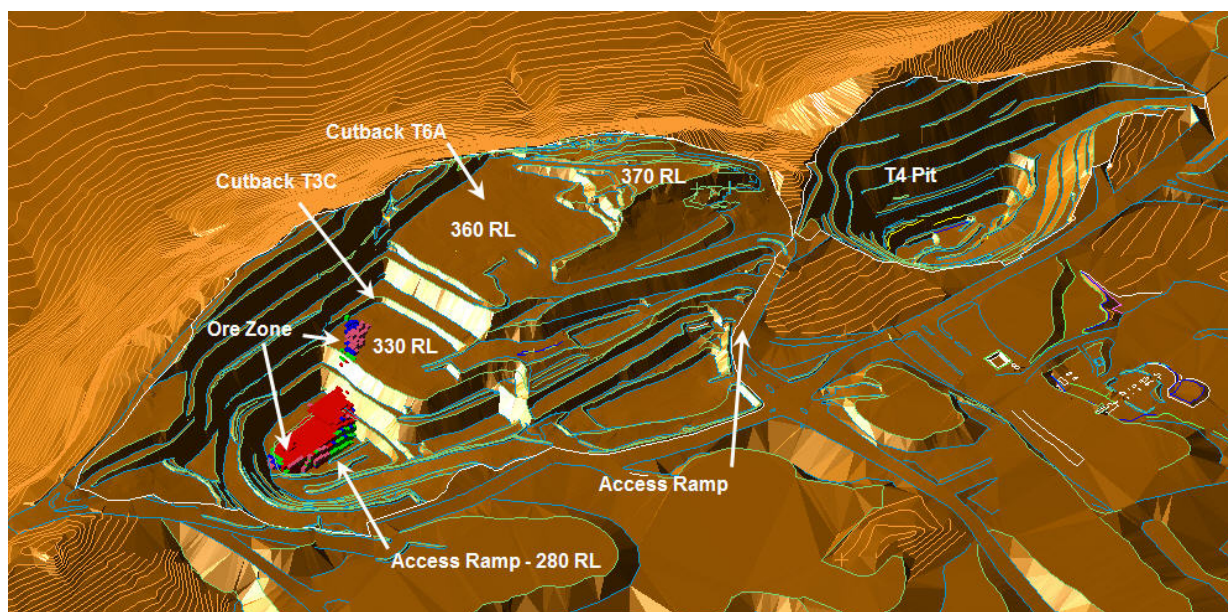


Figure 2 – Status of Talling Peak mine development in December 2006 looking south.

A significant challenge to mine operations is the supply of skilled operating and maintenance employees. A shortage of appropriately qualified labour and the increase in labour and consumable costs within the industry continues to dampen the operational potential of Talling Peak and skilled labour shortages represent a risk to sustained operational performance. MGI continues to implement strategies designed to mitigate the adverse impact of these issues.



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Figures 3 and 4 are photographic images of the mining progress being made at Talling Peak. As initial pioneering mining work is completed at the top of the Range to establish cut backs, the floor area of these cut backs will increase allowing an increase in productivity. The development of the Talling Peak open pit will progress further to the south west over the next twelve months and in doing so will incorporate staged waste removal that will allow exposure of high grade hematite ore over the mineralised strike length from north east to south west. Figure 5 demonstrates the expected development of the Talling Peak mine by the end of December 2007 under the current mine operating plan. MGI will continue to optimise the Talling Peak mine operating plan as new information is gathered and as operational productivity improves.

Development of the Talling Peak T5 satellite open pit continued satisfactorily during the quarter with the T5 cut back developing to the original T5 open pit floor. Owner mining of the T5 resource commenced in August 2005 replacing mining contractors. The changeover was well managed with minimal disruption to production. Mining has progressed to the 215 RL and a 20 vertical meter grade control drilling program commenced from the 215 RL during December. Results from this program will be known during the March 2007 quarter.

Ore mined from T5 is lower grade and contains higher contaminant levels than Talling Peak Main Pit ore and will be blended with premium quality ore from Main Pit to meet customer specifications. Mining of T5 is expected to be completed in the first half of the 2007-08 financial year.



Figure 3 – Talling Peak T3 open pit December 2006 looking west along strike.



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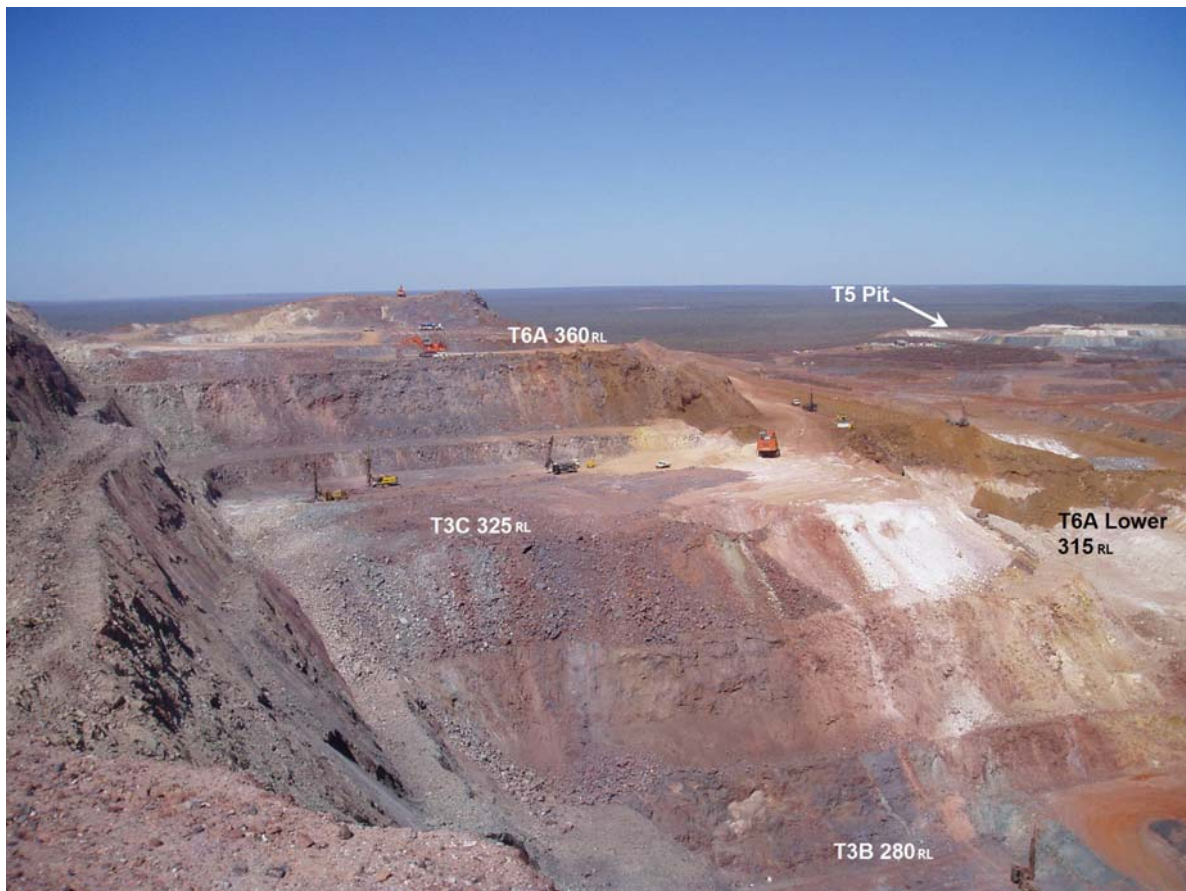


Figure 4 – Talling Peak T3b open pit December 2006 looking west along strike.

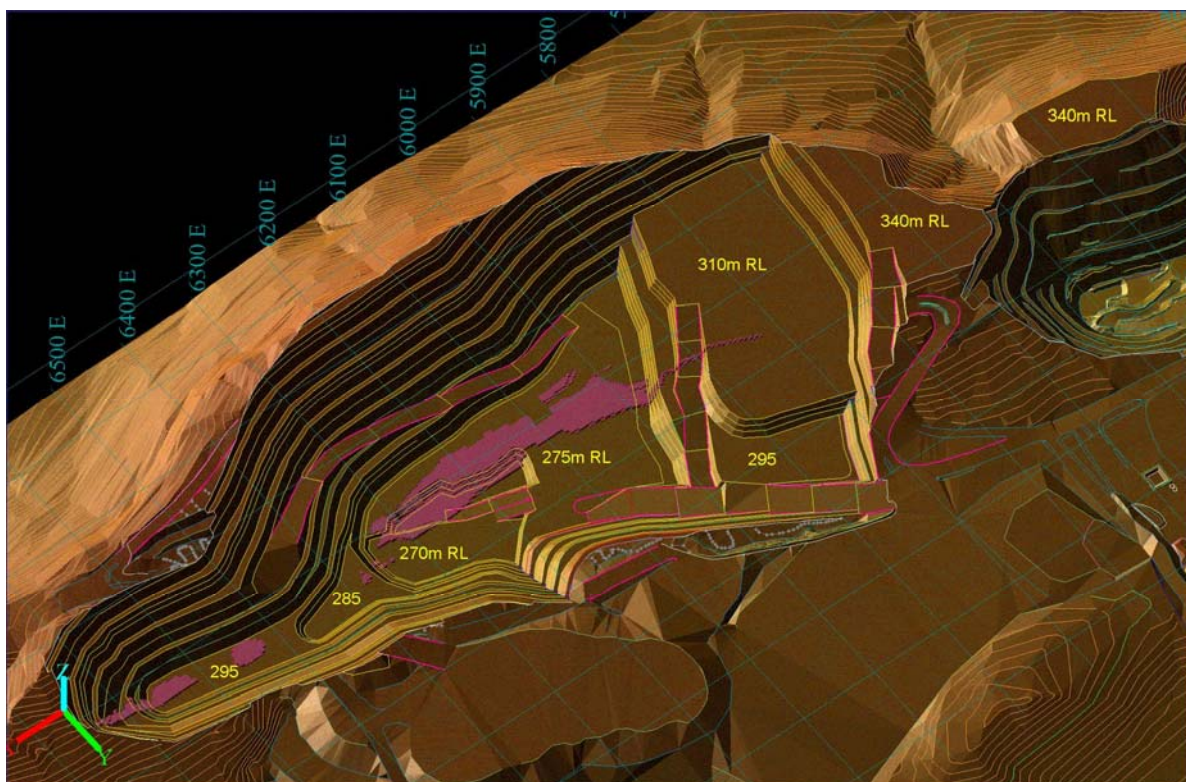


Figure 5 – Talling Peak open pit design and expected mining progress to December 2007



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The planned program of infill resource definition drilling continued through October and November, with a total of 3,105m drilled representing 23 RC drill holes. This takes the cumulative total since March 2006 to 15,619m with 142 RC drill holes completed. The drilling program has reduced the average drill section spacing to 25m from 50m previously and the average intersection spacing on each section to 20m.

Drilling to date has covered over 1,000m of the surface expression of the ore body, from the eastern margin of T2 to the western end of T6 adjacent to the original T4 pit. With the exception of several sections presently inaccessible due to unfavourable site topography and some deeper portions of the main T6 ore body due to drill hole directional deviation issues, the infill drilling within and below the active mining areas of the Main Pit is essentially completed.

Assay results have continued to confirm the widths and high grades of the T6 mineralisation. Typical high grade results from T6 include:

TPK332	133-173m 40m @ 65.07% Fe, 1.46% SiO ₂ , 1.30% Al ₂ O ₃ , 0.075% S, 0.024% P
TPK333	107-179m 72m @ 65.43% Fe, 1.77% SiO ₂ , 1.09% Al ₂ O ₃ , 0.002% S, 0.012% P
TPK335	109-161m 52m @ 63.45% Fe, 2.83% SiO ₂ , 2.14% Al ₂ O ₃ , 0.008% S, 0.009% P
TPK336	115-160m 45m @ 63.17% Fe, 3.02% SiO ₂ , 2.12% Al ₂ O ₃ , 0.003% S, 0.012% P
TPK339	92-161m 69m @ 66.16% Fe, 1.47% SiO ₂ , 0.94% Al ₂ O ₃ , 0.007% S, 0.012% P
TPK340	129-191m 62m @ 59.45% Fe, 7.00% SiO ₂ , 2.85% Al ₂ O ₃ , 0.008% S, 0.017% P
TPK341	125-196m 71m @ 64.67% Fe, 2.06% SiO ₂ , 1.55% Al ₂ O ₃ , 0.007% S, 0.023% P
TPK352	79-145m 66m @ 65.36% Fe, 2.06% SiO ₂ , 1.77% Al ₂ O ₃ , 0.002% S, 0.011% P

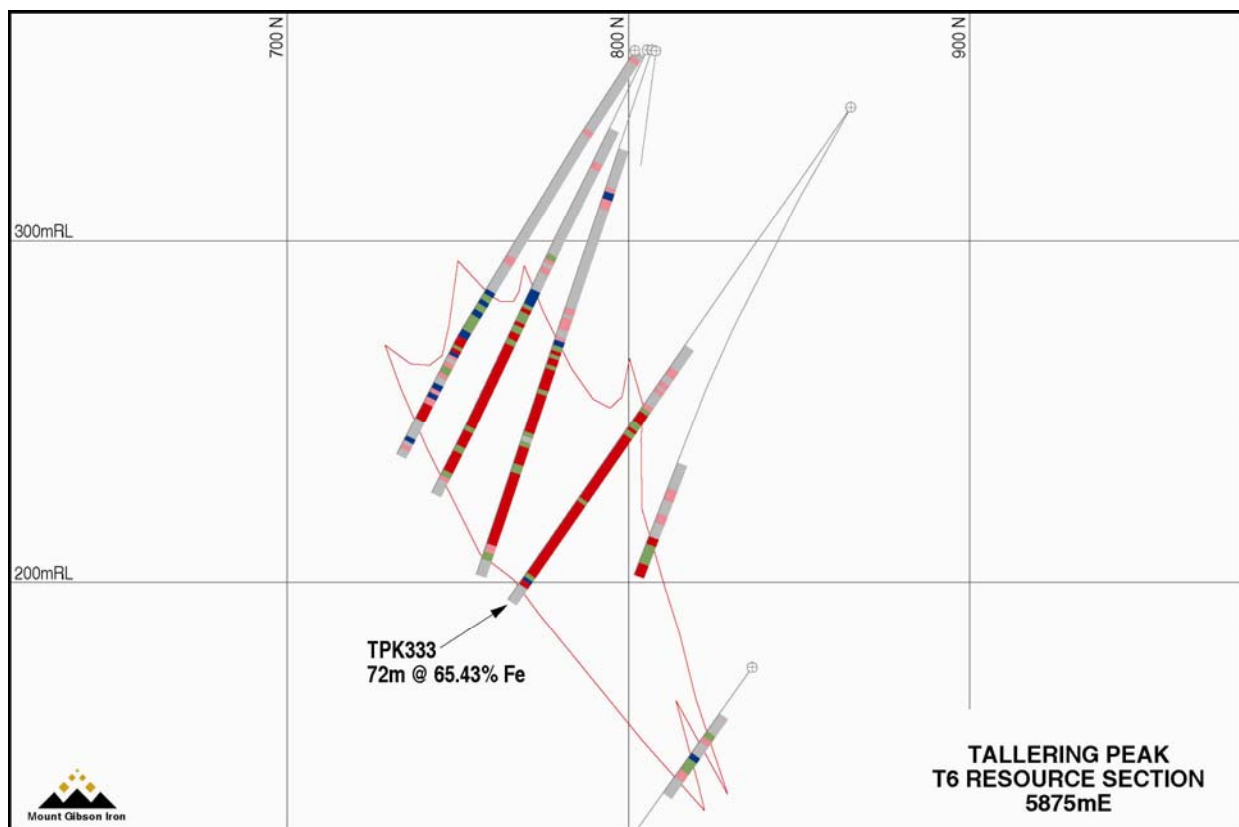


Figure 6 – Talling Peak cross section of recent infill drilling intersecting high grade hematite mineralisation



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The enhanced drilling information has been reinterpreted and the T2 and T6 ore bodies have been remodelled utilising Surpac 3D software. This has had the desired effect of significantly improving the definition of the ore body boundaries and geometry. This is particularly relevant at the top of the ore body, which has a complex, essentially flat geometry, which can result in rapid vertical changes in the ore body thickness and subsequent short term planning irregularities.

A new resource and reserve estimate is in progress and will be completed in the March 2007 quarter. This will provide improved confidence in the distribution and location of ore in the T6 Main Ridge deposit and will allow improved short and long term planning. The improved data density at T2 will also allow for the definition of an Indicated Resource and therefore a mining Reserve, which will in turn allow T2 to be incorporated into the larger T6 development.

Further resource definition drilling at T2 is scheduled for the coming quarter to follow up potential depth extensions identified by extensional drilling completed to date.

Several campaigns of RC grade control drilling were undertaken in both T3 and T5 pits during the quarter. The aim of this drilling was to provide detailed ore body geometry and grade distribution along the margins of the T3 ore body and across the entire T5 ore body. Up to four 5m benches were drilled in each program to assist with short term planning, as well as minimizing interactions between drilling and production. This has resulted in improved definition of the ore body boundaries and grade distribution. Footwall contacts in T3 typically have been shown to dip northwards at approximately 60°, and the relatively narrow high grade ore zones in T5 require clear definition to minimize dilution and ore loss during mining. The RC grade control drilling has resulted in improved ore recovery and reconciliation between reserves and production.

PROJECTS

Extension Hill Magnetite Project

MGI and Mount Gibson Mining Limited ("**MGM**") entered into an agreement on 5 July 2006 with Sinom Investments Limited ("**Sinom Investments**") for the sale to Sinom Investments of MGI / MGM combined 73% interest in Asia Iron Holdings Limited ("**Asia Iron**"), the ultimate owner of the Extension Hill Magnetite Project.

Completion occurred on 21 August 2006 and the sale proceeds of \$52.5 million were placed in escrow pending environmental approval from the WA State Government. A decision on environmental approval was anticipated by the end of 2006 following the EPA's recommendation to the Minister for Environment.

On 17 November 2006 MGI announced that it has entered into a further agreement with Sinom Investments relating to the \$52.5 million sale of its and MGM's 73% interest in Asia Iron.

Under the agreement, Sinom Investments has immediately released the first \$40 million being held in escrow to MGI, with the balance of \$12.5 million to be released by no later than 31 May 2007.

As a result of this agreement, the 30 November 2007 deadline for obtaining environmental approval is removed and Sinom Investments will no longer be entitled to terminate the original agreement and return the sale shares if the environmental deadline is not met.

Mount Gibson Mining Limited (**Proponent**) the proponent of the Mount Gibson Iron Ore Mine and Infrastructure Project (**Proposal**) has reviewed the EPA's published bulletin and has appealed against the content and recommendations of the Environmental Protection Authority Bulletin 1242 (**Bulletin 1242**).

In particular MGM has appealed against the recommendations by the Environmental Protection Authority (**EPA**) in Bulletin 1242 that the Minister for the Environment note that the EPA has concluded that the Proposal should not be implemented unless:

- land adjacent to the Proposal site is secured in the formal conservation estate as a class A reserve; and
- adequate management resources are provided with respect to that reserve.



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MGM holds the view that this should not be construed as an implementation condition and that the Minister should disagree with the recommendation. MGM is also of the view that the Proposal if implemented will not result in the extinction of, or put at risk of extinction any species of flora or fauna.

The Proposal will provide significant benefit to the Mt Gibson region as well as the State:

- environmentally, by providing a net environmental benefit; and
- economically and socially.

Extension Hill Direct Shipping Ore ("DSO") feasibility study

MGI continued to progress the Detailed Feasibility Study ("DFS") during the quarter with work materially complete and conclusions being documented through the March quarter. Total DFS and prior project expenditure to the end of December 2006 totalled \$2,131k.

The DFS has generally validated the broad strategies and parameters assumed for the June 2006 study and evaluated multiple operating options with related costs, timing and risks. Other factors influencing development in the Mid-West, outside MGI's direct control, have also become more apparent and better understood during the past six months. It is these external factors which drive the timing of the development scenarios presented. A summary of key points are as follows;

- Two project development scenarios, with start-up timing determined either by availability of infrastructure at Geraldton Port, specifically, rail and train unloading capacity (Base Case) or by the timing of statutory approvals (Best Case) and
- Release of the EPA's recommendations on the project PER in late November (EPA Bulletin 1242), and subsequent commencement of an appeals process which is likely to delay final project approval until beyond mid-2007. The EPA received 32 submissions appealing aspects of the Bulletin, of which 30 were in MGI's favour.

A summary of the DFS financial results is:

Scenario	Post Tax NPV \$M @8%	IRR	Cap. Cost +/- 30% NPV \$M	Mining Cost +/- 20% NPV \$M	Transport Cost +/- 20% NPV \$M	Revenue +/- 20% NPV \$M
<i>Base Case (1st Jan '09)</i>	89	78%	74 / 103	81 / 96	62 / 115	156 / 21
<i>Best Case (1st May '08)</i>	108	121%	93 / 122	100 / 116	81 / 134	178 / 37
<i>Desk Top Study</i>	106	115%	93 / 120	99 / 114	82 / 131	174 / 38

Table 1 - Preliminary DFS financial results compare with Desk Top Study

- The Base Case yields a NPV of approximately \$89 million with a 78% IRR, first shipment in January 2009, delayed 12 months from the previous target of January 2008 due to lack of rail and unloading infrastructure at the Port;
- The Best Case yields a NPV of approximately \$108 million with a 121% IRR, based on first shipment in May 2008, delayed 4 months from the previous target by statutory approval requirements, but assuming early resolution of port infrastructure issues.

The DFS includes the following assumptions:

- Total capital cost of approximately \$73 million, includes \$3.6 million mine development, \$2 million working capital, no contingency, compares with the June 2006 estimate of approximately \$67 million;
- Total cash cost of production of approximately \$36 per tonne of crusher feed, including royalties, excluding capital works and sustaining capital.



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The study has demonstrated that the project will provide strong financial returns in a short time-frame, with minimal technical risks and relatively low capital requirements. Most significant Base Case risks lie in reliance on non-MGI infrastructure.

Key critical path items driving overall project timing are;

- Availability of rail unloader capacity, including Port area and further rail infrastructure;
- Ministerial environmental approval of the project PER; and
- DEC and DoIR approvals, post PER approval.

Alternative engineering approaches offer significant opportunity to enable provision of adequate train unloader capacity in a much shorter time-frame than that so far envisaged by the Geraldton Port Authority and WestNet Rail. MGI is keen to see this work progress as rapidly as possible.

Koolan Island

Environment & Project Approvals

During the quarter, approval was received from the Commonwealth Department of Environment and Heritage under the Environmental Protection and Biodiversity Conservation Act 1999 in relation to planned activities which may impact the Northern Quoll (a small marsupial listed as a threatened species). The approval required the development and implementation of a management plan, to minimise the impact on the Quoll.

Works Approvals and Notices of Intent for construction of the seawall and rehabilitation of the footwall and dewatering to -40RL at Main pit were submitted to the relevant state government agencies in early January 2007.

Native Title

Under the terms of the Co-Existence Deed that Aztec signed with the Dambimangari in April 2006, the Company appointed two Dambimangari people to the positions of Rangers in December 2006. Their role is to assist in the cultural awareness, environmental awareness and environmental management of the Koolan Island operations. In the short time that they have been on the Island they have created an awareness and interest in their culture and the significance of 'country' to the Dambimangari people.

The first Job Ready Program, which was developed by the Kimberley Land Council and the Derby TAFE will commence in February 2007, with the first students to graduate in May/June 2007. The goal of the program is to provide the local indigenous people with the basic skills to apply for positions in the Kimberley, with particular reference to Koolan Island.

The first Co-Existence Deed Meeting was held in Derby on 19th/20th December 2006. Aztec and the Dambimangari agreed on a number of definitive steps to facilitate the achievement of the goal of 10% indigenous employment on the Koolan Island Project by early 2008.

Construction

The onset of the "wet" season in the Kimberley region has slowed construction activities however progress is generally as planned with the first ore shipment scheduled to occur in the June 2007 quarter.

The completion status of construction at the end of the quarter is as follows:

- Piling of the jetty and deck structure installation is 100% complete whilst the installation of berthing equipment and handrails have commenced;
- The ship loader, which was fabricated in Tasmania, has been transported to site for erection in January 2007;
- The access road to the jetty is 100% complete and the final lift of the rock causeway (connecting the jetty to the island) is 60% complete;



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- The mechanical installation of the crushing and screening plant is 90% complete and electrical installation underway. Dry commissioning is planned to commence at the end of January 2007;
- Construction of the ore stacking and reclaim system commenced during December 2006;
- The installation of the power station has advanced with generator sets, cabling, transformers and MCC in place for commissioning in late January 2007;
- Sample preparation facility and assay laboratory is fully operational;
- Installation of the head works and telemetry for the four fresh water bores has commenced;
- The new village is operational with 95% of the accommodation units and the kitchen in place; and
- The installation of the 1.6 million litre fuel storage facility has commenced.

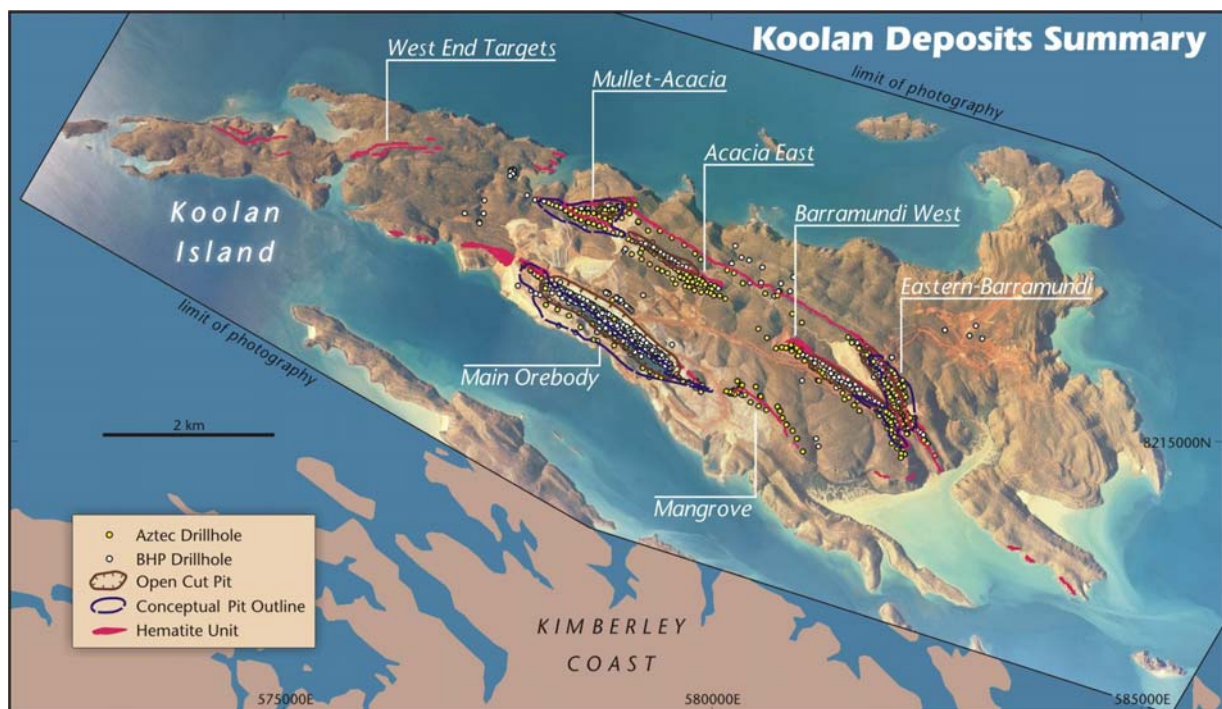


Figure 7 - Koolan Island deposit summary

Mine Development/Operations

Development of access and haul roads progressed during the quarter. Open pit mining at Eastern and Mullet pits and stockpiling of ore on the ROM pad commenced during the quarter. Ore stockpiles totalled 24,000 bcm at the end of the quarter.

Production for the December 2006 quarter and year to date for Koolan Island is set out below:

		Sept 2006 qtr 000's	Dec 2006 qtr 000's	TOTAL YTD 000's
Mining				
Waste Mined	bcm	0	416	416
Ore Mined	wmt	0	50	50



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The first delivery of the permanent (larger) mining fleet, comprising four 730E Komatsu haul trucks and one PC3000 Komatsu excavator, arrived at Koolan Island in early January 2007. Deliveries of the remainder of the fleet (eight trucks and one excavator) are planned to occur in February and March 2007.

Project Development Costs

Total development costs (including working capital) for the Koolan project are now forecast at \$147 million an increase of \$14 million (10.5%) compared to the 8 September 2006 forecast of \$133 million. The project has encountered cost increases of approximately A\$11 million due primarily to unforeseen ground conditions at the jetty, causeway and camp sites, changes to project scope, labour shortages, logistical and transport costs and some delays to the project schedule. The revised cost forecast also includes additional working capital requirements of approximately A\$3 million to mine, load, haul and dump initial ore stockpiles.

Exploration

A 100 hole RC exploration and infill drilling programme at a cost of \$585k was completed during November 2006. This drilling programme:

- Commenced the evaluation of the potential of the Mangrove deposit.
- Tested for extensions to defined mineralisation at Eastern-Barramundi, Main and Mullet-Acacia deposits.
- Evaluated outcropping and undercover extensions to the previously mined Barramundi deposit.
- Increased definition drilling within the Eastern-Barramundi deposit to enhance selective mining.

2006 Exploration Drilling		
Deposit	Holes	Metres
Mangrove	35	4,610
Barramundi West	9	418
Barramundi South	13	688
Eastern-Barramundi	14	1,329
Mullet-Acacia	20	1,722
Main West	9	620
TOTAL	100	9,387

Geological modelling and mineral resource estimates are in progress for the Mangrove, Barramundi West, Barramundi South and Main West deposits. Completion of these estimates is anticipated during the March quarter. Pit design, optimisation and ore reserve estimation will subsequently be undertaken. Surtron down hole density and survey measurements have been completed and QA/QC checks are in progress.

Mangrove and Barramundi West deposits are particularly encouraging for additional ore reserves. The deposit locations are displayed on Figure 7.

Details of the exploration results were outlined in a release to the ASX on 22 December 2006. A brief summary of the results is outlined below.

Mangrove Deposit

- Drilling results at the Mangrove deposit have confirmed continuous hematite mineralisation over a strike length of greater than 600 metres;



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- The north easterly dipping, sub-vertical hematite mineralisation varies in thickness from 5 to 20 metres. Drilling to date indicates the mineralisation at Mangrove has a depth potential of more than 150 metres; and
- One of the better intercepts was 29m at 64.2% Fe, 7.2% SiO₂, 0.3% Al₂O₃ and 0.03% P from 82m to 111m in hole RC386.

Barramundi West Deposit

- This deposit is the north western extension to the hematite ore historically mined at the Barramundi pit. The outcropping hematite horizon typically dips at 20° toward the southwest beneath Yampi Formation cover;
- Encouraging intercepts returned from the recent drilling confirmed the continuity of the hematite mineralisation over 350 metres strike length and greater than 120 metres down dip; and
- One of the better intercepts was 6m at 67.0% Fe, 1.9% SiO₂, 1.2% Al₂O₃ and 0.01% P from 9m to 15m in hole RC348.

Barramundi South Deposit

- This is the southern extension to the hematite ore historically mined at the Barramundi pit. The outcropping hematite horizon typically dips at 20° toward the southwest beneath Yampi Formation cover;
- The mineralised horizon is approximately 550 metres in strike length and extends down dip for greater than 50 metres; and
- One of the better intercepts was 7m at 64.2% Fe, 4.6% SiO₂, 2.4% Al₂O₃ and 0.01% P from 35m to 42m in hole RC393.

Main West Deposit

- This is the north-western extension to the hematite horizons previously mined at the Main pit. The drilling tested 300 metres of the outcropping hematite horizon which typically dips at 50° toward the southwest;
- One of the better intercepts was 18 metres at 66.3% Fe, 4.2% SiO₂, 0.7% Al₂O₃ and 0.00% P from 39 metres to 57 metres in hole RC372; and
- Shallow close-spaced blast hole drilling from the top of the outcropping hematite body has outlined sporadic areas of the high-grade mineralisation at the surface.

Eastern-Barramundi Deposit

- A near-surface hematite mineralisation intercept of 18 metres at 62.3% Fe, 6.4% SiO₂, 2.5% Al₂O₃ and 0.04% P from 4 metres to 22 metres depth in exploration hole RC340 was located outside of the northwest limit of the planned Eastern – Barramundi pit;
- Within the planned pit, hole RC329 was drilled to infill an area of widely spaced drill holes. This hole confirmed the grade and extent of the ore reserve estimation within the pit and indicates consistent mineralisation extends below the pit. The hole was terminated in high grade hematite mineralisation due to drilling difficulties. Mineralised intervals included 15 metres at 62.7% Fe, 8.2% SiO₂, 1.2% Al₂O₃ and 0.05% P from 138 metres to 153 metres, 11 metres at 62.8% Fe, 9.6% SiO₂, 0.3% Al₂O₃ and 0.02% P from 160 metres to 171 metres, and 54 metres at 63.7% Fe, 6.2% SiO₂, 1.7% Al₂O₃ and 0.03% P from 173 metres to 227 metres; and
- The drilling both supports the integrity of the existing ore reserves and indicates potential for the planned pit to be expanded.



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Mullet-Acacia Deposit

- This drilling programme targeted possible extensions to the northwest plunging nose of the Mullet-Acacia anticline and extensions of the south-westerly dipping Acacia limb of the anticline. This anticline forms the current Mullet-Acacia Deposit;
- Encouraging results were encountered at both drill targets. Generally, the hematite rich horizons in the limbs of the fold are 5 to 20 metres thick; and
- One of the better drill intercepts was 11 metres at 65.4% Fe, 6.2% SiO₂, 0.2% Al₂O₃ and 0.00% P from 27 metres to 38 metres in hole RC350 in the nose of the anticline.

Other Buccaneer Archipelago Exploration Licenses

Discussions were held with the Kimberly Land Council to negotiate a Heritage and Access Agreement for E04/1265 and ELA04/1407 which are situated adjacent to the Koolan Island Exploration License. This agreement is required to enable exploration to commence on these licenses which are considered prospective for hematite bearing horizons.

Other

Elsewhere, Aztec reviewed iron ore exploration opportunities within Australia. Aztec was unsuccessful in the DoIR ballot for the two competing Exploration Licence Applications lodged over prospective terrain in the Pilbara region.

Angela Dent
Company Secretary