



QUARTERLY REPORT



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MOUNT GIBSON IRON LIMITED (“MGI”) QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2007 ASX ANNOUNCEMENT 27 APRIL 2007

HIGHLIGHTS

- Koolan Island on track to commence ore shipments by the end of the June Quarter 2007;
- MGI’s Mining Reserve increased by 78% and Mineral Resource increased by 132%;
- Record iron ore rail haulage from Mullewa to the Geraldton Port; and
- Mining, crushing and rail haulage rates at Talling Peak established to minimise excessive ore stocks due to congestion at the Geraldton Port.
- Restructure of MGI’s Board of Directors with Mr Neil Hamilton appointed Chairman;



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CORPORATE

Board

On the 24 April 2007 MGI announced the restructure of its Board of Directors as follows:

- the appointment of Mr Neil Hamilton to the position of Chairman, following the retirement of former Chairman, Mr Bill Willis on 24 April 2007;
- the retirement of MGI's founding Managing Director and current Deputy Chairman, Mr Brian Johnson, effective as of 30 June 2007;
- Mr Mark Horn, a representative of major shareholder Gallagher, will join the Board from 30 June 2007;
- Mr Alan Rule steps down as an Executive Director to become Chief Financial Officer and will become an alternate Board member for Managing Director Mr Luke Tonkin from 30 June 2007; and
- Mr Peter Bilbe has advised the Company that he does not intend to stand for re-election as a director at the Company's 2007 annual general meeting.

The reconstituted board will comprise six Board members including Mr Neil Hamilton, Mr Luke Tonkin, Mr Craig Readhead, Mr Ian Macliver, Mr Alan Jones and Mr Mark Horn.

Project Funding

Grant Samuel was appointed to manage the proposed \$200 million Corporate Debt Facility. The proceeds of this new facility will be used to repay the Koolan Project finance facility, provide debt funding for the Extension Hill hematite project and general working capital. A detailed Information Memorandum, draft Term Sheet and financial model were provided to various banks in March. Binding offers from a number of banks have been received. These offers are currently being assessed with selection of the final banking syndicate by the end of April. Closing of the new facility is anticipated by the end of May after completion of legal documentation.

Market

The Indian Government started to impose an export tariff for iron ore at Rs300 (US\$7) per tonne effective from 1 March 2007, creating pricing uncertainty between Indian iron ore suppliers and Chinese buyers, disrupting shipments from India to China. Cyclones in the Pilbara during March have also caused the loss of about one week's iron ore shipments from this region. In response to these issues, the iron ore prices in the Chinese spot market increased by approximately 10%.

Most analysts are optimistic about the iron ore market, forecasting strong iron ore prices in the next few years. This market outlook is beneficial to MGI given sales of MGI's iron ore are based on industry benchmark prices.

MGI restructured its sales portfolio during the quarter which was supported by the strong market and no freight relief was provided to customers.

MGI will be considered as a more significant producer of iron ore in the market when Koolan Island commences iron ore shipment by the end of June quarter. Nominal capacity of MGI will be 7Mt/qa by combining Talling Peak and Koolan Island once Koolan Island Operation is at full production.

Poondano

During March, MGI's partly owned subsidiary, Poondano Exploration Pty Ltd entered into a tenement sale agreement with Fortescue Metals Group, selling all of Poondano's tenements to Fortescue for the payment of \$400,000 plus ongoing royalties.



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OPERATIONS

Tallinger Peak

Mining rate at Tallinger Peak was reduced by management during the quarter with the suspension of T5 open pit development and production to minimise site expenditure and restrict ore production due to undue shipping delays at the Geraldton Port. Ore stocks remained high (658kt) during the quarter resulting from significant ship congestion at the Geraldton port due to increased shipping activity, poor ship-loading rates and unplanned Port outages. Iron ore shipped during the quarter from Tallinger Peak mine reduced 16.5% compared with the previous quarter however iron ore delivered to the Geraldton Port from Tallinger Peak was at record levels. MGI will continue to encourage the Geraldton Port Authority to improve the Ports capability given the excessive delays being experienced by ships waiting to gain access to Geraldton Port's only iron ore loading berth. The Geraldton Port Authority has announced that a new iron ship-loading facility will be commissioned by the end of this calendar year which is likely to improve the Geraldton Ports ability to service their largest customer.

Operations continued to develop T3C and T6A pits to expose high grade hematite mineralisation for future ore supplies. In early March the T3C pit pre-strip was successfully completed exposing the high grade hematite orebody. T3C open pit is scheduled to provide high grade ore for the next 5 months.

Production for the March 2007 quarter and year to date for Tallinger Peak is set out below:

		Sept 2006 qtr 000's	Dec 2006 qtr 000's	March 2007 qtr 000's	TOTAL YTD 000's
Mining					
Waste Mined	<i>bcm</i>	2,541	2,283	2,331	7,155
Ore Mined	<i>wmt</i>	1,092	681	468	2,241
Crushing					
Lump	<i>wmt</i>	411	408	398	1,217
Fines	<i>wmt</i>	308	255	251	814
Total	<i>wmt</i>	719	663	649	2,031
Transport to Mullewa Railhead					
Lump	<i>wmt</i>	391	370	381	1,142
Fines	<i>wmt</i>	254	296	248	798
Total	<i>wmt</i>	645	666	629	1,940
Transport to Geraldton Port					
Lump	<i>wmt</i>	300	331	377	1,008
Fines	<i>wmt</i>	216	253	279	748
Total	<i>wmt</i>	516	584	656	1,756
Shipping					
Lump	<i>wmt</i>	239	429	319	987
Fines	<i>wmt</i>	170	279	272	721
Total	<i>wmt</i>	409	708	591	1,708



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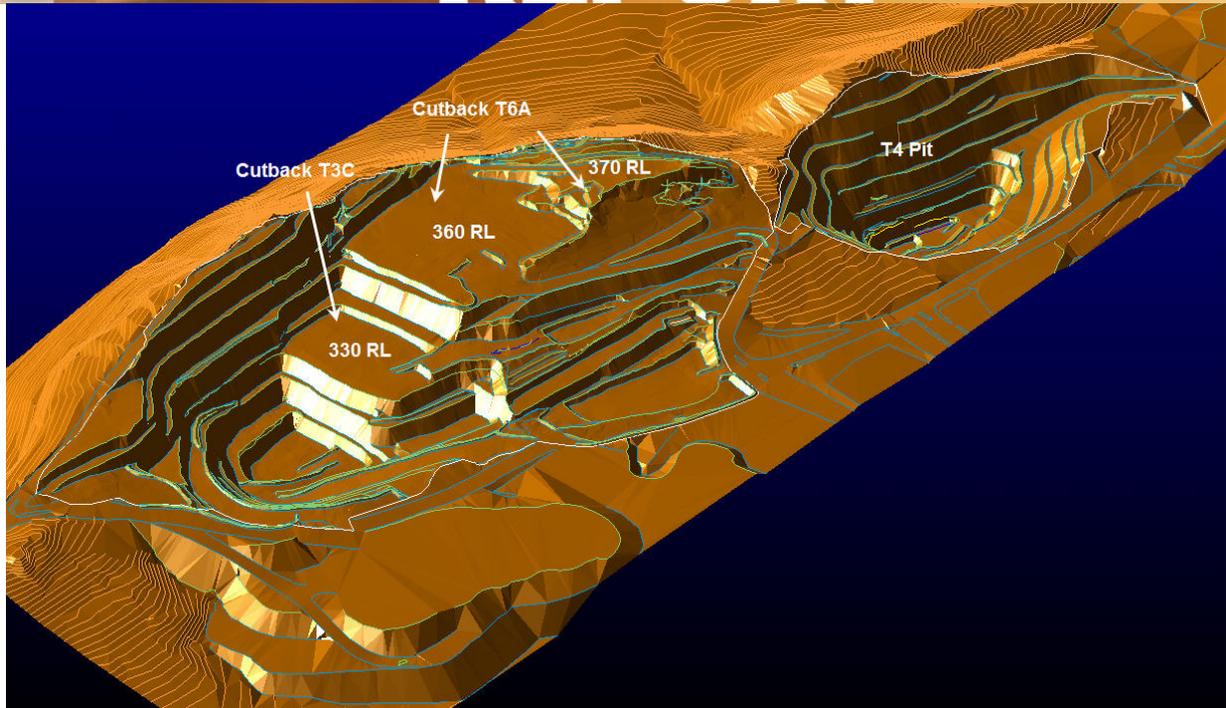


Figure 1 T3/T6 pit looking south west at end December 2006.

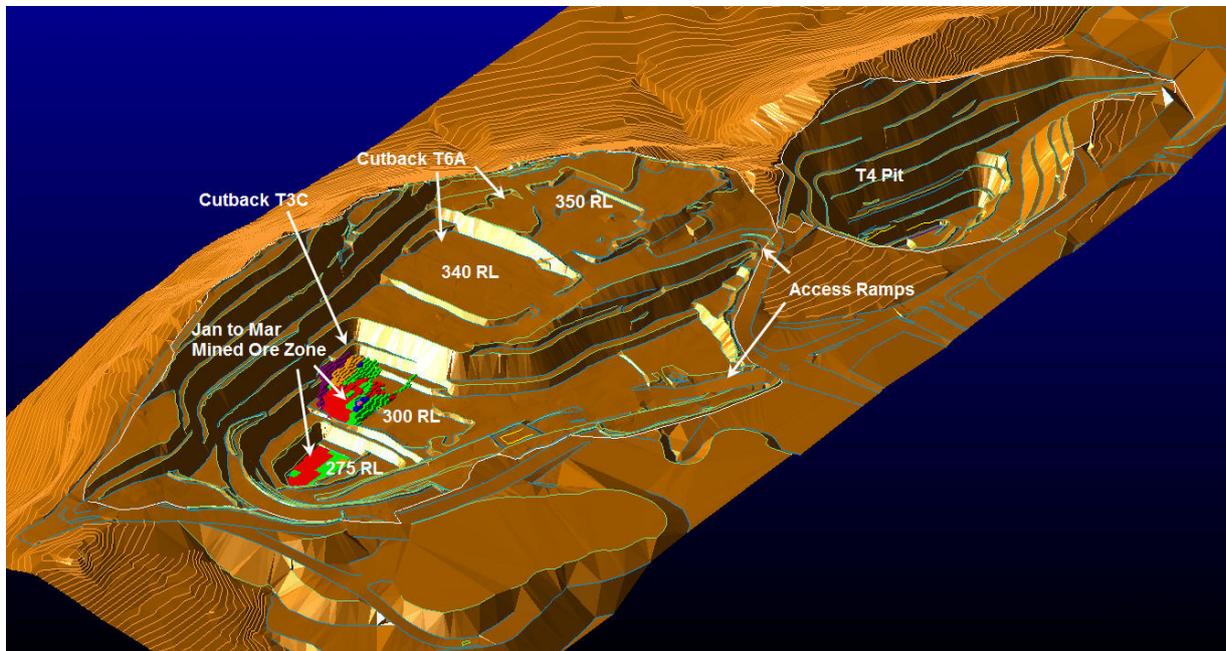


Figure 2 T3/T6 pit looking south west at end March 2007.

Figure 2 above showing mine development at Talling Peak to the end of March 2007 indicates significant mining progress since December 2006 (Figure 1) and further ore exposure. Mining has exploited T3C ore whilst the T6A cutback has been progressed. Pioneering excavation of the natural surface of T6A has been completed, whilst advancing the cutback to the east to expose further ore along strike.



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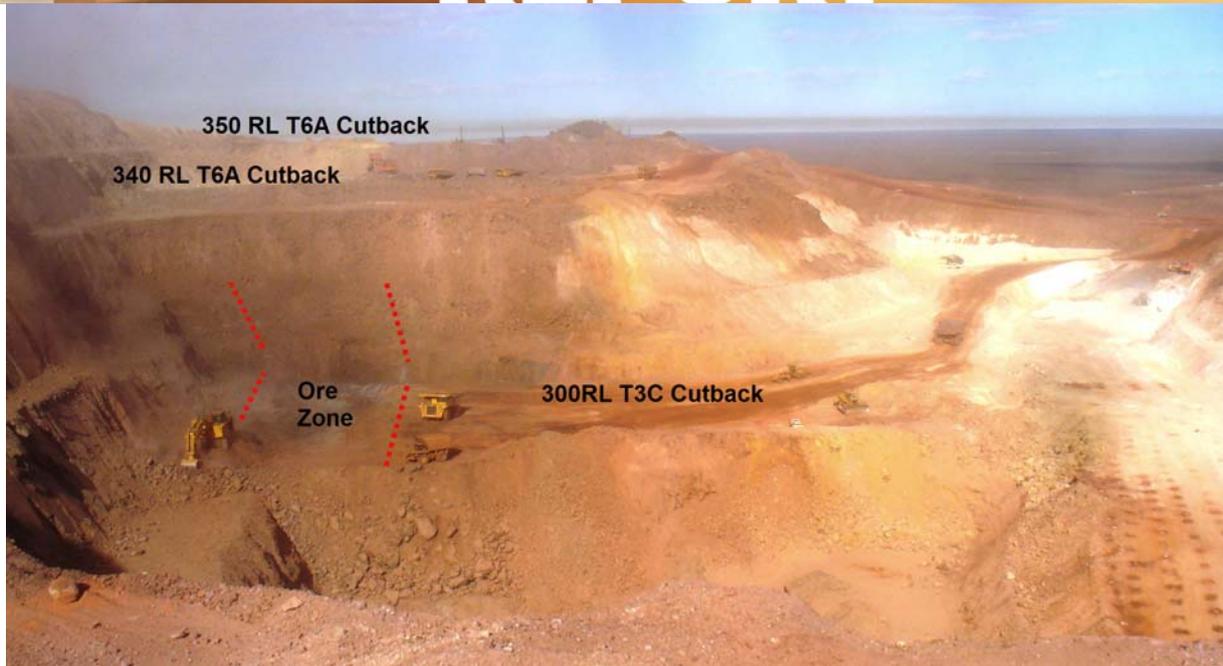


Figure 3 T6 pit looking West in early April 2007.

Figure 3 above shows T3C cutback has progressed 30 vertical metres with ore exposure increasing with some ore production commencing. The T6A cutback has established level working benches and progressed approximately 20 vertical metres.

Recent and ongoing grade control and exploration drilling in and around the planned T2 pit has increased the reserves contained within the pit and highlighted further exploration potential. Results from drilling confirm that the T2 open pit has low level ore containments, and lower overall strip ratio, consequently mining in the T2 area has been brought forward in the mine schedule and will commence in the June 2007 quarter

Mining at the satellite T5 open pit was suspended during the quarter to minimise mine expenditure and reduce ore stockpiles resulting from congestion and undue shipping delays at the Geraldton Port. The next four benches (20 vertical metres) at T5 has been grade controlled (reverse circulation drill-holes) and modelled in readiness for the recommencement of mining at T5 when congestion at the Geraldton Port is resolved.

Crushing, road haulage to the Mullewa railhead and rail transport to Geraldton continues to meet shipping requirements. MGI is evaluating the requirement for further rail wagons to increase peak rail capacity due to ongoing performance shortfalls at the Geraldton Port. These wagons would initially utilised to increase Tallering Peak rail capability and assist in the draw down of temporary crushed ore stockpiles at Mullewa. Ultimately these wagons would be utilised transporting Extension Hill DSO from Perenjori to Geraldton subject to Extension Hill regulatory approval and MGI Board approval.

Improved recruiting success and increased focus on operator training has helped mitigate the risk to operation from industry skilled labour shortages. MGI continues to implement strategies designed to further improve workforce attraction, training and retention at Tallering Peak.

An updated Tallering Peak resource model was completed utilising the infill resource drilling performed during the December quarter which reduced the average drill spacing from 50m to 25m and enabled a significant improvement in orebody definition. The size of the pre-mining resource has increased through the inclusion of the T2 area to the east of the previously defined Main Range resource. In addition there has been a significant transfer of material from Inferred to Indicated and from Indicated to Measured status improving confidence in the global resource. A full description of the Tallering Peak resource upgrade is contained within the body of this report.

Additional infill resource definition drilling was undertaken during the quarter, predominantly in the T2 area where a total of 42 reverse circulation holes were drilled totalling 3,704m. Drilling targeted deeper extensions of known mineralization and in-filled areas of complex geology.



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Figure 4 is a cross section through the recently drilled T2 resource. The dominant mineralised lens within the T2 area displays significant widths of medium to high grade Fe with low contaminant levels.

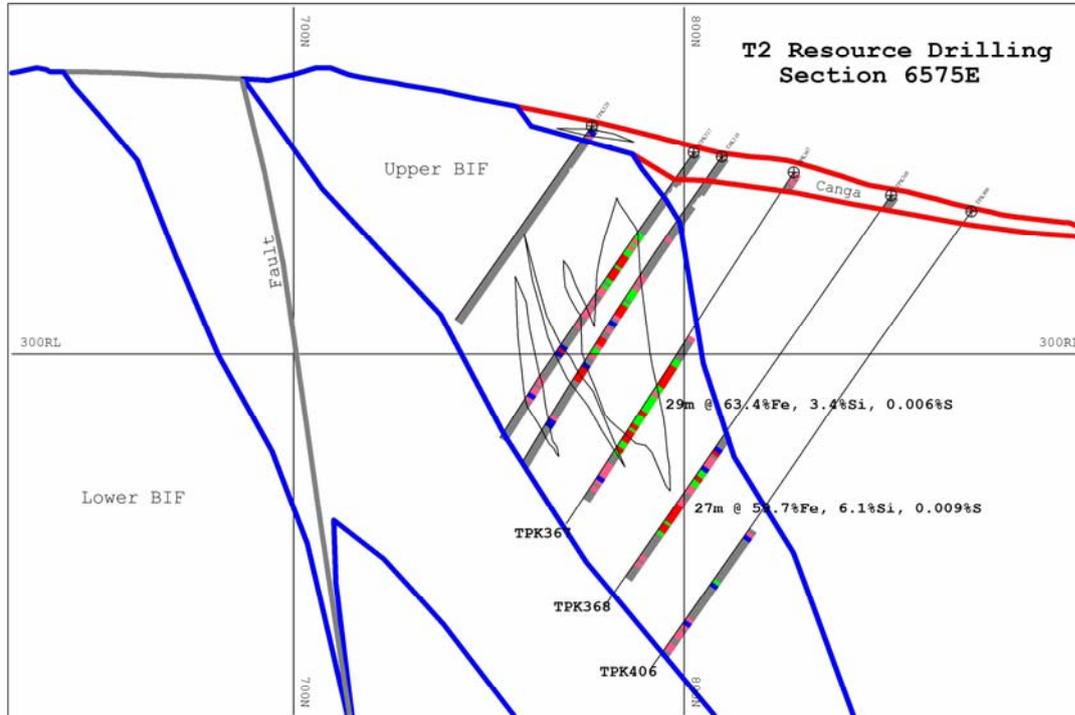


Figure 4 Section 6575E at Talling Peak within the T2 resource displaying mineralisation intersected in recent infill drilling.

The following table summarises some of the better results from the resource infill drilling program at T2:

Hole	From	To	Interval	Fe(%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P(%)	S(%)
TPK367	57	86	29	63.36	3.37	2.56	0.019	0.006
TPK367	89	97	8	54.24	7.90	4.52	0.042	0.022
TPK368	79	106	27	59.67	6.08	3.34	0.013	0.009
TPK369	86	91	5	61.08	9.18	1.23	0.049	0.016
TPK409	64	72	8	59.37	5.91	3.27	0.014	0.006
TPK409	91	96	5	53.31	8.19	5.10	0.023	0.008
TPK410	80	104	24	62.00	4.72	2.60	0.012	0.008
TPK411	17	50	33	64.51	3.92	0.92	0.020	0.007
TPK411	54	67	13	58.01	8.00	3.46	0.046	0.181
TPK412	73	83	10	65.21	2.18	1.78	0.012	0.009
TPK412	88	91	3	61.36	4.31	1.95	0.010	0.006
TPK413	68	87	19	56.96	6.88	4.08	0.019	0.007
TPK414	89	113	24	59.06	5.87	3.49	0.020	0.005



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Fourteen additional holes (2,046m) were also drilled into the T6 resource, continuing to infill areas previously inaccessible and to better locate structural features. Results have significantly improved the understanding of the shape and thickness of these features and the impact they have on ore distribution.

Better results of the additional T6 drilling are summarised in the following table:

Hole	From	To	Interval	Fe(%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P(%)	S(%)
TPK394	34	45	11	56.59	14.47	1.23	0.005	0.008
TPK394	68	83	15	63.02	3.76	2.38	0.022	0.007
TPK395	89	105	16	60.69	3.85	2.67	0.020	0.009
TPK420	0	47	47	63.61	3.09	2.22	0.024	0.009
TPK421	4	11	7	53.61	8.80	6.12	0.022	0.014
TPK422	19	52	33	65.78	2.05	1.40	0.010	0.008

PROJECTS

Extension Hill Direct Shipping Ore (“DSO”) feasibility study

Documentation of the Detailed Feasibility Study (“DFS”) is materially complete with ongoing activity addressing implementation and operational considerations. Possible upside in timing and costs is being identified.

Key critical path items driving overall project timing remain;

- Ministerial environmental approval of the project PER;
- Availability of rail unloader and rail network capacity; and
- DEC and DoIR Works Approval, post PER approval.

Activity during the Quarter focused on the preparation of the documentation required for DoIR and DEC Works Approval applications, to be lodged subject to project environmental approval being received. The bulk of this documentation is the detailed Environmental Management Plans (“EMP”) covering 32 individual areas. A majority of the EMP’s are now complete and are being circulated to external stakeholders for comment.

Baseline studies for flora, fauna, water and fire monitoring and management in the area are being designed with fieldwork able to begin as soon as environmental approval is received.

The EPA Appeals Convenor presented his findings to the new Minister for the Environment, David Templeton, on 13th March 2007. The Minister then visited the Extension Hill site on 24th March 2007. MGI is confident the EPA Appeal process and subsequent assessments will support the projects development. Finalisation of EMP’s, submission of Works applications and receipt of necessary Works Approvals can then be managed within a six-month timeframe, with site access for construction targeted for late calendar 2007.

Ongoing work on road, rail and port construction and operation has been successful in identifying a number of options, any one of which offer significant time and cost savings over the scenarios evaluated in the DFS.

At the Geraldton Port, MGI is in discussion with existing stakeholders and other interested parties over a range of joint or MGI owned iron ore handling and storage facilities.

Two MGI commissioned studies into regional rail capacity and rail unloading options returned very encouraging preliminary results, exploring options previously not considered in detail by current infrastructure providers. Present unloader capacity at Geraldton is approximately 4.5Mtpa, posing an obvious bottleneck to the 12Mtpa ship-loader under construction at Berth 5. Work by Maunsell has identified the potential for the existing unloader to be upgraded to handle up to 10Mtpa in a relatively short time frame, at modest capital cost and with minimal interruptions to existing operations. Similarly,



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with adjustments to operating protocols and relatively minor capital works, the wider-area rail network can provide capacity for MGI raiting 6Mtpa.

Koolan Island

Construction

Construction activities at Koolan Island continued as planned during the quarter despite a number of wet weather delays associated with cyclonic activity in the region. Project costs remain in line with forecast and the first ore shipment remains on schedule to occur in June 2007.

The status of key construction activities at the end of the March quarter are as follows:

Causeway, jetty & ship loader

- The main conveyor abutment slab between the new jetty and the main causeway was poured in March and placement of the final causeway rock armouring in progress;
- Ship loader construction is 95% complete and electrical testing and dry running of the ship loader is scheduled to commence in mid April;
- Eight of the nine dolphin tripods that form part of the main jetty have been installed and grouting of these tripods is in now progress;
- The first batch of dolphin walkways were delivered to site during the quarter and the first walkway section was installed in March. The remainder of the walkway section are due to arrive on site on the April delivery ship; and
- Design of shipping navigation aids was completed during the quarter and orders for these navigational aids will be placed in April.

Crushing and sampling plant

- Construction of the main crushing & screening plant has been completed and dry commissioning of the new plant commenced during the quarter;
- The first Run of Mine (ROM) ore is scheduled to be crushed in early April and, following completion of outstanding punch list items, performance testing of the crushing system is scheduled to commence in late April; and
- Erection of the automated sample station and reclaim conveyors CV06 and CV07 commenced during the quarter and the construction of these facilities is scheduled to be complete in mid May.

Buildings & infrastructure

- Installation of main fuel farm is expected to be completed in May;
- The new power station was commissioned during the quarter;
- Relocation of construction camp transportable offices to new office location in progress;
- Installation and services connection for all the accommodation units within the new village was completed during the quarter. Two hundred and eighteen (218) ensuite rooms are now in operation. The installation of the remaining multi purpose buildings (such as the wet mess) was in progress at the end of the quarter;
- The main satellite communications facility was installed and commissioned during the quarter and the temporary construction facilities decommissioned; and
- The new camp waste water treatment plant was commissioned.



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Major Plant & equipment

- The new service barge (supplied under contract by marine services provider Adsteam) was commissioned during the quarter. The new barge operates out of the port of Derby and is responsible for the transport of all minor plant, equipment, goods, consumables and food supplies etc from the mainland to Koolan Island;
- The second heavy mine plant shipment (1 x PC1800 excavator & 4 x 730E trucks) were delivered to the island by heavy lift barge during the quarter; and
- The third (final) heavy mine plant shipment is due at the end of May.

Koolan Island Project Photographs



Koolan Island 4Mtpa crushing and screening plant

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Koolan Island fine and lump ore stockpiles



Koolan Island Komatsu 730E dump truck in operation



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Koolan Island ship-loader under construction



Koolan Island camp facility



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Figure 5 - Koolan Island deposit summary

Project Approvals & Licences

All relevant licence applications to operate the new facilities (ship loader, crushing plant, waste water treatment plant, etc) at Koolan Island in accordance with Stage 1 of the Project Operating Plan have been submitted and the formal granting of these licences are expected in the near future.

During the quarter, a Notice of Intent (NOI) for construction of the main seawall and rehabilitation of the footwall and dewatering to -40RL at Main pit was suspended to enable further modelling of the water outflow and pumping system to be completed. This work has now been completed and it is expected that the revised applications to commence this work will be submitted to the relevant state government agencies during the course of the next quarter.

Environment

The Northern Quoll (a small marsupial listed as a threatened species) resides on Koolan Island and prior to any land clearing commencing for pit expansions and waste dumps, the area must first be cleared of all Quoll. A total of 20ha of land was cleared of Quoll during the quarter.

Native Title

The first Indigenous Job Ready Program commenced in February 2007 with 17 students attending the course with the first students to gain exposure to working on Koolan Island scheduled in April 2007. The goal of the program is to provide the local indigenous people with basic skills to apply for positions in the Kimberley and provide training essential for employment consideration at Koolan Island.

Mine Development/Operations

The “wet” season in the Kimberley region in the last quarter combined with cyclonic activity delivered over 1,000 mm of rainfall to the island resulting in similar total materials movements to the previous quarter.

Open pit mining at Eastern and Mullet pits progressed during the quarter and waste mining at Main Pit West commenced in late March 2007. Pioneering work associated with the development of Eastern and Mullet pits was successfully completed during the quarter whilst steep topography will continue to play a part in the re-development of these pits over the next few quarters. Ore stockpiling on the ROM pad continued throughout the quarter and totalled 142,000 tonnes at the end of the quarter.



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Production for the March 2007 quarter and year to date for Koolan Island is set out below:

		Sept 2006 qtr 000's	Dec 2006 qtr 000's	March 2007 qtr 000's	TOTAL YTD 000's
Mining					
Waste Mined	<i>bcm</i>	0	416	588	1,004
Ore Mined	<i>wmt</i>	0	50	91	141

Exploration

Additional Mineral Resources at Koolan Island

Excellent results from the 2006 drilling programme have warranted resources estimates for the Mangrove, Barramundi West, Barramundi South and Main West deposits. These resource additions have increased the Koolan Island Mineral Resource by 4.5Mt since last reported in October 2005, including an increase of 4.0Mt in the Indicated Resource category.

The Barramundi West and Mangrove Deposits are new resources which have not previously been reported. These, and additional tonnages estimated for Main West, incorporated in Main Deposit and Barramundi South, incorporated in Eastern-Barramundi Deposit, are the result of successful exploration and infill drilling over the past year. Deposit locations are shown on Figure 5 and the Barramundi South location is displayed on Figure 7. Details of these deposits are outlined below.

Mangrove Deposit

The Mangrove deposit is located 1 kilometre southeast of the Main deposit in close proximity to the crushing and screening plant.

The drilling confirmed continuous hematite mineralisation over a strike length of greater than 600 metres. Hematite varies in thickness from 5 metres to 20 metres and drilling to date indicates the mineralisation at Mangrove remains open at depth.

The Mangrove Mineral Resource estimate totals 2.8Mt at 60.6% Fe, 10.8% SiO₂ and 0.7% Al₂O₃ at a 55% Fe cut off with a majority of the Resource in Indicated Resource status. Details of the estimate are outlined on Table 5.



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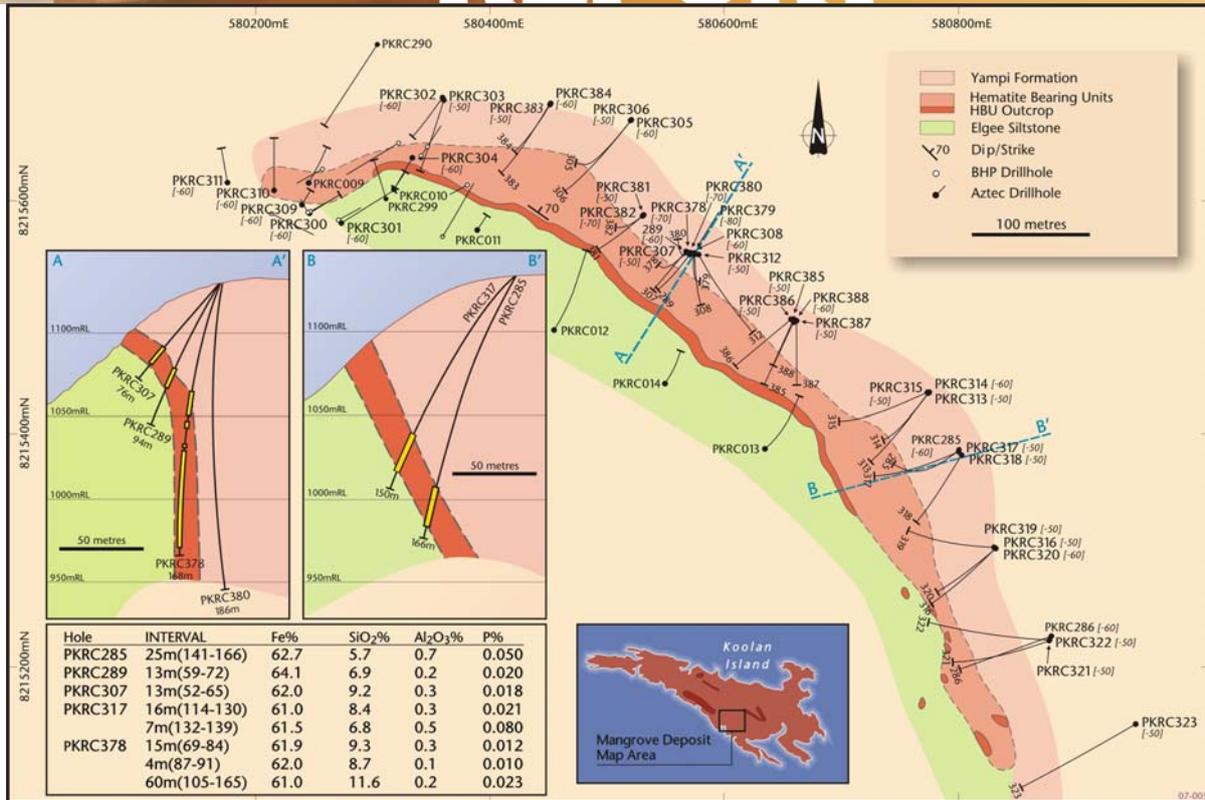


Figure 6 Mangrove Deposit Drill Hole Locations in relation to the Hematite Outcrop

To date, drilling has been conducted over 850 metres strike length in the north-western portion of the 2 kilometre long, sub-vertical, partially outcropping hematite bearing Mangrove structure. Additional drilling is planned for 2007.

Barramundi West Deposit

The Barramundi West Deposit is the north-western extension to hematite ore historically mined at the Barramundi pit. This outcropping hematite horizon typically dips at 20° toward the southwest beneath Yampi Formation cover.

Intercepts returned from the 2006 drilling at Barramundi West have confirmed the continuity of the hematite mineralisation over 350 metres strike length and greater than 120 metres down dip. This drilling resulted in a nominal hole spacing of 40 metres by 40 metres considered suitable for mineral resource estimation.

The Barramundi West Mineral Resource estimate totals 0.68Mt at 60.4% Fe, 7.2% SiO₂ and 3.4% Al₂O₃ at a 55% Fe cut off with the majority of the Resource in Indicated Resource status. Details of the estimate are outlined on Table 5. The location of Barramundi West is shown in Figure 7.



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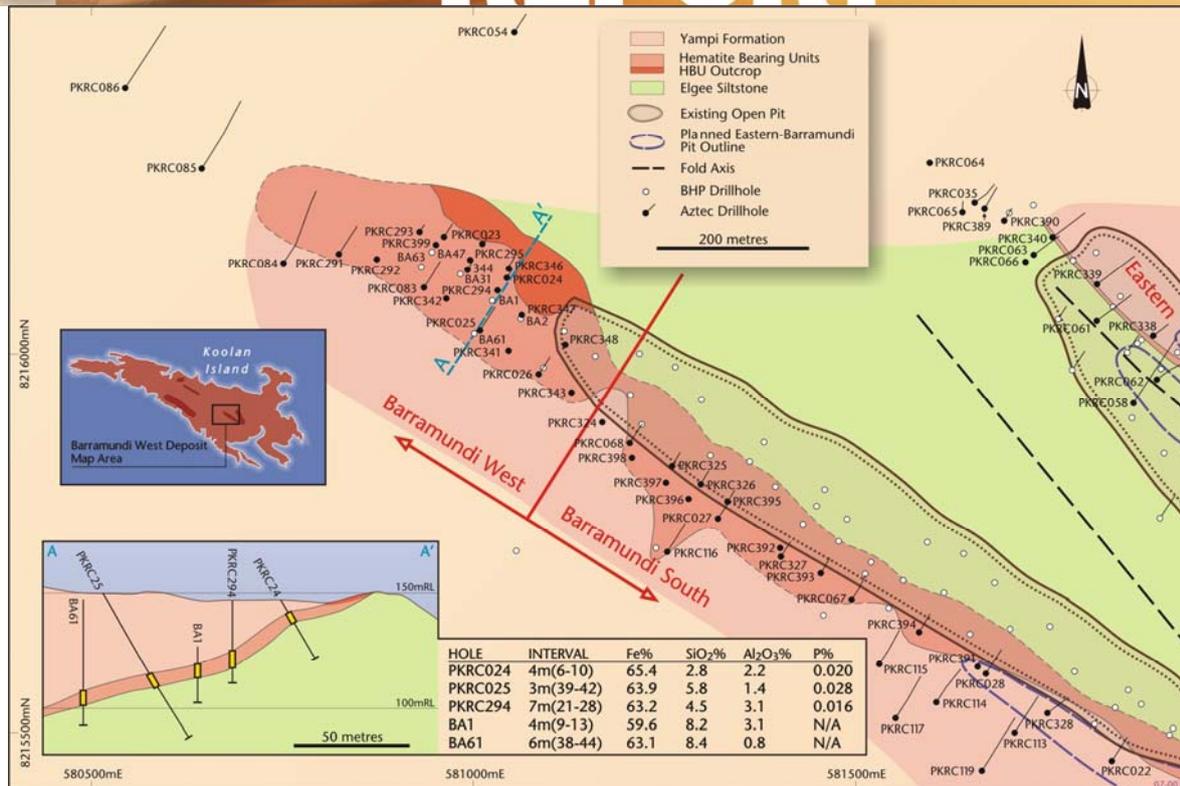


Figure 7 The Barramundi West and South Deposit drill hole locations and a typical cross-section.

Barramundi South Deposit

The Barramundi South Deposit is the south-western down-dip extension of hematite ore historically mined in the Barramundi pit. Drilling during 2006 further delineated the area of previously reported encouraging intercepts within the moderate south-westerly dipping hematite horizon which extends beneath Yampi Formation cover. This drilling was aimed at quantifying the remaining economically accessible hematite mineralisation in this area.

The mineralised horizon is approximately 550 metres in strike length and extends down-dip for greater than 50 metres.

The Barramundi South Mineral Resource estimate has been incorporated into the immediately adjacent Eastern-Barramundi deposit Mineral Resource. Figure 7 indicates the location of the Barramundi South Deposit and the increased Eastern-Barramundi Mineral Resource is displayed in Table 5.

Main West Deposit

Hematite horizons of the Main Deposit continue to the northwest beyond the limit of previous Main Pit mining activity.

The 2006 drilling tested approximately 300 metres strike length of the outcropping, south-westerly dipping mineralisation aimed at both expanding and infilling the previous drilling to increase and upgrade the deposit. High-grade hematite was intersected adjacent to lower grade hematitic conglomerate.

The Main West Mineral Resource estimate has been incorporated into the Mineral Resource figures of the immediately adjacent Main deposit. The estimate includes the upgrading of the western tip of the Main Resource, which underlies part of Main West, from Inferred to Indicated. Figure 8 indicates the location of the Main West deposit in relation to the historical Main Pit and the increased Main deposit Mineral Resource is displayed in Table 5.



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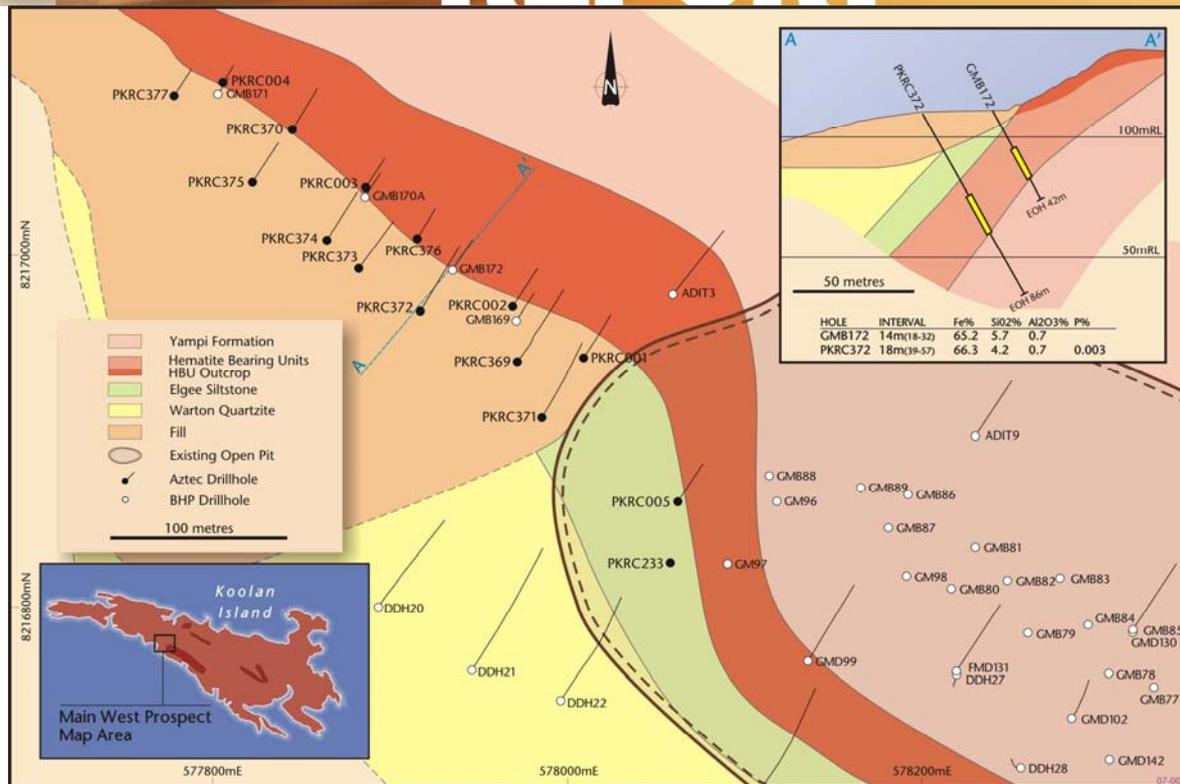


Figure 8 The Main West drill hole locations and a typical cross-section.

Planned Activities

MGI is currently finalizing plans for an extensive exploration and resource definition program during the course of the next financial year.

A total of 19,500 metre of exploration and resource development drilling has been planned for the 2007/08 financial year and a breakdown of this drilling as follows:

- 8,800 m to infill current reserves and resources;
- 5,200 m to target areas adjacent to existing deposits; and
- 5,500 m to test new targets.

Discussions with various drilling contractors are currently in progress and MGI is looking to commence resource development drilling in Main West area as soon as possible.

Discussions with the Dambimangari to access the north western part of island are ongoing.

Results from the 2006 exploration and infill drilling at the Eastern-Barramundi and Mullet-Acacia deposits will be incorporated into the existing geological models and new Mineral Resource estimations completed in the June Quarter 2007.

Pit optimisation, design and Ore Reserve calculations for the Barramundi West and Mangrove deposits have commenced. Ore Reserve revisions to the Main deposit, incorporating Main West, and the Eastern-Barramundi deposit, incorporating Barramundi South, will follow.

Surface exploration for additional hematite horizons has commenced. Encouraging assay results were received from the Mackerel prospect area, located approximately 300 metres west of Main West deposit. Two 4m² random chip samples of outcrop returned 63.3% Fe, 9.2% SiO₂ and 0.1% Al₂O₃, and 63.5% Fe, 8.5% SiO₂ and 0.2% Al₂O₃. These samples and the mapping infer a steeply dipping, 10 - 20 metre thick hematite horizon. Further mapping and sampling is warranted.



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Other Buccaneer Archipelago Exploration Licenses

Discussions continue with the Kimberley 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.

Other

Elsewhere, MGI reviewed other iron ore exploration opportunities within Australia. Two Exploration Licence Applications have been lodged over prospective terrain in the Mid West region of Western Australia.

Interim Resources and Reserves Statement

Mount Gibson Mining Limited **31 December 2007**

Since last reported in July 2006, MGI's 100% owned Mining Reserve has increased 78%, up from 32.5Mt to 57.7Mt. This increase is primarily due to:

- Acquisition of the Koolan Island Iron Ore Project; and
- Successful drilling at Talling Peak allowing commitment to an eastern extension of the Main Range pit.

Mineral Resources including Reserves (also 100% owned) have increased 132%, up from 42.7Mt to 99.4Mt, due to;

- Acquisition of the Koolan Island Iron Ore Project;
- Successful drilling on Koolan Island defining two new deposits and increasing the size of two other deposits;
- Successful extensional drilling at Talling Peak, enhancing the eastern end of the Main Range deposit (T2 area); and
- Successful infill drilling at Talling Peak, upgrading Inferred Resources to Indicated, and Indicated to Measured status.

Infill, extensional and exploration drilling is planned to continue throughout the coming year at Koolan Island and Talling Peak. Systematic updates of resource models and mining schedules will be conducted during the year. Work in the Mt Gibson Ranges will commence when full statutory approvals are granted for the Extension Hill Project.

A summary of MGI's Mineral Resources as at 31st December 2006 is tabled below:

MGI Mineral Resources	M tonnes	Fe	SiO₂	Al₂O₃	P	LOI
Measured	16.3	63.5	4.04	2.05	0.022	1.56
Indicated	59.6	63.0	5.71	1.41	0.033	2.03
Inferred	23.5	61.8	7.33	1.41	0.034	2.07
Grand Total	99.4	62.8	5.82	1.52	0.031	1.96

NOTE: All estimates quoted to three significant figures. Rounding errors may occur. All grades in percent (%).

Table 1 MGI Mineral Resources



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A summary of MGI's Mining Reserves as at 31st December 2006, is tabled below:

MGI Mining Reserves	M tonnes	Fe	SiO ₂	Al ₂ O ₃	P	S	LOI
Proved	17.4	62.5	4.13	2.06	0.022	-	-
Probable	39.6	63.0	4.91	1.54	0.036	-	-
Stocks	0.80	60.3	7.04	2.91	0.025	0.098	1.73
Grand Total	57.7	62.8	4.71	1.72	0.031	-	-

NOTE: All estimates quoted to three significant figures. Rounding errors may occur. All grades in percent (%).

Table 2 MGI Mining Reserves

A more detailed breakdown of Resources and Reserves by mine site and deposit follows.

Mineral Resources

Tallering Peak

Recent drilling at Main Range has increased the size of the known resource to the east (T2 area), and also upgraded confidence in the knowledge of local variations throughout the deposit. The Main Range resource has been increased by 1.14Mt since last reported, with a significant transfer of material from Inferred to Indicated, and Indicated to Measured status.

These mineral resource estimates are based on geologically controlled interpretations of iron ore mineralized zones, defined on intersections from historical and recent diamond core and RC drillholes, including close-spaced infill and grade-control RC drilling. Major element grades have been estimated using Inverse Distance Squared and Ordinary Kriging algorithms into 3D cell models constrained by wireframes of the interpretations. No high or low grade outlier cuts have been applied. Resource tonnages and grades are reported on a dry basis applying 57% and 50% Fe lower cut-offs.

Tallering Peak Mineral Resources

Main Range		M tonnes	Fe	SiO ₂	Al ₂ O ₃	P	S	LOI
Measured	≥57%Fe	13.7	64.1	3.44	1.94	0.021	0.023	1.60
	50-57%Fe	0.79	55.3	8.49	5.10	0.027	0.891	2.60
	Total ≥50% Fe	14.5	63.6	3.71	2.12	0.021	0.071	1.65
Indicated	≥57%Fe	3.16	61.2	5.85	2.40	0.031	0.128	1.96
	50-57%Fe	0.93	55.7	8.53	4.69	0.037	0.593	2.70
	Total ≥50% Fe	4.09	59.9	6.45	2.92	0.033	0.233	2.12
Inferred	≥57%Fe	0.21	59.1	8.22	3.34	0.048	0.300	2.09
	50-57%Fe	0.82	53.2	13.3	5.93	0.042	1.26	4.04
	Total ≥50% Fe	1.03	54.4	12.3	5.39	0.043	1.06	3.64
Deposit Total	≥57%Fe	17.1	63.5	4.17	2.08	0.023	0.045	1.71
	50-57%Fe	2.53	54.8	10.1	5.22	0.036	0.901	3.10
	Total ≥50%Fe	19.6	62.3	4.93	2.49	0.025	0.155	1.89



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T5		M tonnes	Fe	SiO ₂	Al ₂ O ₃	P	S	LOI
Measured	≥57%Fe	0.27	60.6	5.19	2.69	0.059	0.496	1.88
	50-57%Fe	0.08	55.2	10.0	3.56	0.113	0.753	2.83
	Total ≥50% Fe	0.35	59.3	6.33	2.90	0.072	0.557	2.10
Indicated	≥57%Fe	0.93	58.9	7.93	2.78	0.074	0.588	1.66
	50-57%Fe	0.61	55.3	13.0	2.62	0.116	0.975	2.03
	Total ≥50% Fe	1.54	57.4	9.94	2.72	0.091	0.742	1.81
Inferred	≥57%Fe	0.06	58.2	8.06	2.96	0.125	1.19	1.59
	50-57%Fe	0.55	53.6	16.2	2.09	0.117	1.25	1.95
	Total ≥50% Fe	0.62	54.1	15.4	2.18	0.118	1.24	1.91
Deposit Total	≥57%Fe	1.26	59.2	7.35	2.77	0.074	0.600	1.70
	50-57%Fe	1.25	54.5	14.2	2.45	0.116	1.08	2.05
	Total ≥50%Fe	2.50	56.9	10.8	2.61	0.095	0.839	1.87

Tallering Peak Total Resource		M tonnes	Fe	SiO ₂	Al ₂ O ₃	P	S	LOI
Measured	≥57%Fe	14.0	64.0	3.47	1.96	0.021	0.032	1.60
	50-57%Fe	0.87	55.3	8.63	4.95	0.035	0.878	2.62
	Total ≥50% Fe	14.8	63.5	3.78	2.13	0.022	0.082	1.66
Indicated	≥57%Fe	4.09	60.6	6.32	2.49	0.041	0.232	1.89
	50-57%Fe	1.54	55.5	10.30	3.87	0.069	0.745	2.43
	Total ≥50% Fe	5.63	59.2	7.41	2.87	0.049	0.373	2.04
Inferred	≥57%Fe	0.28	58.9	8.18	3.25	0.066	0.506	1.98
	50-57%Fe	1.37	53.4	14.48	4.39	0.072	1.253	3.20
	Total ≥50% Fe	1.65	54.3	13.42	4.19	0.071	1.127	2.99
Grand Total	≥57%Fe	18.3	63.2	4.18	2.10	0.026	0.084	1.67
	50-57%Fe	3.78	54.7	11.43	4.30	0.062	0.960	2.75
	Total ≥50%Fe	22.1	61.7	5.42	2.47	0.032	0.234	1.86

NOTE: All estimates quoted to three significant figures. Rounding errors may occur. All grades in percent (%).

Table 3 Tallering Peak Mineral Resources



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Mt Gibson Ranges

No work has been conducted in the Mt Gibson Ranges while processes related to environmental and other statutory approvals are underway. No change in either Resources or Reserves has occurred since last reported. Resources are as follows;

Mt Gibson Range Mineral Resources

Extension Hill		M tonnes	Fe	SiO₂	Al₂O₃	P	LOI
Indicated	>57% Fe	10.5	61.1	4.50	1.53	0.065	6.15
	50-57% Fe	2.32	55.2	9.26	2.75	0.057	8.18
	<i>Total ≥50% Fe</i>	12.8	60.0	5.36	1.75	0.063	6.52
Inferred	>57% Fe	2.68	59.8	6.28	1.78	0.049	5.66
	50-57% Fe	2.01	55.1	9.73	2.84	0.070	7.60
	<i>Total ≥50% Fe</i>	4.69	57.8	7.76	2.23	0.058	6.49
Deposit Total		17.5	59.4	6.00	1.88	0.062	6.51

Iron Hill		M tonnes	Fe	SiO₂	Al₂O₃	P	LOI
Inferred	<i>Total ≥60% Fe</i>	2.0	63.8	4.40	0.70	0.050	3.01
Deposit Total		2.0	63.8	4.40	0.70	0.050	3.01

Mt Gibson Range Total		M tonnes	Fe	SiO₂	Al₂O₃	P	LOI
Indicated	>57% Fe	10.5	61.1	4.50	1.53	0.065	6.15
	50-57% Fe	2.32	55.2	9.26	2.75	0.057	8.18
	<i>Total ≥50% Fe</i>	12.8	60.0	5.36	1.75	0.063	6.52
Inferred	>57% Fe	4.68	61.5	5.48	1.32	0.049	4.53
	50-57% Fe	2.01	55.1	9.73	2.84	0.070	7.60
	<i>Total ≥50% Fe</i>	6.69	59.6	6.76	1.77	0.056	5.45
Grand Total		19.5	59.9	5.84	1.76	0.060	6.15

NOTE: All estimates quoted to three significant figures. Rounding errors may occur. All grades in percent (%).

Table 4 Mt Gibson Range Mineral Resources

Koolan Island

The total Koolan Island Mineral Resource has been increased by 4.5Mt since last reported, including an increase of 4.0Mt in the Indicated Resource category.

The Barramundi West and Mangrove Deposits are new resources which have not previously been reported. These and additional tonnages estimated for Main West, incorporated in Main Deposit and Barramundi South, incorporated in Eastern-Barramundi Deposit, are the result of successful exploration and infill drilling over the past six months. Details are as follows.



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Koolan Island Mineral Resources

Lower cut-off 55% Fe

Main	M tonnes	Fe	SiO ₂	Al ₂ O ₃	P	LOI
Indicated	26.1	66.8	3.07	0.66	0.019	0.29
Inferred	10.2	65.5	4.53	0.76	0.019	0.33
Deposit Total	36.3	66.5	3.48	0.69	0.019	0.30

Eastern-Barramundi	M tonnes	Fe	SiO ₂	Al ₂ O ₃	P	LOI
Indicated	6.78	60.9	7.50	3.00	0.030	1.91
Inferred	1.33	60.7	8.62	2.49	0.031	1.75
Deposit Total	8.11	60.9	7.68	2.92	0.030	1.88

Mullet-Acacia	M tonnes	Fe	SiO ₂	Al ₂ O ₃	P	LOI
Measured	1.49	63.7	6.63	1.19	0.021	0.59
Indicated	4.02	60.4	11.5	1.02	0.020	0.49
Inferred	0.69	60.6	11.5	0.86	0.016	0.36
Deposit Total	6.20	61.2	10.3	1.04	0.020	0.50

Acacia East	M tonnes	Fe	SiO ₂	Al ₂ O ₃	P	LOI
Indicated	1.87	58.2	16.1	0.56	0.013	0.27
Inferred	1.79	58.8	14.8	0.72	0.012	0.20
Deposit Total	3.66	58.5	15.5	0.64	0.012	0.24

Barramundi West	M tonnes	Fe	SiO ₂	Al ₂ O ₃	P	LOI
Indicated	0.54	60.4	6.98	3.45	0.031	2.61
Inferred	0.14	60.1	8.05	3.39	0.032	1.75
Deposit Total	0.68	60.4	7.20	3.43	0.031	2.43

Mangrove	M tonnes	Fe	SiO ₂	Al ₂ O ₃	P	LOI
Indicated	1.82	60.9	10.3	0.61	0.027	0.78
Inferred	1.00	59.9	11.6	0.75	0.027	0.66
Deposit Total	2.83	60.6	10.8	0.66	0.027	0.74

Koolan Island Total	M tonnes	Fe	SiO ₂	Al ₂ O ₃	P	LOI
Measured	1.49	63.7	6.63	1.19	0.021	0.59
Indicated	41.1	64.5	5.58	1.11	0.021	0.63
Inferred	15.1	63.6	6.92	0.94	0.020	0.48
Grand Total	57.8	64.3	5.96	1.07	0.021	0.59

NOTE: All estimates quoted to three significant figures. Rounding errors may occur. All grades in percent (%)

Table 5 Koolan Island Mineral Resource



QUARTERLY REPORT



These mineral resource estimates are based on geologically controlled interpretations of iron ore mineralized zones, defined on intersections from historical and recent diamond core and RC drillholes. Major element grades have been estimated using Ordinary Kriging into 3D cell models constrained by wireframes of the interpretations. No high or low grade outlier cuts have been applied. Resource tonnages and grades are reported on a dry basis using a 55.0% Fe lower cut-off.

Mining Reserves

No lower cut-off grades are quoted for mining Reserves, as cut-offs vary on a monthly basis throughout the Life-of-Mine. The LOM schedule targets consistent lump and fines product grades to meet customer specifications. Mining Reserves are the sum of scheduled production and incorporate mining dilution, stockpiling, blending and transport strategies.

Tallering Peak

Drilling, modeling, design and scheduling work since the previous report yielded an increase of approximately 1.62 Mt in Main Range Mining Reserves. This work enhanced the size and confidence categories of Resources at the eastern end of the deposit (T2 area), allowing inclusion of this material in the Life-of-Mine Plan and schedule.

Mining Reserves at Tallering Peak as at 31st December 2006 are summarized below. An increase in sulphur grades since last report reflect more accurate modeling of material along the footwall zone of the Main Range pit and better approximation of the impact of mining dilution in this area. Application of sulphur top cuts is being investigated.

Tallering Peak Mining Reserves

Main Range	M tonnes	Fe	SiO ₂	Al ₂ O ₃	P	S	LOI
Proved	15.6	62.4	3.86	2.13	0.022	0.122	1.69
Probable	3.47	58.2	6.98	3.37	0.032	0.182	2.20
Pit Total	19.1	61.6	4.43	2.35	0.023	0.133	1.78

T5	M tonnes	Fe	SiO ₂	Al ₂ O ₃	P	S	LOI
Proved	0.35	59.1	5.33	2.74	0.036	0.402	1.61
Probable	0.48	55.8	8.59	3.06	0.046	0.517	1.95
Pit Total	0.83	57.2	7.22	2.93	0.042	0.468	1.81

Tallering Peak Mining Reserves	M tonnes	Fe	SiO ₂	Al ₂ O ₃	P	S	LOI
Proved	16.0	62.3	3.89	2.14	0.022	0.128	1.69
Probable	3.96	57.9	7.18	3.33	0.034	0.223	2.17
Mine Total	19.9	61.5	4.54	2.38	0.024	0.147	1.78

NOTE: All estimates quoted to three significant figures. Rounding errors may occur. All grades in percent (%).

Tallering Peak Stocks	M tonnes	Fe	SiO ₂	Al ₂ O ₃	P	S	LOI
Run-Of-Mine Ore	0.47	59.8	7.05	3.06	0.030	0.106	1.59
Lump Product	0.19	62.1	6.21	2.09	0.016	0.077	1.74
Fines Product	0.13	59.4	8.16	3.50	0.021	0.100	2.22
Total Stocks	0.80	60.3	7.04	2.91	0.025	0.098	1.73

NOTE: All estimates quoted to three significant figures. Rounding errors may occur. All grades in percent (%).

Table 6 Tallering Peak Mining Reserves



QUARTERLY REPORT



Mount Gibson Ranges

No change in Mining Reserves has occurred at Extension Hill, with the total as follows;

Mt Gibson Range Mining Reserves

Mt Gibson Range Reserves	M tonnes	Fe	SiO₂	Al₂O₃	P	LOI
<i>Extension Hill Probable</i>	12.1	60.7	4.79	1.61	0.062	6.30
<i>Mine Total</i>	12.1	60.7	4.79	1.61	0.062	6.30

NOTE: All estimates quoted to three significant figures. Rounding errors may occur. All grades in percent (%).

Table 7 Mt Gibson Ranges Mining Reserve

Koolan Island

No changes have occurred in Koolan Island Mining Reserves since previous reporting. Mine planning and optimisation work over the next six months will incorporate the new Resources being reported in this statement which is expected to yield additional Reserves.

Koolan Island Mining Reserves

Main	M tonnes	Fe	SiO₂	Al₂O₃	P
Proved	-	-	-	-	-
Probable	15.4	67.4	2.30	0.60	0.020
<i>Pit Total</i>	15.4	67.4	2.30	0.60	0.020

Eastern - Barramundi	M tonnes	Fe	SiO₂	Al₂O₃	P
Proved	-	-	-	-	-
Probable	4.50	61.0	7.00	3.10	0.030
<i>Pit Total</i>	4.50	61.0	7.00	3.10	0.030

Mullet - Acacia	M tonnes	Fe	SiO₂	Al₂O₃	P
Proved	1.5	63.7	6.60	1.20	0.021
Probable	3.50	60.3	11.70	1.00	0.019
<i>Pit Total</i>	5.00	61.3	10.20	1.10	0.020

Koolan Island Mining Reserves	M tonnes	Fe	SiO₂	Al₂O₃	P
Proved	1.5	63.7	6.60	1.20	0.021
Probable	23.40	65.1	4.60	1.20	0.022
<i>Mine Total</i>	24.80	65.0	4.70	1.20	0.022

NOTE: All estimates quoted to three significant figures. Rounding errors may occur. All grades in percent (%).

Table 8 Koolan Island Mining Reserve



QUARTERLY REPORT



Attribution

The information in this report that relates to Koolan Island exploration results is based on information compiled by Alexander Moyle who is a full time employee of the Company. Alexander Moyle is a Member of the Australian Institute of Geoscientists and a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Alexander Moyle consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report relating to Mineral Resources at Talling Peak and the Mt Gibson Ranges is based on information compiled by Rolf Forster, who is a member of the Australasian Institute of Mining and Metallurgy and holds a Bachelor of Applied Science in Geology.

Rolf Forster is a consultant to Mount Gibson Mining Limited, and has sufficient experience which is relevant to the styles of mineralisation and type of deposit under consideration and to the activity which 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”. Rolf Forster has consented to the inclusion of the matters in this report based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources on Koolan Island is based on information compiled by Chris Arnold (CPGeo), principal of Chris Arnold Resource Consultants. Chris Arnold is a Member of The Australasian Institute of Mining and Metallurgy.

Chris Arnold has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Persons as defined in the 2004 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Chris Arnold consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report relating to Mining Reserves at Talling Peak and the Mt Gibson Ranges is based on information compiled by Rolf Forster and Weifeng Li, who are members of the Australasian Institute of Mining and Metallurgy.

Rolf Forster and Weifeng Li are consultants to Mount Gibson Mining Limited, and have sufficient experience which is relevant to the styles of mineralisation and type of deposit under consideration, and to the activity which they are undertaking, to qualify as Competent Persons as defined in the December 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Rolf Forster and Weifeng Li have consented to the inclusion of the matters in this report based on their information in the form and context in which it appears.

The information in this report that relates to Ore Reserves at Koolan Island is based on information compiled by Andrew Hutson on behalf of GRD Minproc Limited. Andrew Hutson is a Member of The Australasian Institute of Mining and Metallurgy.

Andrew Hutson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Andrew Hutson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Angela Dent
Company Secretary