



Mount Gibson Iron Limited

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15 April 2004

No. Pages = 2

The Manager
Company Announcements
Australian Stock Exchange Limited
Level 10, 20 Bond Street
SYDNEY NSW 2000

SUBJECT: MOUNT GIBSON IRON LIMITED TO INCREASE IRON ORE PRODUCTION FROM TALLERING PEAK

Mr Brian Johnson, Managing Director of Mount Gibson Iron Limited, wishes to advise that operations at the Company's recently commissioned mine at Tallering Peak are continuing to gain momentum as the pioneering phase at the top of the mine nears completion.

The Company shipped 87,000 tonnes of ore to China through the Port of Geraldton in March, and will ship 100,000 tonnes this month. Shipping at the originally planned long term rate of 130,000 tonnes per month will be achieved by June 2004.

In order to further increase production, the Company has agreed to bitumen seal a 25km section of public road used for hauling ore to the railhead at Mullewa and as a result the Mullewa Shire Council has increased the allowable transport on their roads to 2.2 million tonnes per year.

As a consequence, iron ore production at Tallering Peak will be increased by 250,000 tpa to 1,850,000 tpa from July 2004. The additional production will be sold into the strong spot market at a premium to published iron ore prices. All other production is contracted for sale for the life of the mine which is expected to be 8 to 10 years.

Mine production to date has confirmed the Company's expectations of an operating margin of approximately \$11.00 per tonne of ore (\$8.50 per tonne after State Royalties) which should result in profits in 2004-05 of around \$14.0 million. No tax will be payable next year.

Pre-development work on the Company's second hematite mine at Mt Gibson is progressing well with development commencement expected in January 2005 and shipping of ore planned for July 2005.

Margins at Mt Gibson are expected to be similar to those at Tallering Peak with additional transport costs offset by much lower waste to ore ratios. Production at Mt Gibson will commence at 1.5 Mtpa and be progressively increased to around 2 Mtpa. The Company is aiming at a total production of hematite of around 4.0 Mtpa by mid 2006.

The drilling program to establish the magnetite resource at Koolanooka has been completed with results expected by the end of May 2004. A decision will then be taken whether the deposit will support the planned production of 2.5 Mtpa of magnetite concentrate destined for a new pellet plant being developed by Asia Iron Limited near Nanjing in China

Yours sincerely
MOUNT GIBSON IRON LIMITED



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Company Secretary

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