



Mount Gibson Iron Limited

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

SUBJECT: UPDATED MINERALISED RESOURCE STATEMENT

Mr Sheldon Coates, Exploration Manager for Mount Gibson Iron Limited, today advised the following updated Mineralised Resource Statement.

Summary as at 31 August 2004

Project	Ownership	Measured Resource (Mt)	Indicated Resource (Mt)	Inferred Resource (Mt)	Total Resource (Mt)
Hematite					
Tallering Peak	100%	5	14	-	19
Mt Gibson	100%	-	13	-	13
Total		5	27	-	32
Magnetite					
Mt Gibson	54%	165	22	43	230

Reference should be made to the following schedules of resources and accompanying Notes 1 to 10.

The Company will undertake annual infill drilling programs to ensure it maintains measured resources of not less than its planned mining rate for the following two years.

Tallering Peak: Hematite Resources

Measured Resources; High Grade >60%Fe

Orebody	Tonnes	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	S%	LOI%
T4	3.7Mt	64.0	4.1	2.1	0.02	0.02	1.1
T5	1.2Mt	62.2	5.7	2.7	0.06	0.14	2.0
Total	4.9Mt	63.5	4.5	2.2	0.03	0.05	1.3

Note 1: The measured resource shown at T4 has been reduced by the 960,000t of ore mined at 61.82% Fe since mining commenced in October, 2003.

Note 2: The measured resource at T4 has also been reduced due to modification of the ore block model subsequent to recent infill drilling.

Indicated Resources; High Grade >60%Fe

Orebody	Tonnes	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	S%	LOI%
T3	5.7Mt	64.6	3.6	2.1	0.01	0.02	1.2
T6	8.9Mt	65.0	3.0	1.8	0.02	0.01	1.0
Total	14.6Mt	64.9	3.2	1.9	0.02	0.01	1.1

Note 3: The T3 deposit is categorised as an Indicated Resource due to the moderately wide spaced drilling at 100m line spacing with holes 40m apart, with infill lines at 50m spacing with only 2 or 3 holes at 50m spacing along lines. Closer spaced drilling on existing lines and infill drilling is considered necessary to increase the confidence to allow upgrading to a Measured Resource.

Note 4: The drilling of the deeper ore in the T6 deposit between the T3 and T4 deposits is moderately widespread with drilling at 50m spacing along lines 100m apart. The mineralisation has good continuity but extra drilling is required to increase the sample density to allow a Measured Resource to be estimated.

Mt Gibson: Hematite Resources

Indicated Resources; High Grade >60% Fe

Orebody	Tonnes	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	LOI%
Extension Hill	10.8Mt	60.9	4.5	1.6	0.07	6.5
Iron Hill	2.0Mt	63.82	4.4	0.7	0.05	3.1
Total	12.8Mt	61.4	4.5	1.4	0.07	6.0

Note 5: The hematite resources at Mt Gibson have been drilled by RC methods, and no bulk densities have been calculated from core. An assumed density of 3.8t/cu.m has been used, derived from similar grade mineralisation, and the closely drilled resources downgraded to Indicated Resources because of this assumption.

Note 6: Additional resource RC drilling at Iron Hill has been completed recently, extending the mineralisation to the east, but resource estimations are not complete.

Note 7: The Extension Hill resource has not been closed off to the north, and recent resampling of RC holes has shown significant high grade hematite intercepts up to 200m north along strike from the current mineralisation limits.

Mt Gibson: Magnetite Resources

Extension Hill; Central BIF Zone at >20% Magnetic Recovery and not weighted by magnetic recovery

Resource Category	Tonnes	Magnetic Recovery%	Magnetite Concentrate Grades (percentage)				
			Fe	SiO ₂	Al ₂ O ₃	P	S
Measured	165Mt	47.0	68.1	4.4	0.1	0.01	0.03
Indicated	22Mt	44.1	67.2	4.1	0.1	0.01	0.03
Inferred	43Mt	46.0	67.8	4.3	0.1	0.01	0.03
Total	230Mt	46.5	68.0	4.4	0.1	0.01	0.03

Note 8: The magnetite resources are extracts from Table 6 of a report by Mining and Resource Technology Pty Ltd titled 'Geological Modelling and Grade Estimation for the Extension Hill Magnetite Deposit' for Mt Gibson Iron NL, dated August 1997. This report is JORC code compliant.

Note 9: The flanking BIF Zones have lower recovery and the magnetic concentrates are lower grade. These zones have not been closed off.

Resource	Tonnes	Magnetic Recovery	Conc Fe%	Conc SiO₂ %
Measured	1.7Mt	28.5	60.8	9.8
Indicated	2.5Mt	28.8	65.2	6.2
Inferred	20.6Mt	27.8	62.9	7.8
Total	25.0Mt	28.0	63.0	7.8

Note 10: Resampling in mid 2004 of the RC samples weathered transition zone above the Central BIF Zone has increased the thickness and extent of the transition zone where partly weathered magnetite remains. A magnetic recovery cut off of 20% was used. This additional mineralisation has yet to be quantified, and will increase the resource while decreasing the overburden to be removed.

Competent Person

The information in this report relating to Mineral Resources is based on information compiled by Sheldon Coates, who is a Member of The Australasian Institute of Mining and Metallurgy and holds a BSc Geol, MSc in Mineral Economics, and an MBA in Technology Management.

Sheldon Coates is a full-time employee and Exploration Manager of Mount Gibson Iron 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 1999 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Sheldon Coates has consented to the inclusion of the matters in this report based on their information in the form and context in which it appears.

Yours sincerely,

MOUNT GIBSON IRON LIMITED



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Company Secretary

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