



Mount Gibson Iron Limited

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

SUBJECT: TALLERING PEAK PRODUCTION RATES AHEAD OF BUDGET

Mount Gibson Iron Limited advises that iron ore production from its Tallering Peak mining operation is ahead of budget for the first half of the year.

The Company shipped 469,000 tonnes of iron ore in the December quarter (Sept Q: 476,000 tonnes shipped), of which 292,000 tonnes was lump ore and 177,000 tonnes was fines. Iron ore production for the first half exceeded the budgeted production rate of 1.8 Mtpa.

The Company expects to produce iron ore at a rate of 2 Mtpa in the second half of the year, however, this remains dependent upon improved performance from the railway operator. The railway operator has recently provided commitments to supply rail wagons sufficient to meet Mount Gibson Iron's forecast production, by the end of next month.

Mount Gibson Iron is currently investigating the purchase of 35 rail wagons from China to ensure production and railing can accommodate an increase in the production rate to 2.5 Mtpa in the second half of 2005.

Yours sincerely
MOUNT GIBSON IRON LIMITED

John Arbuckle
Company Secretary

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