

**Mount Gibson Iron Limited**

ABN 87 008 670 817



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# PROPOSED MT GIBSON TO GERALDTON PIPELINE CORRIDOR



Mount Gibson Iron Limited (“MGI”) is an emerging iron ore producer whose objective is to develop a number of iron ore deposits it owns or controls in the MidWest region of Western Australia.

The Company’s first mine at Tallering Peak, 65km north of Mullewa, was successfully developed in 2003 and is now producing 2.0Mtpa of direct shipping grade hematite for export to China through the Port of Geraldton. Production will increase to 3.0Mtpa by January 2006.



The Company’s current focus is on developing a mine at Extension Hill, Mt Gibson, 85km east of Perenjori.

Development of the Extension Hill mine is expected to commence in April 2006 and be commissioned in early 2007 to produce 5.0Mtpa of magnetite concentrate for at least twenty years. The concentrate will be used as feed for iron pellet production in China.

MGI and its Chinese partners in the Extension Hill mine have a preference to transport the concentrate to Geraldton by pumping the material in a slurry form through a buried pipeline, rather than by rail and road because of the substantial saving in transport costs and reduced environmental impact.

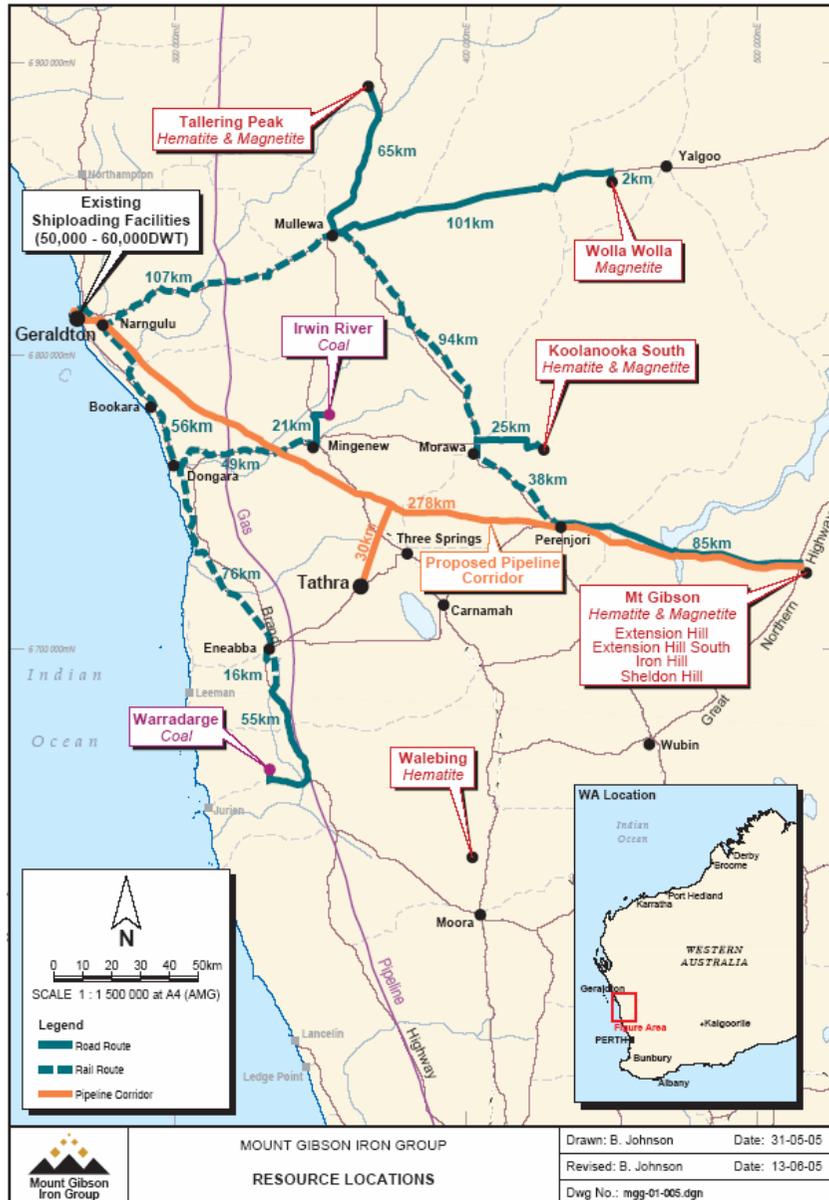
The mine will also require water supply by a pipeline from a new bore field at Tathra, and a gas pipeline from the Dampier to Bunbury Natural Gas Pipeline (DBNGP) to the mine.



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## PROPOSED PIPELINE CORRIDOR

The corridor will enable the construction and operation of a slurry pipeline from the mine to the port, a return pipeline to carry water back from Geraldton to the mine site, and a gas pipeline from the Dampier to Bunbury Natural Gas Pipeline (DBNGP) to the mine, where a 35Mw gas powered power station will be installed.

There will also be a corridor for a pipeline to carry water from Tathra to connect to the main corridor and provide water to the Mt Gibson mine site.

The corridor easements will be negotiated in the name of MGM Pipelines Pty Ltd ("MGMP").

The owner of the water pipeline, slurry pipeline, and return water pipeline will also be MGMP which is currently a wholly owned subsidiary of MGI. MGI's shareholding in the pipeline company may reduce with the introduction of a specialist infrastructure company/financier as an additional shareholder in late 2005. The diagram below shows the corporate structure for the mining project.

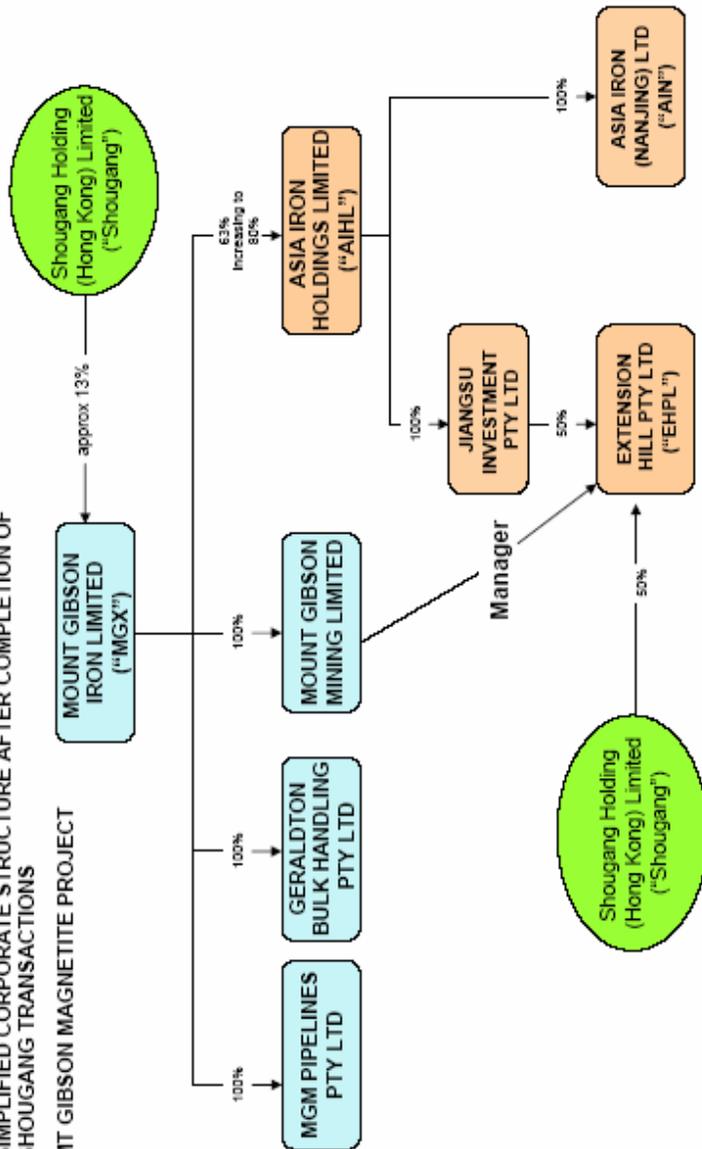
The proposed pipeline corridor will require negotiation with the affected landholders along the route to establish approximately 10 to 30 metre wide easements for the pipeline construction together with environmental, heritage and native title approvals.

The owner of the gas pipeline will probably be the shareholders of Burns and Roe Worley. Burns and Roe is a US power engineering company and WorleyParson (Worley) is an Australian engineering company with world wide involvement in the oil, gas, power, and mining industries.

Burns and Roe Worley own and operate a 345km pipeline from Kalgoorlie to Esperance and have designed and managed the construction of many gas pipelines in Australia.



**MOUNT GIBSON IRON GROUP  
SIMPLIFIED CORPORATE STRUCTURE AFTER COMPLETION OF  
SHOUGANG TRANSACTIONS**



**LANDHOLDERS**

During the design and route finalisation stages of the project, affected landholders will be consulted in order to obtain the most appropriate route. In the first instance, consent for access to the proposed route will be discussed in order to enable various surveys and studies including environmental, engineering design and heritage.

During this stage consultation with landholders will also be progressing towards consents for the option to acquire an easement over land for the pipeline corridor.

Once the route is finalised and the project approved, consultation with landholders will begin for the negotiation of easement deeds.

**ENVIRONMENT**

The proposed route has been selected based on desktop land information and aerial photography. The proposed route avoids remnant vegetation and environmentally sensitive areas wherever possible.

Documentation for environmental approval through the Environmental Protection Authority processes is currently being prepared. Environmental studies and surveys will be undertaken along the route to assist with the approval process.

**CULTURAL HERITAGE AND NATIVE TITLE**

Cultural heritage and Native Title aspects have also been considered when preparing the proposed route. Further studies and surveys will be required to assist with the finalisation of the route.



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