

Koolan site visit 13 August 2010



Mount Gibson Iron

Disclaimer

This Document is Confidential and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person, or published, in whole or in part, for any purpose without prior written approval from Mount Gibson Iron Limited.

This Document is not a Prospectus nor an Offer to Subscribe for Shares.

Mount Gibson Iron Limited and its subsidiaries ("MGI") makes no representations or warranty (express or implied) as to the accuracy, reliability or completeness of this document. MGI and its respective directors, employees, agents and consultants shall have no liability (including liability to any person by reason of negligence or negligent misstatement) for any statements, opinions, information or matters (expressed or implied) arising out of, or contained in or derived from, or for any omissions from this document, except liability under statute that cannot be excluded.

This document contains reference to certain forecasts, projections, intentions, expectations and plans of MGI, which may or may not be achieved. They are based on certain assumptions which may not be met or on which views may differ.

The performance and operations of MGI may be influenced by a number of factors, uncertainties and contingencies many of which are outside the control of MGI and its directors.

No representation or warranty (expressed or implied) is made by MGI or any of its respective directors, officers, employees, advisers or agents that any forecasts, projections, intentions, expectations or plans set out in this document will be achieved, either totally or partially, or that any particular rate of return will be achieved.

Investments in shares in MGI is considered highly speculative.

Company overview

- Australian based multi-operation hematite iron ore producer exporting to China
- Increasing production from current Ore Reserves
- 3 open pit mining centres within two geographic regions
- Access to infrastructure
- Experienced management team
- Proven operational performance
- Produces lump and fine iron ore products
- Low capex requirements and lowest capital intensity of any iron ore producer in Australia
- Mine life 5-9 years at existing operations with exploration upside
- Strong balance sheet

Key investment themes

1

Quality assets

2

Solid growth profile

3

Earnings leverage to strong iron ore price outlook

4

Disciplined financial strategy & strong performance

... Mount Gibson has a strong investment case

1 Quality assets



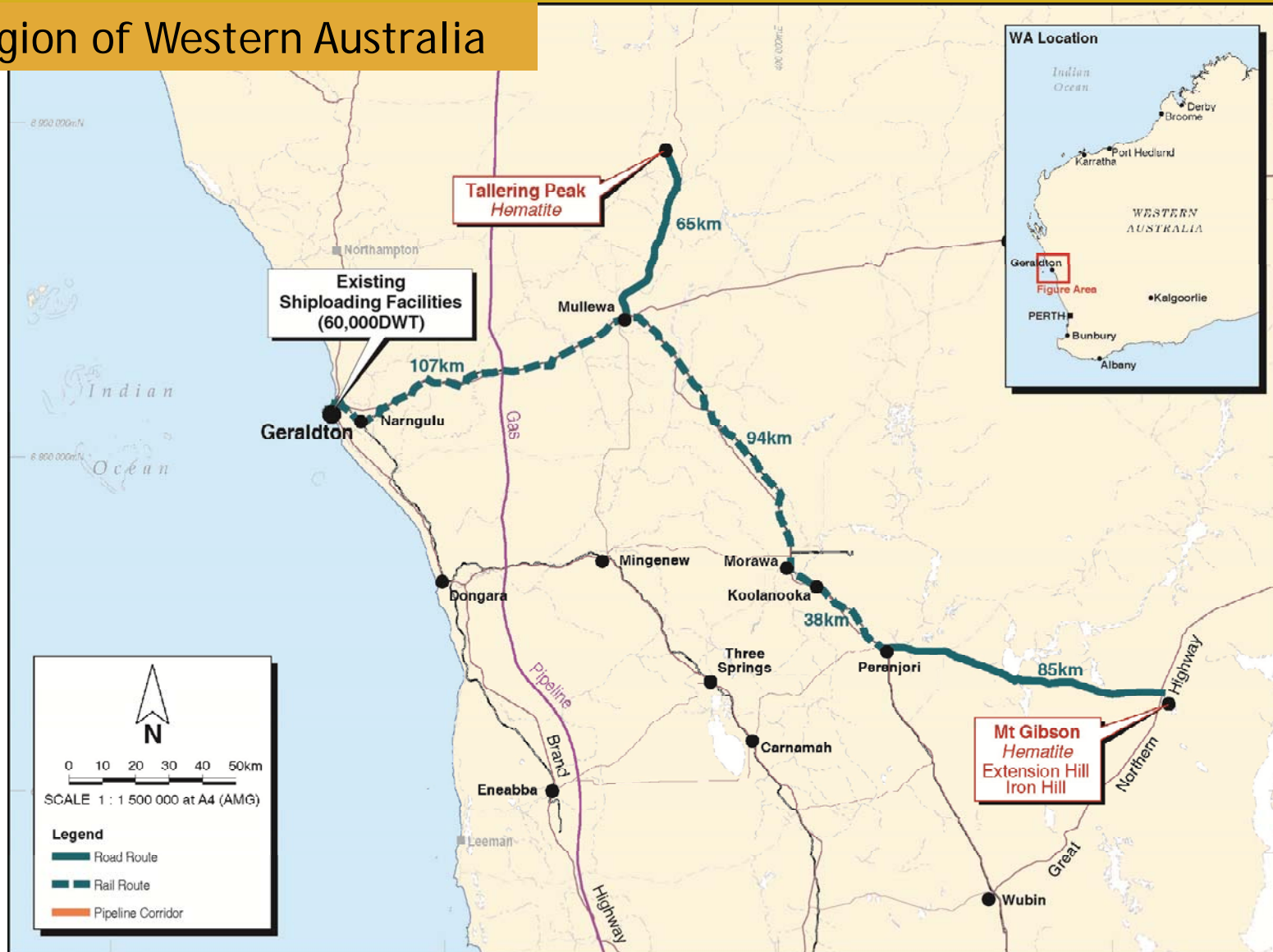
Koolan Island - 4 mtpa production

Talling Peak - 3 Mtpa production

Extension Hill - 3 Mtpa production

1 Quality assets

Mid-West Region of Western Australia



1 Quality assets

Tallering Peak

Main Range Pits looking west - June 2010

- Simple process - mine, crush, road, rail and load vessels
- First hematite ore shipped Feb 2004
- Producing 3 Mtpa
- 65% Lump & 35% Fines ratio
- Remaining LOM contains quality high grade, low contaminant product
- Access to installed infrastructure

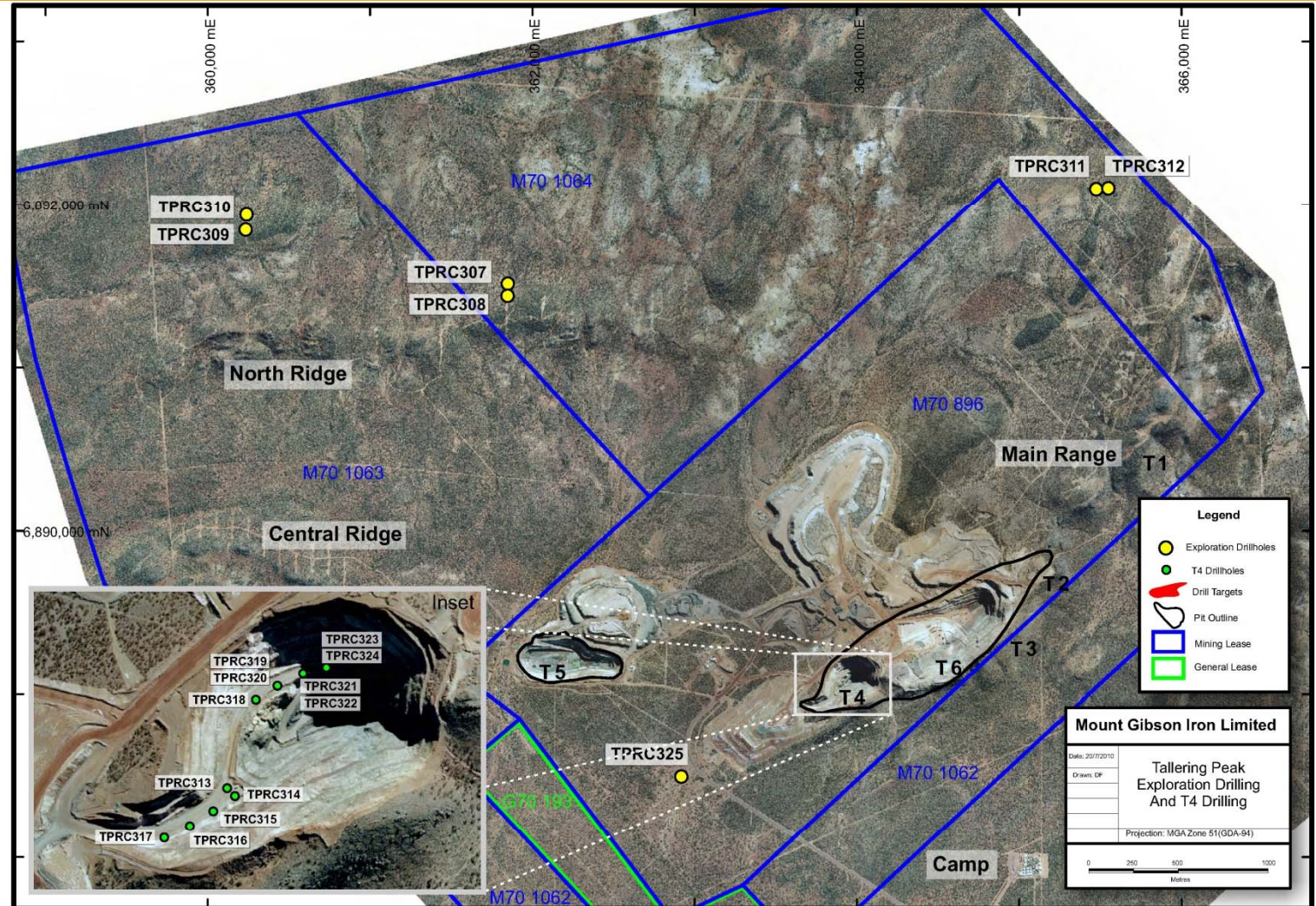


	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	Variance
	'000 wmt	'000 wmt	'000 wmt	'000 wmt	'000 wmt	%
Ore Mined	1,122	2,932	3,841	2,388	3,806	59%
Ore Crushed	1,608	2,711	3,364	2,620	3,371	29%
Shipped	1,386	2,312	2,568	2,692	3,148	17%

1 Quality assets

Tallering Peak

- Approx 3 years mine life remaining
- Strip ratio reduces significantly after FY2011
- Limited exploration potential
- Strong cash generating asset over next 3 years



1 Quality assets

Tallering Peak

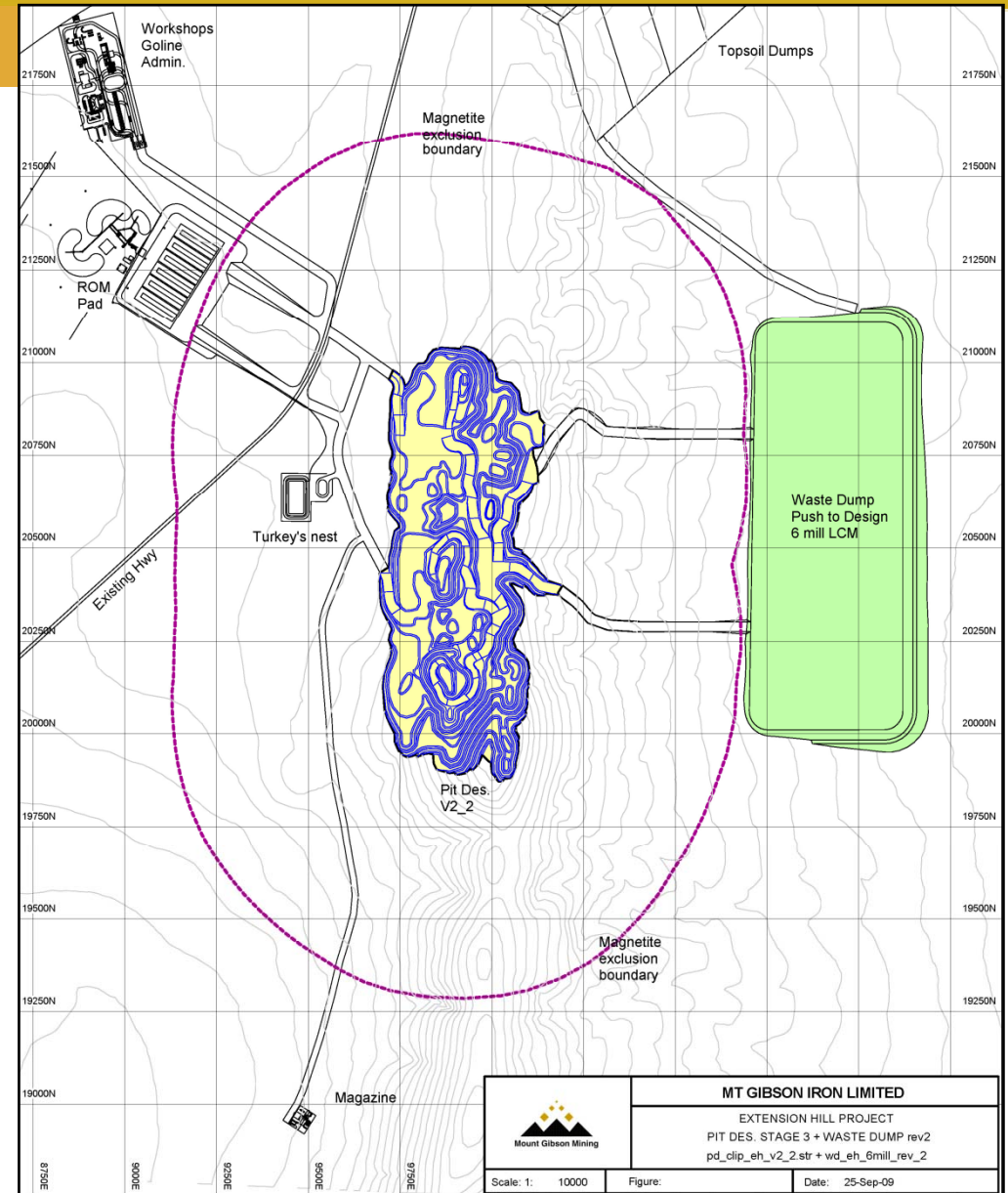
Main Range Pits looking east - June 2010



1 Quality assets

Extension Hill

- Under development - first ore shipped Sept qtr 2011
- Low capital cost: \$74 million remaining
- Simple process - mine, crush, road, rail and load vessels
- 3 Mtpa production rate
- Low strip ratio
- 50% Lump & 50% Fines ratio
- Operationally robust and straightforward
- Immediate cash generator



1 Quality assets

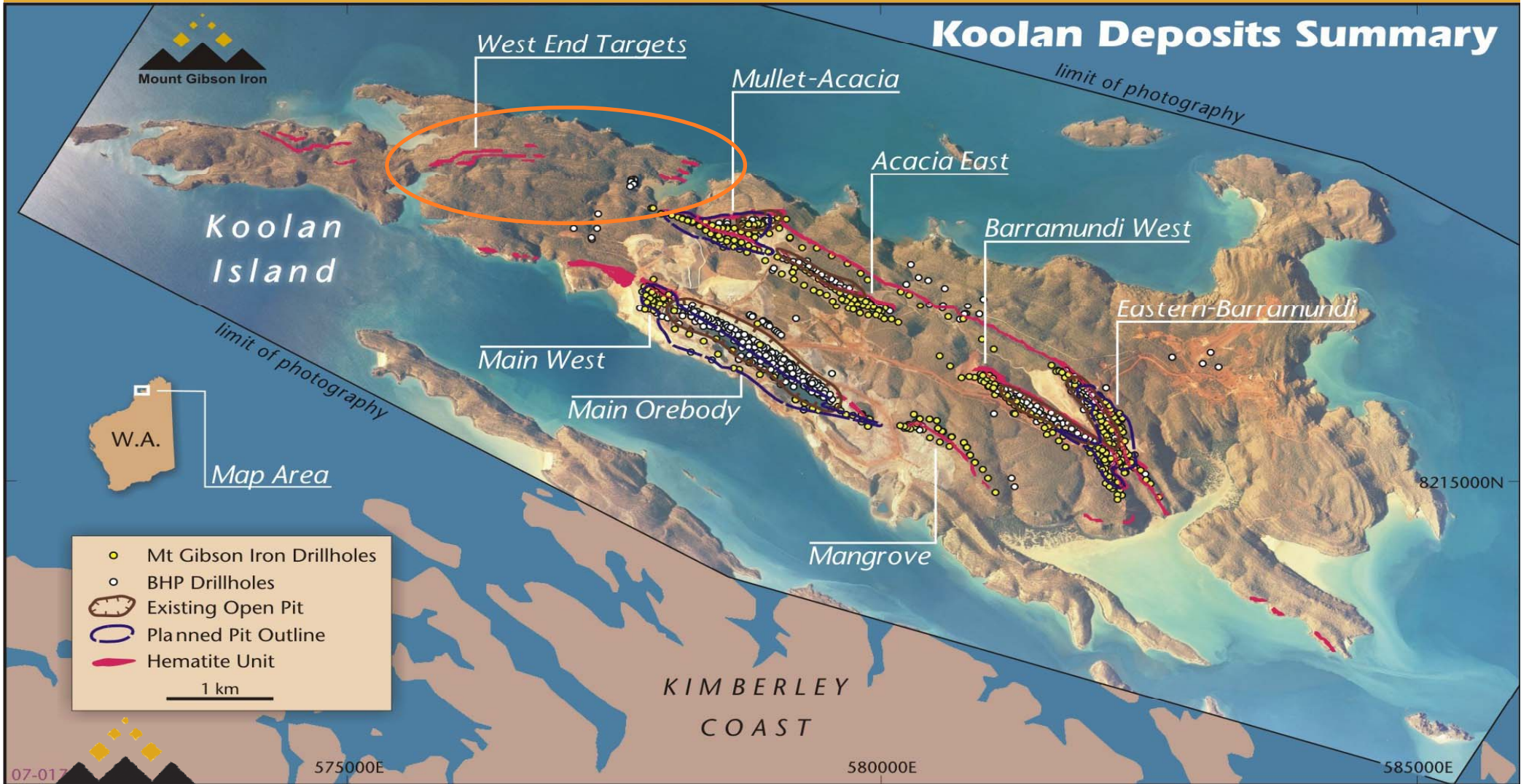
Extension Hill

- Project on track :
 - all substantial contracts awarded
 - completion of all construction by May 2011
 - first ore mined Feb 2011
 - first ore crushed May 2011
 - railing commencing June 2011



1 Quality assets

Koolan Island provides significant upside potential ...



1 Quality assets

Koolan Island

- Ex BHP mine - closed 1992
- Historical BHP production 66.5% Fe, 3.48% SiO₂, 0.69% Al₂O₃, 0.019% P, 0.3 LOI
- Mine, crush and shipload
- First hematite ore shipped June 2007
- Currently mining from satellite orebodies
- Access premium Main Pit orebody in late 2011
- Long term 30% Lump & 70% Fines ratio (initial production 40% Lump & 60% Fines)
- Remaining LOM contains high grade, low contaminant product
- Installed infrastructure capacity 5-6 Mtpa

Port & ship-loading facilities



	FY 2007	FY 2008	FY 2009	FY 2010	Variance
	'000 wmt	'000 wmt	'000 wmt	'000 wmt	%
Ore Mined	559	3,047	3,524	3,473	(1%)
Ore Crushed	274	2,973	2,926	3,473	19%
Shipped	150	2,900	2,707	3,339	23%

1 Quality assets

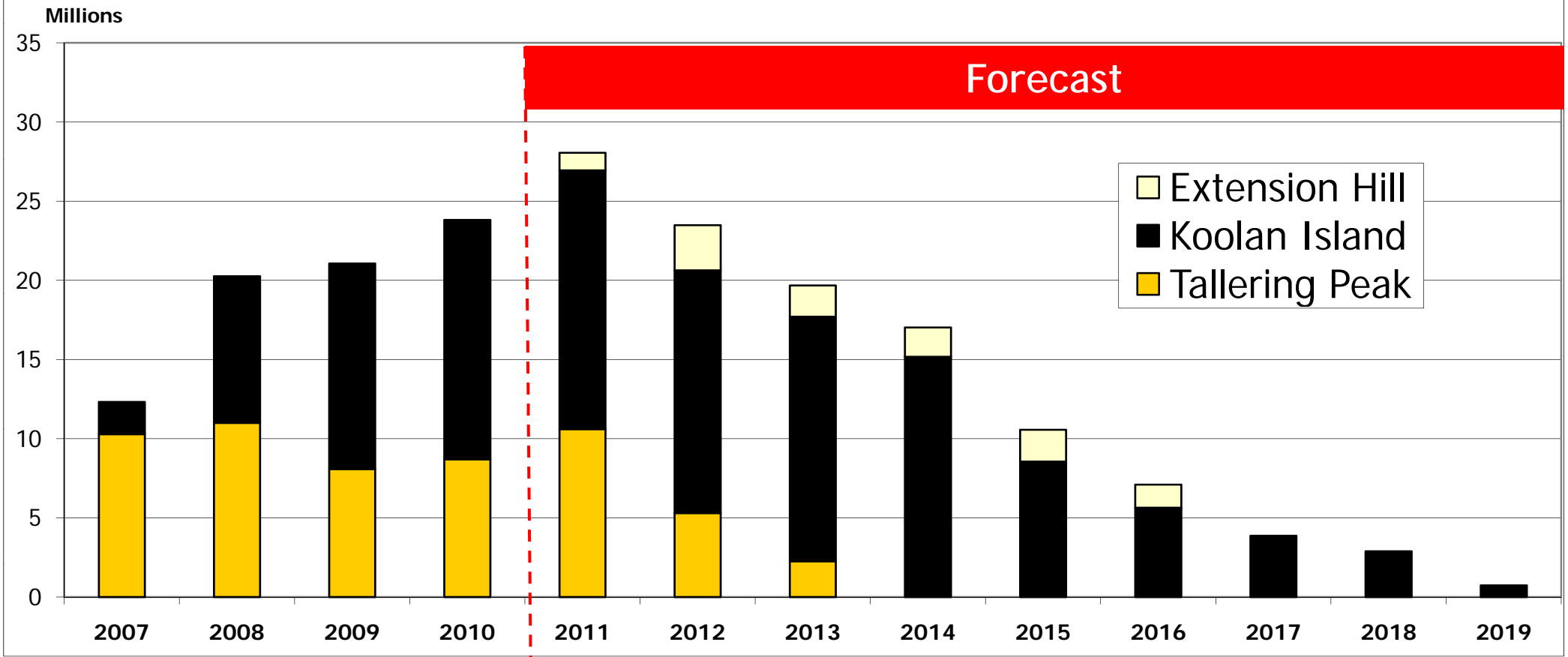
Koolan Island

Seawall - June 2010



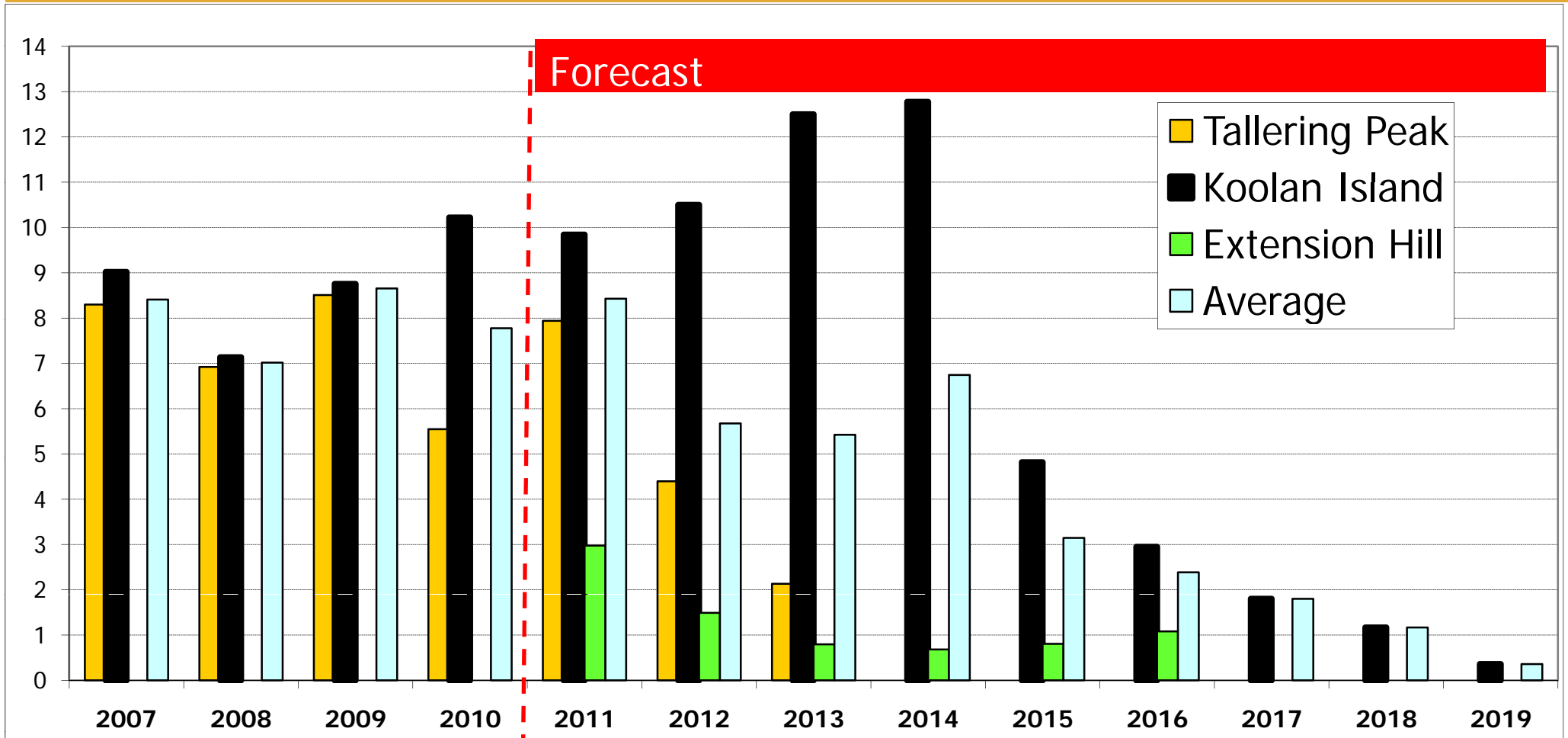
2 Solid growth profile

Total material movement (BCM's)



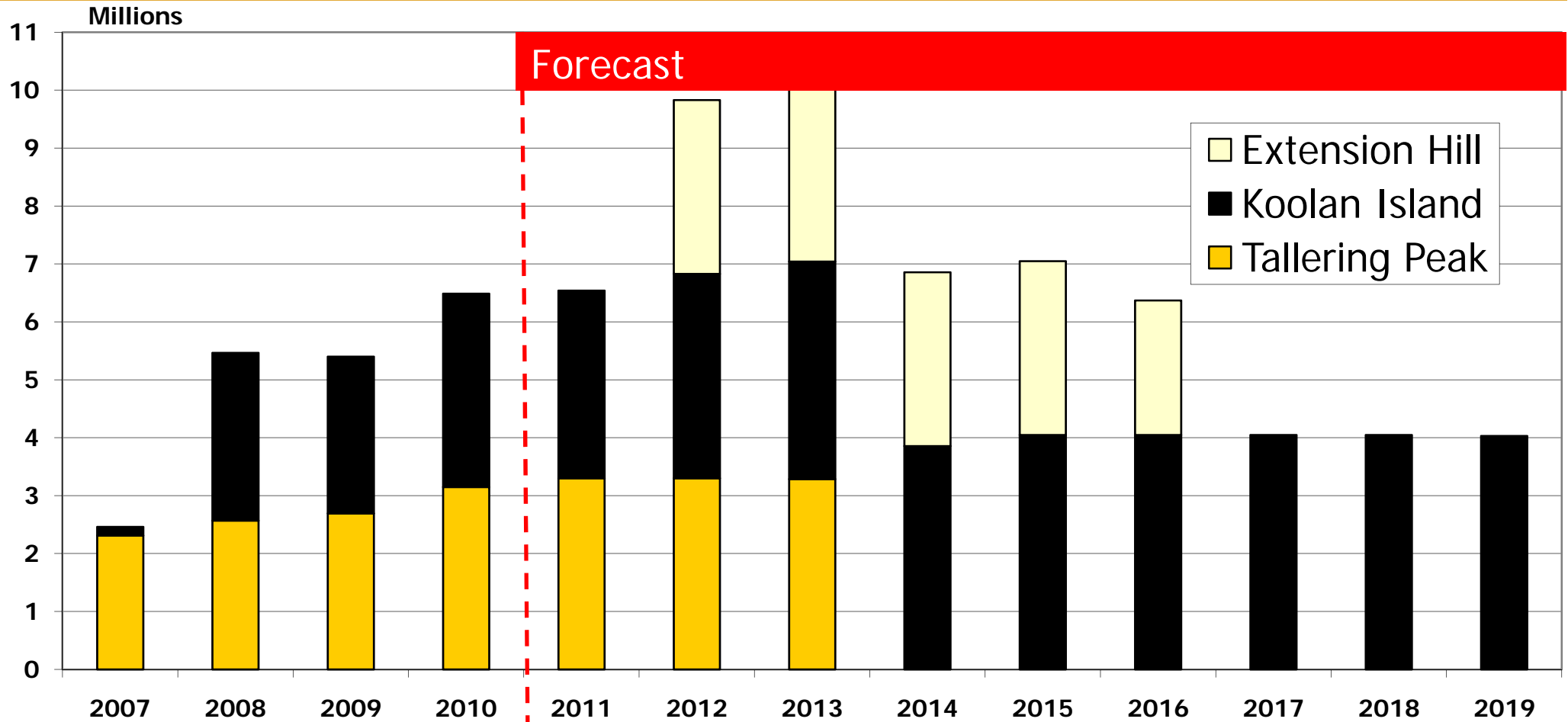
2 Solid growth profile

Strip ratio (tonnes)



2 Solid growth profile

Total sales (WMT's)



2 Solid growth profile

Forecast Capex

		12 months ended 30 June 2011	Annually thereafter
Tallering Peak	\$ mill	3.0	3.0
Koolan Island	\$ mill	42.0	5.0
Extension Hill	\$ mill	74.0	4.0
Total	\$ mill	119.0	12.0

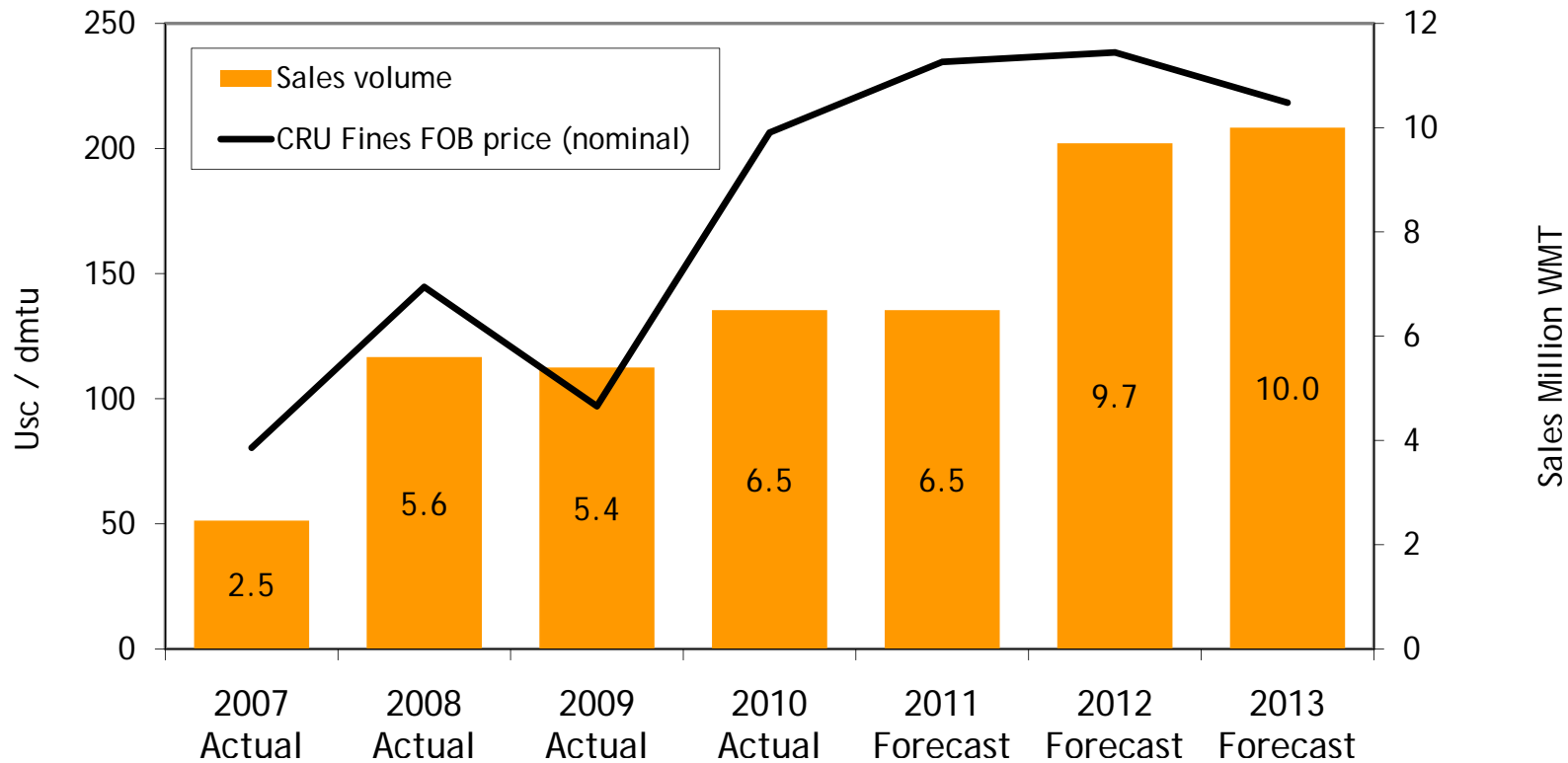
2 Solid growth profile

Organic & M&A growth opportunities ...

- Koolan:
 - Western side of the Island unexplored with known surface hematite identified
 - Exploration and Heritage Agreement executed
 - Heritage Impact Assessment completed
 - Work Program Clearance completed
 - Statutory application and approvals process commenced
 - Preliminary field work commenced to develop a POW
- Mt Gibson Ranges provide DSO upside
- Prospective tenement holding
- Actively pursuing opportunities in carbon steel materials and diversified mineral commodities

3 Earnings leverage to strong iron ore price

Increasing trend in iron ore prices...



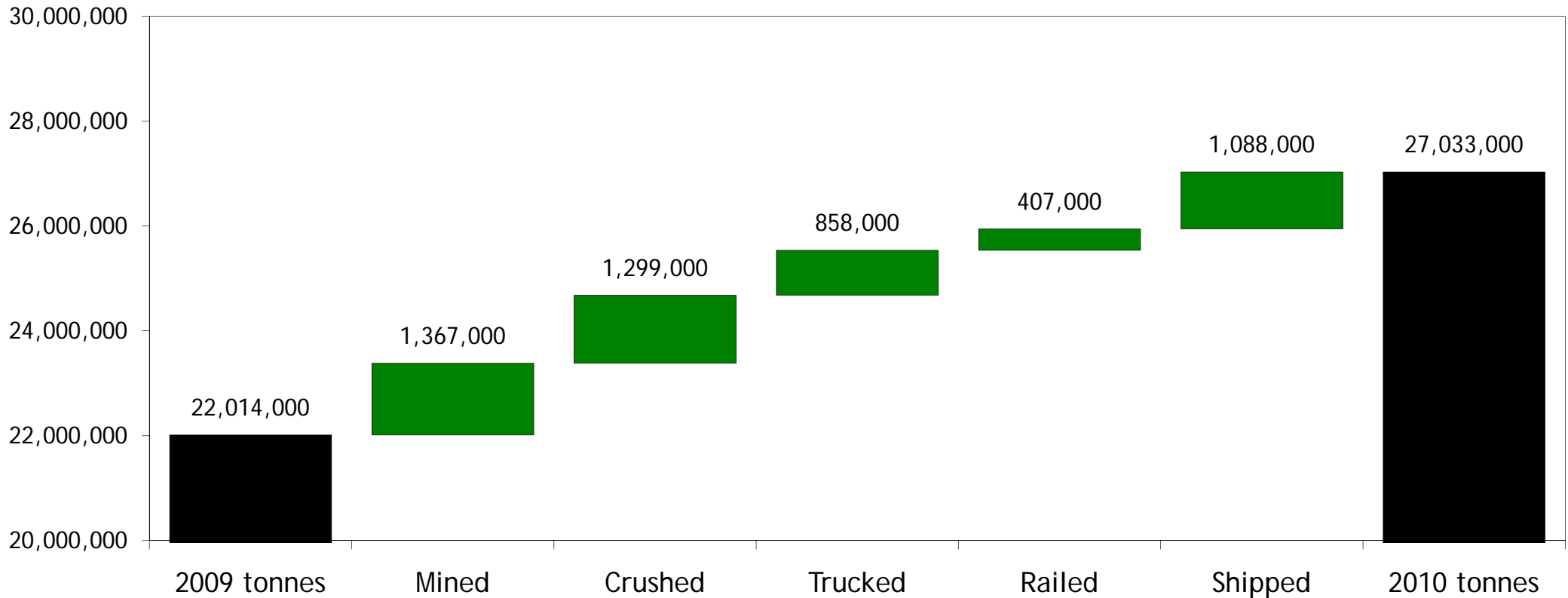
Mount Gibson leveraged to increasing iron ore price trend ...

- Current production with developments to reach full production by 2012
- 100% of existing operations production is sold
- Capturing price upside

4

Disciplined financial strategy & strong performance

Physicals comparison 2009 with 2010



4

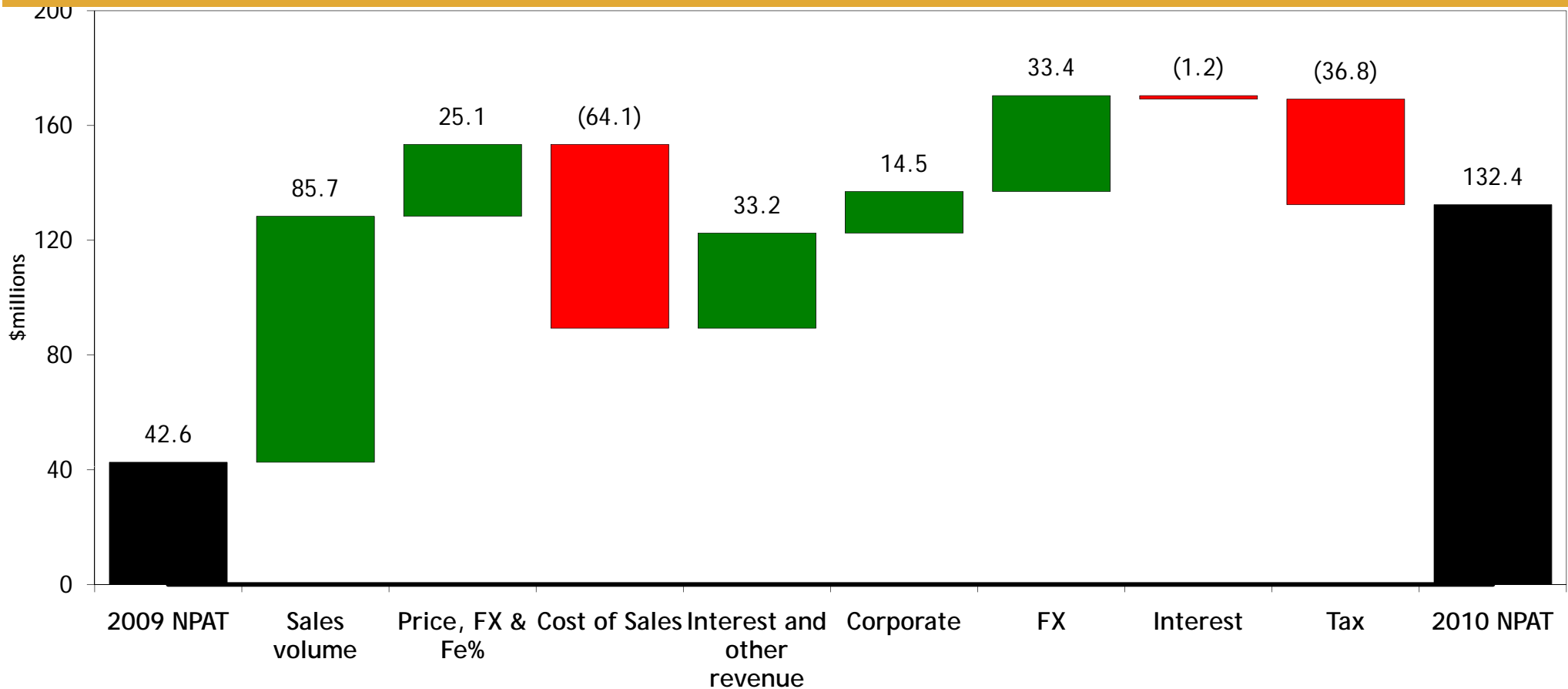
Disciplined financial strategy & strong performance

P&L comparison 2009 with 2010

		12 months ended 30 June 2010	12 months ended 30 June 2009	%
Sales volume	000 wmt	6,487	5,398	20%
Sales revenue	\$ mill	536.3	425.5	26%
Other revenue	\$ mill	19.0	6.2	206%
Total revenue	\$ mill	555.3	431.7	29%
Cost of sales	\$ mill	(357.6)	(293.5)	22%
Gross profit	\$ mill	197.7	138.2	43%
	Gross Profit %	35.6%	32.1%	
Other income		20.4	-	100%
Corporate costs		(20.4)	(35.3)	(42%)
FX		9.2	(24.2)	100%
Finance costs		(18.2)	(17.0)	(7%)
Operating profit before tax	\$ mill	188.3	61.7	205%
Taxation (expense)	\$ mill	(55.9)	(19.1)	193%
Operating profit after tax	\$ mill	132.4	42.6	211%

4 Disciplined financial strategy & strong performance

P&L comparison FY2009 with FY2010



- Average FOB costs including financing costs and royalties increased 1% from \$ 54.37 / WMT to \$55.13
- Other revenue and costs includes Sinom settlement \$28.0 million
- Corporate in FY 2009 includes Sinom bad debt of \$15.7 million



4 Disciplined financial strategy & strong performance

Balance Sheet comparison 2009 with 2010

		12 months ended 30 June 2010	12 months ended 30 June 2009	%
Cash and term deposits	\$ mill	347.4	222.2	56%
Current assets	\$ mill	526.8	370.7	42%
Non current assets	\$ mill	769.2	742.2	3%
Total assets	\$ mill	1,296.0	1,112.9	16%
Current liabilities	\$ mill	(199.4)	(204.5)	2%
Senior Debt	\$ mill	(85.0)	(105.0)	19%
Finance leases / HP's	\$ mill	(51.9)	(63.4)	18%
Total liabilities	\$ mill	(369.1)	(332.5)	(11%)
Net assets / Shareholder funds	\$ mill	926.9	780.4	18%

- Strong, clean balance sheet
- Senior debt repayment commences quarterly from 30 Sept 2010

4 Disciplined financial strategy & strong performance

Cash Flow comparison 2009 with 2010

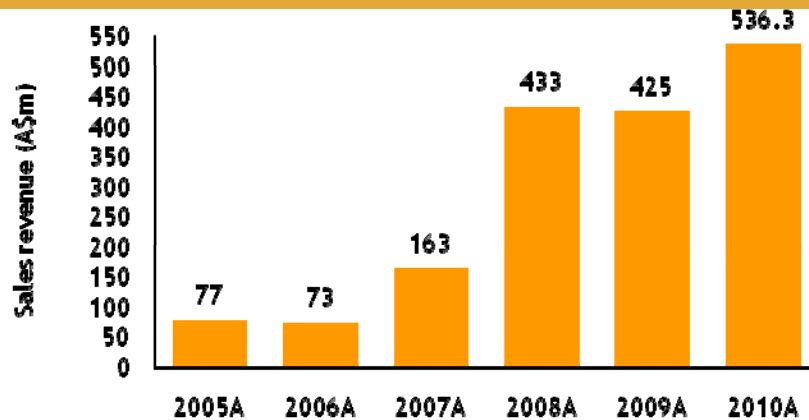
		12 months ended 30 June 2010	12 months ended 30 June 2009	%
Cash inflows from operations	\$ mill	169.1	99.5	70%
Cash (outflows) from investing activities	\$ mill	(22.2)	(50.2)	56%
Cash (outflows) inflows from financing activities	\$ mill	(21.7)	124.2	(117%)
Net increase in cash and term deposits	\$ mill	125.2	173.5	(28%)
Cash at beginning of year	\$ mill	222.2	48.7	
Cash and term deposits at end of year	\$ mill	347.4	222.2	56%

- Forecast FY2011 cashflow alone sufficient to fund Extension Hill and Koolan capex

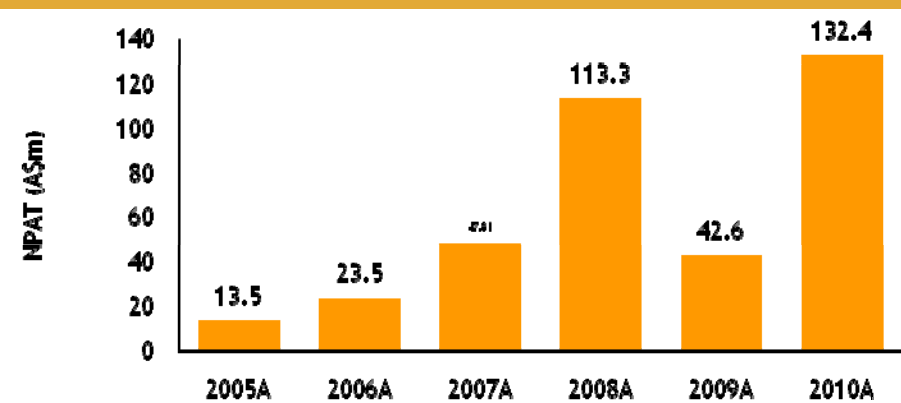
4

Disciplined financial strategy & strong performance

2005-2010 sales revenue



2005-2010 net profit



Disciplined risk management strategy

Mount Gibson has...

- ✓ First mover status & access to existing infrastructure
- ✓ Proven operational performance
- ✓ Divested high risk, high cost and capital intensive assets
- ✓ Provided a comprehensive organic growth plan
- ✓ Demonstrated M&A credentials
- ✓ Protected the business in adverse market environment



Source: Mount Gibson, Company reports

Note:

1. Includes contribution of \$18 million on sale of magnetite project during period

Strong cash flow generation

- ✓ Growing production profile
- ✓ Robust iron ore price outlook
- ✓ Clean & strong balance sheet
- ✓ Continued operating and capital cost pressures

Reinvestment of capital for growth

— organic (exploration, development)

— M&A

Or return to shareholders

4 Disciplined financial strategy & strong performance

Dividends

- Factors to consider before paying dividends:
 - Completion of major capital works at Extension Hill and Koolan Island
 - Tax position to enable franked dividends to be paid
 - Cash and debt position
 - M&A opportunities

Mount Gibson

Attachments

Company overview

Corporate

- Issued capital 1079.2 million shares, 5 million options
- Market cap¹ A\$1,931 million
- Cash² A\$347 million
- Total debt² A\$85 million
- EV A\$1,669 million
- Index S&P/ASX 200
- Finance facilities A\$150m (includes A\$65m contingent debt)

Financials

		2005	2006	2007	2008	2009	2010
• Sales volume	MWMT	1.9	1.4	2.5	5.5	5.4	6.5
• Sales	A\$ m	77	73	163	433	425	536
• NPAT	A\$ m	14	23	48 ³	113	43	132

Shareholders

- APAC Resources 26.03%
- Shougang Concord 14.34%

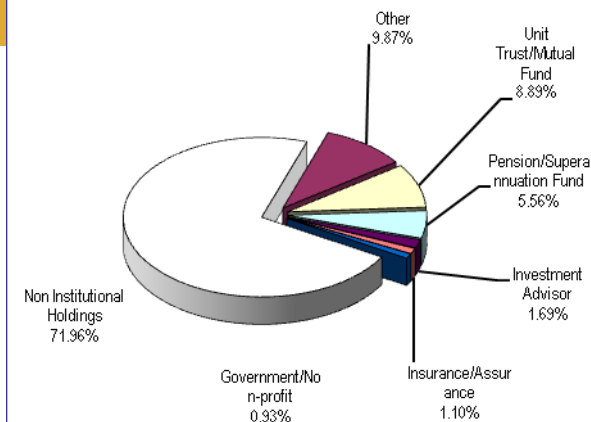
Insto's represent 28% of shareholding



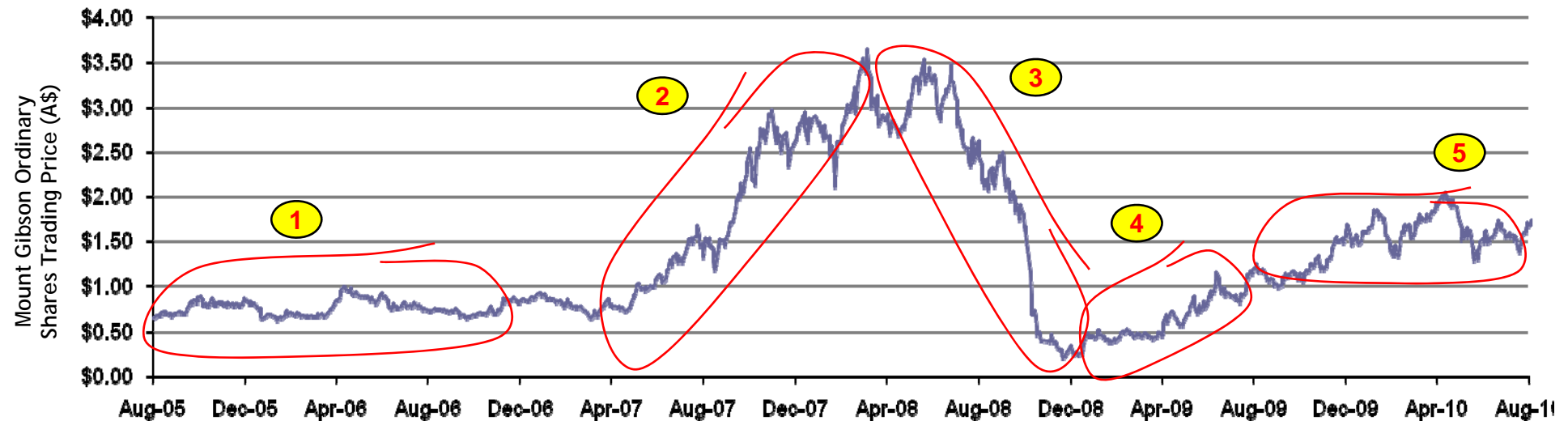
Notes:

- 1 Share price of \$1.79 as at 9 August 2010
- 2 As at 30 June 2010
- 3 Includes \$19 million NPAT on sale of magnetite project

Source of Institutional Investment



Mount Gibson key event timeline



Production stabilised & growth explored

- July & Oct 2005: new CFO and CEO
- Feb 2006: Completes feasibility study for 5mtpa magnetite project (Asia Iron)
- Jun 2006: 73% interest in Asia Iron Holdings and its magnetite project sold
- Jul 2006: Launches takeover offer for Aztec Resources
- Dec 2006: Announces compulsory acquisition of remaining Aztec shares

Koolan Island production commences

- Apr 2007: Mining reserves and mineral resources increased by 78% and 132% respectively
- Jun 2007: Off-take agreement signed with Rizhao for up to 1.5Mtpa from Koolan Island; first iron ore shipment from Koolan Island
- Aug 2007: Extension hill DFS completed
- Oct 2007: 69% sales increase due to increased iron ore prices & production

Volatile Equity Markets, Record Profits

- Apr 08-Feb 09: Significant downturn in global and local equity markets
- July 2008: Released 08 results
- Record full year NPAT of \$113.3m
- Record annual MGI production, sales, crushing, road cartage and road haulage
- Nov 2008: Announced iron ore offtake agreements and A\$163m equity financing with Shougang and APAC

Equity Market Recovery

- Mar - Sep 2009: Significant recovery in global and local equity markets
- June 2009: Finalised Koolan Island Western End Heritage and Protection Agreement and US\$FX Hedge restructure
- Aug 2009: Released 09 results
- Full year NPAT of \$42.6m, sales revenue of \$425.4m

Volatile Equity Markets

- Oct 2009: US\$25m settlement with former customer
- Jan 2010: Recommencement of construction and development at Extension Hill
- Feb 2010: Released half year results - half year NPAT of \$39.4m, up 195%
- Apr - May 2010: Significant downturn in global and local equity markets, Government announces RSPT
- July 10: Successful outcome in Pioneer arbitration
- FY 10 unaudited NPAT of \$132.4m

Operations Key Statistics

Key Statistics

	Tallering Peak	Koolan Island	Extension Hill	Combined
Reserves and Resources¹				
Reserves <i>Proven & Probable</i>	(Mt) 12.2	30.2	14.3	56.7
Mineral Resources <i>Measured, Indicated & Inferred</i>	(Mt) 14.9	67.7	22.1	104.7
Reserve Specifications				
Fe %	61.8 %	63.8 %	59.2 %	
SiO ₂	4.59 %	6.13 %	6.38 %	
Al ₂ O ₃	2.25 %	1.01 %	1.77 %	
P	0.027 %	0.017 %	0.063 %	
LOI	1.77%	0.46%	6.04%	
Calcined Fe %	62.9 %	64.1 %	63.0 %	



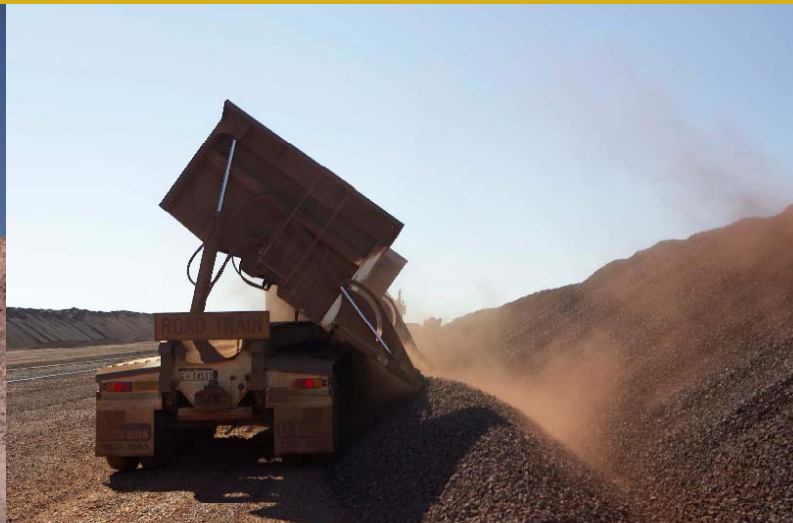
Note:
1 As at 30 June 2009

Operations Key Statistics

Key Statistics

		Tallering Peak	Koolan Island	Extension Hill	
Operations Data					
Annual production	(Mtpa)	3	4	3	
Expected minimum mine life		3	8	5	
End of mine life		2013	2019	2016	
Lump : Fines ratio		65% : 35%	30% : 70%	50% : 50%	
Truck	(km)	65	-	85	
Rail	(km)	107	-	240	
Strip ratio	(t : t)	5.5:1	6:1 (est.)	1.1:1	
Port		Geraldton	Koolan Island	Geraldton	

Tallering Peak



Access to infrastructure - full production



Koolan Island layout

Access to Koolan Island Main Pit and associated high grade is achieved whilst mining satellite pits ...



Koolan Island

Installed infrastructure - capacity 6Mtpa



Attributions

The information in this report relating to Mineral Resources is based on information compiled by Rolf Forster, who is a member of the Australasian Institute of Mining and Metallurgy. Rolf Forster is a consultant to Mount Gibson Mining Limited, and has sufficient experience relevant to the styles of mineralisation and type of deposit under consideration and to the activity 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 relating to Mining Reserves is based on information compiled by Rolf Forster and Weifeng Li, who are both 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 relevant to the styles of mineralisation and type of deposit under consideration and to the activity which they are undertaking, to each 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 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.