

Macquarie WA Emerging Leaders Conference

October 2009



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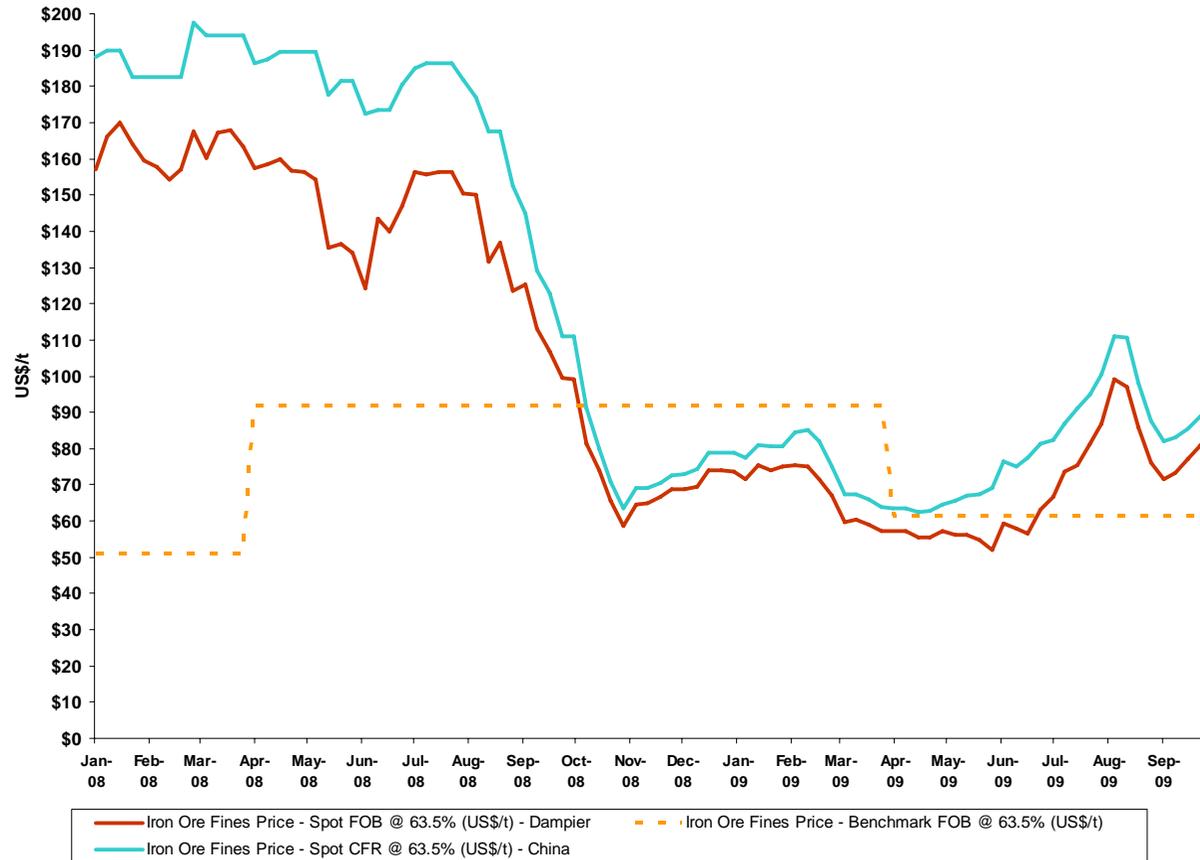
Investments in shares in MGI is considered highly speculative.

Company overview

- Australian based multi-operation hematite iron ore producer exporting to China
- Increasing production from current Ore Reserves
- 3 open pit mining centers within two geographic regions
- Access to infrastructure
- Experienced management team
- 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 strong exploration upside
- Strong balance sheet

Spot price & volume plunge

Fines spot price versus Benchmark price



Event

- Rapid deterioration in the spot price for iron ore
- Spot volumes evaporated
- MGI customers sought to defer and cancel shipments
- MGI customers breached offtake agreements

Action

- Reconfigured business to preserve cash
- Three customers terminated
 - Sinom (Hong Kong) Limited
 - Pioneer Iron and Steel Group Ltd
 - Rizhao Steel Holding Group Co Ltd
- Secured short, medium and long term offtake agreements for available production
- Raised funds
 - Rights issue - A\$96.5 million
 - Placement - A\$66 million
- Pursuing terminated customers through arbitration for loss and damage
- Cautious development strategy

Learning

- Quality of customer is more important than number of customers
- Legal reciprocal rights enhances performance and relationship
- Relativity of spot price and contract price drove customer behaviour
- MGI's relative size and influence in the iron ore market was disabling
- MGI's vulnerability given the relative stages of operations development
- Staged approach to project development reduces risk appreciably
- Support of major shareholder omnipotent
- Banks supportive but predatory
- Strong cash position is vital

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

5

Experienced - disciplined Board & executive team with proven track record

... Mount Gibson has a strong investment case

1 Quality assets



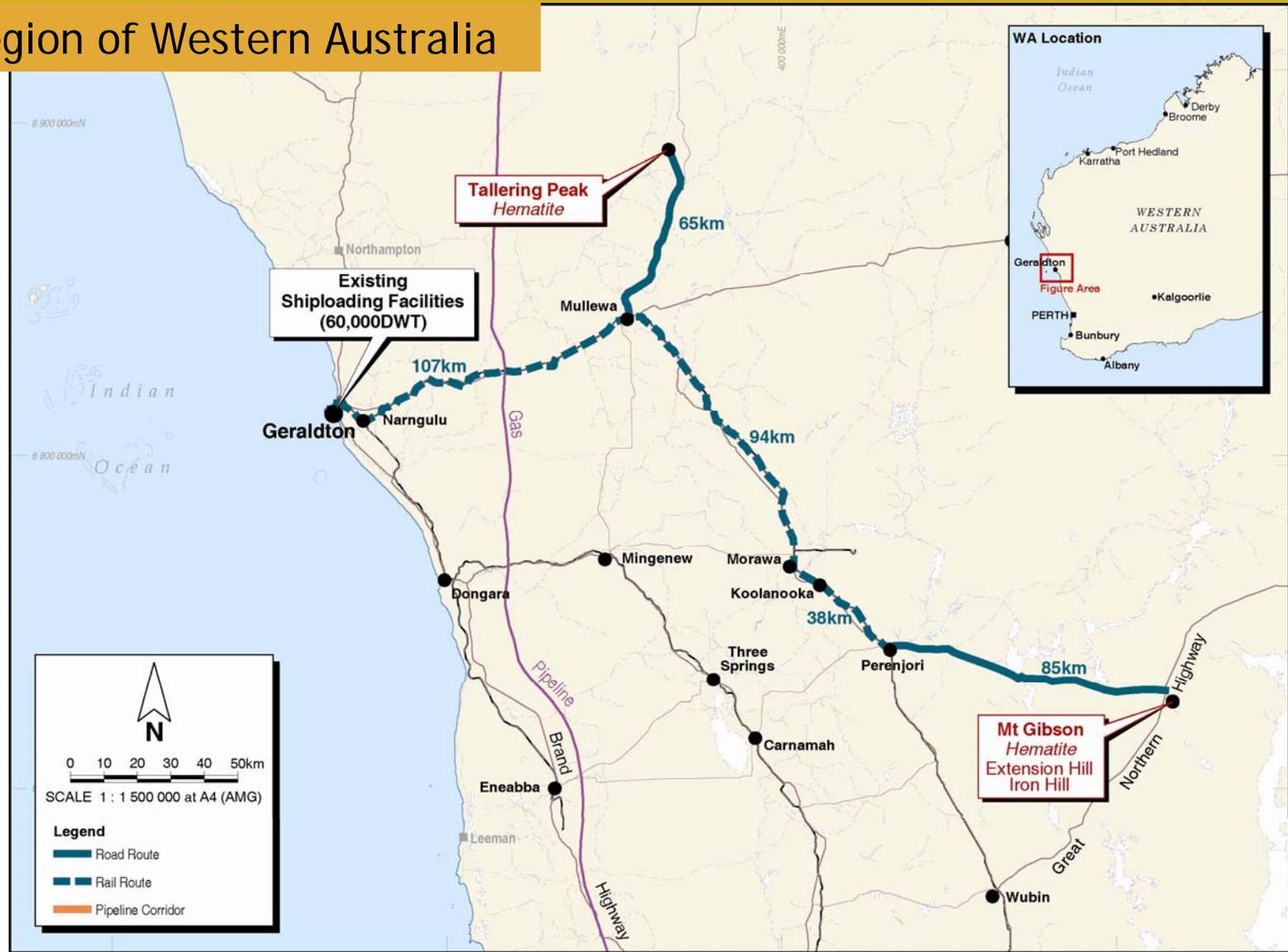
Koolan Island - 4 mtpa production

Tallering Peak - 3 Mtpa production

Extension Hill - 3 Mtpa production

1 Quality assets

Mid-West Region of Western Australia



1 Quality assets

Tallering Peak

- 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



Main Range Pits looking west - September 2009

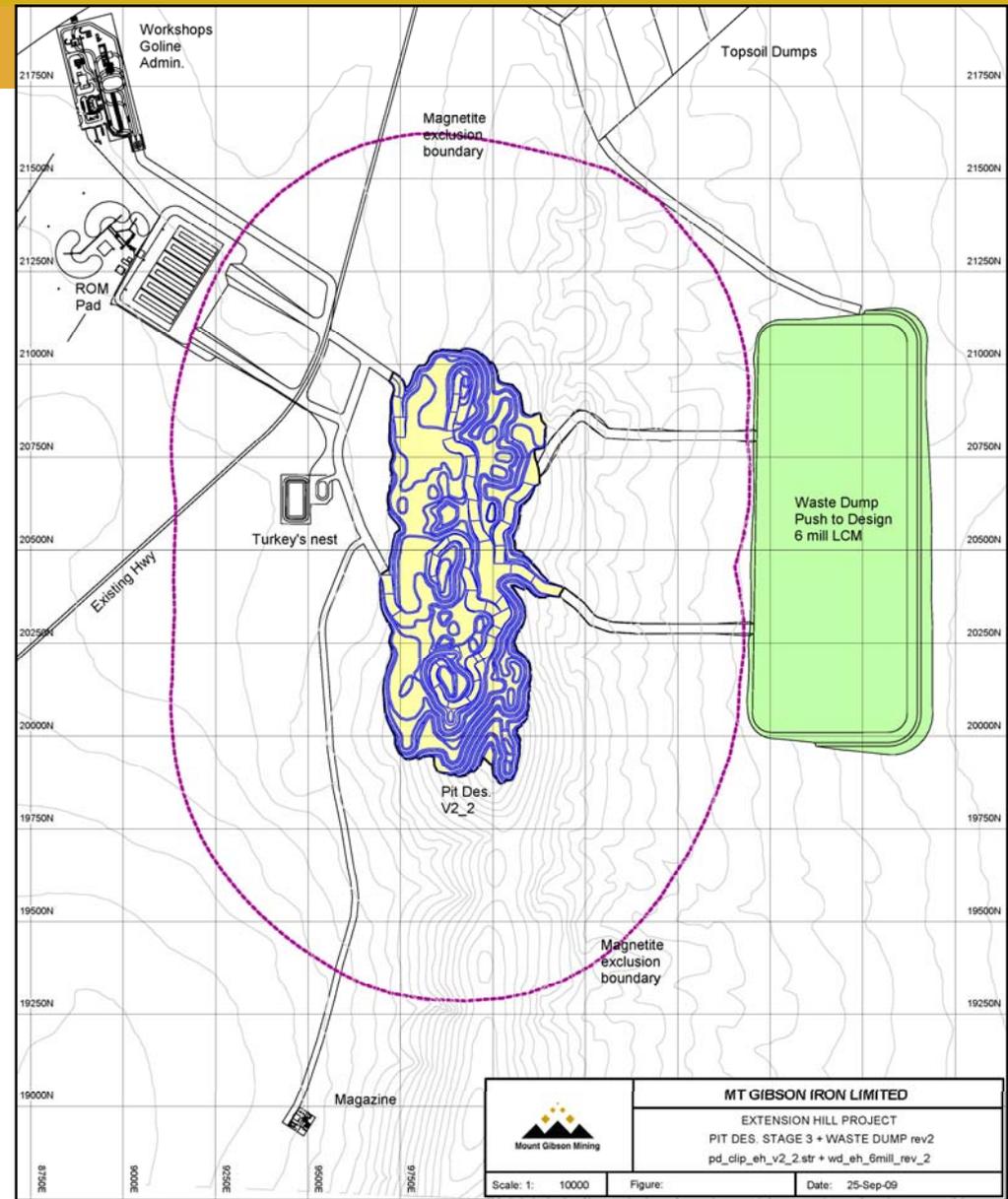


	12 months 2005-2006	12 months 2006-2007	12 months 2007-2008	12 months 2008-2009	Annualised Variance
	'000	'000	'000	'000	%
Ore Mined wmt	1,122	2,932	3,841	2,388	(38%)
Ore Crushed wmt	1,608	2,711	3,364	2,620	(22%)
Shipped wmt	1,386	2,312	2,568	2,692	5%

1 Quality assets

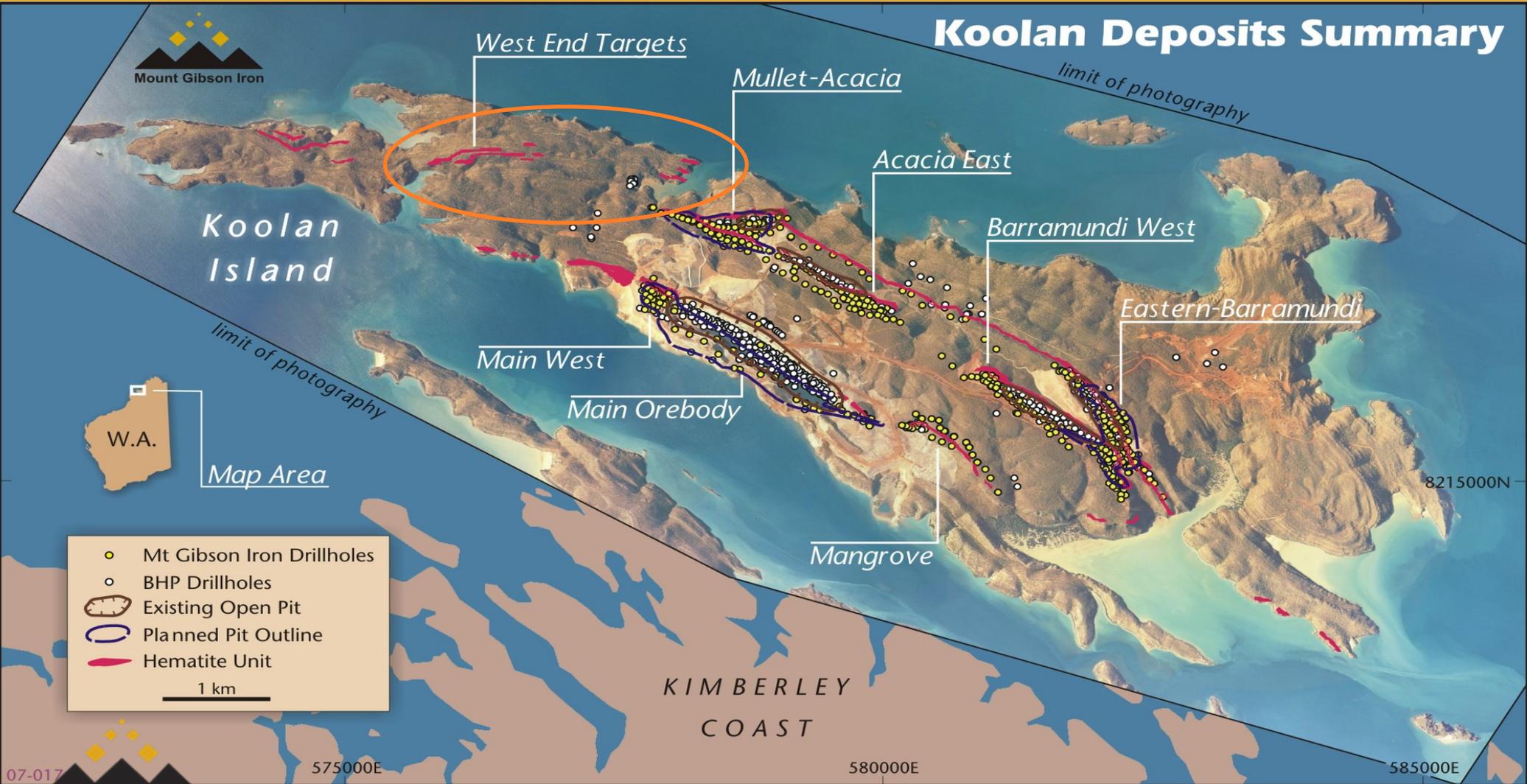
Extension Hill

- Under development - first ore shipped March qtr 2011
- Low capital cost: \$100m
- Simple process - mine, crush, road, rail and load vessels
- 3 Mtpa production rate
- Low strip ratio
- 50% Lump & 50% Fines ratio
- Product sold over LOM
- Operationally robust and straightforward
- Immediate cash generator



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
- Production ramping up to 4 Mtpa by June qtr 2010
- Currently mining from satellite orebodies
- Access premium Main Pit orebody - 2010
- 30% Lump & 70% Fines ratio (initial production 40% Lump & 60% Fines)
- Remaining LOM contains high grade, low contaminant product
- Installed infrastructure capacity 6 Mtpa



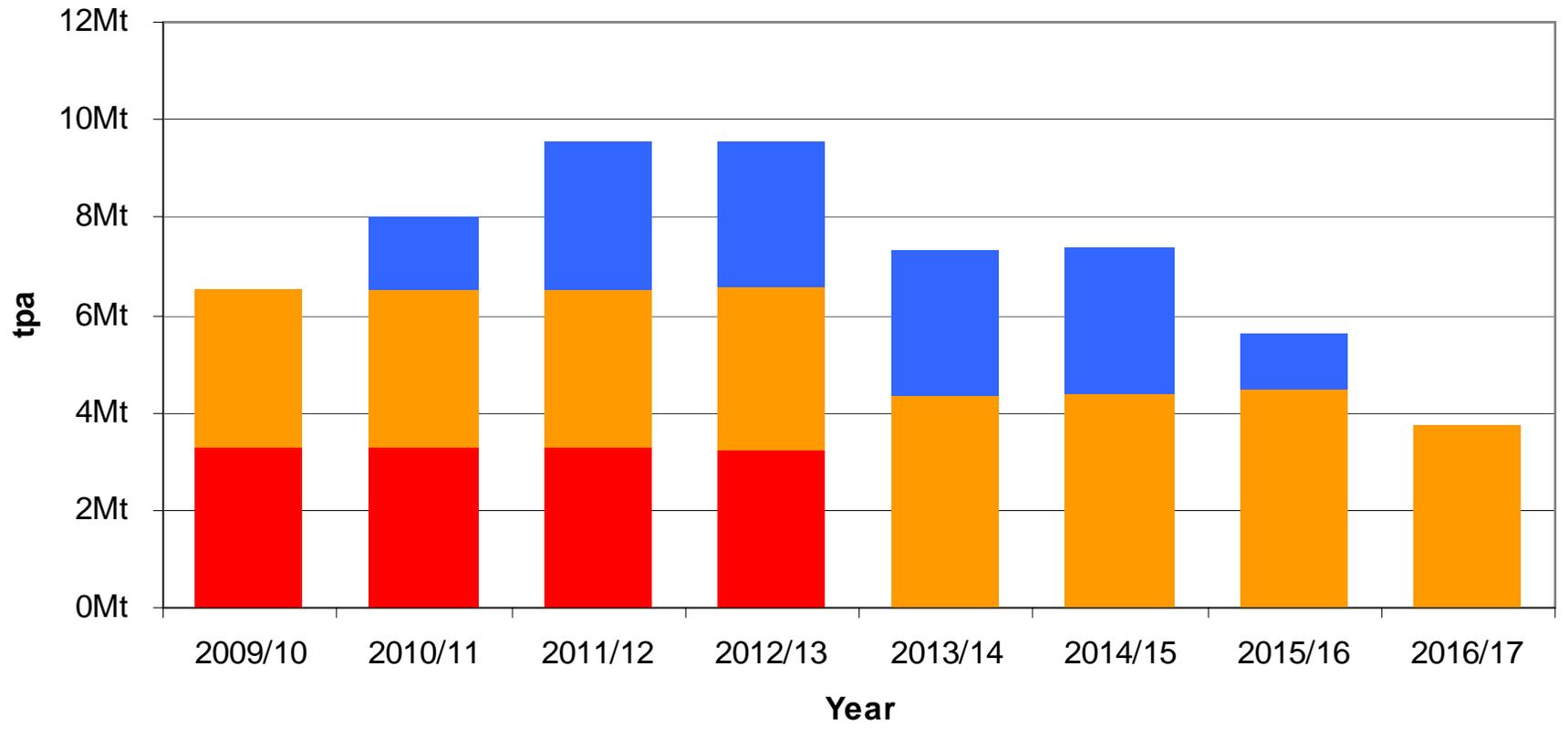
Crushing, port & ship-loading facilities



	12 months 2006-2007	12 months 2007-2008	12 months 2008-2009	Annualised Variance
	'000	'000	'000	%
Ore Mined wmt	559	3,047	3,524	16%
Ore Crushed wmt	274	2,973	2,926	(2%)
Shipped wmt	150	2,900	2,707	(7%)

2 Solid growth profile

Sales growth to reach full production by 2011 ... based on reserves



■ Shipping - Tallinger Peak ■ Shipping - Koolan Island ■ Shipping - Extension Hill



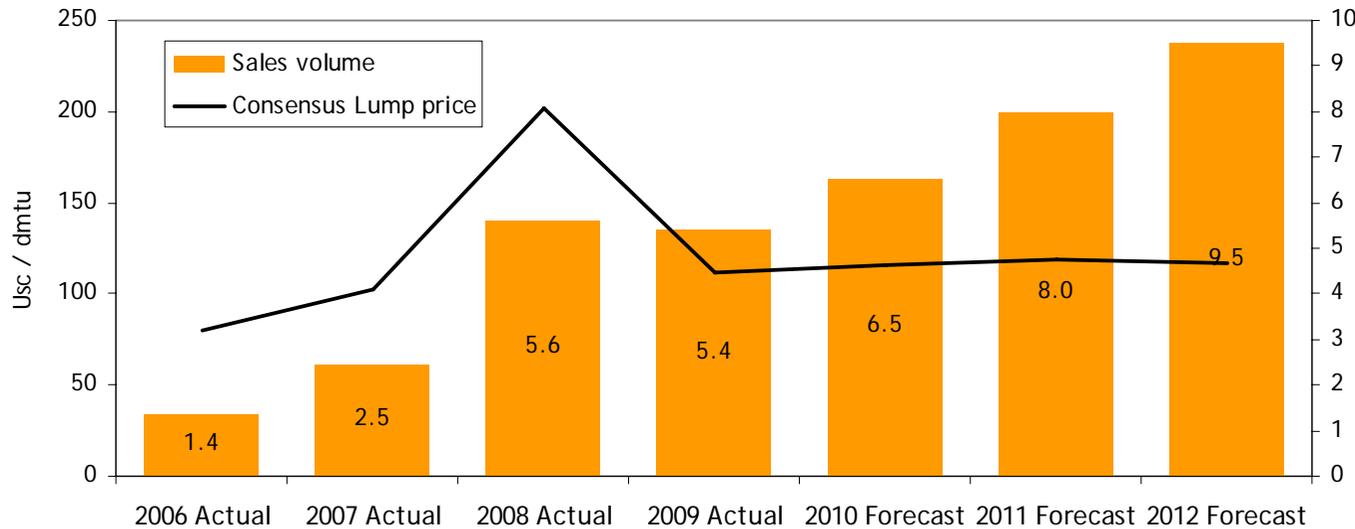
2 Solid growth profile

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
- Mt Gibson Ranges provide DSO upside
- T1 & North Ridge at Tallering Peak
- 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 2011

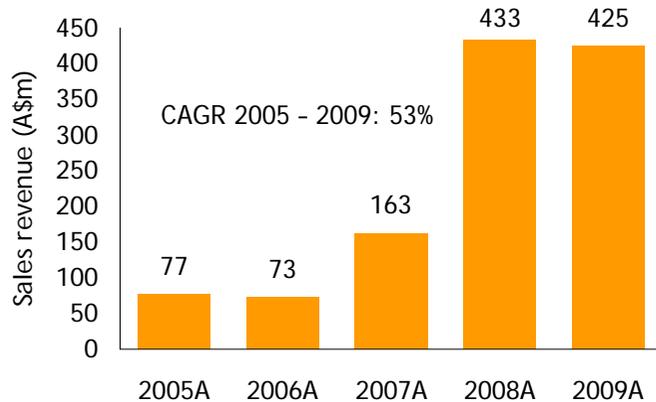
✓ 100% of existing operations production is sold

✓ Capturing price upside through Hamersley benchmark contract prices

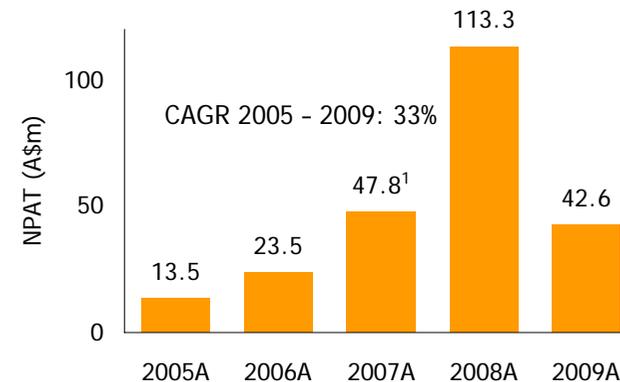
Source: Macquarie, Merrill Lynch, UBS, Goldman Sachs, Citi, Morgan Stanley, RBC, JP Morgan, CRU forecasts

Disciplined financial strategy & strong performance

2005-2009 sales revenue



2005-2009 net profit



Disciplined risk management strategy

Mount Gibson has...

- ✓ First mover status & access to existing infrastructure
- ✓ Substantially improved operational performance
- ✓ Divested high risk, high cost and capex 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

Experienced - disciplined Board & executive team with proven track record

Experienced Board & executive management team

Mr Neil Hamilton
Chairman
LLB

- Appointed Non-Exec Chairman in April 07
- 23 years experience as a director of publicly listed companies
- Chairman of IRESS and Non - Exec of Insurance Australia Limited and Programmed Maintenance Services Ltd

Mr Craig Readhead
Non-Executive Director
B.Juris, LLB, AICD

- 26 years practicing in resources law
- Partner in law firm Pullinger Readhead Lucas
- Non-Exec' Director of Heron Resources, Galaxy Resources, Halcyon Group, Frankland River & Olive Company
- Past President of AMPLA and Vice President of AMEC

Mr Luke Tonkin
Managing Director
B.E., MAusIMM, AICD

- Appointed in Oct 05
- 22 years experience, with management and executive roles with WMC (KNO, St Ives, Leinster, CNGC) and Sons of Gwalia
- Multi commodity executive and operational experience

Mr Ian MacIver
Non-Executive Director
B.Comm, CA, F Fin, AICD

- MD of Grange Consulting Group Pty Ltd
- Many years experience as senior exec' & Director of resource & industrial companies with responsibility for capital raising & other corporate initiatives

Mr Alan Rule
CFO
B.Comm, B.Acc, CA

- Appointed CFO in Jun 07
- Finance Director Jul 05 - Jun 07
- Extensive experience in financial roles & international financing of mining projects
- CFO Western Metals and St Barbara

Mr Alan Jones
Non-Executive Director
CA

- Appointed July 2006
- Extensive senior management & Board in listed & unlisted Australian public companies, particularly in construction, engineering, finance and investment industries
- Non - Exec of APAC Resources Ltd
- Merger & acquisition expertise

Mr Cao Zhong
Non-Executive Director
M.Eng, M.Econ

- Appointed in Dec 08
- Extensive experience in corporate management & operations
- Deputy Chairman & General Manager of Shougang Holding (Hong Kong) Limited and Chairman of Fushan International Energy Group Limited

Mr Chen Zhouping
Non-Executive Director
CPA

- Appointed January 2009
- Extensive experience in the steel industry, engineering design, human resources & management
- Deputy Managing Director of Shougang Holding (Hong Kong) Limited, Deputy Managing Director of Shougang Concord International Enterprises Company Limited

Clear operational focus

Transparent

Responsive

Proven track record

Attachments

Company overview

Corporate

- Issued capital 1075.2 million shares, 15.7 million options
- Market cap¹ A\$1,344 million
- Cash² A\$249 million
- Total debt² A\$105 million
- EV A\$1,200 million
- Index S&P/ASX 200
- Finance facilities A\$170m (includes A\$65m contingent debt)

Financials

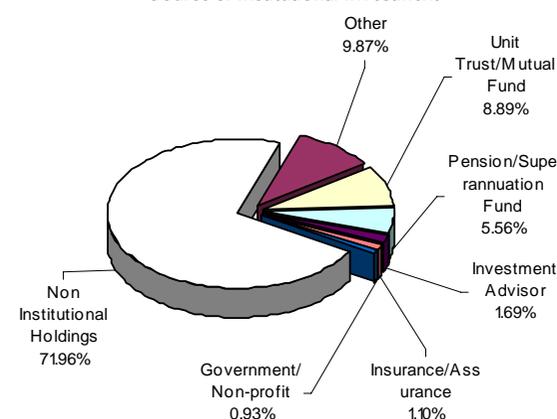
		2005	2006	2007	2008	2009
• Sales volume	MWMT	1.9	1.4	2.5	5.5	5.4
• Sales	A\$ m	77	73	163	433	425
• NPAT	A\$ m	14	23	48 ³	113	43

Shareholders

- APAC Resources 26.03%
- Shougang Concord 14.34%

Insto's represent 28% of shareholding

Source of Institutional Investment



Notes:

- 1 Share price of \$1.25 as at 15 October 2009
- 2 As at 30 September 2009
- 3 Includes \$19 million NPAT on sale of magnetite project

Mount Gibson key event timeline



Tallering Peak production commences

- ▶ Jan 2004: Mining of hematite ore commenced at Tallering Peak Iron Mine
- ▶ Sep 2004: Maiden full year profit announced
- ▶ Jan 2005: Tallering Peak production expected to exceed budget of 1.8Mtpa, producing 2.0Mtpa
- ▶ March 2005: Announces profits of \$6.1m for the H1 FY05 and revises profit forecast for H2 FY05 to \$15.0m

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

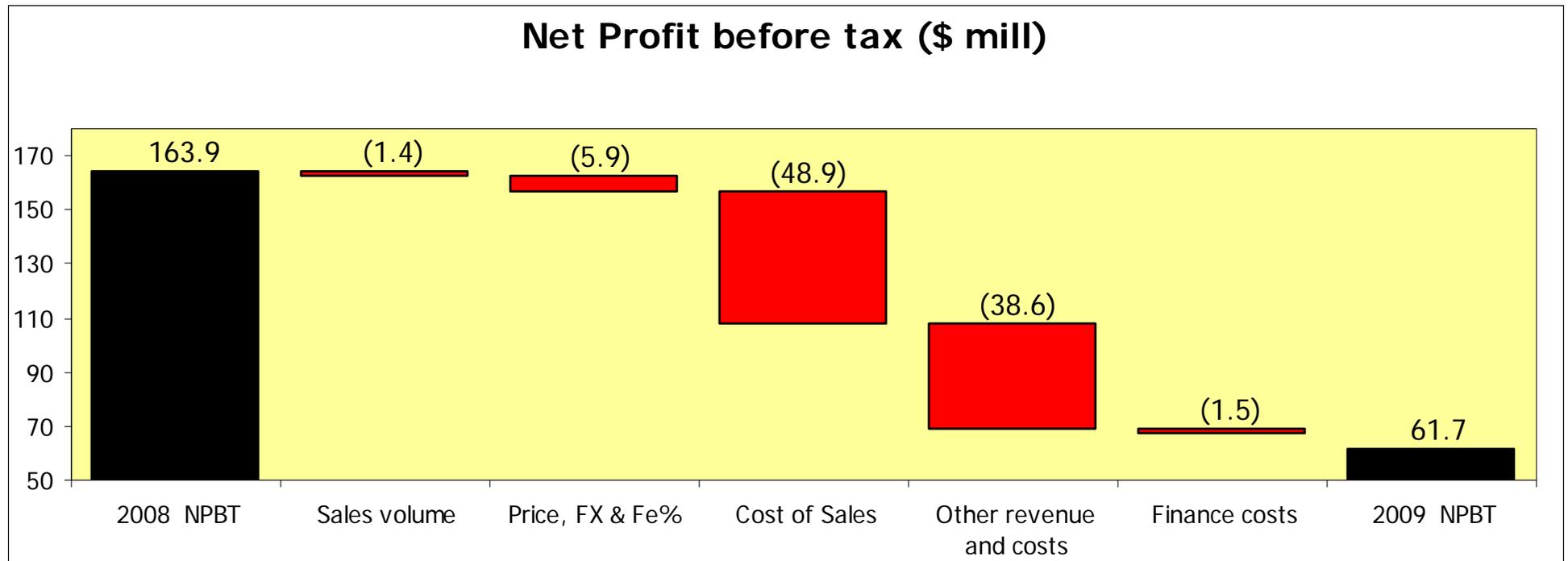
Equity Market Recovery

- ▶ 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
- ▶ Extension Hill first production scheduled for 2H 2010

2009 Financial results - P&L

		12 months ended 30 June 2009	12 months ended 30 June 2008	%
Sales volume	000 wmt	5,398	5,343	1%
Sales revenue	\$ mill	425.4	432.7	(2%)
Other revenue	\$ mill	6.3	2.5	152%
Total revenue	\$ mill	431.7	435.2	(1%)
Cost of sales	\$ mill	(293.5)	(244.6)	(20%)
Gross profit	\$ mill	138.2	190.6	(27%)
Gross Profit %		32.08%	43.7%	
Operating profit before tax	\$ mill	61.7	163.9	(62%)
Taxation (expense)	\$ mill	(19.1)	(50.6)	(62%)
Operating profit after tax	\$ mill	42.6	113.3	(62%)

2009 Financial results - P&L



- Average FOB costs including financing costs and royalties increased 11.7 % from \$48.69 / WMT to \$54.37
- Other revenue and costs includes debt impairment of \$15.3 million and FX mark to market loss of \$14.6 million

2009 Financial results - Balance Sheet

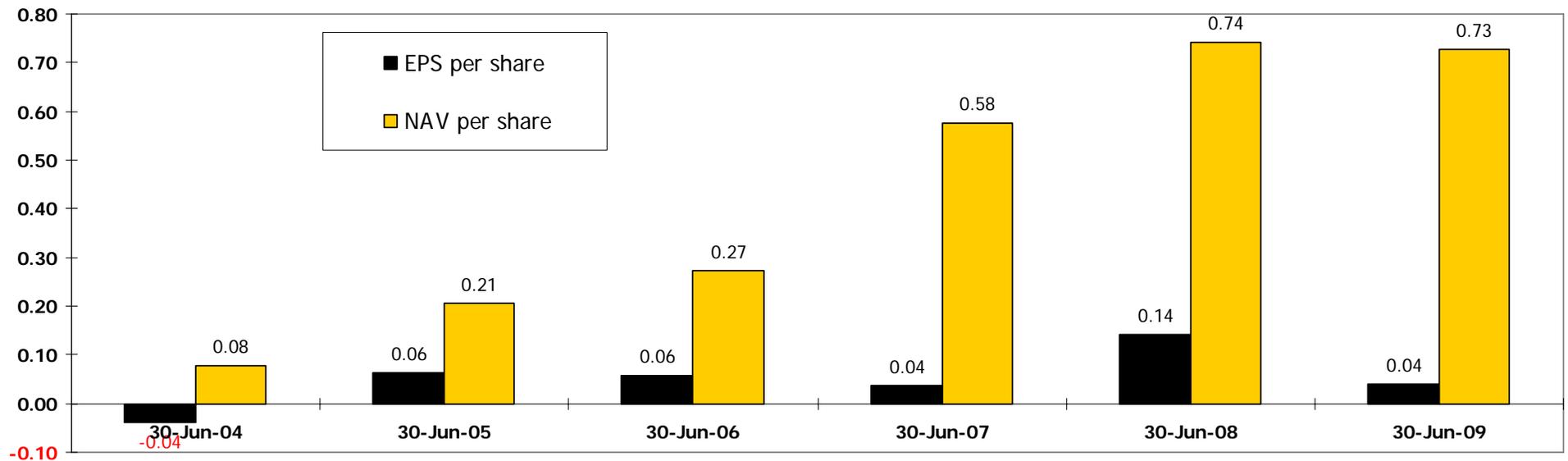
		12 months ended 30 June 2009	12 months ended 30 June 2008	%
Current assets	\$ mill	370.7	230.3	61%
Total assets	\$ mill	1,112.9	894.0	24%
Total senior debt	\$ mill	105.0	105.0	-
Finance leases and HP's	\$ mill	56.5	56.6	-
Net assets	\$ mill	780.5	596.5	30%

- Strong, clean balance sheet
- Senior debt repayment commences quarterly from 30 Sept 2010
- No foreseen senior debt draw downs - FY2010 cashflow sufficient to fund Extension Hill and Koolan capex

2009 Financial results - Cash Flow

		12 months ended 30 June 2009	12 months ended 30 June 2008	%
Operating cash flows	\$ mill	99.5	45.8	43%
Investing cash flows	\$ mill	(50.2)	(64.1)	100%
Financing cash flows	\$ mill	124.2	6.2	(91%)
Net (decrease) / increase in cash	\$ mill	173.5	(12.1)	(122%)
Closing cash	\$ mill	222.2	48.7	

2008 Ratios



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

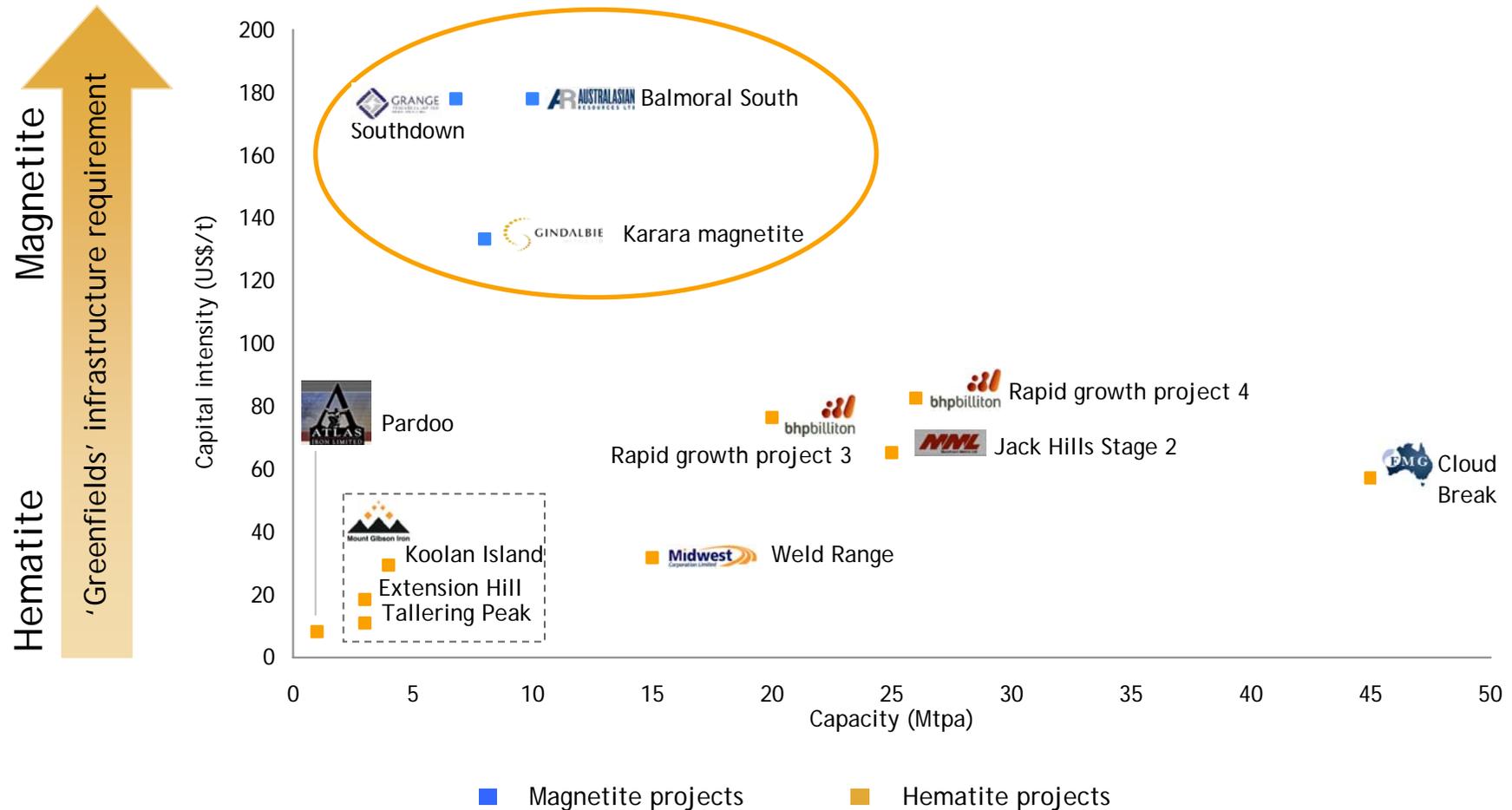
Operations Key Statistics

Key Statistics

Operations Data		Tallering Peak	Koolan Island	Extension Hill	Combined
Annual production	(Mtpa)	3	4	3	10
Expected minimum mine life		4	8	5	
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	

Capital Intensity

Mount Gibson's projects have amongst the lowest capital intensity of any of its peers ...

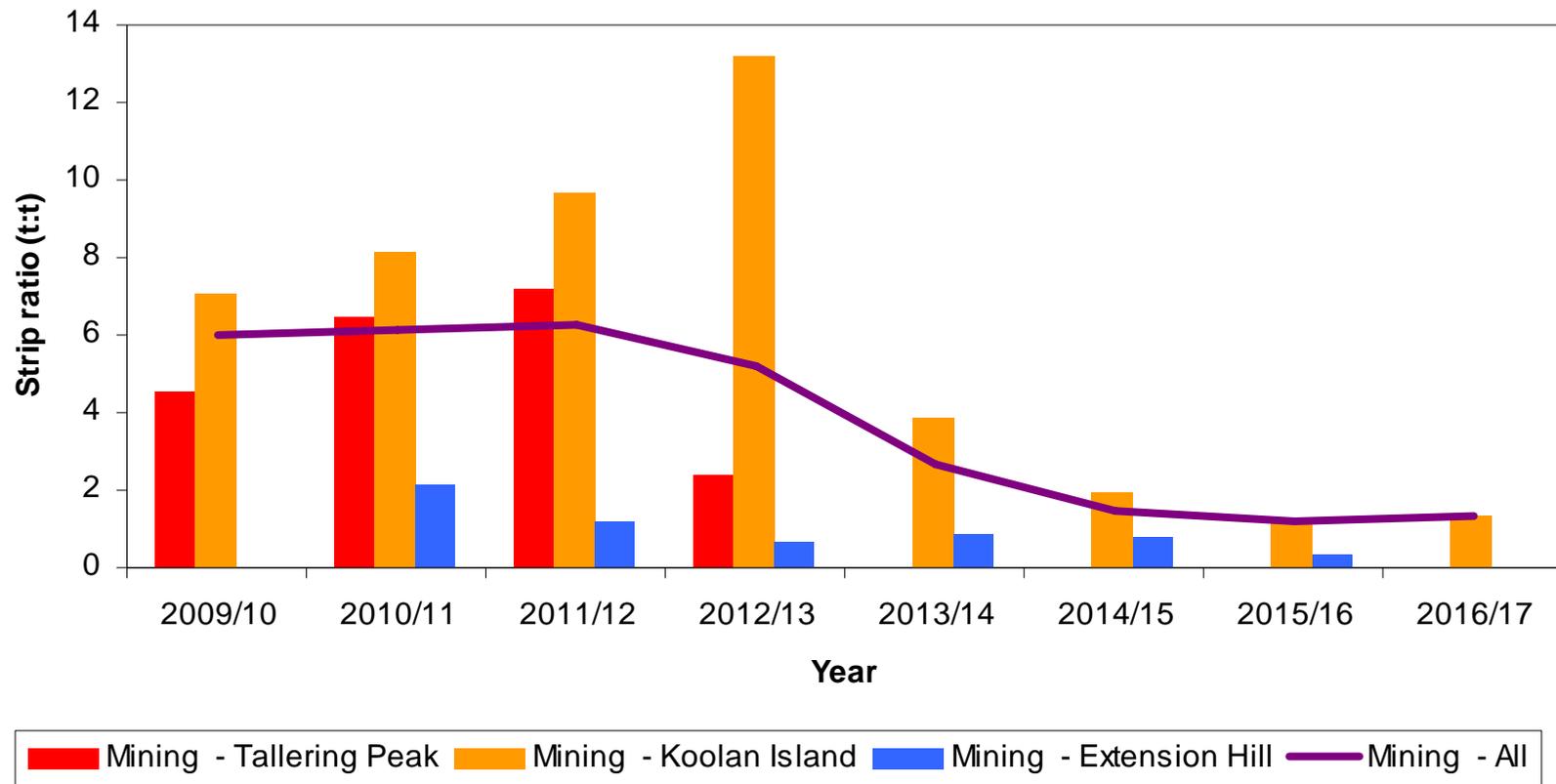


Source: Company reports



Life of Mine Strip ratios

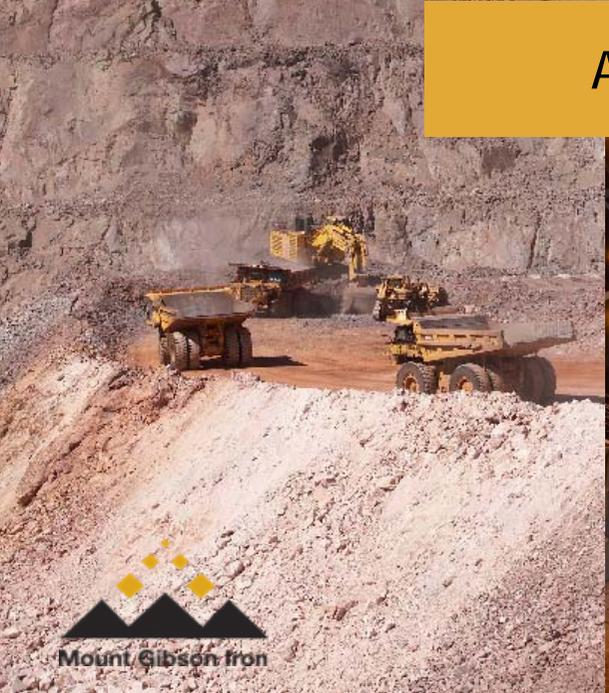
Life of Mine strip ratio's decline over time ... based on reserves



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.