



## Mount Gibson Iron Limited

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Company Announcements  
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SYDNEY NSW 2000

### **SUBJECT: KOOLAN MAIN PIT EXTENSIONAL DRILL PROGRAM AND PRESENTATION**

On 24 January 2008 Mount Gibson Iron Limited (“MGI”) announced a drill program would commence to test down-dip extent of the Main Pit hematitic surface, and to determine if the Acacia hematitic surface also extended, connecting at depth with the Main Pit hematitic surface.

MGI has been fortunate to acquire the services of a suitable drill rig ahead of schedule for a limited time and has taken the opportunity to complete two drill holes into the target area. The first hole was targeted to the east of the ultimate Main Pit limit to test possible eastward extensions of the Main Pit hematitic surface at depth, whilst the second hole was collared 600m further west, near the centre of the Main deposit, targeted well below the ultimate Main Pit design depth.

MGI is pleased to announce that both holes intersected both the Main and Acacia surfaces at depth, with all intersections displaying typical Main and Acacia mineralisation. In particular, the width of intersections is highly encouraging. Figures 1 & 2 below are sections on 2800E and 2200E, which approximate the respective easting collar positions of KIDD001 and KIDD003.

This drilling has confirmed that the Main Pit mineralisation extends at least 300m below the ultimate designed pit depth of Main Pit, and that the Acacia mineralised surface appears to extend approximately 1.4km down dip to form a continuous surface with the Main Pit mineralised surface.

MGI has received assays for one intersection to date which recorded **30.6m** of high grade hematite. Due to the friable nature of high grade mineralisation at Koolan Island, core recovery was 22% averaging **67.4% Fe, 1.16% SiO<sub>2</sub>, 0.79% Al<sub>2</sub>O<sub>3</sub>, 0.007% P and 0.014% S**. The friable material not recovered in core typically contains similar iron and contaminant levels.

MGI is highly encouraged by these drill results given that the down-dip extent of Main, Acacia, Barramundi and Mullet surfaces have not been previously tested by drilling. These new intersections extend known mineralisation down an additional 300 vertical metres, demonstrating the outstanding exploration targets and resource upside which exists at Koolan Island. Given the success of these first two drill holes, MGI is planning a comprehensive preliminary drill program to be recommended to the Board for approval which, if approved, will commence as soon as practicably possible, subject to availability of suitable drill rigs.

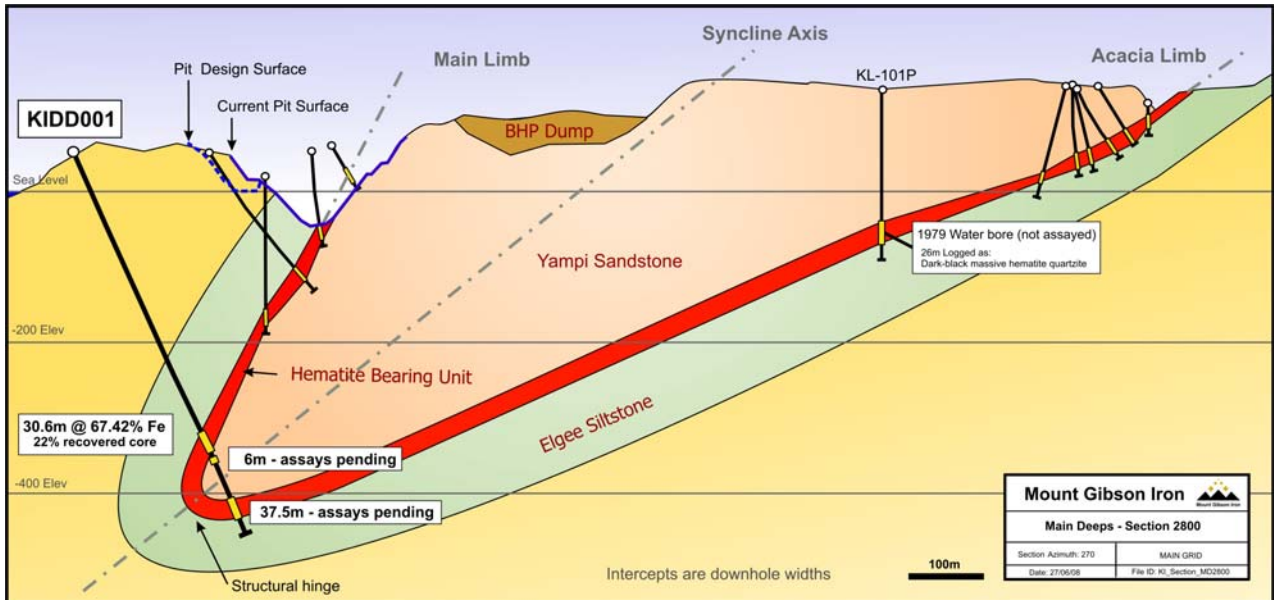


Figure 1 – KIDD001 diamond drill hole intersections of the Main and Acacia mineralized hematite surfaces

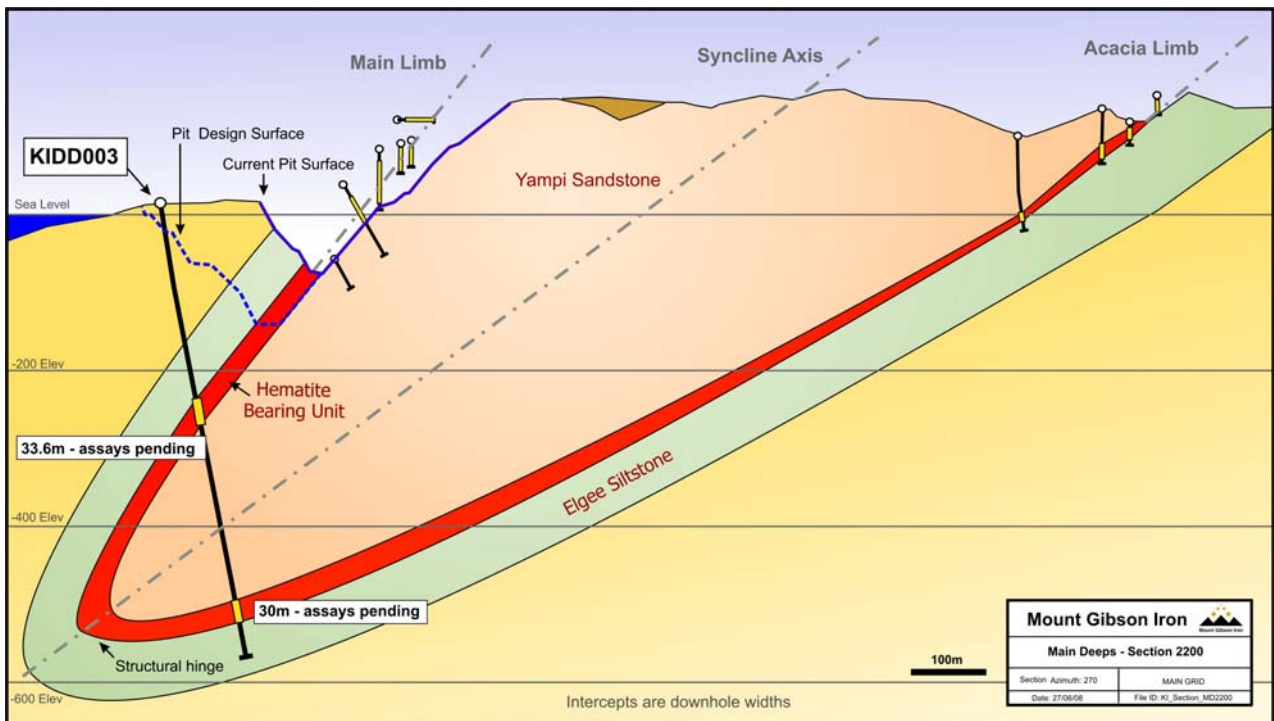


Figure 2 – KIDD003 diamond drill hole intersections of the Main and Acacia mineralized hematite surfaces

Attached please find a copy of a presentation to be given at a site visit to Koolan Island on Monday 30 June 2008.

Yours sincerely,  
MOUNT GIBSON IRON LIMITED

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**Company Secretary**

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Chief Financial Officer

# Koolan Island - Analyst & Shareholder Site visit June 2008



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Investments in shares in MGI is considered highly speculative.

# Agenda

- Koolan update
  - Operations overview
  - Exploration
- Talling Peak update
  - Operations overview
  - Exploration
- Extension Hill update
- Tour of Koolan Operations

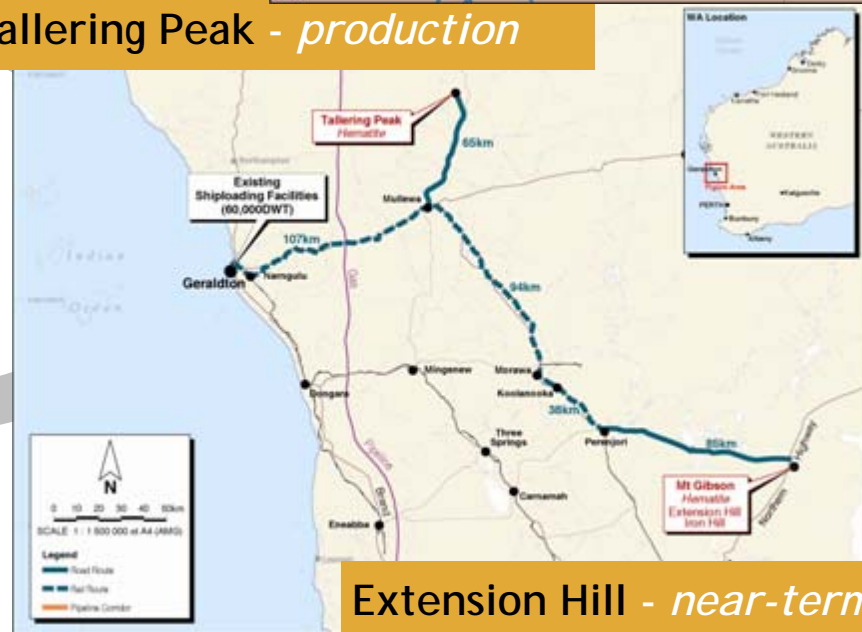
# Locations



**Koolan Island - production**



**Tattlering Peak - production**



**Extension Hill - near-term production**



# Koolan Island

provides significant upside potential ...



# Koolan - Overview

- Ex BHP mine - closed 1992
- Mine, crush and shipload
- First hematite ore shipped June 2007
- Production ramping up to 4 Mtpa by Sept qtr 2010
- Currently mining from satellite orebodies
- Premium Main Pit orebody
  - Currently mining western extension through to July 2013
  - Commence ultra high grade production in 2011
  - 30% Lump & 70% Fines ratio
  - Quality high grade, low contaminant product
- Installed capacity 6 Mtpa

# Koolan - Operations

- Mount Gibson owns all equipment on site apart from
  - Some ancillary mining equipment
  - Power station
- Workforce
  - Fly-in-fly out on rosters of 14:7 and 9:5
  - 46 Mount Gibson employees
  - 399 Contractors
- Logistics
  - Barge from Derby 3-4 times per week with supplies

# Koolan - Schedule for 2008-09

- Mining
  - 17 million BCM
  - 3.9 Mt ore
- Crushing
  - 3.5 Mt ore
- Sales
  - 1.8 Mt Lump
  - 1.6 Mt Fines

# Koolan - Capex projects for 2008-09

- Main Pit access
  - Seawall
  - Footwall rehabilitation
  - Dewatering
- Heavy vehicle workshop
- Centralised warehouse facility
- New centrally managed logistics and supply system

# Koolan - Main Pit just before BHP flooded

World class grade and quality - 66.5% Fe, 3.48% SiO<sub>2</sub>, 0.69% Al<sub>2</sub>O<sub>3</sub>, 0.019% P, 0.3 LOI  
- 205,000 tpvm



# Koolan - Main Pit

- Access requires:
  - Construct seawall
  - De-water
  - Footwall rehab
- Commenced Jan 2008
- Complete by Mid 2009
- Low technical risk



Main Pit - March 2008

# Koolan - Main Pit rehabilitation and dewatering

- Rehabilitation
  - Drape reinforcing mesh over the footwall commencing at the 39mRL
  - Install rock anchors as required
  - Drill dewatering and depressurisation boreholes
  - Install rock catch fences
- Dewatering
  - Planned 5 metres per month to match rehabilitation drop down rate
  - Capacity of 900 litres / second
  - Pumped into settlement dams before discharged into ocean

# Koolan - Main Pit seawall

- Across mouth of Arbitration Cove
- BHP tidal channel successfully dammed, terminating tidal water recharge of Main Pit
- Rock fill embankment structure progressing as planned
- 300 metres long and 15 metres high buttress
- Low permeability clay core

# Koolan - Material movement

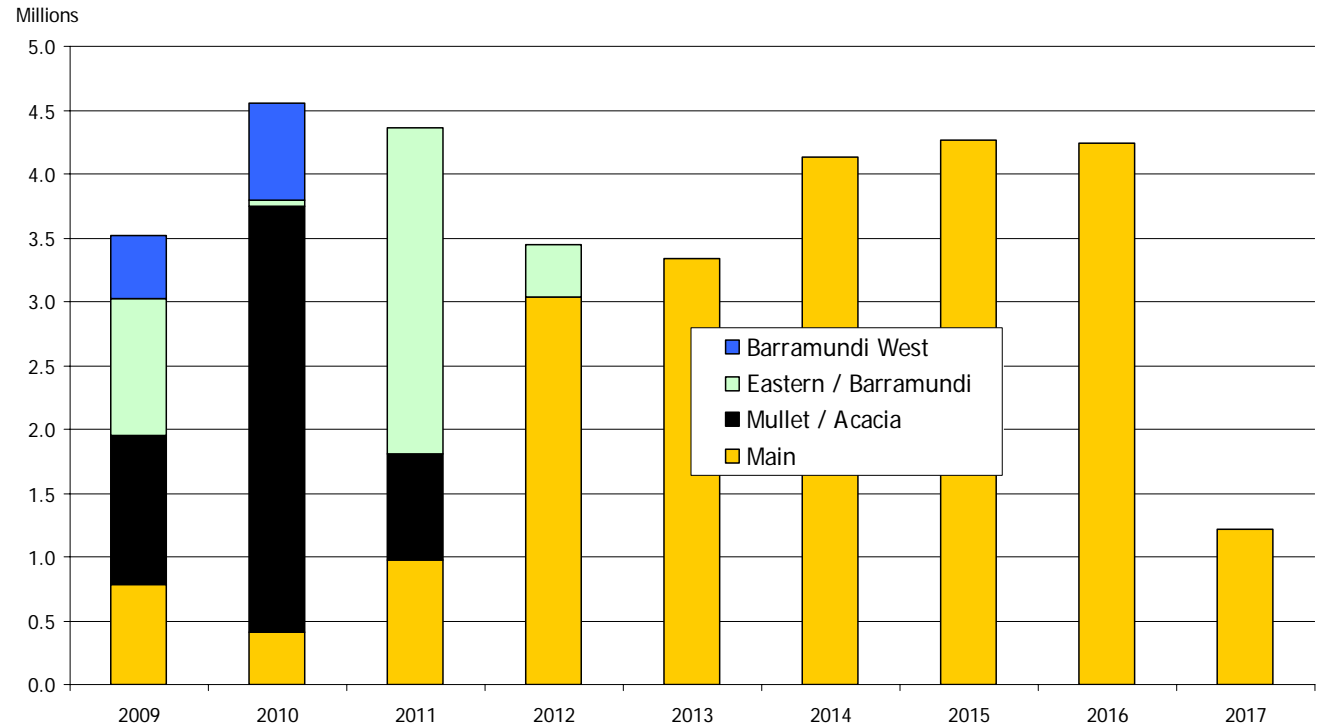
|                    |         | Life to date | May 2008 LOM | Revised total LOM | Original LOM |
|--------------------|---------|--------------|--------------|-------------------|--------------|
| Total BCM's        | million | 10.6         | 81.8         | 92.4              | 78.0         |
| Total waste tonnes | million | 26.3         | 178.8        | 205.1             | 176.3        |
| Total ore tonnes   | million | 3.6          | 33.1         | 36.7              | 29.3         |
| Strip ratio        | t:t     | 7.30         | 5.40         | 5.59              | 6.02         |

# Koolan - Ore sources

- Satellite pits

Lower grades and higher contaminants in first 3 years

- Ramp up to 4Mtpa in FY2010

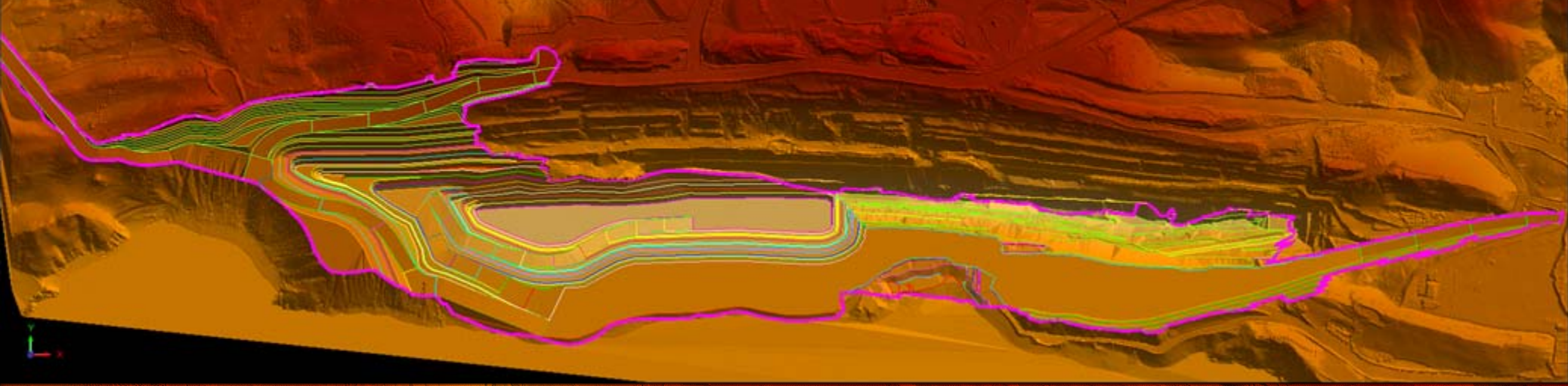


- Main Pit access in 2 stages has commenced

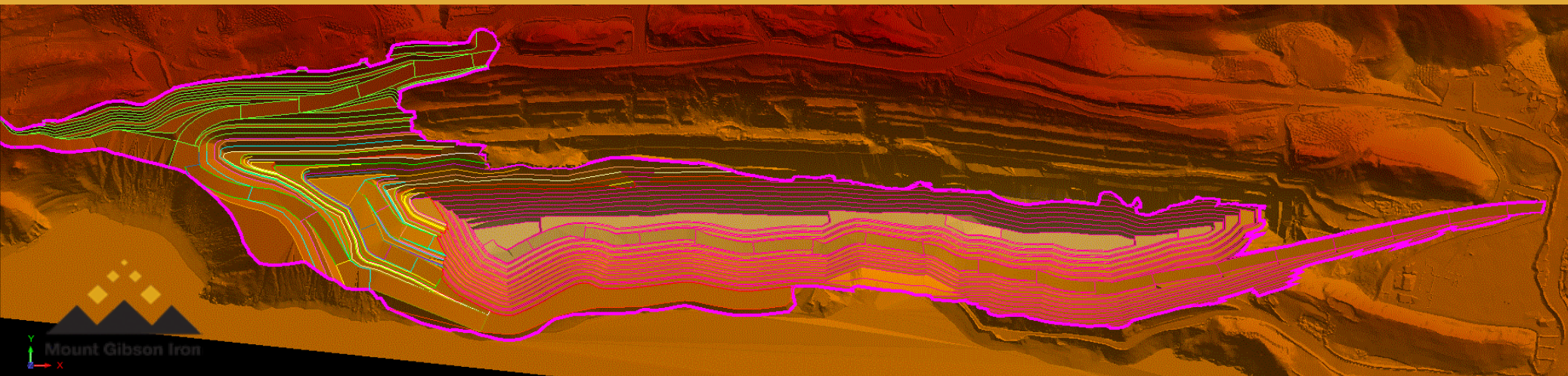
- Ore currently sourced from Main West cutback
- Ultra high grade ore sourced from 2011 at +65% Fe

# Koolan - Main Pit mining sequence

Main Pit stage 1 incorporates Main West cut back ...



Main Pit stage 2 at ultimate pit limit 2017 ...



# Koolan - Environmental and Indigenous agreements

- All State mining approvals received
- All project environmental approvals received for Main Pit dewatering, seawall and mining to sea level
- No environmental issues
- Quoll relocation and monitoring program successful
- Dambimangari Co-existence Deed
  - Cooperative relationship
  - Employment opportunities
  - Training
  - Cultural awareness
  - Community participation
  - Mutual financial benefit

# Koolan - Crusher and Shiploading facilities



# Koolan - Organic Growth Opportunities

- Island highly prospective with identified untested hematite outcrops
- Main Pit ore surface extensions along strike and down dip - outstanding synclinal and anticlinal structural targets
- Koolan ramp up to 4Mtpa - installed capacity 6Mtpa

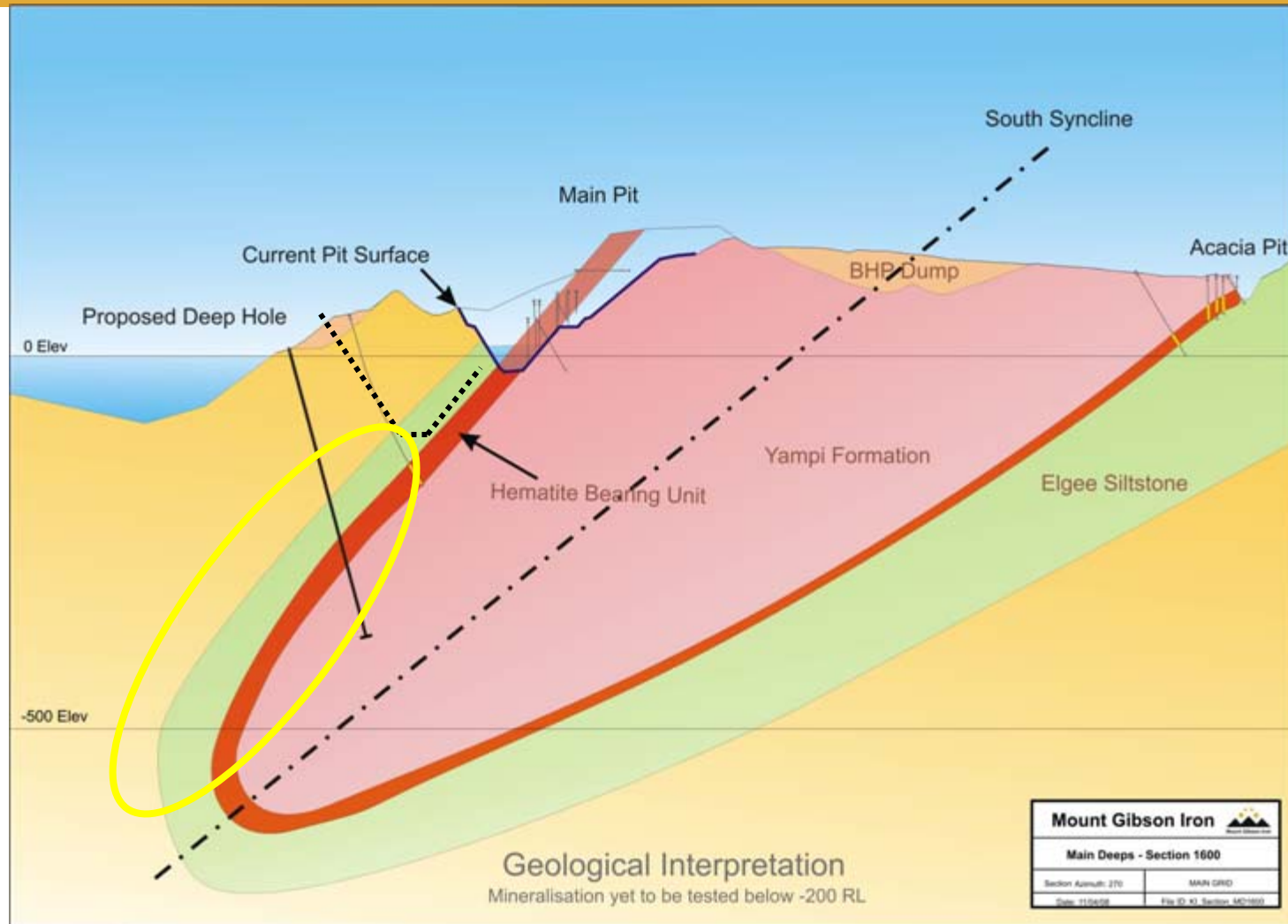
# Koolan - Full strike length of Island highly prospective

Untested hematite surfaces identified ...



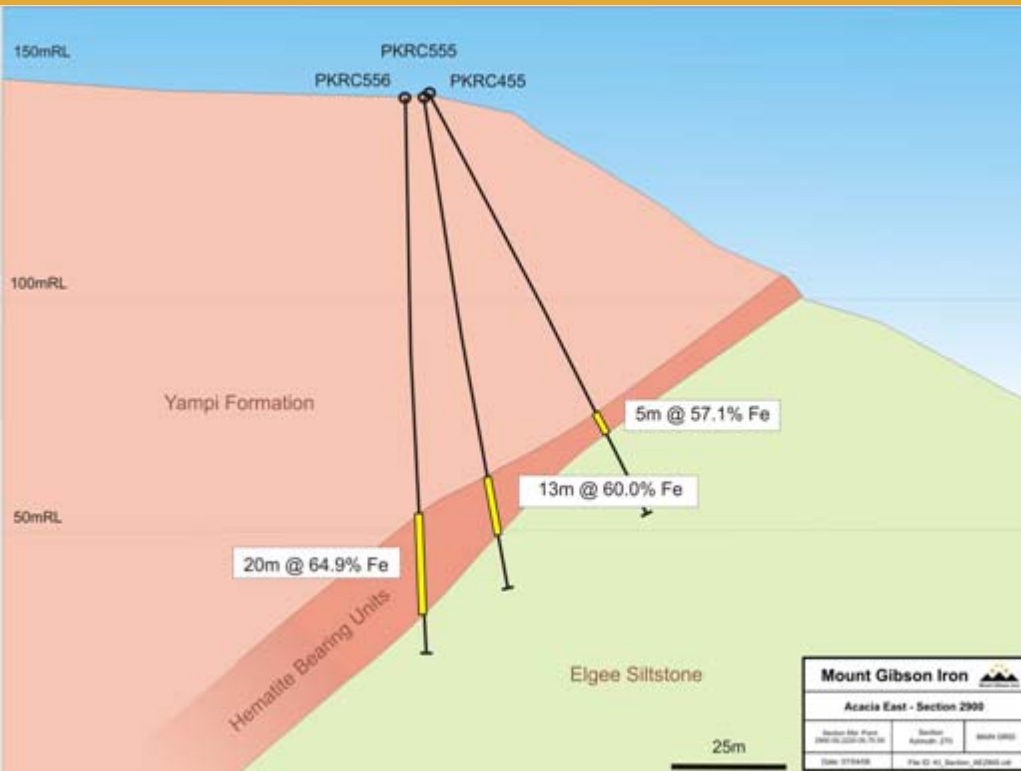
# Koolan - Geological interpretation

Initial planned drill program targeting down dip modelled synclinal structure

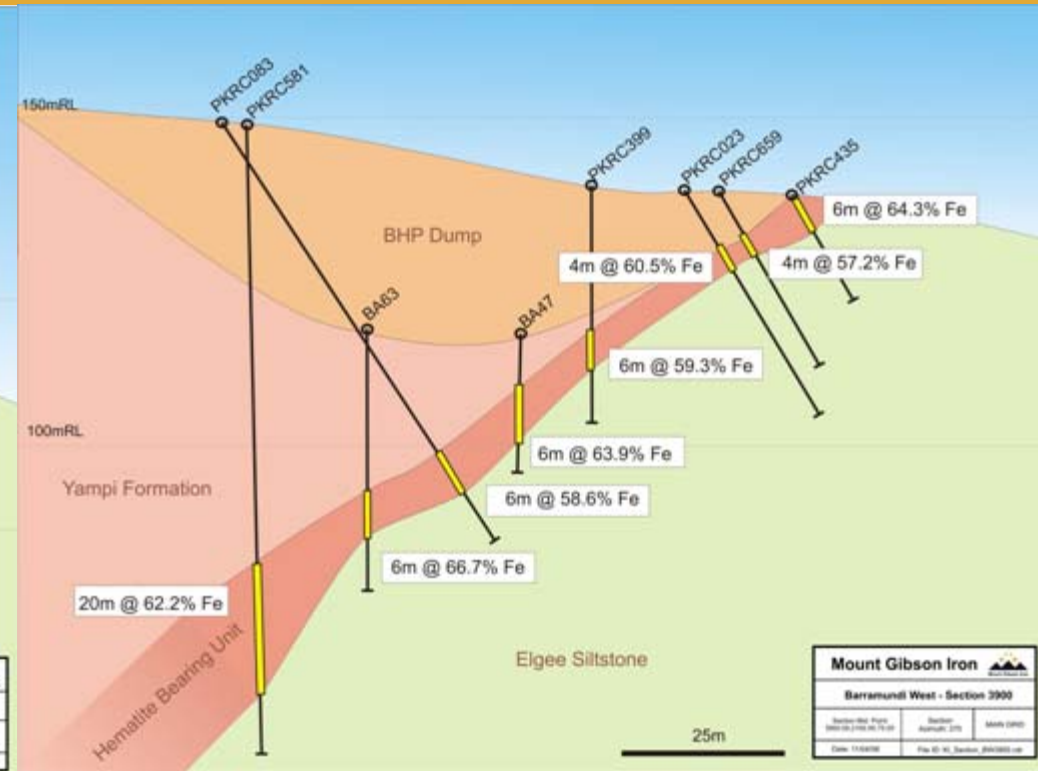


# Koolan - March drilling

March Qtr 2008 drilling in Acacia & Barramundi - apparent increase in grade and width at depth

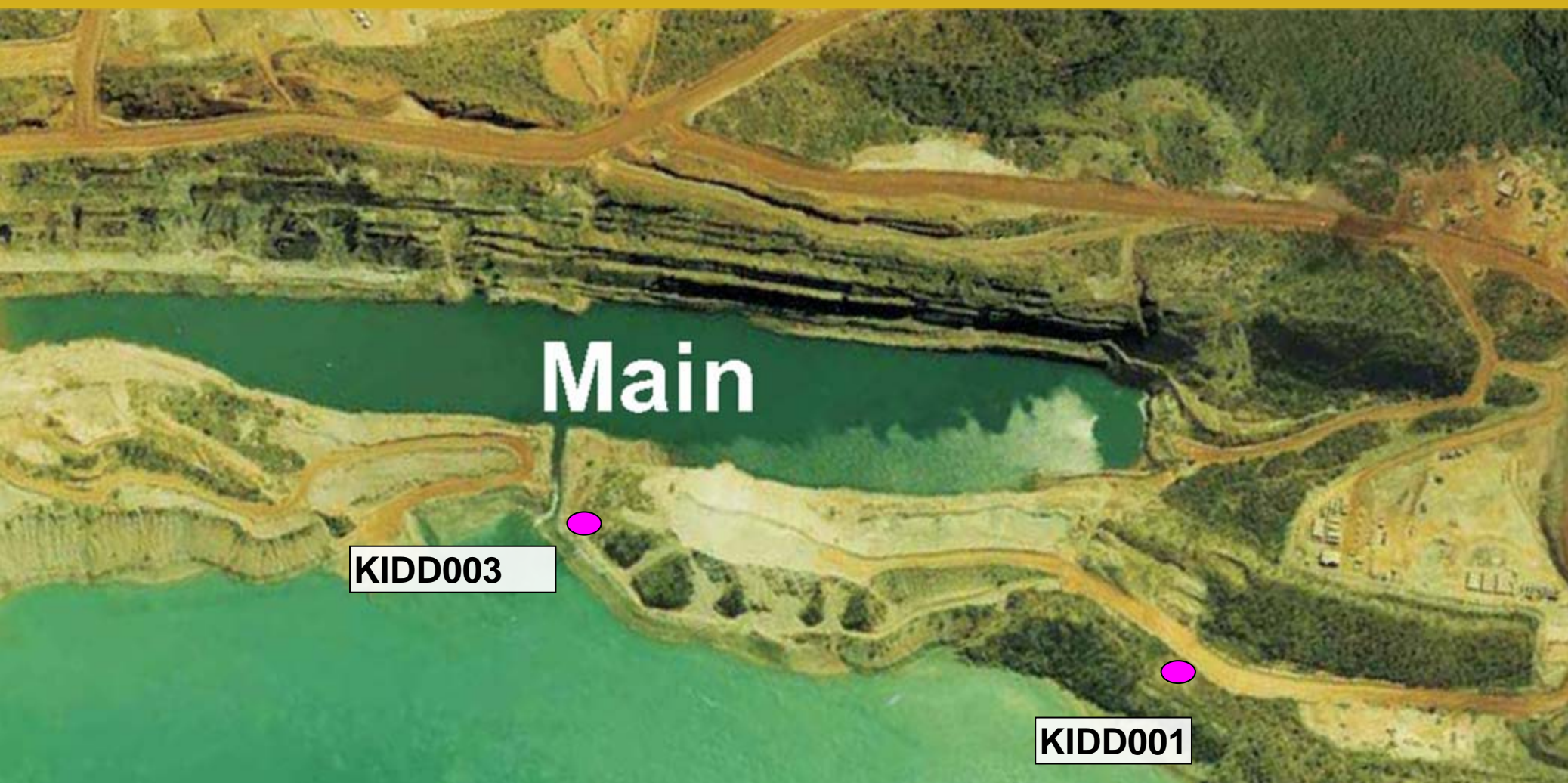


Section 2900E, Acacia East



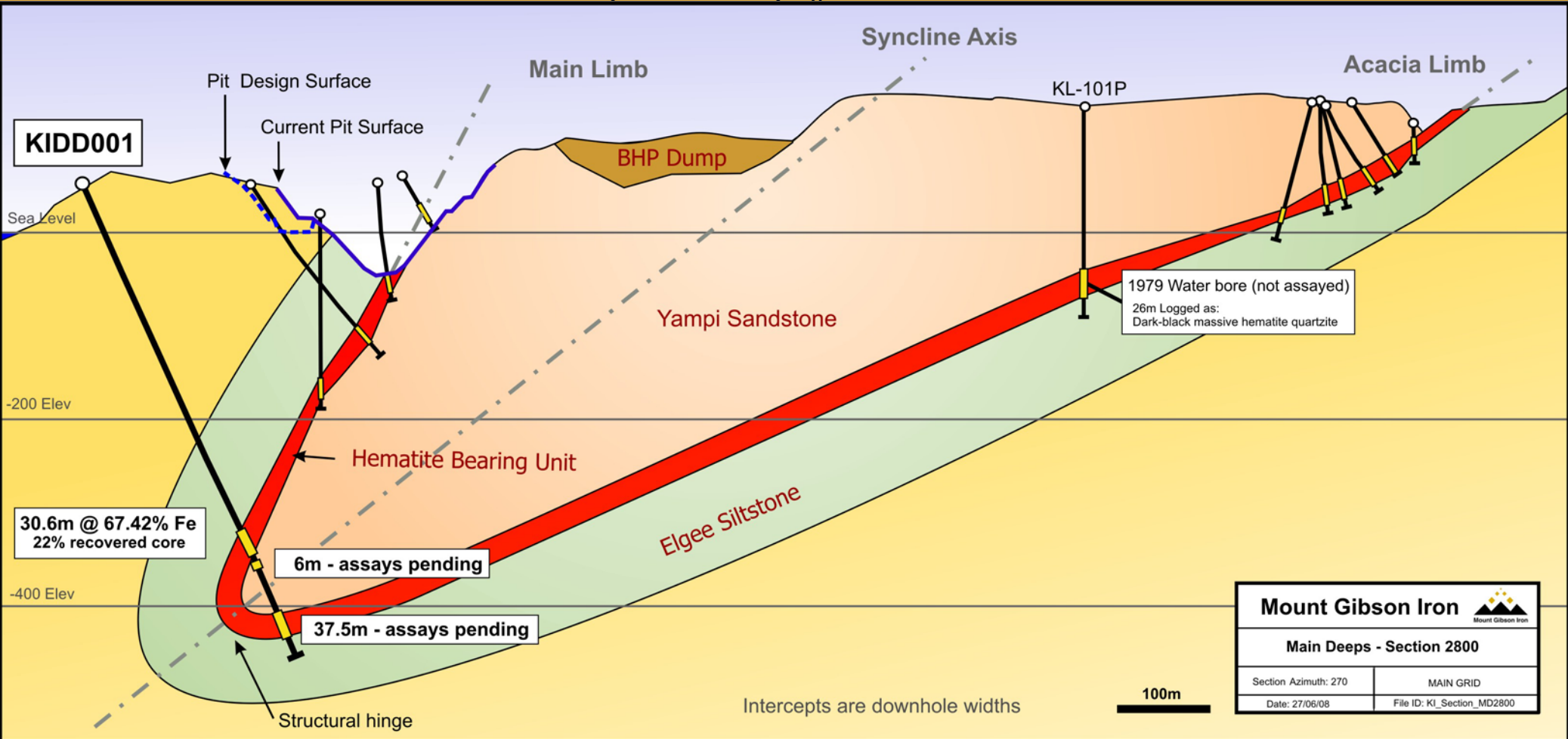
Section 3900E, Barramundi West

# Koolan - location of extensional drill holes



# Koolan - extensional drilling results

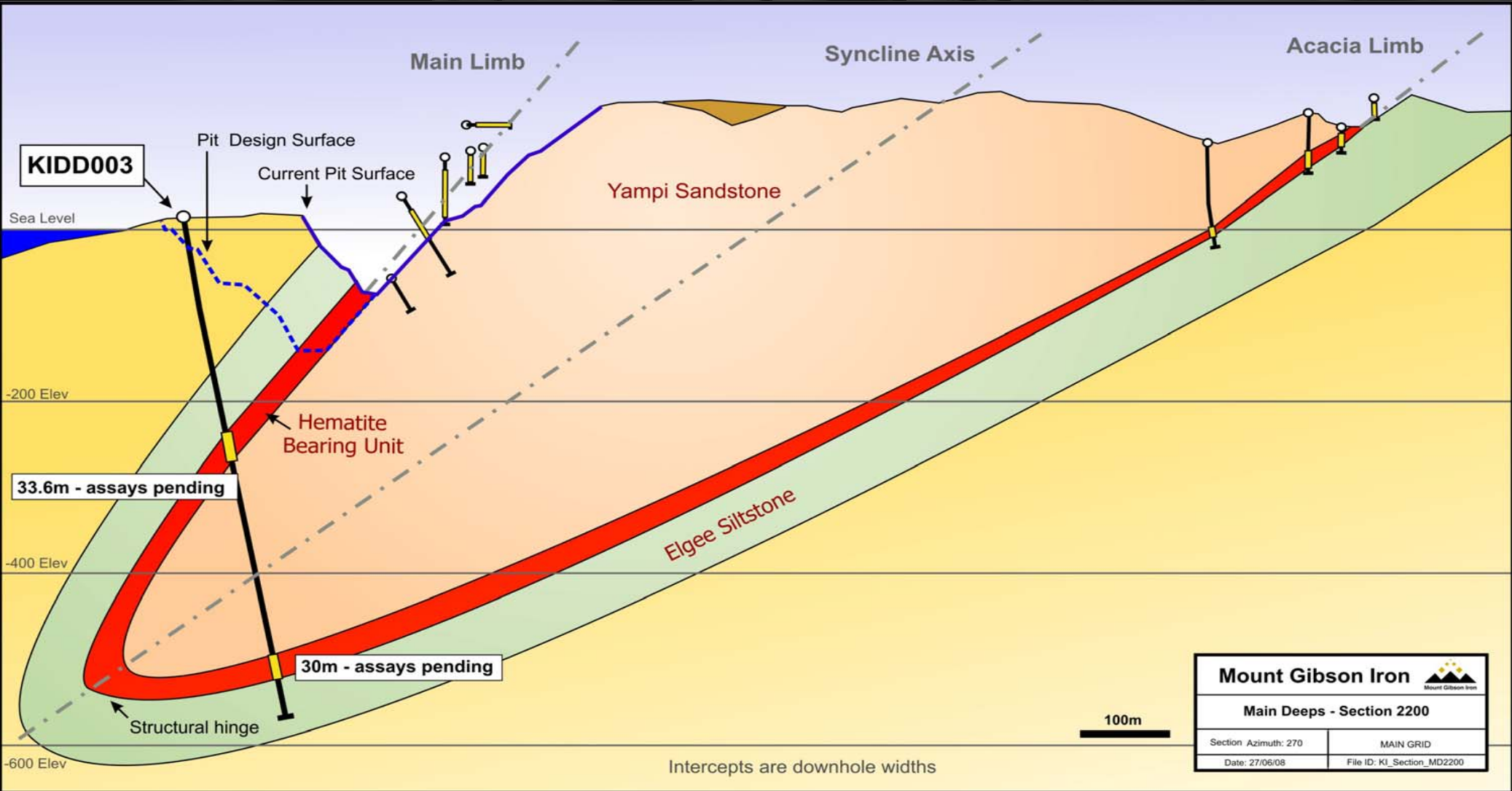
KIDD01 - Intersected 30.6m of typical Main Pit high grade hematite with core recovery of 22%  
 Recovered core - 67.42% Fe, 1.16% SiO<sub>2</sub>, 0.79% Al<sub>2</sub>O<sub>3</sub>, 0.007% P and 0.014% S



|                           |                            |
|---------------------------|----------------------------|
| <b>Mount Gibson Iron</b>  |                            |
| Main Deeps - Section 2800 |                            |
| Section Azimuth: 270      | MAIN GRID                  |
| Date: 27/06/08            | File ID: KI_Section_MD2800 |



# Koolan - extensional drilling results



# Koolan surfaces to be tested

- Acacia limb - approx 1.4 km up dip
- Barramundi limb down dip & along strike
- Main pit limb - 300 +m below design pit floor untested along strike and down dip
- Hinge point untested
- Mullet limb untested down dip and along strike
- Limited down dip drilling between Eastern and Mullet
- No drilling west of Main, Mullet or Acacia for 3.5km - hematite outcrop present

# Tallering Peak - Operations

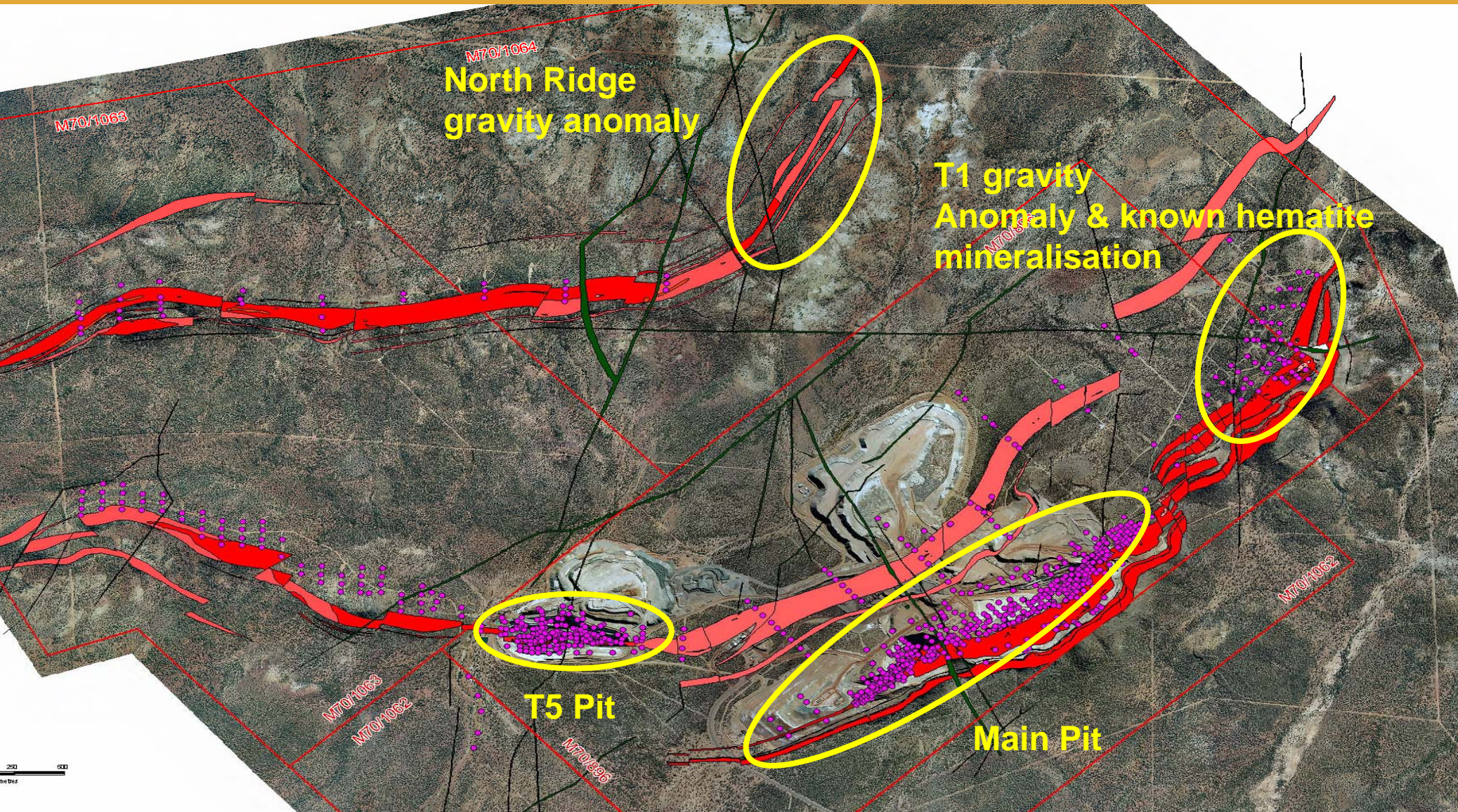
- June quarter
  - Strong ore production
  - Approx 700k tonnes sold
  - Berth 5 shiploader operating at expectations
  - Rail capacity improvements in 2008/09
  - Large stockpile of 1.8 Mt available for increased sales in 2008-09
- Rail capacity increase will allow >3 Mtpa shipped
  - 46 rail wagons arrived mid June 2008
  - Allows 2 x 60 wagon trains (33% increase)
  - Approx 11,000 tonnes per day capacity
- Expect to maintain strong ore production
- Limited drawdown on stockpiles in first 6 months due to continued strong production from Tallering Peak

# Tallering Peak - Organic Growth Opportunities

- T1 & North Ridge
- T1 access subject to indigenous agreement
- Exploration program in next 12 months

# Tallering Peak - Exploration

## Tallering Peak - North Ridge and T1 gravity survey



# Extension Hill Development

- EMP's finalised and awaiting Ministers approval
- Geraldton storage facility construction commenced
- Rail agreements signed
- Crusher tender awarded and procurement commenced
- Great Northern Highway re-alignment tendered
- Haul road tendered
- Camp buildings constructed off-site
- Site water bores installed
- Site buildings and workshop fabricated off-site
- Rail siding and Perenjori designed and being tendered
- Road haulage being tendered
- GPA have responsibility for the rail unloader upgrade

# Operations - Key Statistics

## KEY STATISTICS

|  | Tallering Peak | Koolan Island | Extension Hill | Combined |
|--|----------------|---------------|----------------|----------|
| <b>Reserves and Resources<sup>1</sup></b>                                  |                |               |                |          |
| <b>Reserves</b> (Mt)<br><i>Proven &amp; Probable</i>                       | 18.3           | 29.9          | 12.8           | 62.0     |
| <b>Mineral Resources</b> (Mt)<br><i>Measured, Indicated &amp; Inferred</i> | 21.0           | 62.8          | 19.5           | 103.3    |
| <b>Reserve Specifications</b>  |                |               |                |          |
| Fe %   | 61.7 %         | 64.8 %        | 60.3 %         |          |
| SiO <sub>2</sub>   | 5.32 %         | 5.32 %        | 5.48 %         |          |
| Al <sub>2</sub> O <sub>3</sub>   | 2.60 %         | 0.99 %        | 1.64 %         |          |
| P  | 0.025 %        | 0.018 %       | 0.06 %         |          |
| LOI  | 1.85 %         | 0.52 %        | 6.20 %         |          |
| Calcined Fe %  | 62.9 %         | 65.1 %        | 64.3 %         |          |

# Operations - Key Statistics

## KEY STATISTICS

|                            |         | Tallering Peak | Koolan Island | Extension Hill | Combined |
|----------------------------|---------|----------------|---------------|----------------|----------|
| <b>Operations Data</b>     |         |                |               |                |          |
| Annual production          | (Mtpa)  | 3              | 4 (target)    | 3 (target)     | 10       |
| Expected minimum mine life |         | 6              | 8             | 6              |          |
| Lump : Fines ratio         |         | 65% : 35%      | 30% : 70%     | 50% : 50%      |          |
| Truck                      | (km)    | 65             | -             | 85             |          |
| Rail                       | (km)    | 107            | -             | 240            |          |
| Strip ratio                | (t : t) | 6:1            | 6:1 (est.)    | 0.7:1          |          |
| Port                       |         | Geraldton      | Koolan Island | Geraldton      |          |

# Attribution

- *The information in this report relating to Mineral Resources at Talling Peak and Extension Hill is based on information compiled by Rolf Forster, who is a member of the Australasian Institute of Mining and Metallurgy.*
- *The information in this report relating to Mineral Resources on Koolan Island is based on information compiled by Chris Arnold (CPGeo), principal of Chris Arnold Resource Consultants. Chris Arnold is a Member of The Australasian Institute of Mining and Metallurgy.*
- *Rolf Forster and Chris Arnold are consultants to Mount Gibson Mining Limited, and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to each qualify as Competent Persons as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Rolf Forster and Chris Arnold consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.*
- *The information in this report relating to Ore Reserves is based on information compiled by Rolf Forster and Weifeng Li, who are members of the Australasian Institute of Mining and Metallurgy.*
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