

Mount Gibson Iron



Striking While Iron's Hot

Sydney & Melbourne - May 2006



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Investments in shares in MGI is considered highly speculative.

Agenda

- Existing Operations
- Growth Potential

Mount Gibson Iron Limited Operations Video



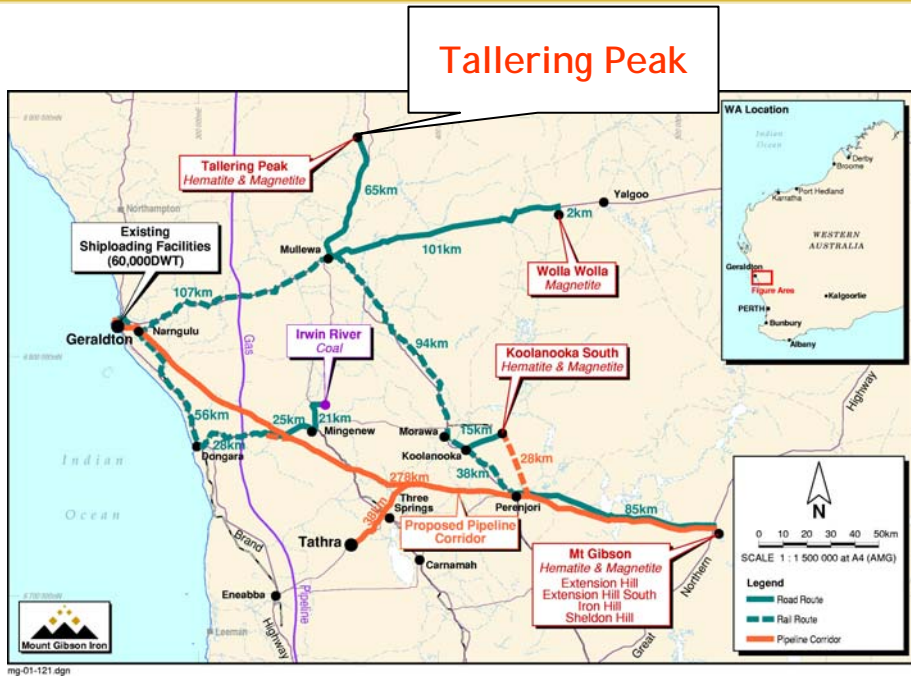
Agenda

- Existing Operations
- Growth Potential

Direct Shipping Grade Hematite

Talling Peak

- First hematite ore shipped Feb 2004
- 2004/05 - 1.84 million tonnes produced
- Current production 2.0 Mtpa
- 65% Lump & 35% fines ratio
- 6:1 Life of Mine strip ratio

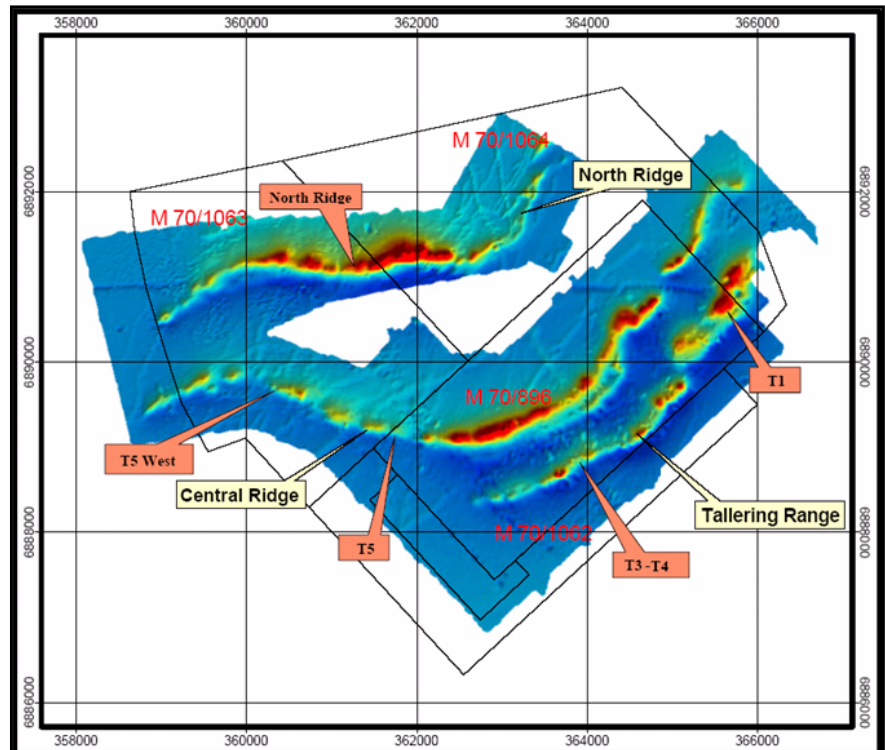


Talling Peak Reserve (August 2005)

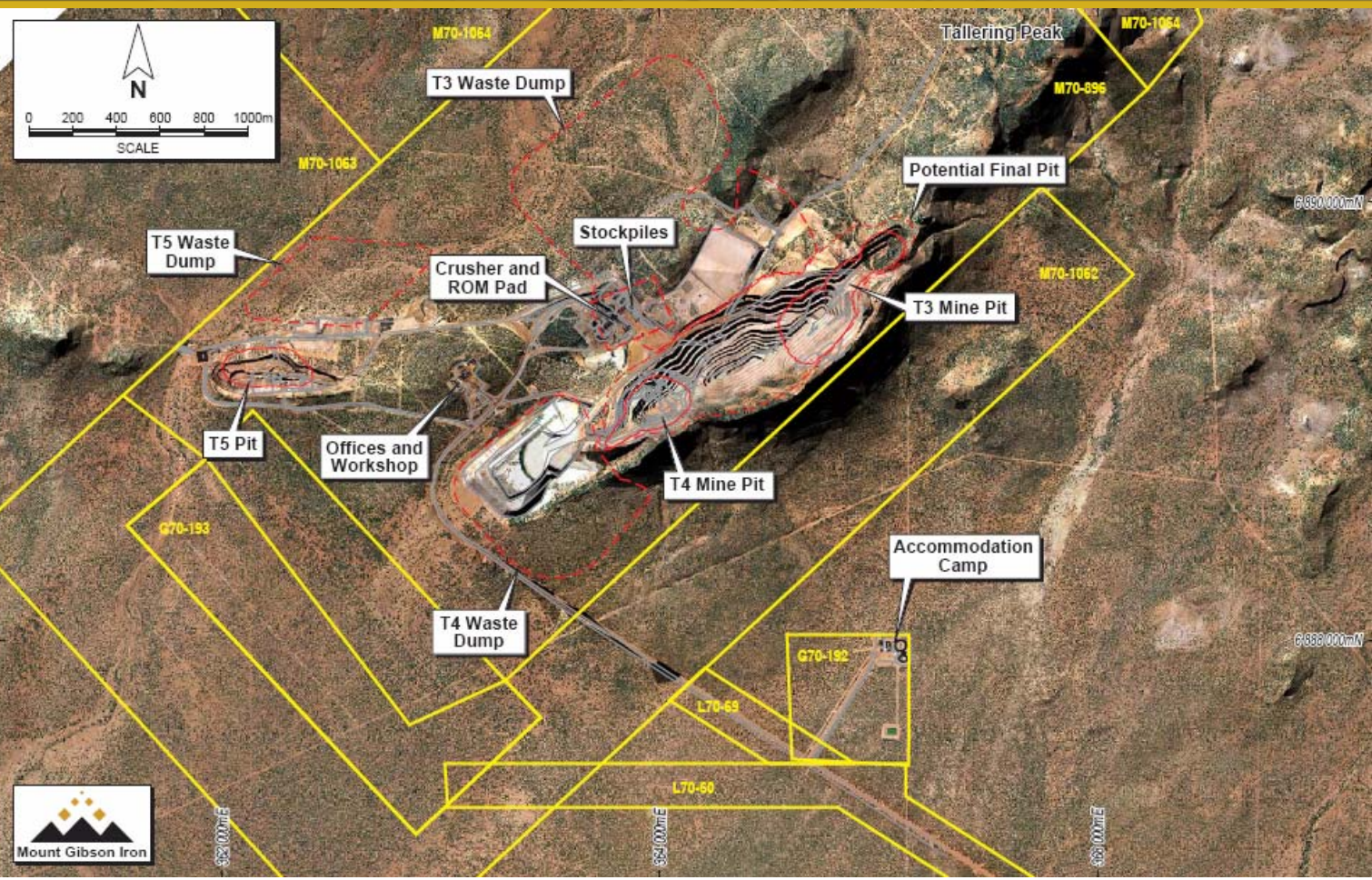
Tonnes (Mt)	Fe %	SiO ₂ %	S %	P %
18.6	63.75	4.23	0.047	0.026

Direct Shipping Grade Hematite

- Excavator - truck - crush & screen operation
- Cut back of starter pits commenced January 2006
- 3 Mtpa rates achieved in second half of 2006
- Rail and port access secured
- Further exploration upside
 - T1
 - T5



Tallering Peak Site Layout



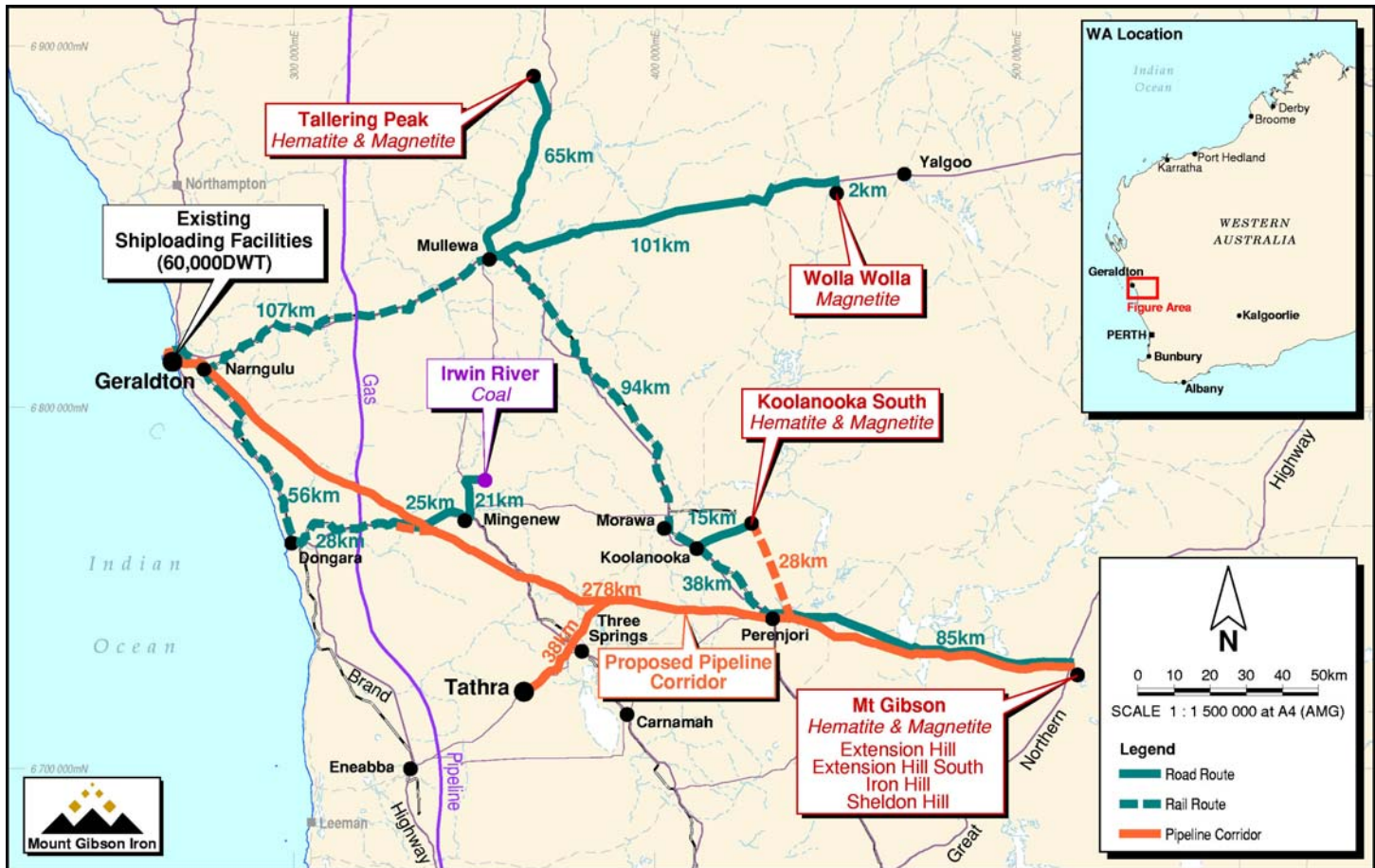
Agenda

- Existing Operations
- **Growth Potential**

Growth Strategy

- Growth will be incremental and sensibly managed:
 - Increase hematite production at Talling Peak
 - Develop hematite resource at Mount Gibson commencing with Extension Hill hematite
 - Leverage from Chinese approval to construct a pellet plant at Longtan
 - Maximise value of the extensive Mount Gibson Magnetite resource
 - Farm in to accretive projects
 - Expand and develop resource base by exploring & acquiring

Extension Hill Hematite



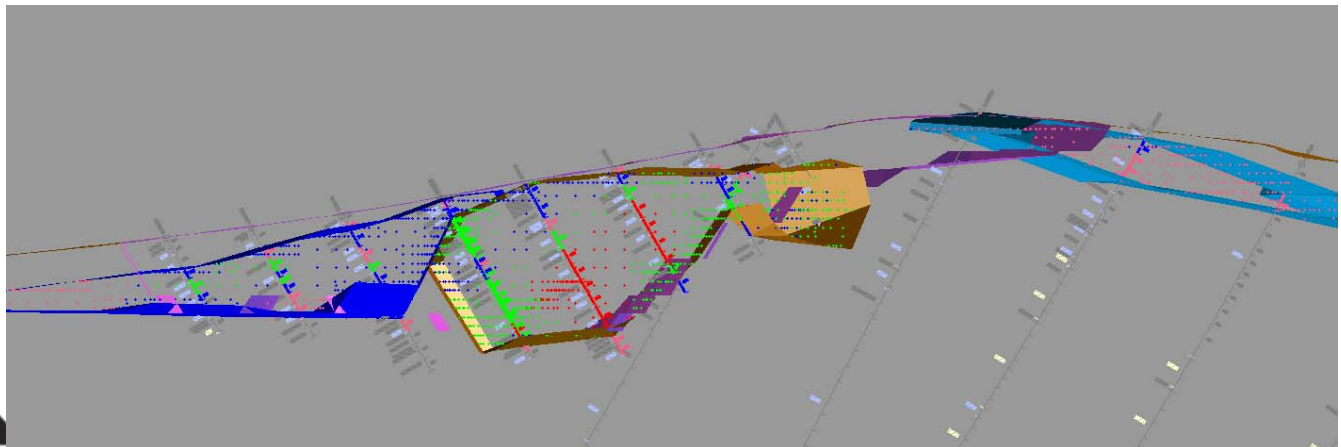
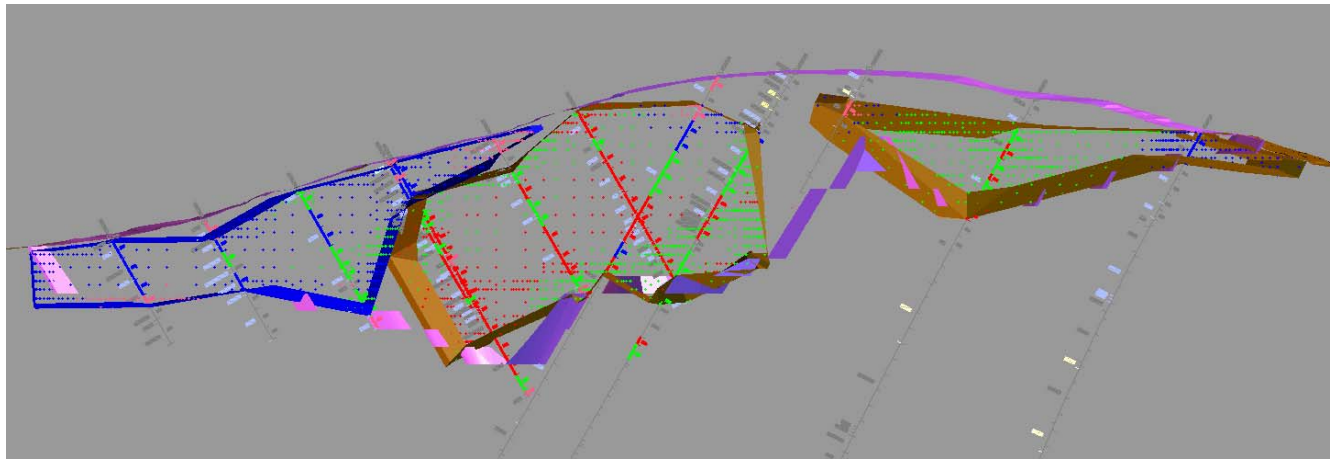
Extension Hill Hematite Desktop Study

- Resource upgrade
- Operationally robust
- Operationally straightforward
- Low capital cost
- 3Mt production rate
- Low strip ratio - 1:1 or better
- Lower Lump / Fines ratio than Tallering Peak
- Immediate cash generator
- Utilise knowledge and approvals from Extension Hill Magnetite Project

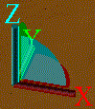
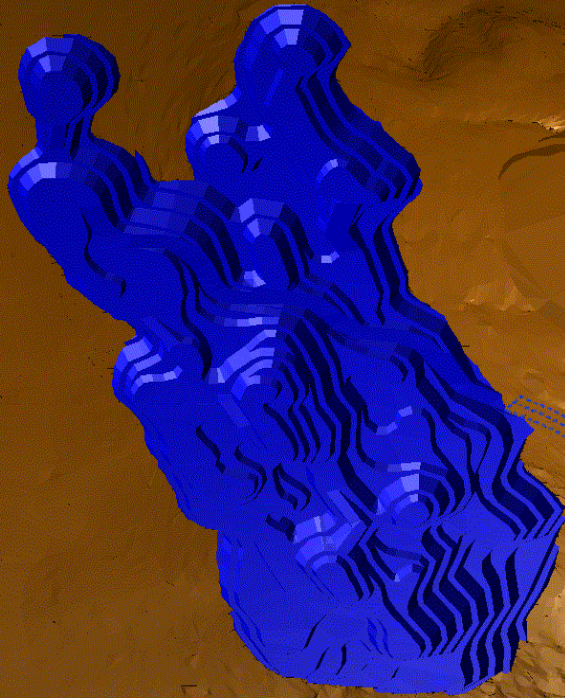
Mt Gibson Hematite Resource

2006 Mt Gibson						
Confidence	Tonnes (Mt)	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
Indicated (Extension Hill 2006 >57% Fe)	10.5	61.12	4.49	1.53	0.065	6.15
Inferred (Extension Hill 2006 >57% Fe)	2.7	59.84	6.27	1.78	0.049	5.66
Indicated (Iron Hill 2004 >60% Fe)	2	63.82	4.43	0.69	0.05	3.10
TOTAL	15.2	61.25	4.80	1.46	0.060	5.66

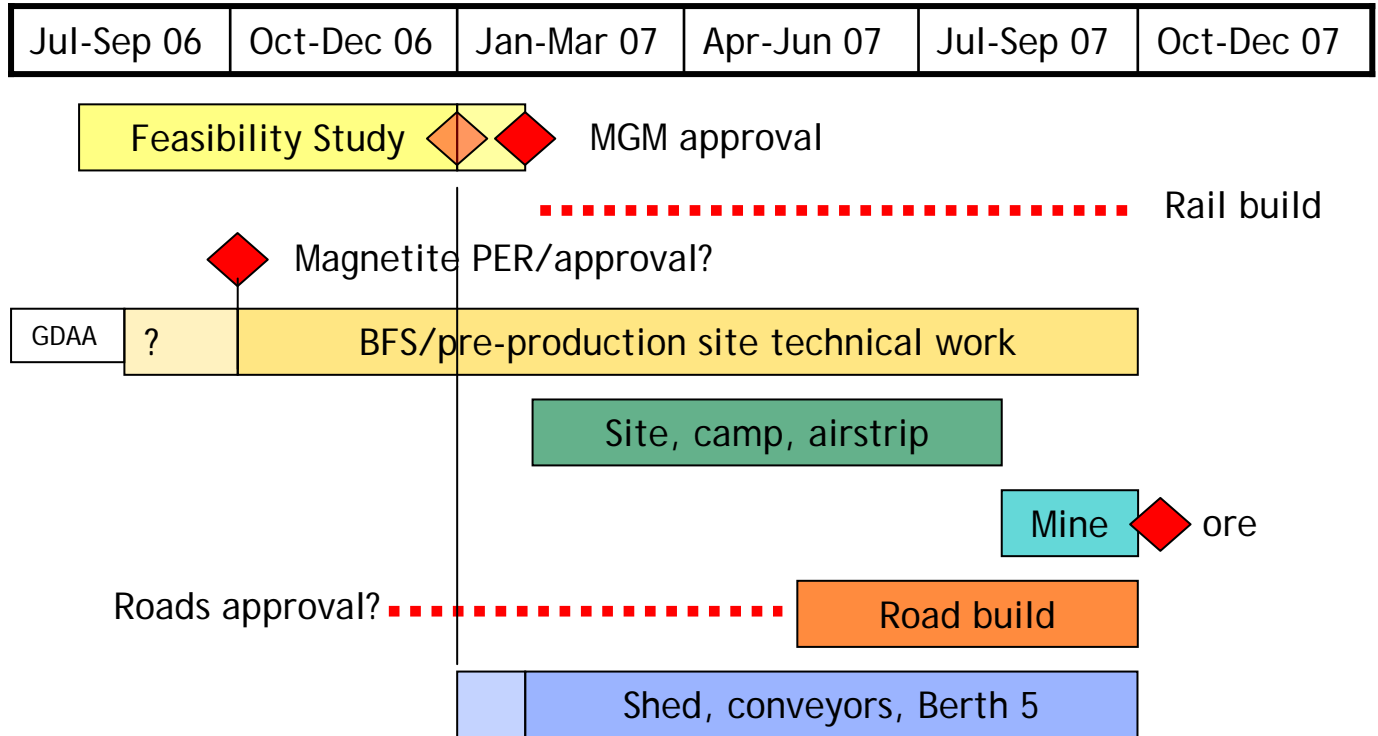
Extension Hill - 2006 Interpretation



Extension Hill Hematite Preliminary Pit Design



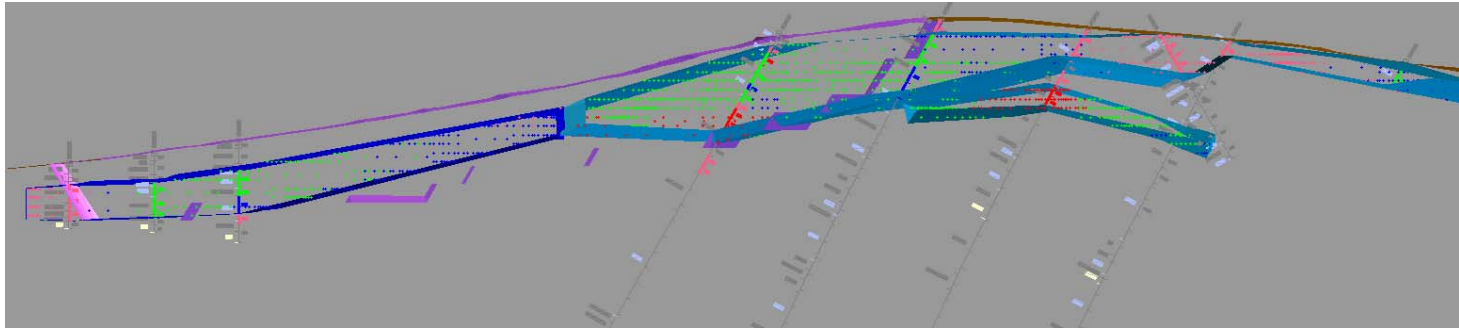
Possible Timeline



Opportunities

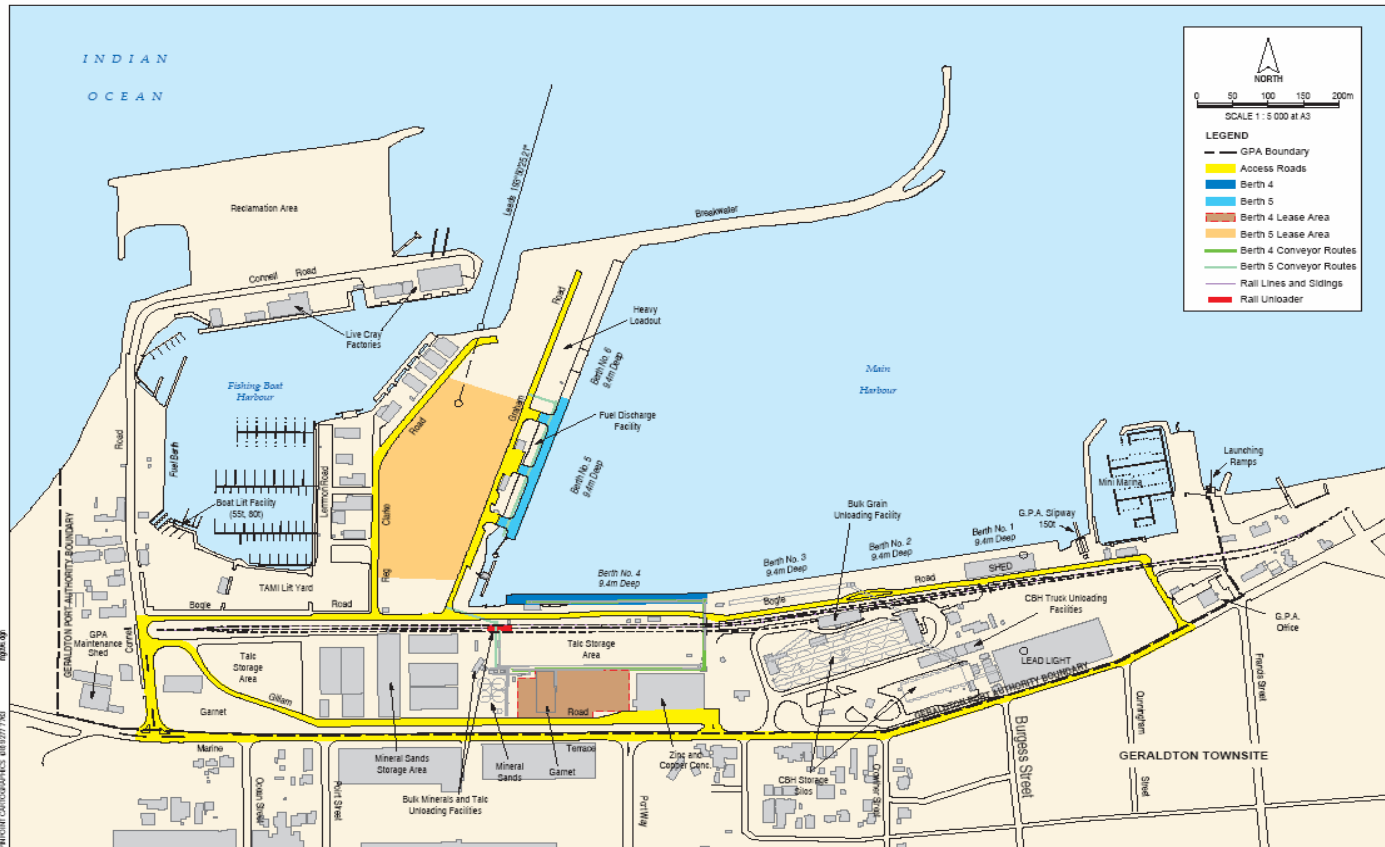
- Increased production rate
- Exploration upside, increase resource/life
- Sub-grade: screen enhancement? (4.3Mt @ 55% Fe)
- Reduced capital and operating costs
- Private haul road, larger haul units
- Blending with Tallering Peak to increase reserves at both deposits

Resource - Internal Upside



- Undrilled portions 150m wide
- Over 3 x 100m sections
- $150\text{m} \times 200\text{m} \times 25\text{m} \times 3.2 = 2.4 \text{ Mt}$

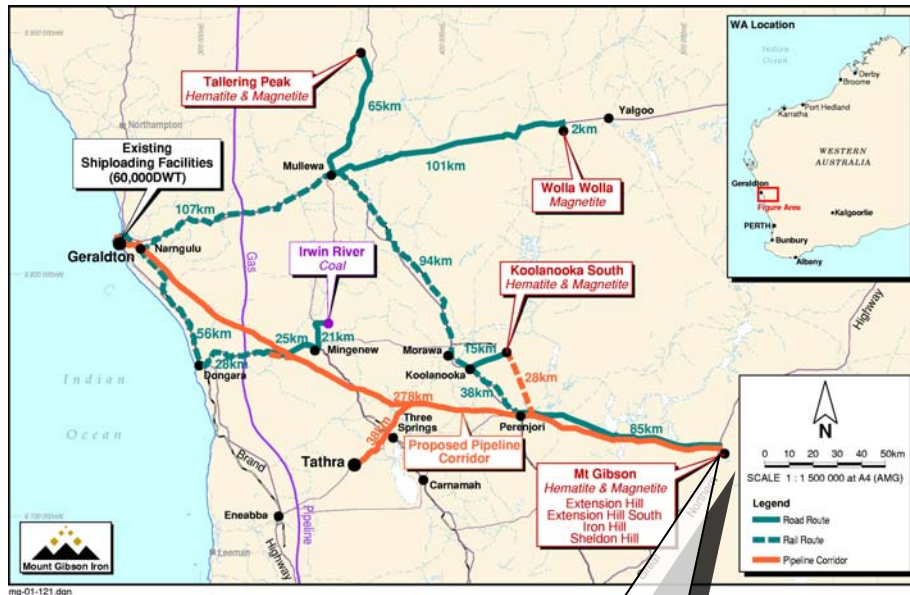
Geraldton Port



GERALDTON PORT LEASE AREA - ACCESS ROADS AND RAIL

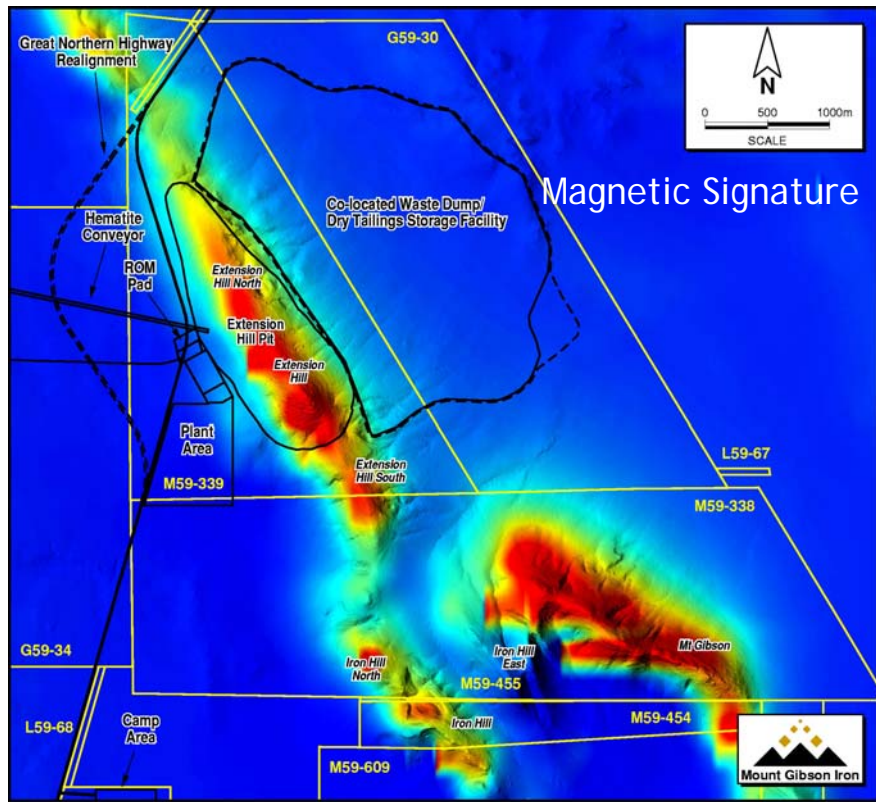
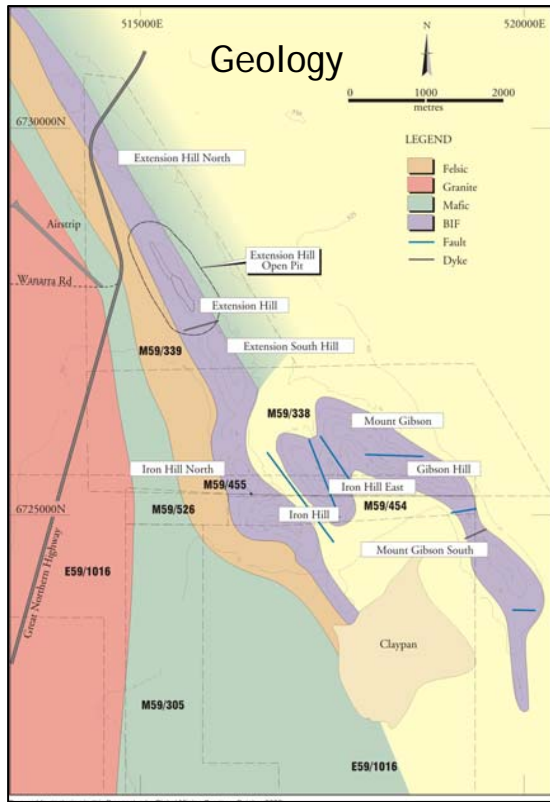
Extension Hill Magnetite

- Feasibility completed
 - Produce 5 Mtpa magnetite concentrate (68% Fe)
 - 50% of concentrate sold to JV partner for feed to their blast furnaces and 50% delivered to Asia Iron's (71% MGI and MGM) pellet plant at Longtan
 - Mine life approx 20 years
 - \$715 million excluding working capital and capitalised interest
 - Operating cost - US\$28/t of magnetite concentrate
- Resource of 240 million tonnes
- Mining operation with low strip ratio 1.13:1
- High yield & high quality concentrate produced
- Extension Hill is one of eight deposits at Mt Gibson - Outstanding upside

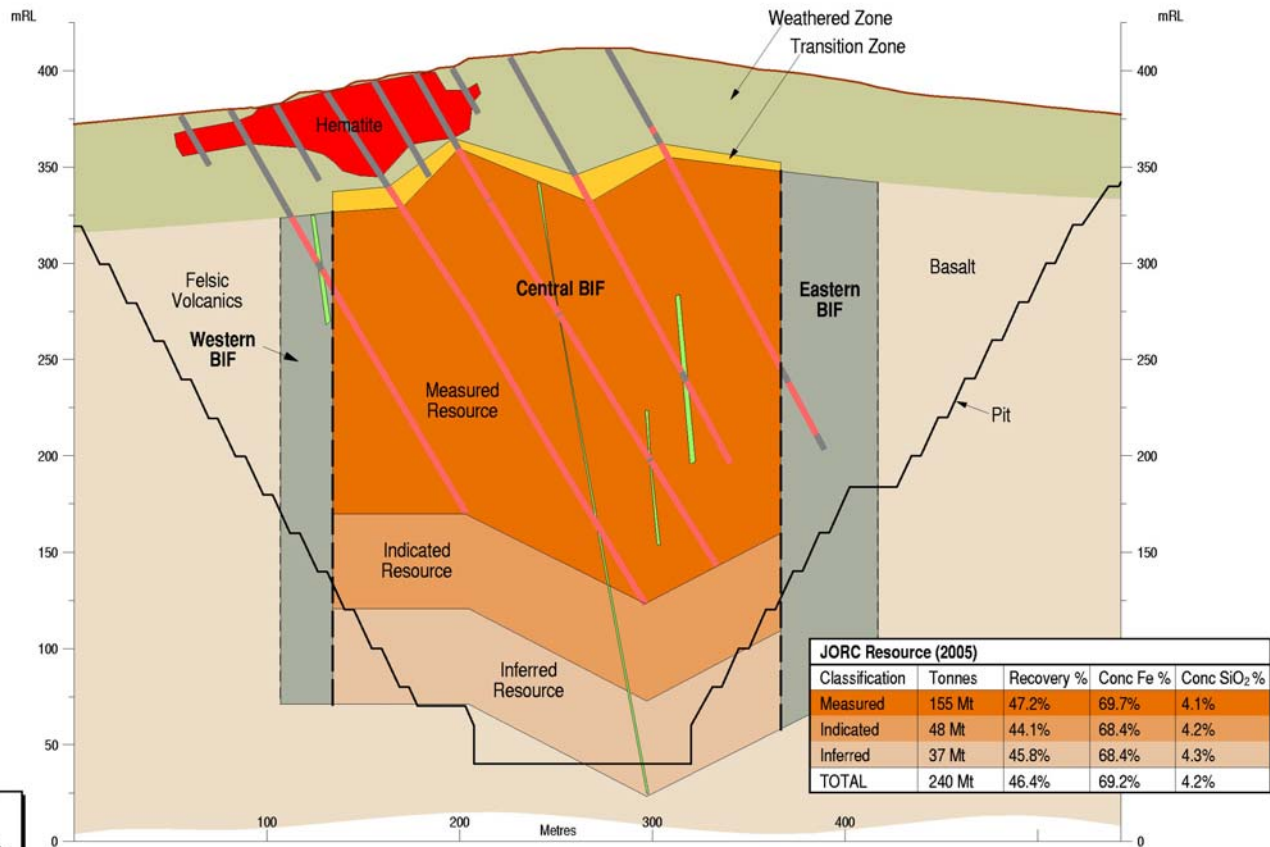


Mount Gibson

Mount Gibson Locality

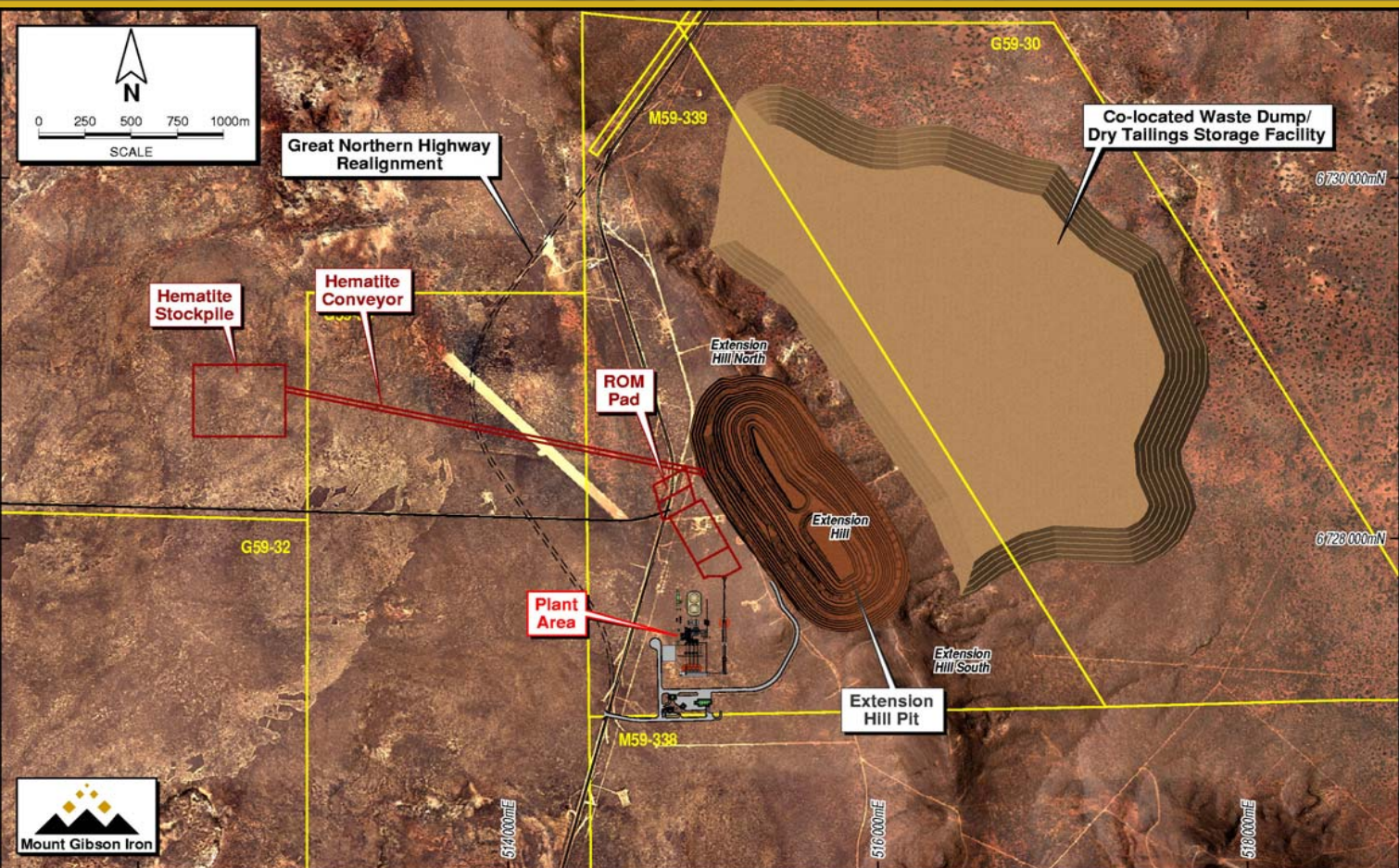


Extension Hill Geological Section



EXTENSION HILL

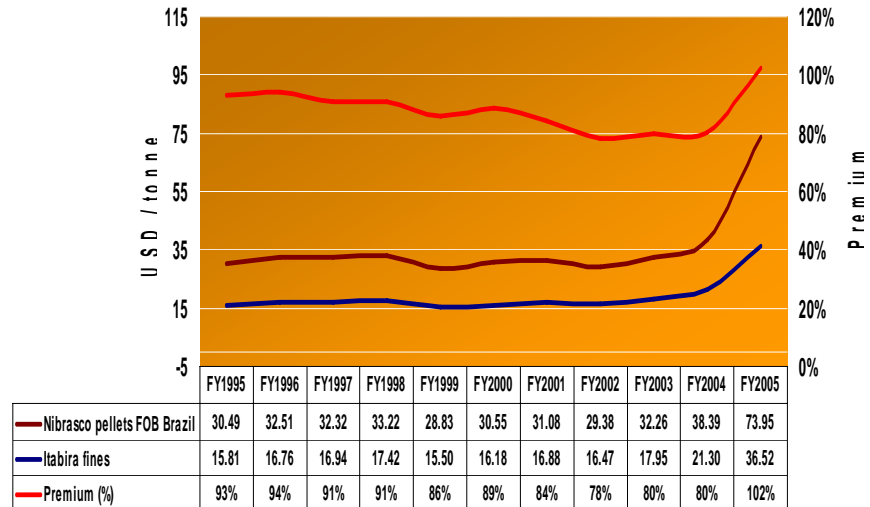
Extension Hill Site Layout



Nanjing Pellet Plant

- Capacity of 2.5 Mtpa blast furnace grade pellets
- Location advantages:
 - Reduce shipping costs
 - Expanding steel making region
 - Located at a new port
 - Lower capex and opex than Australia
 - Skilled workforce available
 - Nanjing attractive to foreign residents
- Sell pellets to regional steel mills under long term contracts
- Tremendous option value

Itabira Fines versus Nibrasco Pellets for Japan



Based on Itabira fines versus Nibrasco pellets for Japan
Sources: Tex Report, Metal Bulletin, Companies, AME

Extension Hill Magnetite Project & Longtan Pellet Plant

- Projects provide significant option value
- Costs, approvals, construction schedules and risks differ significantly

Summary

- Mount Gibson is an established and expanding iron ore producer
- Strong managerial and technical capability
- Low debt
- Enjoys long term access agreements to services and infrastructure
- Positioned to springboard from current market conditions
- Project pipeline underwrites growth
- Ability to capitalise on both identified and presented opportunities - Options rich

Competent Person

The information in this report relating to the 2006 Extension Hill Hematite Mineral Resources is based on information compiled by Rolf Forster, who is a member of the Australasian Institute of Mining and Metallurgy and holds a B App Sc in Geology.

Rolf Forster is a consultant to Mount Gibson Mining Limited, and has sufficient experience which is relevant to the styles of mineralisation and type of deposit under consideration and to the activity which 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 the 2004 Iron Hill Mineral Resources and 2005 Tallering Peak Reserve is based on information compiled by Sheldon Coates, who is a member of the Australasian Institute of Mining and Metallurgy and holds a BSc Geology, MSc in Mineral Economics, and a MBA in Technology Management.

Sheldon Coates is a full time employee of Mount Gibson Mining Limited, and has sufficient experience which is relevant to the styles of mineralisation and type of deposit under consideration and to the activity which 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”*. Sheldon Coates has consented to the inclusion of the matters in this report based on his information in the form and context in which it appears.