

QUARTERLY REPORT



MOUNT GIBSON IRON LIMITED (“MOUNT GIBSON”) QUARTERLY REPORT FOR THE PERIOD ENDED 30 JUNE 2009 ASX ANNOUNCEMENT 23 JULY 2009

HIGHLIGHTS

- Unaudited Net Profit After Tax of \$42.6 million
- Cash on hand at the end of June 2009 of \$222 million
- 25% increase in ore sales for the quarter
- Record ore sales for the quarter
- Record ore production from Koolan Island
- Ore sales of 5.39 million tonnes for the year
- Mount Gibson executes an Amended Facility Agreement with its Banking Syndicate and restructured its US dollar foreign exchange hedge book
- Drilling completed at Extension Hill
- Koolan Island Western End Heritage Agreement finalised

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CORPORATE

Unaudited Financial Results

The unaudited net profit after tax for the twelve months ended 30 June 2009 was \$42.6 million. After a very strong result for the September 2008 quarter, the December quarter was negatively impacted by significantly reduced sales volumes and reduced sale prices. The March and June 2009 quarters had increased sales volumes albeit at significantly reduced prices.

The result for the financial year ended was impacted by the following significant items:

- The result to 31 December had a \$54.8 million mark-to-market adjustment (pre-tax) relating to forecast excess foreign exchange hedging in the January to June 2009 financial year. The spot exchange rate moved from 0.6928 at 31 December 2008 to 0.8135 at 30 June 2009 which resulted in a \$14.6 million mark-to-market adjustment (pre-tax) for the year ended 30 June 2009.
- Provision for doubtful debt of \$15.2 million (pre-tax) on the amount owing by Sinom (Hong Kong) Limited for iron ore sales in the period 1 April 2008 to 30 June 2008. The amount owing relates to the Hamersley benchmark price increase from 1 April 2008 that was announced on 24 June 2008 after the sales had already occurred. Legal proceedings in Hong Kong and arbitration proceedings in Australia to recover the debt owing to Mount Gibson have commenced.

The unaudited 6 monthly financial performance is set out below:

		Unaudited 6 months ended 31 Dec 2008	Unaudited 6 months ended 30 June 2009	Unaudited 12 months ended 30 June 2009
Tonnes mined	wmt (mill)	2.79	3.12	5.91
Tonnes sold	wmt (mill)	2.39	3.00	5.39
Revenue	\$ mill	229.0	202.7	431.7
Cost of goods sold	\$ mill	(124.4)	(169.1)	(293.5)
Gross profit	\$ mill	104.6	33.6	138.2
Net other expenses	\$ mill	(10.6)	(9.5)	(20.1)
Provision for doubtful debt	\$ mill	-	(15.2)	(15.2)
Unrealised FX (loss) / gain	\$ mill	(10.1)	0.5	(9.6)
FX hedge mark-to-market (loss) / gain	\$ mill	(54.8)	40.2	(14.6)
Operating profit before interest & tax	\$ mill	29.1	49.6	78.7
Finance costs	\$ mill	(9.0)	(8.0)	(17.0)
Net profit before tax	\$ mill	20.1	41.6	61.7
Tax (expense)	\$ mill	(6.8)	(12.3)	(19.1)
Net profit after tax	\$ mill	13.3	29.3	42.6

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At 30 June 2009, Mount Gibson had \$222 million cash on hand and \$105 million in Senior Debt.

On 30 June 2009, Mount Gibson signed an Amended Facility Agreement with its Banking Syndicate and restructured its US dollar foreign exchange hedge book. The restructured US dollar foreign exchange forward contract profile totalling US\$355.1 million is:

- US\$134.7 million due in the 6 months ending 31 December 2009 - weighted average A\$ rate of 0.807;
- US\$134.4 million due in the 6 months ending 30 June 2010 - weighted average A\$ rate of 0.846; and
- US\$86.0 million due in the 6 months ending 31 December 2010 - weighted average A\$ rate of 0.842.

Since 1 October 2008, Mount Gibson has delivered US\$249.9 million of foreign exchange forward contracts into its existing hedge book, including US\$176.1 million since 1 January 2009.

The amended senior debt facility of \$105 million has the following repayment schedule:

- \$25 million on 30 September 2010;
- \$25 million on 30 December 2010;
- \$25 million on 31 March 2011; and
- \$30 million on 30 June 2011.

Arbitration

During the December 2008 quarter, Mount Gibson announced that a number of its customers had failed to collect iron ore cargoes notwithstanding their obligations to do so under binding, long term offtake agreements. Mount Gibson subsequently terminated agreements with three of these customers, namely Pioneer Iron and Steel Group Co Ltd, Rizhao Steel Holding Group Co Ltd and Sinom (Hong Kong) Ltd, in accordance with the terms of each agreement.

Arbitration proceedings have commenced between Mount Gibson and each of these former customers. Mount Gibson is seeking to recover the losses it claims arising from the termination of the agreements. Two of these former customers have issued counterclaims on the basis that the termination by Mount Gibson was not justified. Mount Gibson is confident that the counterclaims are without substance. The arbitrations are progressing and it is unlikely that there will be final determinations by the end of this year.

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OPERATIONS

Talling Peak

Talling Peak continued the previous quarter's strong physical and sales performance with near record shipments from the Geraldton Port. Total material movement and crusher throughput both increased compared with the previous quarter to build ore stockpiles in preparation for a preventative maintenance shutdown of the Talling Peak crusher in the September 2009 quarter.

Waste movement increased 5.5% compared with the previous quarter whilst ore production was 10% higher. Production focused on the T6A2 cutback with high grade ore being sourced from the T6A1 and T6A2 cutbacks.

Crusher throughput increased 31% compared to the previous quarter with rail haulage and shipping in line with the previous record quarter.

Talling Peak has estimated sales for the 2009/10 financial year of 3.3M WMT at a strip ratio of approximately 5:1. Lump yield is estimated at 65%.

Production for the June 2009 quarter and comparison with the previous quarter are detailed in the following table:

		Sept 2008 qtr 000's	Dec 2008 qtr 000's	March 2009 qtr 000's	June 2009 qtr 000's	TOTAL 08-09 000's
Mining						
Waste Mined	bcm	2,464	1,825	1,574	1,661	7,524
Ore Mined	wmt	623	570	569	626	2,388
Crushing						
Lump	wmt	487	282	389	509	1,667
Fines	wmt	312	199	192	250	953
Total	wmt	799	481	581	759	2,620
Transport to Mullewa Railhead						
Lump	wmt	452	301	337	464	1,554
Fines	wmt	381	157	198	189	925
Total	wmt	833	458	535	653	2,479
Transport to Geraldton Port						
Lump	wmt	320	236	392	435	1,383
Fines	wmt	344	258	385	310	1,297
Total	wmt	664	494	777	745	2,680
Shipping						
Lump	wmt	351	235	388	465	1,439
Fines	wmt	305	294	368	286	1,253
Total	wmt	656	529	756	751	2,692

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Comparison between figure 1 and figure 2 below shows the progress of Talling Peak's Main Range mining operations in the June 2009 quarter.

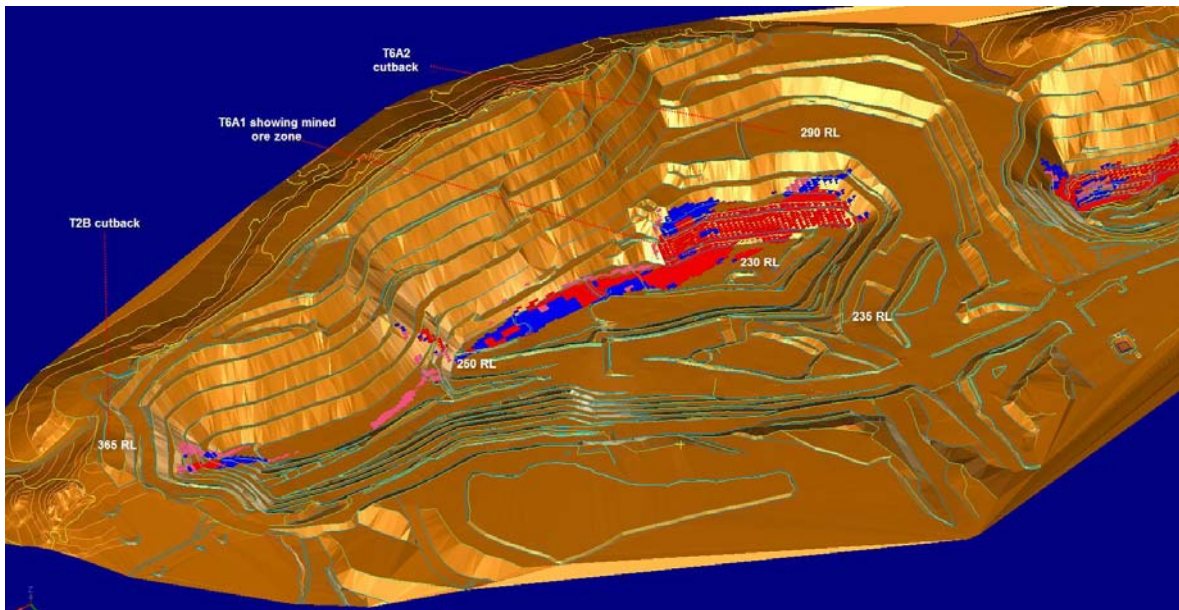


Figure 1 - Main range mining as at the end of the March 2009 quarter

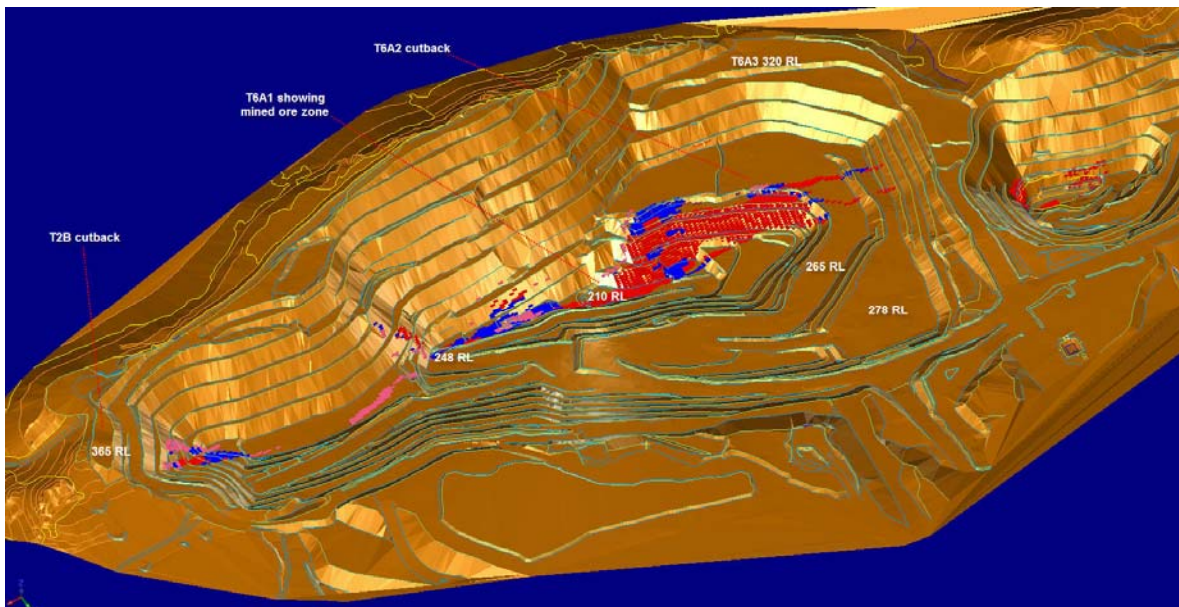


Figure 2 - Main range mining as at the end of the June 2009 quarter

Mount Gibson Iron Limited
ABN 87 008 670 817
Level 1, 7 Havelock Street
West Perth WA 6005
PO Box 55, West Perth WA 6872

Telephone +61 8 9426 7500
Facsimile +61 8 9485 2305
Email admin@mtgibsoniron.com.au
ASX Code MGX

Contacts
Luke Tonkin, Managing Director
Alan Rule, Chief Financial Officer

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Figure 3 - Main range operation from western edge of T6

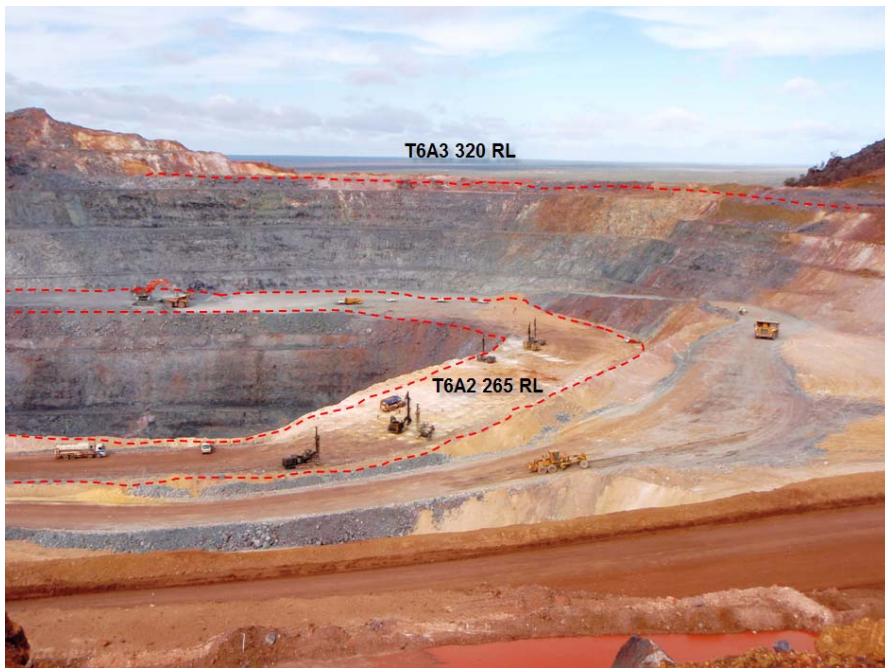


Figure 4 - T6A2 cutback from main range operation north wall

Mount Gibson Iron Limited
ABN 87 008 670 817
Level 1, 7 Havelock Street
West Perth WA 6005
PO Box 55, West Perth WA 6872

Telephone +61 8 9426 7500
Facsimile +61 8 9485 2305
Email admin@mtgibsoniron.com.au
ASX Code MGX

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Koolan Island

Total material movement for the June quarter was 38% higher than previous quarter as fine weather conditions returned to the Kimberley region following the annual monsoonal season. Ore sales increased 58% compared with the previous quarter and were at near record levels which when combined with Talling Peak sales represented record sales for Mount Gibson of 1.67M WMT for the quarter.

Record ore production for the quarter was largely sourced from Eastern Pit which progressed below the original BHP pit limit and exposed the central ore zone reducing the pit stripping ratio. The upper benches of Barra West pit were mined whilst the backfilling of the Barramundi Limb was completed.

The use of temporary ramps in Mullet Pit was discontinued during the quarter with the final ramp being established whilst the southern cut back progressed as scheduled.

No mining activity occurred in Main Pit during the quarter however some preparatory activity was completed that would allow mine development to recommence in July 2009. People and equipment are scheduled to mobilize to Koolan Island in July for the recommencement of seawall construction, footwall rehabilitation and Main Pit dewatering activity.

Koolan Island has estimated sales for the 2009/10 financial year of 3.2M WMT at a strip ratio of approximately 8.4:1. Lump yield is estimated at 50% however this may vary given the friable and variable physical properties both within pits and between pits.

Production for the June quarter is detailed in the following table:

		Sept 2008 qtr 000's	Dec 2008 qtr 000's	March 2009 qtr 000's	June 2009 qtr 000's	TOTAL 08-09 000's
Mining						
Waste Mined	bcm	3,998	2,747	2,181	2,939	11,865
Ore Mined	wmt	902	696	715	1,211	3,524
Crushing						
Lump	wmt	368	157	200	249	974
Fines	wmt	609	299	420	624	1,952
Total	wmt	977	456	620	873	2,926
Shipping						
Lump	wmt	361	222	217	144	944
Fines	wmt	415	209	364	775	1,763
Total	wmt	776	431	581	919	2,707

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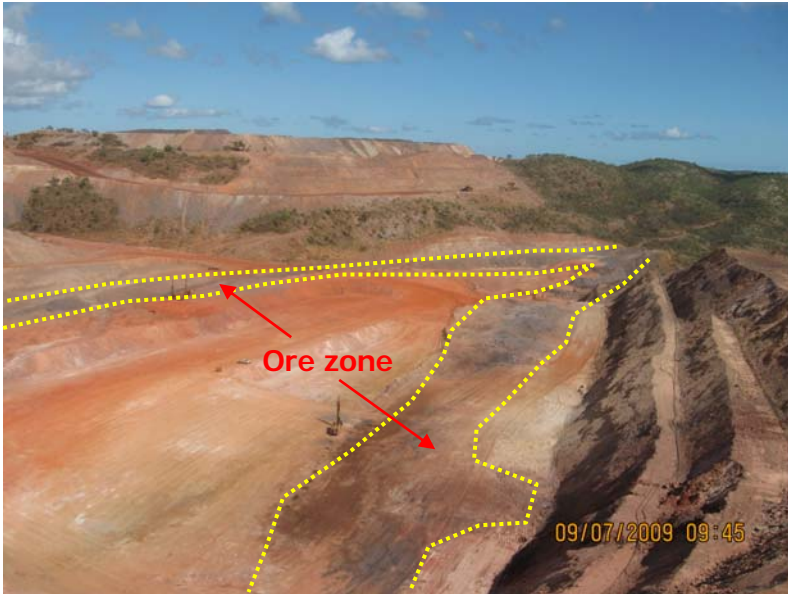


Figure 5 - Mullet Pit at the end of June 2009 looking west with the development of the permanent haul road into the Mullet Acacia ore zones

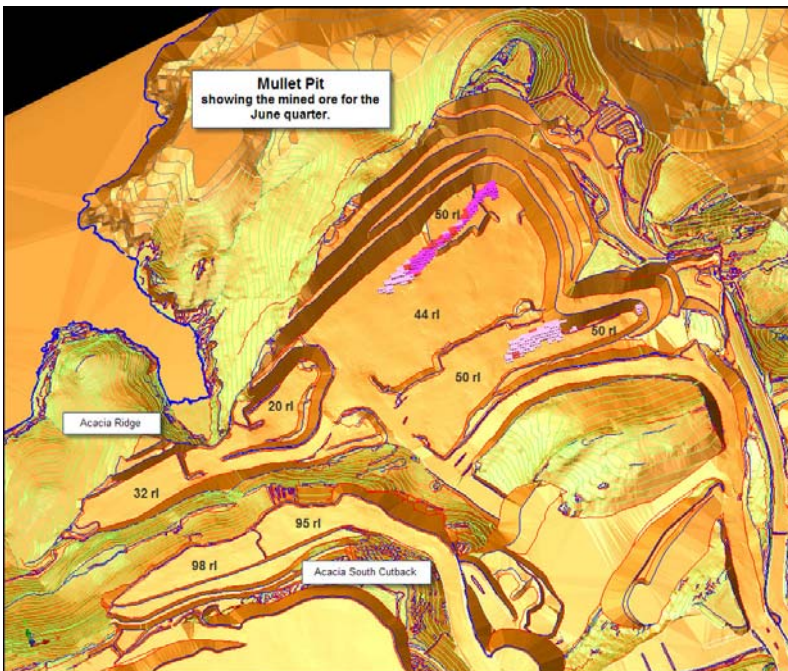


Figure 6 - Mullet Pit at the end of June 2009 showing bench development

Mount Gibson Iron Limited
ABN 87 008 670 817
Level 1, 7 Havelock Street
West Perth WA 6005
PO Box 55, West Perth WA 6872

Telephone +61 8 9426 7500
Facsimile +61 8 9485 2305
Email admin@mtgibsoniron.com.au
ASX Code MGX

Contacts
Luke Tonkin, Managing Director
Alan Rule, Chief Financial Officer

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Figure 7 - Eastern Pit at the end of June 2009 looking east

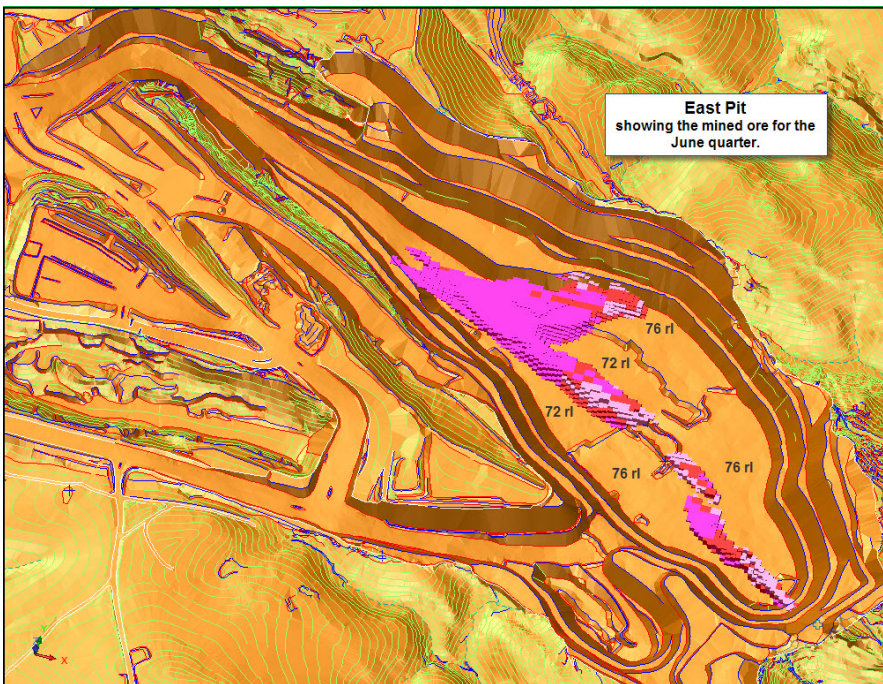


Figure 8 - Eastern Pit at the end of June 2009 showing bench development

Mount Gibson Iron Limited
ABN 87 008 670 817
Level 1, 7 Havelock Street
West Perth WA 6005
PO Box 55, West Perth WA 6872

Telephone +61 8 9426 7500
Facsimile +61 8 9485 2305
Email admin@mtgibsoniron.com.au
ASX Code MGX

Contacts
Luke Tonkin, Managing Director
Alan Rule, Chief Financial Officer

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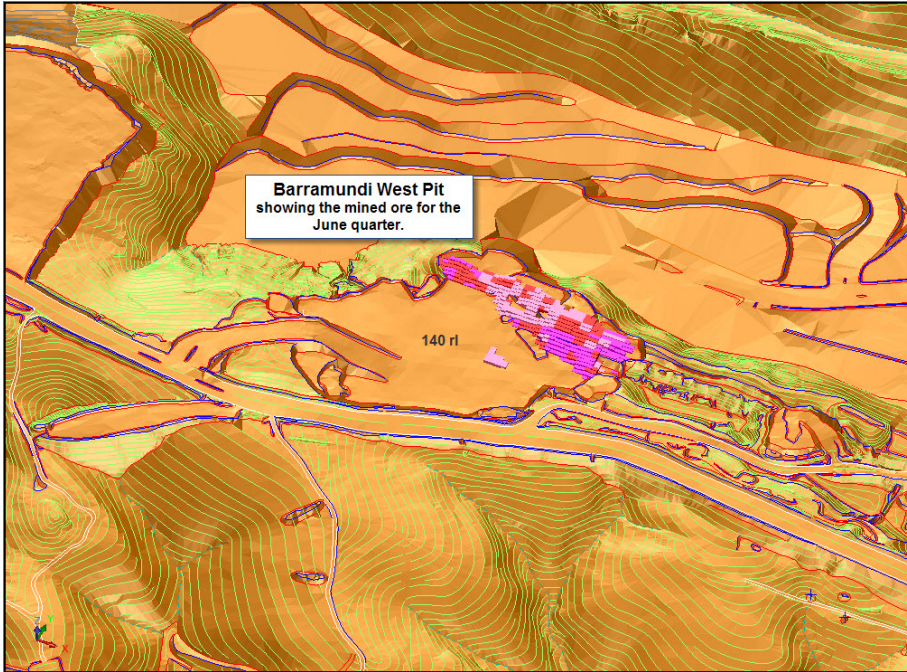


Figure 9 – Barramundi West Pit at the end of June 2009 showing bench development



EXPLORATION

Koolan Island

170 resource infill holes totalling 11,716m were drilled during the Quarter in the Mullet-Acacia and Main Pit West areas on Koolan Island (figure 10). This drilling program is continuing to reduce the drillhole intersection spacing to approximately 25m x 25m, effectively more than doubling the data density and providing a platform for detailed mine planning and reconciliation. A new track mounted Reverse Circulation drill rig was mobilised to the island in April resulting in a significant improvement in drilling performance.

The Mullet-Acacia orebodies are generally not as structurally complex as the Eastern deposit which was the focus of drilling in the March quarter however they contain discrete zones with high silica values which must be defined and scheduled to ensure the optimum blending strategy (figure 11). 73 holes totalling 5,545m were completed within Mullet-Acacia during the quarter. An additional 23 holes for 1,059m were drilled in an area known as the Acacia Bonus Ore zone which was intersected during construction of a haul road in a previously poorly drilled area at the eastern end of the Acacia pit.

Drilling at Mullet-Acacia is nearing completion whilst modelling of the resulting drill data is in progress.

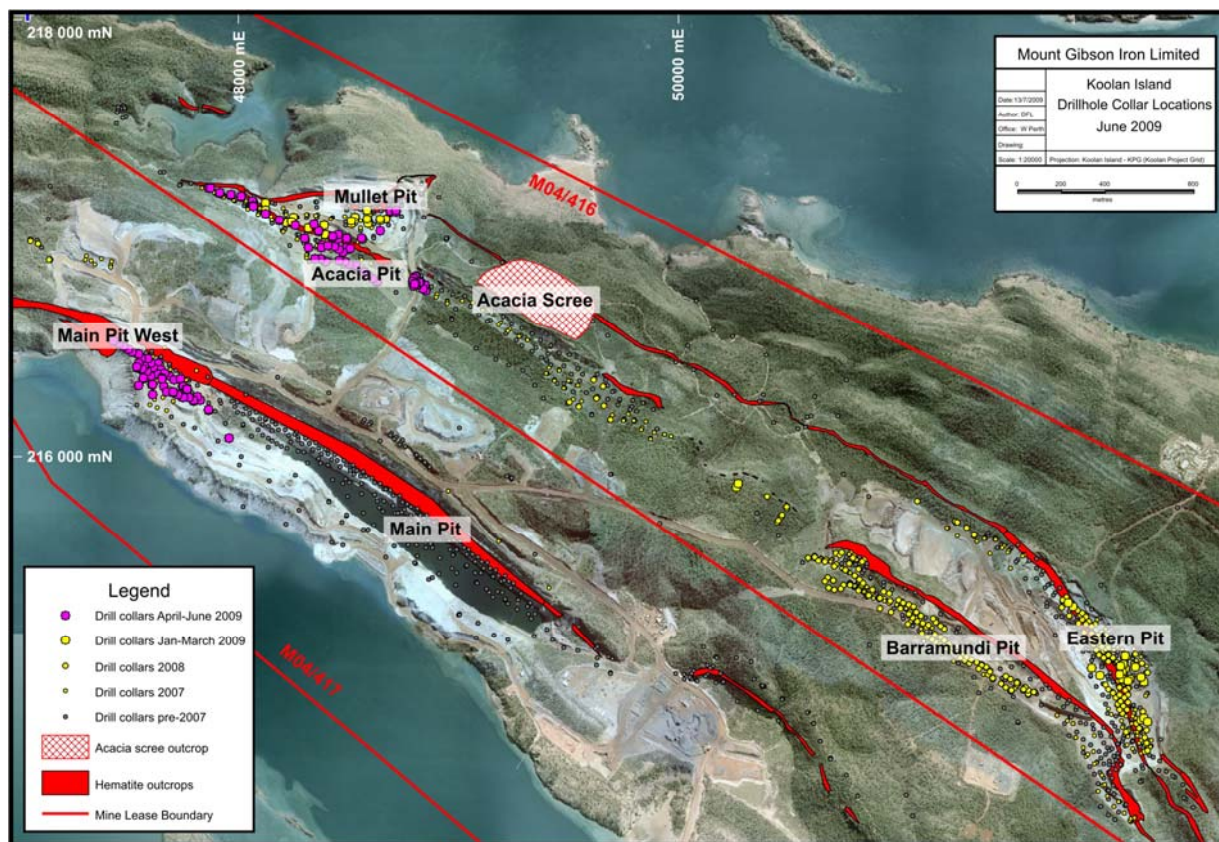


Figure 10 - Plan of Koolan Island showing drill holes completed during the Quarter (pink circles) and all previous drilling

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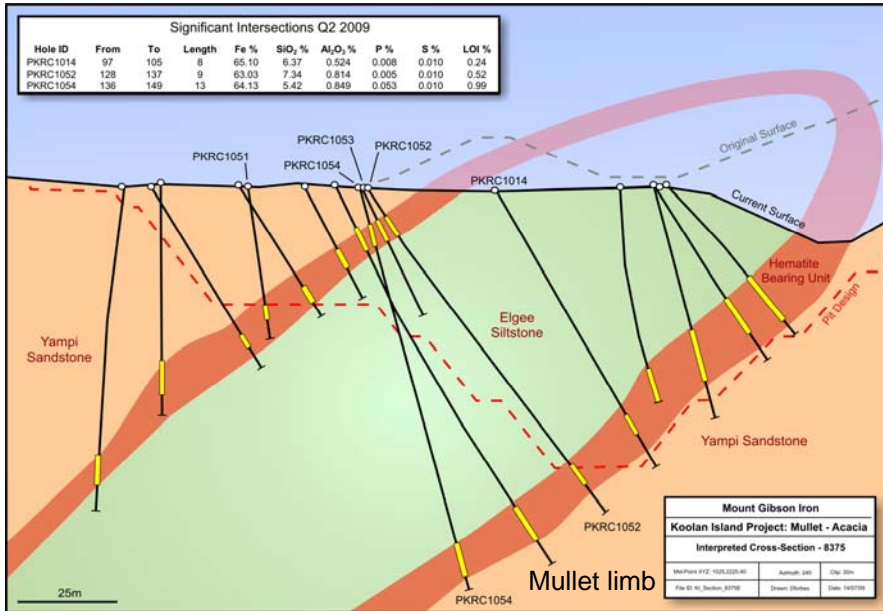


Figure 11 – Mullet-Acacia Section 8375E looking west coloured trace.

The Main West mineralisation represents the lower grade termination of the Main Pit orebody. The mineralisation becomes narrow and silica rich towards the west which requires careful definition and mine planning to provide appropriate blend crusher ore feed (figure 12). 72 holes totalling 4,848m have been drilled with all required drilling to be completed by the end of July.

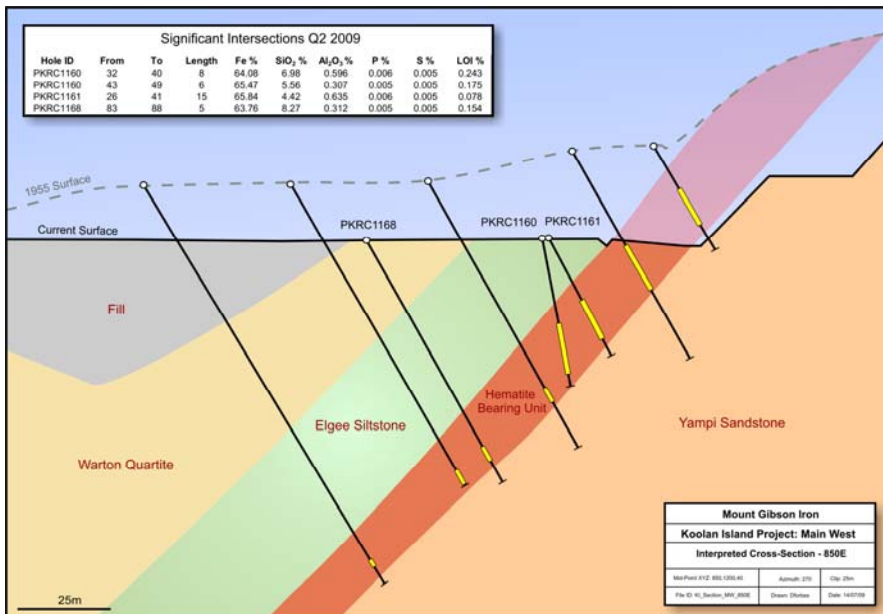


Figure 12 – Main Pit West Section 850E looking west

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Two holes totalling 264m were also drilled under the western end of Main Pit, commencing a program to improve the confidence category of the Main Pit resource and to convert some remaining inferred resource within the final pit boundary to ore reserves.

Infill resource drilling at Eastern and Barramundi pits was completed at the end of the March quarter and has been used to update the resource model. A new resource and reserve statement is expected to be released in next quarter.

Significant results are tabulated below:

HoleID	From (m)	To (m)	Width (m)	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %	Comment
PKRC1025	49	67	18	65.67	6.41	0.2	0.01	0.09	Mullet Limb
PKRC1026	75	82	7	64.46	6.55	0.73	0.06	0.33	Mullet Limb
PKRC1030	118	128	10	62.49	8.31	1.67	0.02	0.7	Mullet Limb
PKRC1031	119	126	7	62.31	7.75	2.24	0.05	1.16	Mullet Limb
PKRC1032	101	115	14	63.51	7.91	0.92	0.04	0.75	Mullet Limb
PKRC1035	117	130	13	64.58	5.34	2.12	0.02	0.73	Mullet Limb
PKRC1040	136	142	6	63.87	6.2	1.88	0.01	0.54	Mullet Limb
PKRC1041	89	101	12	62	7.32	2.44	0.05	1.22	Mullet Limb
PKRC1042	11	24	13	60.88	12.95	0.35	0.02	0.21	Acacia Limb
PKRC1048	11	20	9	60.16	13.9	0.44	0.01	0.13	Acacia Limb
PKRC1049	24	30	6	64.18	8.7	0.22	0.01	0.06	Acacia Limb
PKRC1052	16	21	5	60.5	13.24	0.32	0.03	0.16	Acacia Limb
PKRC1052	128	137	9	63.03	7.34	0.81	0.01	0.52	Mullet Limb
PKRC1053	14	23	9	60.38	14.44	0.27	0.02	0.08	Acacia Limb
PKRC1054	18	24	6	60.13	14.74	0.23	0.01	0.06	Acacia Limb
PKRC1054	136	150	14	63.69	6.12	0.92	0.06	0.97	Mullet Limb
PKRC1057	58	64	6	62.58	10.08	0.21	0.01	0.08	Acacia Limb
PKRC1057	58	64	6	62.58	10.08	0.21	0.01	0.08	Acacia Limb
PKRC1062	33	38	5	65.34	6.88	0.28	0.01	0.14	Acacia Bonus Ore
PKRC1064	21	26	5	64.34	8.02	0.26	0.01	0.2	Acacia Bonus Ore
PKRC1065	18	25	7	61.93	9.81	1.51	0.02	0.56	Acacia Bonus Ore
PKRC1071	76	82	6	64.22	8.69	0.147	0.005	0.053	Mullet
PKRC1077	115	126	11	65.85	2.76	0.916	0.065	1.185	Mullet
PKRC1078	113	126	13	63.39	6.92	0.472	0.048	1.141	Mullet
PKRC1079	101	114	13	64.19	4.09	1.022	0.076	1.457	Mullet
PKRC1080	109	114	5	65.7	3.77	0.722	0.026	0.458	Mullet
PKRC1083	112	120	8	65.67	3.81	0.966	0.006	0.426	Mullet
PKRC1087	12	17	5	62.3	9.23	0.522	0.014	0.234	Mullet
PKRC1091	9	17	8	62.63	8.7	0.439	0.004	0.18	Mullet
PKRC1093	11	18	7	60.19	6.75	4.539	0.024	1.974	Acacia Bonus Ore
PKRC1094	13	21	8	61.36	6.56	3.1	0.05	1.544	Acacia Bonus Ore
PKRC1099	22	28	6	61.28	9.25	1.107	0.05	1.02	Acacia Bonus Ore

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HoleID	From (m)	To (m)	Width (m)	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %	Comment
PKRC1102	26	33	7	62.9	7.91	0.679	0.014	0.346	Acacia Bonus Ore
PKRC1109	62	75	13	66.19	4.16	0.279	0.001	0.125	Mullet
PKRC1113	50	57	7	65.31	5.34	0.253	0.004	0.157	Mullet
PKRC1118	6	12	6	64.53	6.54	0.093	0.001	0.09	Mullet
PKRC1119	2	10	8	64.74	7.45	0.271	0.001	0.15	Mullet
PKRC1120	0	15	15	62.41	9.08	0.342	0.001	0.216	Mullet
PKRC1122	24	29	5	63.8	7.48	0.31	0.001	0.09	Main Pit West
PKRC1125	14	22	8	64.45	6.47	0.291	0.001	0.121	Main Pit West
PKRC1152	59	65	6	62.1	10.06	0.37	0.005	0.14	Main Pit West
PKRC1155	83	90	7	62.26	10.29	0.34	0.005	0.18	Main Pit West
PKRC1157	32	38	6	62.35	10.39	0.17	0.005	0.1	Main Pit West
PKRC1158	76	82	6	59	15.2	0.22	0.005	0.1	Main Pit West
PKRC1159	70	76	6	60.23	13.12	0.32	0.01	0.18	Main Pit West
PKRC1160	31	40	9	63.4	7.98	0.6	0.01	0.24	Main Pit West
PKRC1160	42	49	7	64.01	7.59	0.31	0.005	0.17	Main Pit West
PKRC1161	25	41	16	65.2	5.39	0.62	0.01	0.19	Main Pit West
PKRC1162	35	42	7	59.84	14.16	0.2	0.02	0.06	Main Pit West
PKRC1165	63	69	6	58.67	15.55	0.17	0.005	0.41	Main Pit West
PKRC1166	78	84	6	61.43	10.83	0.35	0.005	0.14	Main Pit West
PKRC1168	82	88	6	63.22	8.91	0.32	0.005	0.16	Main Pit West
PKRC1169	112	138	26	67.27	2.25	0.74	0.02	0.34	Main Pit
PKRC1170	98	125	27	67.57	2.5	0.53	0.01	0.3	Main Pit
PKRC1172	47	55	8	62.69	10.34	0.07	0.005	0.04	Main Pit West
PKRC1178	48	55	7	63.31	9.71	0.21	0.005	0.08	Main Pit West
PKRC1179	37	47	10	61.64	11.88	0.15	0.005	0.05	Main Pit West
PKRC1180	72	78	6	61.32	11.31	0.11	0.01	0.07	Main Pit West
PKRC1181	51	60	9	59.02	14.91	0.07	0.005	0.01	Main Pit West
PKRC1183	36	51	15	65.37	5.06	0.78	0.02	0.39	Main Pit West
PKRC1184	85	95	10	63.55	8.58	0.18	0.005	0.09	Main Pit West
PKRC1185	65	75	10	65.34	5.32	0.47	0.01	0.23	Main Pit West
PKRC1186	54	68	14	65.68	4.9	0.65	0.01	0.32	Main Pit West
PKRC1188	61	71	10	65.46	6.6	0.27	0.02	0.17	Main Pit West
PKRC1189	80	89	9	61.83	11.02	0.19	0.02	0.09	Main Pit West
PKRC1190	71	77	6	61.68	11.54	0.19	0.005	0.07	Main Pit West
PKRC1192	95	101	6	59.15	15.17	0.16	0.005	0.07	Main Pit West

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Acacia Scree

On the northern side of the previously mined BHP Acacia Pit (figure 10) the hillside is covered by a scree layer consisting predominantly of high grade hematite boulders and cobbles.

The slope was mapped and sampled to determine if a significant high grade resource could be defined. Four traverses were trenched at broadly spaced intervals and samples were taken from the floor and walls of each trench as well as from the surface along the cleared lines.

The samples were screened in the laboratory at 6.3mm and both the fine and coarse samples assayed. All the coarse fraction samples returned very high Fe with low contaminants whilst the fines fraction was consistently low grade and in many cases returned a portion too small to analyse:

Averages	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %	Comment
Coarse >6.3mm	65.85	2.74	1.61	0.026	1.60	62 samples
Fine <6.3mm	41.25	22.31	11.32	0.033	5.61	17 sample (insufficient fines in many samples)

Mount Gibson is progressing options to recover the high grade fraction of the scree area.

Western Area

An agreement was finalised with the Dambimangari Native Title Claimants to explore the western end of Koolan Island covered by Exploration Licence E04/1266 (figure 13). An exploration program has been planned and the process of heritage clearance has been commenced. The area is known to contain outcrops of high grade hematite that could be extensions of the mineralised horizons currently being mined.



Figure 13 - Western end of Koolan Island, showing interpreted hematite mineralization (red)

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Tallering Peak

No new exploration or resource drilling was undertaken during the quarter.

The planned drilling program on the North Ridge gravity targets which includes 91 Reverse Circulation drill holes was delayed pending further heritage surveys. The final survey was completed in June and there are no known impediments to the granting of the Programme of Work to begin this drilling. Drilling should commence as soon as approval is granted by the Department of Mines and Petroleum.

Extension Hill

Reverse circulation infill resource drilling commenced in late November 2008 and was completed in early April 2009. A total of 492 holes were drilled during the program totalling 20,909m including 22 holes (1,512m) drilled during April.

All outstanding assay results were returned and detailed resource modelling has been ongoing. At the end of the quarter the geological and orebody models were finalised and grade estimation commenced.

The table below summarises the better results received that have not been previously reported:

HoleID	From (m)	To (m)	Width (m)	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	S %	LOI %
EHRC153	9	21	12	61.20	3.39	2.78	0.037	0.027	4.49
EHRC156	0	15	15	60.46	4.87	1.22	0.079	0.020	6.16
EHRC156	18	26	8	62.50	3.02	0.65	0.112	0.011	6.27
EHRC160	2	34	32	60.16	2.58	1.83	0.096	0.100	8.03
EHRC161	6	26	20	60.11	1.31	2.03	0.046	0.093	8.91
EHRC165	11	27	16	64.53	2.08	0.61	0.095	0.018	5.18
EHRC171	22	36	14	62.69	5.37	1.27	0.022	0.044	3.20
EHRC178	21	33	12	63.38	4.40	1.10	0.009	0.033	3.05
EHRC179	27	43	16	62.05	4.93	0.96	0.033	0.027	3.39
EHRC180	0	33	33	62.87	2.72	1.30	0.037	0.024	4.74
EHRC187	0	33	33	60.94	6.14	1.47	0.017	0.027	3.50
EHRC188	41	51	10	63.71	1.86	0.67	0.096	0.071	5.11
EHRC220	7	37	30	62.19	4.62	0.78	0.016	0.037	4.13
EHRC223	0	32	32	62.26	3.98	0.89	0.022	0.020	4.92
EHRC227	15	21	6	60.53	3.35	2.79	0.051	0.048	5.97
EHRC230	8	22	14	60.22	1.85	2.79	0.055	0.077	7.58
EHRC231	12	23	11	64.73	1.71	1.71	0.043	0.021	2.97
EHRC233	11	24	13	63.22	2.51	2.01	0.044	0.031	3.82
EHRC235	1	26	25	61.48	2.04	1.45	0.092	0.064	7.18
EHRC237	8	28	20	60.10	2.83	2.38	0.071	0.060	7.38
EHRC238	9	21	12	61.74	3.15	2.48	0.050	0.039	4.92
EHRC240	8	23	15	60.02	31.60	0.38	0.061	0.007	2.44
EHRC255	35	47	12	64.41	5.19	0.36	0.040	0.007	1.78

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HoleID	From (m)	To (m)	Width (m)	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	S %	LOI %
EHRC258	32	43	11	65.12	1.71	0.84	0.067	0.028	3.32
EHRC259	0	52	52	62.98	3.20	0.82	0.044	0.014	4.62
EHRC261	4	27	23	61.71	4.31	0.90	0.019	0.020	4.97
EHRC262	11	30	19	62.55	3.14	0.88	0.019	0.020	5.74
EHRC263	18	36	18	60.18	5.15	2.66	0.024	0.052	5.09
EHRC279	0	67	67	62.14	3.67	1.35	0.093	0.050	4.56
EHRC280	70	80	10	64.54	3.10	0.57	0.083	0.013	2.55
EHRC282	53	60	7	63.31	3.13	1.20	0.075	0.099	4.41
EHRC282	72	80	8	64.95	1.91	1.46	0.107	0.023	3.33
EHRC288	0	75	75	61.94	2.96	1.33	0.152	0.042	5.60
EHRC289	51	59	8	62.08	3.33	1.67	0.021	0.027	4.48
EHRC290	0	6	6	60.41	4.94	1.01	0.093	0.041	6.09
EHRC290	9	51	42	61.67	3.52	1.33	0.052	0.060	4.87
EHRC291	1	70	69	62.22	4.51	0.90	0.096	0.027	4.26
EHRC292	0	80	80	62.87	2.80	1.48	0.076	0.041	4.53
EHRC293	0	48	48	62.43	3.31	1.41	0.050	0.026	4.62
EHRC318	16	27	11	62.68	5.83	0.87	0.025	0.015	2.30
EHRC320	26	32	6	61.61	7.23	0.75	0.036	0.005	1.82
EHRC321	0	8	8	63.59	5.03	0.68	0.026	0.015	2.36
EHRC326	11	59	48	62.21	3.02	1.06	0.155	0.023	4.92
EHRC327	3	14	11	62.78	1.93	0.58	0.968	0.014	4.56
EHRC327	18	50	32	64.32	2.67	0.64	0.175	0.022	3.56
EHRC328	31	65	34	61.04	3.60	0.94	0.089	0.025	5.34
EHRC330	0	15	15	62.52	5.32	1.16	0.065	0.015	3.29
EHRC330	17	27	10	60.56	8.13	1.44	0.021	0.010	3.04
EHRC331	17	26	9	62.89	2.72	1.88	0.046	0.011	3.99
EHRC331	30	40	10	63.00	2.82	1.92	0.098	0.011	3.33
EHRC332	0	33	33	63.43	4.49	0.81	0.021	0.020	3.21
EHRC333	47	64	17	60.91	3.91	1.38	0.082	0.018	4.68
EHRC334	14	28	14	61.25	3.33	1.77	0.040	0.022	5.94
EHRC335	17	22	5	63.65	3.16	0.86	0.051	0.007	2.99
EHRC335	29	36	7	64.19	2.58	0.76	0.122	0.018	3.56
EHRC336	20	30	10	62.24	6.72	0.77	0.018	0.009	2.06
EHRC337	10	20	10	60.21	9.34	0.99	0.031	0.006	2.22
EHRC337	24	31	7	63.26	4.90	0.46	0.034	0.007	2.35
EHRC339	22	30	8	62.75	5.93	0.60	0.040	0.008	2.63
EHRC340	0	30	30	63.34	3.00	0.94	0.054	0.034	5.29
EHRC341	9	17	8	62.36	7.99	0.23	0.033	0.010	1.97
EHRC341	31	42	11	62.43	5.45	0.96	0.052	0.010	2.78
EHRC342	27	37	10	63.37	5.96	0.25	0.009	0.019	1.93
EHRC343	23	30	7	62.25	4.55	1.32	0.015	0.012	4.29

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HoleID	From (m)	To (m)	Width (m)	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	S %	LOI %
EHRC343	32	44	12	60.80	5.67	1.34	0.013	0.015	5.10
EHRC344	0	9	9	62.01	4.23	0.93	0.132	0.022	4.17
EHRC344	13	53	40	61.43	4.19	1.02	0.102	0.022	5.21
EHRC345	25	60	35	63.10	3.61	0.76	0.090	0.012	3.14
EHRC346	16	28	12	62.90	2.25	1.04	0.057	0.019	5.14
EHRC346	34	42	8	62.17	5.43	1.30	0.045	0.011	3.22
EHRC348	31	37	6	66.58	0.92	0.24	0.031	0.022	2.42
EHRC375	6	29	23	62.77	5.64	0.95	0.023	0.012	2.60
EHRC380	5	26	21	63.21	3.17	0.83	0.010	0.028	4.87
EHRC381	0	35	35	60.65	5.84	1.28	0.016	0.021	4.72
EHRC382	0	54	54	63.90	2.12	0.88	0.046	0.054	4.53
EHRC383	0	20	20	61.34	7.87	1.04	0.016	0.015	2.64
EHRC385	29	36	7	61.91	7.12	0.77	0.016	0.005	1.82
EHRC389	21	26	5	60.28	8.55	0.60	0.017	0.028	4.66
EHRC390	13	23	10	60.50	6.81	1.33	0.024	0.020	5.08
EHRC394	6	12	6	60.14	8.24	1.72	0.010	0.015	3.09
EHRC394	30	50	20	64.23	3.35	1.01	0.057	0.011	3.53
EHRC398	9	24	15	60.47	5.07	2.28	0.019	0.082	5.47
EHRC400	10	21	11	61.88	4.77	1.51	0.007	0.039	4.47
EHRC405	10	31	21	60.47	5.92	1.53	0.016	0.017	4.65
EHRC409	0	40	40	62.76	4.50	0.94	0.022	0.021	3.73
EHRC410	26	39	13	63.77	4.01	1.21	0.009	0.012	2.80
EHRC412	0	9	9	61.95	5.46	1.04	0.012	0.031	3.68
EHRC413	12	29	17	62.82	3.00	1.51	0.024	0.048	5.00
EHRC414	2	25	23	60.12	3.37	1.61	0.076	0.033	7.69
EHRC414	31	47	16	60.92	5.78	1.17	0.071	0.078	4.46
EHRC415	0	21	21	60.04	5.87	1.34	0.071	0.050	5.45
EHRC415	24	45	21	63.73	2.86	1.12	0.046	0.051	3.63
EHRC416	0	6	6	61.57	6.75	0.86	0.041	0.028	3.73
EHRC416	11	34	23	64.27	2.48	0.90	0.037	0.040	3.69
EHRC420	18	24	6	64.93	3.68	0.42	0.013	0.014	2.17
EHRC422	10	25	15	61.60	6.26	0.93	0.026	0.019	3.72
EHRC426	12	39	27	62.35	5.70	0.89	0.039	0.015	3.05
EHRC427	16	35	19	65.00	2.43	0.91	0.027	0.037	3.23
EHRC428	23	37	14	61.88	4.86	1.07	0.051	0.010	3.86
EHRC432	12	26	14	62.78	6.07	0.61	0.054	0.007	2.63
EHRC433	8	21	13	64.82	2.94	0.70	0.043	0.019	2.93
EHRC439	8	30	22	61.09	7.27	1.53	0.008	0.044	3.51
EHRC444	23	30	7	61.71	3.49	0.97	0.099	0.037	6.28
EHRC455	0	30	30	62.44	3.01	1.10	0.105	0.041	5.58
EHRC456	43	50	7	63.24	1.89	1.16	0.246	0.012	5.26

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HoleID	From (m)	To (m)	Width (m)	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	S %	LOI %
EHRC458	13	30	17	62.10	2.74	1.15	0.077	0.051	6.00
EHRC458	50	57	7	61.78	4.13	1.11	0.052	0.081	5.00
EHRC468	25	30	5	61.05	2.61	1.48	0.275	0.013	6.99
EHRC474	14	29	15	63.98	3.05	1.42	0.021	0.019	3.10
EHRC475	2	15	13	60.48	4.99	0.85	0.042	0.015	5.28
EHRC477	0	31	31	61.00	6.88	1.22	0.034	0.018	3.55
EHRC479	28	41	13	62.61	3.46	1.45	0.012	0.049	4.82
EHRC480	0	70	70	62.45	3.68	0.95	0.061	0.040	4.60
EHRC482	0	37	37	62.59	3.29	1.09	0.040	0.048	4.98
EHRC484	0	42	42	64.02	3.28	0.85	0.055	0.025	3.25
EHRC485	0	26	26	63.10	2.10	0.79	0.078	0.057	5.09
EHRC486	0	72	72	63.98	2.73	1.28	0.077	0.024	3.22
EHRC487	16	45	29	62.99	2.68	1.54	0.049	0.043	4.29
EHRC487	49	57	8	62.70	3.61	0.55	0.118	0.008	4.22
EHRC490	14	48	34	62.33	3.20	1.37	0.079	0.036	4.94

The large increase in available data, including downhole geophysics (density, magnetic susceptibility and gyroscopic directional surveys) has enabled a major improvement in the interpretation and understanding of this complex orebody (figures 14 and 15).

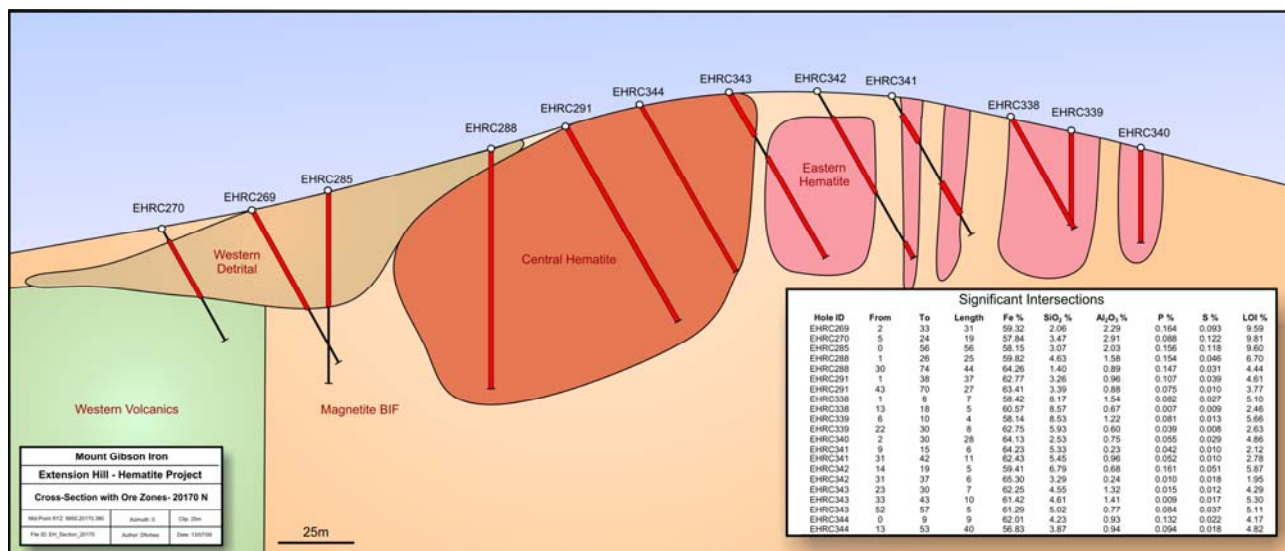


Figure 14 - Extension Hill Section 20170N

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The highest grade central core of the mineralisation is dominated by massive hematite that appears to be the result of oxidation and other chemical activity on the primary magnetite mineralisation that underlies the deposit. Some of the hematite occurs as “feeders” that can merge to form wide high grade ore zones. Within the top 10m below the surface more recent weathering processes resulted in alteration to goethite dominated mineralisation.

On the western flank a thick, broad sub-horizontal zone of re-cemented and lateritised detrital goethite dominated mineralisation reflects an ancient paleosurface and suggests significantly steeper topography than present today.

Low grade canga style mineralisation outcrops variably over the surface on both flanks of the Extension Hill mineralisation.

The main high grade hematite mineralisation shows strong along strike (north-south) continuity with highly variable morphology and grade distribution with structural pinching and swelling and some minor cross-faulting (figure 15). An updated Resource and Reserve estimate of the Extension Hill DSO project will be compiled in the September Quarter.

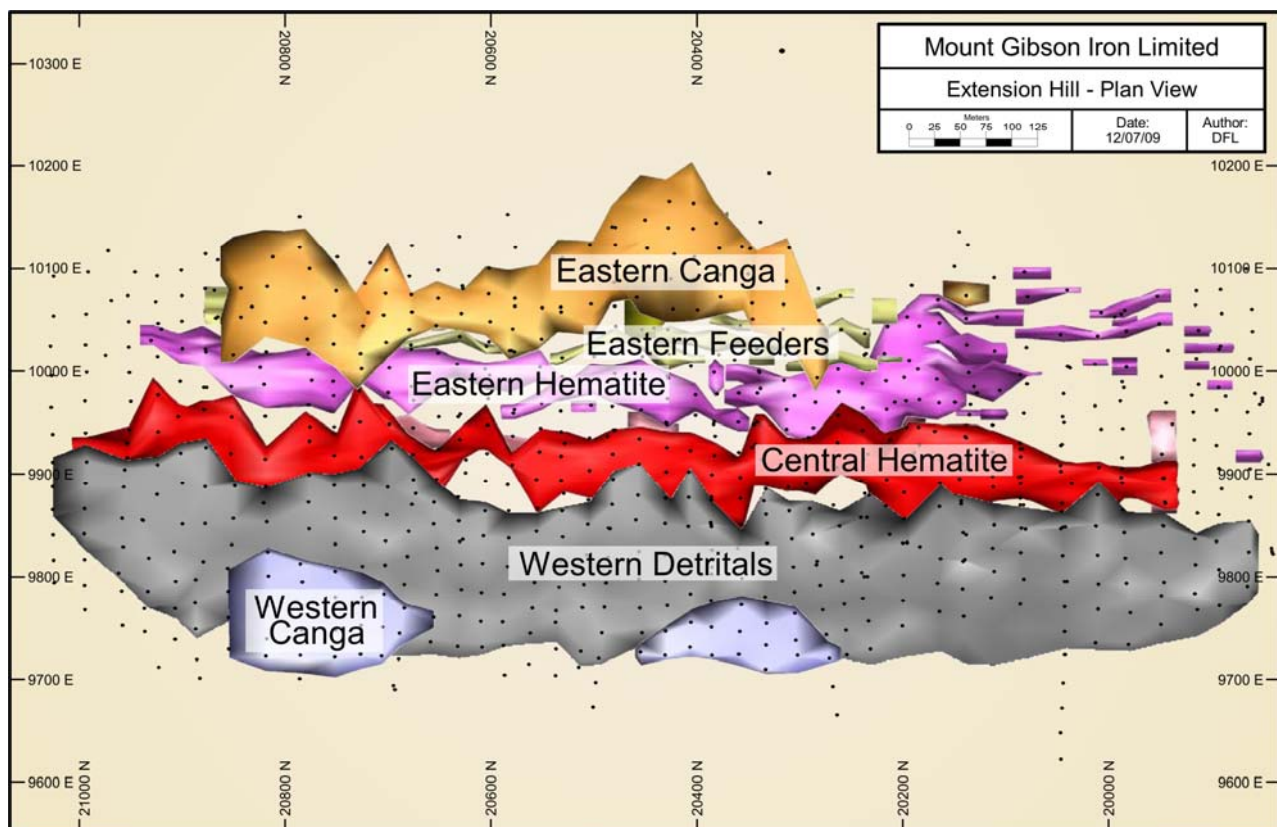


Figure 15 - Plan view of new Extension Hill 3D model with drillhole collars shown as black dots

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EXTENSION HILL DIRECT SHIPPING ORE (“DSO”) PROJECT

Construction works for the Extension Hill Project remain suspended. Mount Gibson also tentatively suspended the Extension Hill project works and expects that first ore from the Extension Hill mine will be shipped approximately 12 months after recommencement of project works. Market conditions and the Geraldton Port Authority’s commitment to upgrading the existing rail unloading facility will ultimately dictate the timing of bringing the Extension Hill mine into production.

The status of various key project activities as at 30 June 2009 is as follows:

Regulatory submissions & approvals during the quarter were:

- No approvals were received and no proposals were submitted for regulatory approval during the quarter.

Design & engineering work during the quarter were:

- No design or engineering work was undertaken during the quarter.

Construction:

Extension Hill Mine Site

- The accommodation camp and main office complex for the Extension Hill mine site remain in storage;
- Primary communications equipment and the communications tower for the mine site remain in storage pending recommencement of project works; and
- Numerous items purchased directly by Mount Gibson for the Extension Hill mine site continue to be delivered in accordance with the various purchase orders issued prior to suspending work and the company has leased facilities to store this equipment until such time as project work recommences.

Transport Corridor

- Components purchased for the GNH bridge overpass remain in storage;
- Westnet undertook minor works associated with upgrading the existing rail line between Perenjori and Geraldton during the quarter to allow for ongoing grain transportation. All other work on the rail upgrade remains suspended; and
- The final 70 new rail wagons for the Extension Hill project were delivered during the quarter. Commissioning of 190 new wagons is scheduled to be completed during the next quarter.

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Geraldton Port – Berth 5 Storage Facility

- All outstanding items purchased directly by Mount Gibson for the new Berth 5 Storage facility continue to be delivered in accordance with contractual agreements and purchase orders issued prior to suspending work. Mount Gibson has leased suitable lock up facilities to store this equipment until such time as project work recommences.

GPA Rail Unloader Upgrade Project

The recommencement of detailed design and construction work to upgrade the existing rail unloader and associated materials handling system will be sequenced such that these facilities are completed at the same time as the new Berth 5 storage facility.

The sole long lead item (primary feeder Hagglands drive) required for the Rail Unloader Upgrade Project ordered prior to suspending works on this project was delivered during the quarter.

Attribution

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by David Larsen, who is a member of the Australian Institute of Geoscientists. David Larsen is a full time employee of the company, 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". David Larsen consents to the inclusion in the report of the matters based on his information in the form and context in which it appeared.

David Berg
Company Secretary