Mount Gibson Iron

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Company Announcements
Australian Stock Exchange Limited
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MOUNT GIBSON IRON PROGRESSES NANJING IRON PELLET PROJECT

Mr Brian Johnson, Managing Director of Mount Gibson Iron Limited (ASX code "MGX"), announced today that its 76% owned subsidiary, Asia Iron Holding Limited ("Asia Iron"), had received all necessary approvals including environmental permits from the City of Nanjing in South East China, to construct its proposed 2.5Mtpa pellet plant at the port of Longtan on the Yangtze River.

Asia Iron has engaged Beijing Shougang Design Institute ("BSDI") to complete the detailed engineering design for the proposed plant. BSDI is also expected to be awarded the turnkey contract for construction of the plant.

The Longtan Port Authority will construct a new bulk cargo wharf for Asia Iron's use together with a 400,000 tonne covered storage building for the magnetite concentrate to be imported from the Group's Extension Hill Magnetite Project in Western Australia as feed for the pellet plant.

The plant will be built on land adjacent to the wharf leased from the Port Authority for 25 years, plus extensions.

Engineering design will be completed in time for construction to commence in April 2006.

Asia Iron has also commenced investigations as to where its second pellet plant should be located in China if production of magnetite concentrate from the Extension Hill Magnetite Project is doubled as planned, in 2008 – 09.

Yours sincerely,
MOUNT GIBSON IRON LIMITED

Angela Dent
Company Secretary

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