



Mount Gibson Iron Limited
ABN 87 008 670 817



First Floor, 7 Havelock Street
West Perth 6005, Western Australia

PO Box 55, West Perth WA 6872

Telephone: 61-8-9426-7500
Facsimile: 61-8-9485-2305
E-mail: admin@mtgibsoniron.com.au

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VIA: WWW.ASX.ONLINE.COM

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The Manager
Company Announcements
ASX Limited
Level 10, 20 Bond Street
SYDNEY NSW 2000

Transaction update - APAC Resources and Shougang Concord Agreements signed

Mount Gibson Iron Limited (**Mount Gibson**) advised ASX on 3 November 2008 that it had signed a binding Heads of Agreement with its major shareholder, APAC Resources Limited (**APAC**), and a further binding Heads of Agreement with Shougang Concord International Enterprises Company Limited (**Shougang Concord**). The two Heads of Agreement provided for:

- APAC and Shougang Concord to purchase available production from Mount Gibson's operations:
 - During November and December 2008 (**Short Term Offtake**);
 - Between January and June 2009 (**Medium Term Offtake**) (Shougang Concord only); and
 - From 1 July 2009 for remaining life of mine (**Long Term Offtake**).
- APAC and Shougang Concord by way of separate underwritings to underwrite a 1 for 5 renounceable rights issue at A\$0.60 per share to raise gross proceeds of approximately A\$96.5 million (**Rights Issue & Underwriting**); and
- Shougang Concord to subscribe for a placement of 110 million ordinary shares at A\$0.60 per share to raise an additional A\$66 million (**Placement**).

Key terms for the offtake agreements and financing arrangements were summarised in the 3 November 2008 announcement to the ASX.

Mount Gibson is pleased to advise that it has now entered into the following detailed agreements as contemplated by the Heads of Agreement:

- Short Term Offtake Agreement with APAC;
- Short Term Offtake Agreement with Shougang Concord;
- Medium Term Offtake Agreement with Shougang Concord;
- Long Term Offtake Agreements for Tallering Peak and Koolan Island with APAC;
- Long Term Offtake Agreement for Koolan Island with Shougang Concord;

- Rights Issue Underwriting Agreement with APAC;
- Rights Issue Underwriting Agreement with Shougang Concord; and
- Placement Subscription Agreement with Shougang Concord.

Mount Gibson expects that the Long Term Offtake Agreements for Extension Hill and Tallering Peak with Shougang Concord and the Long Term Offtake Agreement for Extension Hill with APAC will be finalised and executed by Tuesday 25 November 2008.

Further details in relation to all agreements will be set out in the Explanatory Memorandum and Notice of Meeting to be sent to all shareholders in early December for a shareholder meeting that will be convened as soon as possible. The Explanatory Memorandum and Notice of Meeting will contain a report by an Independent Expert which will provide Mount Gibson shareholders not associated with APAC or Shougang Concord an assessment of whether the transaction is considered fair and reasonable.

For further information:

Luke Tonkin or Alan Rule
Mount Gibson Iron Limited
+61-8-9426-7500

www.mtgibsoniron.com.au

Media: David Griffiths
Gryphon Management Australia
Office: +61-8-9382-8300
Mobile: +61-419-912-496

www.gryphon.net.au