



Mount Gibson Iron Limited

ABN 87 008 670 817



Level 1, 2 Kings Park Road
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

VIA: WWW.ASXONLINE.COM

ASX ANNOUNCEMENT

ASX Code : **MGX**

16 June 2016

MGX agrees A\$86 million property damage insurance settlement

Mount Gibson Iron Limited (**Mount Gibson**) is pleased to advise that it has reached final agreement with its insurers for a cash settlement of A\$86 million for the property damage component of its insurance claim relating to the failure of the Koolan Island Main Pit seawall.

The settlement amount includes the A\$1.85 million interim payment received in mid-2015, with total payments expected to be received by the end of July 2016.

Proceeds from the settlement will further strengthen the Company's cash position as it continues to evaluate resource investment opportunities, including the potential to rebuild the Main Pit seawall at Koolan Island. As previously indicated, the Company expects to be in a position to provide a further update regarding the Koolan Island evaluation in the second half of 2016. Settlement of the property damage component of the seawall insurance claim is independent of the outcome of this evaluation.

The property damage insurance settlement also remains separate to the ongoing discussions between Mount Gibson and its insurers in relation to the business interruption component of the Company's insurance claim. These discussions remain in progress and it is premature to comment as to the likely outcome of this component of the claim. Mount Gibson will provide further updates as appropriate.

Mount Gibson Chief Executive Officer Jim Beyer said: "This significant property damage insurance settlement is a welcome outcome for Mount Gibson and all shareholders in the wake of the failure of the Main Pit seawall at Koolan Island. We thank our insurance brokers and advisors for their assistance in our claim preparation and negotiation, and we appreciate the diligent and systematic engagement of our insurers to achieve a timely resolution. We look forward to continuing our discussions relating to the business interruption component of our claim in a similarly constructive fashion."

For further information:

Jim Beyer
Chief Executive Officer
Mount Gibson Iron Limited
+61-8-9426-7500

John Phaceas
Empeiros Advisory
+61-8-9426-7500
+61-(0)411-449-621

www.mtgibsoniron.com.au