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

## **Mount Gibson awarded US\$114 million in damages in Rizhao arbitrations**

Mount Gibson Iron Limited ("**Mount Gibson**") is pleased to advise that the arbitrator in the arbitrations between its subsidiaries, Mount Gibson Mining Limited and Koolan Iron Ore Pty Limited, and Rizhao Steel Holding Group Co Limited ("**Rizhao**") has handed down his awards.

The arbitrator has found that Rizhao repudiated its obligations under long term agreements with Mount Gibson for the supply of iron ore and that consequently Mount Gibson was entitled to loss of bargain damages. The arbitrator has ordered Rizhao to pay Mount Gibson an amount of US\$114 million by way of damages, plus interest of 6% on and from the date of the award together with Mount Gibson's legal costs of the arbitration.

Mount Gibson intends to take steps immediately to recover the judgment debt in full.

As part of the arbitral proceedings, Rizhao had counterclaimed for wrongful termination of the long term agreements and for misleading and deceptive conduct under the Trade Practices Act 1974 (Cth). The arbitrator dismissed both counterclaims.

Mount Gibson was placed in a difficult financial position in October 2008 when a number of its customers breached their offtake agreements and those agreements were subsequently terminated. Mount Gibson was then compelled to complete a large equity raising and negotiate short, medium and long term offtake agreements with alternative customers to mitigate its financial risk at the time.

Mount Gibson's Managing Director Luke Tonkin said:

"We are very happy with the result of the Rizhao arbitration which vindicates our decision to take legal action against those customers who breached their offtake contracts with Mount Gibson, placing the company, its employees and shareholders under enormous duress. Of the three customers against whom legal proceedings were commenced, Mount Gibson has now recovered US\$25 million by way of a settlement, and received arbitral awards in its favour of US\$23 million and US\$114 million. The settlement and the arbitral awards go some way to compensating shareholders for the events of late 2008."

Yours sincerely  
**MOUNT GIBSON IRON LIMITED**



**David Berg**  
**Company Secretary**

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