



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

VIA: WWW.ASXONLINE.COM

16 August 2011

Pages = 1

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

MOUNT GIBSON ENTERS INTO LONG TERM OFFTAKE AGREEMENT FOR EXTENSION HILL

Mount Gibson Iron Limited ("**Mount Gibson**") is pleased to announce that it has entered into a life of mine agreement for the sale of Extension Hill hematite with Glencore International, one of the world's leading integrated producers and marketers of commodities.

Under the agreement, Glencore will purchase 48% of life of mine production, equivalent to approximately 1.44 mtpa at production rates of 3 mtpa. Pricing under the agreement will be referable to a market based clearing mechanism using Platts indices.

Luke Tonkin, Mount Gibson's Managing Director, who was pleased to have successfully concluded negotiations with Glencore said: "Glencore is a significant sophisticated international trading participant in the seaborne iron ore trade who has underlying balance sheet strength and transaction reach. With this agreement in place, nearly half of Extension Hill production is under contract and we anticipate concluding further agreements in respect of remaining unallocated tonnages shortly".

Mount Gibson will continue to inform the market of any material developments in respect of the remaining uncontracted production at Extension Hill.

Yours sincerely,

MOUNT GIBSON IRON LIMITED

David Berg
Company Secretary

For further information:
Luke Tonkin or Alan Rule
Mount Gibson Iron Limited
+61-8-9426-7500
www.mtgibsoniron.com.au

David Griffiths
Gryphon Management Australia
+61(0)419-912-496
www.gryphon.net.au