



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

Pages = 2

VIA: WWW.ASXONLINE.COM

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

COMMUNICATION RECEIVED FROM FOREIGN INVESTMENT REVIEW BOARD

Mount Gibson Iron Limited wishes to advise that it has received a letter from the Executive Member of the Foreign Investment Review Board (**FIRB**). The letter expresses concern that the composition of the Company's Board has developed in a manner inconsistent with information provided to the Treasurer, shareholders and the market at the time when approval was given for the recapitalisation of the Company in 2008.

The principal point of concern identified in the letter is that the Company has not complied and is not complying with the ASX Corporate Governance Principles and Recommendations, because it does not have a majority of independent directors on the Board (see ASX Corporate Governance Principles and Recommendations, Recommendation 2.1).

The Company understands that letters in similar terms have been sent to its major shareholders, APAC Resources Limited and Shougang Group.

Mount Gibson does not have any current proposal before the Foreign Investment Review Board, and has no specific potential proposal under consideration at present. Nevertheless, the Company takes the expression of concern contained in this letter very seriously and is committed to working with the major shareholders to bring its Board composition into line with Recommendation 2.1.

Significant steps towards this objective have already been taken with the appointment (announced today) of two new independent directors, Mr Russell Barwick and Mr Paul Douglas. These appointments are the culmination of the independent director search process announced by the Company on 2 May this year.

A search is continuing for a third new independent director, to replace Mr Ian MacIver who completed his term at today's AGM and did not seek re-election. This search is being conducted by the same internationally-recognised search consultancy firm that assisted us with the appointments of Messrs Barwick and Douglas.

The Board is currently considering ways in which its composition may be changed in order to satisfy the requirements of FIRB.

Yours sincerely

MOUNT GIBSON IRON LIMITED



David Berg
Company Secretary

For further information:

Len Eldridge
Mount Gibson Iron Limited
+61-8-9426-7500
www.mtgibsoniron.com.au

David Griffiths
Gryphon Management
+61 8 9382 8300