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

Reconstitution of Board Committees

The Board of Mount Gibson Iron Limited has resolved to reconstitute its two standing committees, the Audit and Risk Committee and the Nomination, Remuneration and Governance Committee.

Audit & Risk Committee

This Committee will now consist of Mr Alan Jones (Committee Chairman), Mr Geoff Hill and Mr Craig Readhead.

The Board has resolved (by majority) that Mr Jones should be classified as an independent director. This means that in appointing Mr Jones as Chairman of the Audit & Risk Committee, the Company is compliant with Recommendation 4.2 of the ASX Corporate Governance Council Corporate Governance Principles and Recommendations.

Mr Jones was previously classified as an independent director until 30 September 2009. From 30 September 2009 up to the present time, he has been classified as non-independent. The reasons for these classifications are set out in the Corporate Governance Statements in the Company's Annual Reports for 2010 and 2011.

The reasons why the Board has now decided that Mr Jones should be classified as independent are:

1. Although Mr Jones was formerly an independent non-executive director of APAC Resources Limited (**APAC**) (a substantial shareholder and material customer of the Company), he ceased to hold this office on 30 September 2009.
2. Mr Jones is an independent non-executive director of Allied Group Limited (**AGL**) and Allied Properties (HK) Limited (**APL**). These companies were deemed to be substantial shareholders of the Company because a related corporation had entered into an agreement to purchase shares in APAC. However, this transaction will not now be proceeding and the relevant agreement has been terminated, so AGL and APL are no longer deemed to be substantial shareholders of the Company.

Nomination, Remuneration & Governance Committee

Newly-appointed independent non-executive director Mr Russell Barwick has been appointed to this Committee, following the retirement of Mr Ian Macliver as a director. The Committee will now consist of Mr Hill (Committee Chairman), Mr Readhead, Mr Jones and Mr Barwick.

Yours sincerely
MOUNT GIBSON IRON LIMITED



David Berg
Company Secretary

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