



# 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](mailto:admin@mtgibsoniron.com.au)

VIA: [WWW.ASXONLINE.COM](http://WWW.ASXONLINE.COM)

Pages = 4

## ASX ANNOUNCEMENT

ASX Code : **MGX**

9 December 2013

### Agreement to acquire advanced Shine hematite iron project

Mount Gibson Iron Limited (**Mount Gibson**) advises it has reached agreement with Gindalbie Metals Ltd (**Gindalbie**) to acquire the advanced Shine hematite iron project, approximately 250 kilometres east of Geraldton in the Mid West region of Western Australia.

The proposed acquisition is consistent with Mount Gibson's strategy to grow its mining and exploration footprint around its existing Mid West iron ore operations and transport infrastructure.

Shine is located approximately 85 kilometres north-north west of Mount Gibson's operating Extension Hill iron ore mine, and approximately 200km by road from Mount Gibson's rail siding at Mullewa, from which it presently rails ore from its Tallering Peak mine. Shine is also approximately 30km north-west of the Plateau iron prospect at the Company's Fields Find exploration project<sup>1</sup>.

Mount Gibson considers Shine to have excellent potential for near term low-capex development that can partly offset the scheduled closure of the Company's Tallering Peak mine in the second half of 2014, at which point Mount Gibson will have available rail and port capacity in the Mid West.

Gindalbie has undertaken substantial exploration and feasibility activities at the Project, and has secured key regulatory approvals needed to proceed with development, including mining, heritage and environmental approvals.

Gindalbie has also previously reported a Measured, Indicated and Inferred Hematite Mineral Resource totalling 6.1 million tonnes grading an average of 59.8% Fe for the Shine project<sup>2</sup>.

On completion of the transaction, Mount Gibson's initial priority will be to fully review all data relating to the Shine project with a view to optimising and finalising the development plan and commencing production as early as possible. This work will include reviewing the previously reported Mineral Resource estimates in accordance with the *2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'*.

Given the work already completed for the project, its modest scale, proximity to existing infrastructure, and Mount Gibson's extensive operating experience in the region, the Company believes development costs are likely to be low.

Under the terms of the agreement, Mount Gibson will acquire all iron ore mining and development rights associated with the Shine Project Area (**SPA**) on three granted mining leases held by a third party. The SPA covers approximately 6.5 square km hosting the Shine Mineral Resource.

<sup>1</sup> Refer Appendix A, Figure 1.

<sup>2</sup> Refer Appendix B, and Gindalbie ASX release 18 October 2012.

Consideration for the acquisition will comprise \$12 million cash on settlement, with a further milestone payment of \$3 million payable on the first commercial sale of ore from the Project.

The parties have also agreed a price participation arrangement whereby Mount Gibson will pay a royalty to Gindalbie on ore mined and sold when the monthly average of the daily midpoint Platts 62% Fe CFR index price, when converted to Australian dollars, is higher than \$115 per dry metric tonne.

For every dollar that the Platts 62% Fe index price trades above this level, Mount Gibson will pay a royalty of \$0.20/tonne. The \$3 million milestone payment is deemed a non-refundable pre-payment of this price participation royalty.

The acquisition is conditional on the parties obtaining all relevant third party and government consents, including approval by the Foreign Investment Review Board. Settlement is anticipated within 90 days from the date of this agreement.

Mount Gibson Chief Executive Officer Jim Beyer said: "Building our hematite iron resources in the Mid West is a key priority for Mount Gibson and this represents a low-cost near term development opportunity that fits perfectly with our strategy.

"Given the advanced nature of the Shine project, its proximity to our existing operations and availability of existing infrastructure capacity as production from Tallering Peak winds down in the coming year, we will be looking to advance to development as quickly as possible."

For further information:

**Jim Beyer**

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

**John Phaceas**

Manager External Relations  
Mount Gibson Iron Limited  
+61-8-9426-7500

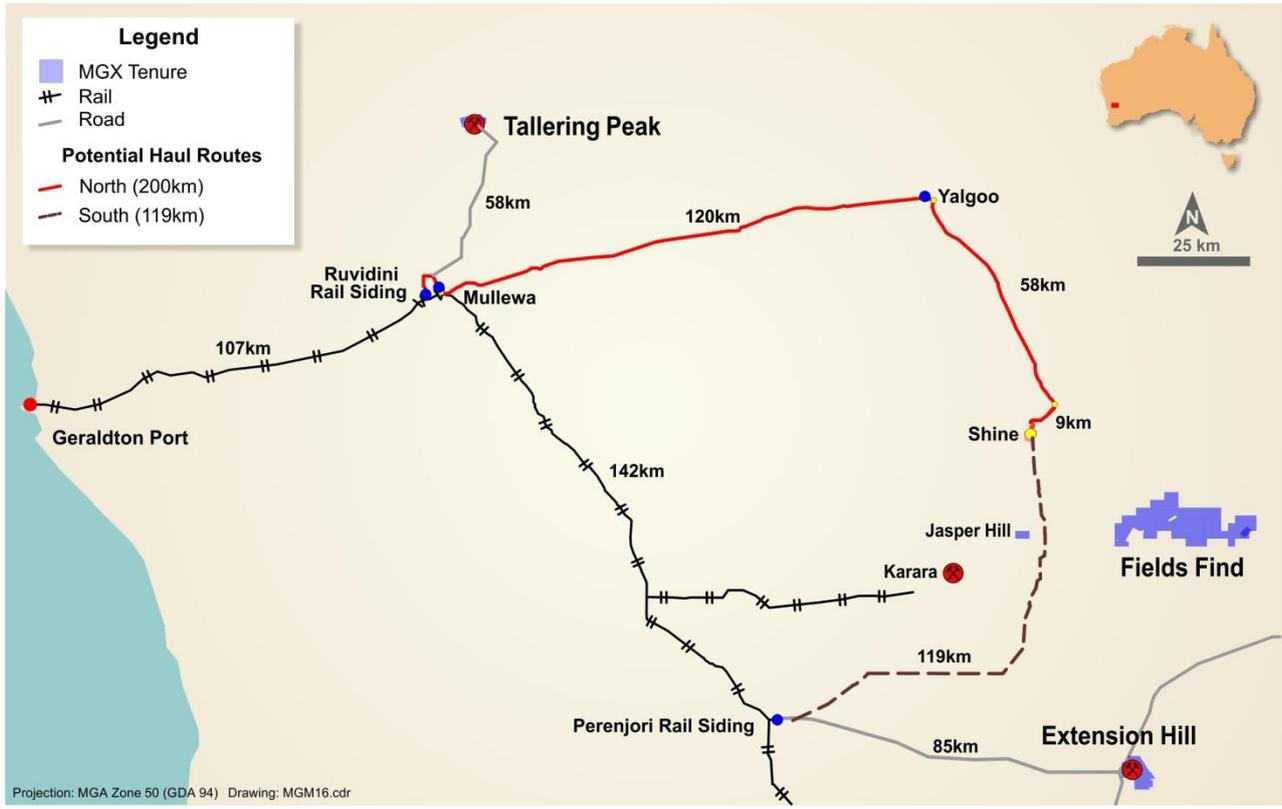
**Alan Deans**

Last Word Corporate  
Communications  
+61 (0)427 490 992

[www.mtgibsoniron.com.au](http://www.mtgibsoniron.com.au)

# Appendix A

## Figure 1: Shine Iron Ore Project – proximity to infrastructure and MGX assets



## APPENDIX B

The Shine Hematite Mineral Resource, as reported in a statement to the ASX by Gindalbie Metals Ltd (**Gindalbie**) on 18 October 2012, is shown below. The Mineral Resource estimate was compiled by Snowden Mining Industry Consultants Pty Ltd (**Snowden**) and appears with the consent of both Snowden and Gindalbie. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

**Table 1: Shine Hematite Mineral Resource (57% Fe cut-off)**

<b>Resource Category</b>	<b>Tonnes (Mt)</b>	<b>Fe %</b>	<b>SiO<sub>2</sub> %</b>	<b>Al<sub>2</sub>O<sub>3</sub> %</b>	<b>P %</b>	<b>LOI %</b>
<b>Measured</b>	2.2	60.5	6.76	1.96	0.085	3.99
<b>Indicated</b>	3.2	59.6	8.23	1.61	0.074	3.90
<b>Inferred</b>	0.7	58.6	9.04	1.37	0.078	4.63
<b>Total</b>	<b>6.1</b>	<b>59.8</b>	<b>7.80</b>	<b>1.71</b>	<b>0.078</b>	<b>4.02</b>

*Small discrepancies may appear due to the effects of rounding  
Source: Gindalbie Metals Ltd – ASX Release 18 October 2012*

### Competent Person Statement

*The information in this report that relates to the Shine Mineral Resources is based upon information compiled by John Graindorge. John Graindorge is a member of the Australasian Institute of Mining and Metallurgy (MAusIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking to qualify as a competent person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". John Graindorge is a full-time employee of Snowden Mining Industry Consultants Pty Ltd. John Graindorge consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*