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The Manager
Company Announcements
ASX Limited
Level 10, 20 Bond Street
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Dealing in Securities Policy

In accordance with Listing Rule 12.9, attached is Mount Gibson Iron Limited's "Policy on Key Management Personal Dealing in Securities".

Yours sincerely

MOUNT GIBSON IRON LIMITED

David Berg
Company Secretary

1 Introduction

- 1.1 This policy imposes constraints on the Key Management Personnel of Mount Gibson Iron Limited (“Company”) dealing in securities of the Company. It also imposes disclosure requirements on Directors.

2 Objectives

- 2.1 The objectives of this policy are to:
- (a) minimise the risk of Key Management Personnel contravening the laws against insider trading;
 - (b) ensure the Company is able to meet its reporting obligations under the ASX Listing Rules; and
 - (c) increase transparency with respect to trading in securities of the Company by Key Management Personnel.
- 2.2 To achieve these objectives Key Management Personnel should consider this policy to be binding on them in the absence of specific exemption by the Board.

3 Dealing in Securities – Legal and Other Considerations

- 3.1 Part 7.10, Division 3 of the Corporations Act 2001 prohibit persons who are in possession of price sensitive information in relation to particular securities that is not generally available to the public from:
- (a) dealing in the securities; or
 - (b) communicating the information to others who might deal in the securities.
- 3.2 The central test of what constitutes price sensitive information is found in section 1042A. It provides that the insider trading and continuous disclosure rules apply to information concerning a company that a reasonable person would expect to have a material affect on the price or value of securities in the Company (“price sensitive information”).
- 3.3 Key Management Personnel of the Company will from time to time be in a situation where they are in possession of price sensitive information that is not generally available to the public. Examples are the period prior to release of annual or half-yearly results to ASX Limited (“ASX”) and the period during which a major transaction is being negotiated.

- 3.4 The risk of contravention of insider trading laws in relation to information concerning public companies was substantially reduced in 1994 with the introduction of the continuous disclosure regime. Under that regime, public companies are required to disclose all price sensitive information immediately to ASX, except in limited circumstances. The tests of what constitutes price sensitive information under the insider trading laws and under the continuous disclosure requirements are effectively identical. As a consequence, at least in theory, there is no risk of Key Management Personnel contravening insider trading laws as all relevant information will already have been disclosed.
- 3.5 There are a number of limitations and qualifications to the above. They include:
- (a) the ASX Listing Rules and the Corporations Act 2001 permit companies to not disclose certain information, for example in the situation where an acquisition is being negotiated and remains confidential;
 - (b) in the case of a Director, information may be known to a particular Director but not yet by the Company as a whole (ie. the Board);
 - (c) the Company may not have yet complied with its continuous disclosure obligations in relation to a particular event or circumstance – there will always be some element of delay in doing so; and
 - (d) Key Management Personnel will generally have a better feel for the performance of the Company than the public.
- 3.6 In these situations there is still potential for contravention. There is also the potential for an appearance of contravention even if there has not been actual contravention. This could reflect badly on the Company as well as on the Key Management Personnel concerned.
- 3.7 Another circumstance that must be guarded against is where one or more members of Key Management Personnel are aware of an event or circumstance and the remaining Key Management Personnel are not yet aware. In such a circumstance it is important that no Key Management Personnel deal in securities because:
- (a) there is a risk that they will be found to have been guilty of insider trading even if they had no intention of committing a contravention; and
 - (b) of the potential for such circumstances to reflect badly on the Company.
- 3.8 For these reasons, the advice of the Company Secretary should be sought prior to any dealings taking place.

4 Policy – Dealing in Securities

4.1 Key Management Personnel can deal in securities of the Company where, prior to dealing:

- (a) they have satisfied themselves that they are not in possession of any price sensitive information that is not generally available to the public;
- (b) they have contacted the Chairman or, in his absence, the Company Secretary and notified them of their intention to do so and the Chairman or Company Secretary gives them written clearance to do so; and
- (c) where the Chairman wishes to deal in securities, he has contacted two independent Non-Executive Directors and the Company Secretary and the Company Secretary, in consultation with the two Directors, gives the Chairman written clearance to do so.

4.2 The Chairman (or the Company Secretary) will not allow Key Management Personnel to deal in securities of the Company as a matter of course within the period of 1 month prior to the release of annual or half yearly results (the “closed periods”).

4.3 In addition, Key Management Personnel will not be permitted to deal in securities of the Company if there is in existence price sensitive information that has not been disclosed because of an ASX Listing Rule exception.

4.4 Key Management Personnel should wait at least 24 hours after the relevant release before dealing in securities so that the market has had time to absorb the information.

4.5 In specific circumstances, however, Key Management Personnel may be given prior written clearance from the Chairman (or the Company Secretary) during the above closed periods, or where there is in existence price sensitive information that has not been disclosed because of an ASX Listing Rule exception, on the condition that the Key Management Personnel can demonstrate that they are not in possession of any price sensitive information that is not generally available to the public and that they are:

- (a) suffering severe financial hardship such that dealing in securities is the only reasonable course of action available (for example, selling the securities is the only way to satisfy a pressing financial commitment); or
- (b) other exceptional circumstances exist such that dealing in securities is the only reasonable course of action available. Such circumstances may include, for example, circumstances that compel the Key Management Personnel to deal in securities, such as

a court order, a bona fide enforceable undertaking to a court or other legal or regulatory requirement.

- 4.6 To obtain prior written clearance under this policy, Key Management Personnel must apply in writing to the appropriate person. That person may consult with the Board as they consider necessary. The written application, as well as any written clearance given under this policy, may be given by means of electronic communication such as email. Any dealing given prior written clearance must take place within 7 days of the written clearance being given or such shorter time as is specified in the written clearance. If the dealing does not take place within that timeframe, a new written clearance must be applied for and obtained prior to the dealing taking place.
- 4.7 Key Management Personnel must not at any time engage in short-term trading in securities of the Company.
- 4.8 Key Management Personnel must not communicate price sensitive information to a person who may deal in securities of the Company. In addition, Key Management Personnel should not recommend or otherwise suggest to any person (including a spouse, relative, friend, trustee of a family trust or Directors of a family company) the buying or selling of securities in the Company.

5 Directors – Notification of Dealings in Securities – Legal and Other Considerations

- 5.1 ASX Listing Rules 3.19A and 3.19B require the Company to notify dealing in securities by Directors within 5 business days. Three appendices are included in the Listing Rules for the purpose of this notification, being 3X Initial Director's Interest Notice, 3Y Change of Director's Interest Notice and 3Z Final Director's Interest Notice.
- 5.2 Section 205G of the Corporations Act 2001 requires a Director of a listed company to notify ASX within 14 days of acquiring or disposing of a relevant interest in any securities of the Company. This is an obligation of the Director, not the Company. There is no prescribed form for such notifications. ASIC has granted relief from the requirements of section 205G where notifications are made by the Company under Listing Rules 3.19A and 3.19B.
- 5.3 Other Key Management Personnel are required to notify the Chairman, or in his absence, the Company Secretary of any dealings in securities within 5 business days.

6 Directors – Notification of Dealings in Securities – Policy

- 6.1 Directors must notify the Company Secretary immediately on acquiring or disposing of a relevant interest in any securities in the Company.

- 6.2 Directors have entered into an agreement with the Company under which they are obliged to notify changes in interests in shares and other relevant matters.

7 Explanation of Terms

- 7.1 For the purposes of this policy:

- (a) “deal in securities” means apply for, buy or sell shares, options or other securities in the Company, or enter into transactions in relation to shares, options or other securities in the Company. It includes procuring another person to do any of these things;
- (b) “price sensitive information” has the meaning given in paragraph 3; and
- (c) “Key Management Personnel” has the meaning given in the ASX Listing Rules (which adopts the definition in Accounting Standard AASB 124 Related Party Disclosure) being those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

- 7.2 For the purposes of paragraph 4, Key Management Personnel “dealing” includes associates of Key Management Personnel dealing in securities, and it is incumbent on each member of Key Management Personnel to ensure that an associate does not deal in circumstances where the dealing could be attributed to the member concerned.