



Mount Gibson Iron Limited
ABN 87 008 670 817



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Pages = 8
(including this page)

VIA: WWW.ASX.ONLINE.COM

3 December 2008

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

Renounceable Rights Issue

As foreshadowed in its announcement of 3 November 2008, Mount Gibson Iron Limited (**Mount Gibson**) is undertaking a pro rata renounceable rights issue of 1 new fully paid ordinary share in Mount Gibson (**New Shares**) for every 5 shares held, being a total of 160.87 million shares, which will be issued at A\$0.60 per New Share to raise approximately A\$96.5 million before expenses (**Rights Issue**). The Rights Issue is fully underwritten by way of separate underwritings by APAC Resources Investments Limited and Shougang Concord International Enterprises Company Limited.

The Appendix 3B in relation to the Rights Issue follows. The timetable for the Rights Issue and details of the Rights issue are set out in the Prospectus that will be lodged with ASIC and released on ASX today.

For further information:

Luke Tonkin or Alan Rule

Mount Gibson Iron Limited

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Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

Mount Gibson Iron Limited (MGX)

ABN

87 008 670 817

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 160,871,164 ordinary shares pursuant to the Rights Issue (as described in the Prospectus dated 3 December 2008 ("Prospectus")). Refer to part 2 of this Appendix 3B. |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

| | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------|
| <p>4 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | <p>Yes</p> | |
| <p>5 Issue price or consideration</p> | <p>A\$0.60 per share under the Rights Issue</p> | |
| <p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p> | <p>As described in Section 6.3 of the Prospectus.</p> | |
| <p>7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates</p> | <p>On or about 12 January 2009</p> | |
| <p>8 Number and ⁺class of all ⁺securities quoted on ASX (including the securities in clause 2 if applicable)</p> | <p>Number</p> <p>965,226,985</p> | <p>⁺Class</p> <p>Ordinary shares</p> |

+ See chapter 19 for defined terms.

| | Number | +Class |
|---------------------------------------------------------------------------------------------------------------|-----------|----------------------------------------------------|
| 9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable) | 100,000 | Unlisted options exp 31/12/08 exercisable @ 55¢ |
| | 2,000,000 | Unlisted options exp 30/06/10 exercisable @ 90¢ |
| | 3,000,000 | Unlisted options exp 24/10/10 exercisable @ 90¢ |
| | 2,000,000 | Unlisted options exp 24/10/12 exercisable @ \$1.10 |
| | 250,000 | Unlisted options exp 31/12/09 exercisable @ 78¢ |
| | 1,681,000 | Unlisted options exp 31/12/09 exercisable @ 89¢ |
| 10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | N/A | |

Part 2 - Bonus issue or pro rata issue

| | |
|-------------------------------------------------------------------------------------------------------|--------------------------------------------------------|
| 11 Is security holder approval required? | No. Approval required in respect of Underwriting only. |
| 12 Is the issue renounceable or non-renounceable? | Renounceable |
| 13 Ratio in which the +securities will be offered | 1 New Share for every 5 Existing Shares |
| 14 +Class of +securities to which the offer relates | Fully paid ordinary shares |
| 15 +Record date to determine entitlements | 5pm (WDT) 11 December 2008 |
| 16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | N/A |
| 17 Policy for deciding entitlements in relation to fractions | Rounding up to the nearest whole number |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

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|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>18 Names of countries in which the entity has ⁺security holders who will not be sent new issue documents</p> <p>Note: Security holders must be told how their entitlements are to be dealt with.</p> <p>Cross reference: rule 7.7.</p> | <p>All countries other than Australia, New Zealand and Hong Kong (see section 8.5 of the Prospectus)</p> |
| <p>19 Closing date for receipt of acceptances or renunciations</p> | <p>5:00pm (WDT) 6 January 2009 (subject to extension by Mount Gibson with the agreement of the Underwriters, for example pending FIRB approval pursuant to underwriting agreements entered into with each of APAC Resources Investments Limited (APAC) and Shougang Concord International Enterprises Company Limited (Shougang Concord)).</p> |
| <p>20 Names of any underwriters</p> | <ul style="list-style-type: none"> • APAC • Shougang Concord |
| <p>21 Amount of any underwriting fee or commission</p> | <p>An underwriting fee of 3.5% of the maximum potential underwritten amounts to be paid to each of APAC and Shougang Concord.</p> <p>This will equate to payment of fees of approximately A\$1.74 million to APAC and A\$1.05 million to Shougang Concord.</p> |
| <p>22 Names of any brokers to the issue</p> | <p>N/A</p> |
| <p>23 Fee or commission payable to the broker to the issue</p> | <p>N/A</p> |
| <p>24 Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺security holders</p> | <p>N/A</p> |
| <p>25 If the issue is contingent on ⁺security holders' approval, the date of the meeting</p> | <p>N/A</p> |
| <p>26 Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled</p> | <p>17 December 2008</p> |
| <p>27 If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders</p> | <p>N/A</p> |

+ See chapter 19 for defined terms.

| | | |
|----|--------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 28 | Date rights trading will begin (if applicable) | 5 December 2008 |
| 29 | Date rights trading will end (if applicable) | 29 December 2008 |
| 30 | How do +security holders sell their entitlements <i>in full</i> through a broker? | Instruct their broker personally (see section 9.4 of the Prospectus). |
| 31 | How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | Instruct their broker personally as to the rights being sold. Complete and return the Entitlement and Acceptance form in respect of the number of shares that they wish to take up (see section 9.6 of the Prospectus). |
| 32 | How do +security holders dispose of their entitlements (except by sale through a broker)? | Complete a standard renunciation form, available from their broker or Computershare Investment Services Pty Ltd (see section 9.4 of the Prospectus). |
| 33 | +Despatch date | 12 January 2009 |

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000

+ See chapter 19 for defined terms.

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- 5,001 - 10,000
- 10,001 - 100,000
- 100,001 and over

37 A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

38 Number of securities for which ⁺quotation is sought

39 Class of ⁺securities for which quotation is sought

40 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

| | Number | ⁺ Class |
|-----------------------------------------------------------------------------------------------------------------------|--------|--------------------|
| 42 Number and ⁺ class of all ⁺ securities quoted on ASX (including the securities in clause 38) | | |

+ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: Date: 3 December 2008
(Company secretary)

Print name: David Berg

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+ See chapter 19 for defined terms.