



## Mount Gibson Iron Limited

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The Manager  
Company Announcements  
Australian Stock Exchange Limited  
Level 10, 20 Bond Street  
SYDNEY NSW 2000

### **Cambrian Mining Plc**

Attached please find a copy of an announcement made on 24 July 2006 by Cambrian Mining Plc ("Cambrian") to the Alternative Investment Market of the London Stock Exchange in relation to the offer by Mount Gibson Iron Limited ("MGI") for Aztec Resources Limited ("Aztec").

Cambrian advise in the announcement that they have entered into the option agreement with Mount Gibson and intend to accept Mount Gibson's offer in respect of the balance of the shares Cambrian owns in Aztec, in the absence of a higher offer.

Yours sincerely,  
MOUNT GIBSON IRON LIMITED

**Angela Dent**  
**Company Secretary**

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## Regulatory Announcement

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<b>Company</b>	Cambrian Mining PLC
<b>TIDM</b>	CBM
<b>Headline</b>	CBM Supports Mt Gibson Offer
<b>Released</b>	11:28 24-Jul-06
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24 July 2006

### **CAMBRIAN MINING PLC** (“Cambrian” or “the Company”)

#### **Cambrian Supports Mount Gibson bid for Aztec Resources**

The Board of Cambrian today welcomes the offer by iron ore company Mount Gibson Iron Limited (“Mount Gibson”) for Aztec Resources Limited (“Aztec”) and is pleased to announce that it has entered into a call option agreement with Mount Gibson over 19.9% of the Company’s shareholding in Aztec. The call option is on the same terms as the offer (as set out below) and requires Mount Gibson to have lodged their bidders statement with ASIC and Aztec within 28 days and to have made an offer to the shareholders of Aztec within 45 days of their announcement today. Cambrian currently owns 211,691,562 shares, which represents 26.7% of the issued equity of Aztec, as well as a further 149,060,875 options due to expire on 31 July 2006.

#### **Summary and rationale of the Mount Gibson Bid for Aztec**

Mount Gibson proposes to implement the merger by means of a scrip takeover bid for all shares in Aztec (including all shares issued as a result of the exercise of any Aztec listed options which are due to expire on 31 July 2006). Under the bid, Mount Gibson will offer Aztec shareholders 1 new Mount Gibson share for every 3 shares held in Aztec (“the Offer”), valuing each Aztec share at \$0.263 based on the Mount Gibson volume weighted average price on 21 July 2006 of \$0.789, being the last trading day before announcement of the offer.

The offer represents:

- a 38.4% premium to the volume weighted average price for the one month to 19 July 2006<sup>1</sup>;
- a 31.3% premium to the volume weighted average price for the three months to 19 July 2006<sup>1</sup>; and
- a 40.9% premium to the volume weighted average price for the twelve months to 19 July 2006.

The Offer will be subject to a number of conditions, including a minimum acceptance condition of 90%, regulatory approvals, certain prescribed occurrences not having occurred and no material adverse change, acquisitions or disposals.

In the event that Mount Gibson are successful in their bid for Aztec, Cambrian will end up with approximately 16% of the enlarged group.

The merged entity – which will be headquartered in Perth, Western Australia – will become a substantial pure-play iron ore producer on a world scale, with the potential to produce up to 9.5 Mtpa of hematite by 2009.

The merged entity will hold three high quality hematite projects in Western Australia: Tallering Peak (Mount Gibson – in production), Extension Hill (Mount Gibson – near-term production) and Koolan Island (Aztec – near-term production). The Cambrian board believes this represents an exceptional asset base of high-quality operations with improved earnings diversification.

Mount Gibson believes the key benefits of the merger include:

- improved balance sheet strength with significant cash flows;
- diversification of asset risk, with the combination of current cash-generative operations, near- term expansion and development projects as well as a strong longer term project pipeline;
- increased market capitalisation, placing the merged company in the S&P ASX 200, bringing improved liquidity and market presence;
- economies of scale delivering synergies in terms of cost benefits; and
- consolidated exploration activities and land holdings.

Importantly, as the offer consideration comprises Mount Gibson shares, Aztec shareholders will own approximately 45%<sup>2</sup> of the merged group and will participate in the significant ongoing benefits that Mount Gibson believes will arise from the combination of the two companies.

Mr John Byrne, CEO of Cambrian, said: “We have acquired a substantial investment in Aztec over the past 12 months with a view to participating in the creation of a major new independent iron ore producer. We believe the Mount Gibson offer represents good value for Aztec shareholders and provides a platform for substantial future growth. Bringing these two companies together is a further step towards achieving the vision for a major independent iron ore producer.

“We are pleased to have entered into the option agreement and intend to accept Mount Gibson’s offer in respect of the balance of the shares we hold in Aztec, in the absence of a higher offer.”

1. Being the last trading day before media and market speculation arose about a possible takeover bid for Aztec by Mount Gibson

2. Based on fully diluted issued capital of Aztec and Mount Gibson

~ Ends ~

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### About Mount Gibson Iron Limited

Mount Gibson was established as a specialist iron ore exploration company in 1996 and listed on the Australian Stock Exchange in January 2002. It is undertaking the progressive development of iron ore hematite deposits in the Midwest region of Western Australia. Mount Gibson's first mine at Tallering Peak commenced exporting direct shipping grade hematite to China in February 2004 and is currently operating at 2.0 Mtpa.

Mount Gibson has recently entered into an agreement to sell its 73% shareholding in Asia Iron Holdings Limited for A\$52.5 million. The funds will be held in escrow until EPA approval for the Extension Hill magnetite project which is expected by December 2006.

For further information, please review: <http://www.mtgibsoniron.com.au/>

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