



Mount Gibson Iron Limited

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Pages = 1

VIA: WWW.ASXONLINE.COM

4 April 2011

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

Dear Sir

MOUNT GIBSON TERMINATES EXTENSION HILL ORE SALE AGREEMENT

Mount Gibson Iron Limited ("**Mount Gibson**") advises that it has given notice terminating an agreement with Shougang Concord International Enterprises Company Limited ("**Shougang**") for the sale of 80 per cent of life of mine production from Mount Gibson's Extension Hill Hematite mine.

Mount Gibson's ore sale agreement with APAC Resources Limited continues to remain on foot, although no agreement as to a revised pricing mechanism has yet been reached. Mount Gibson retains an ability to terminate this sale agreement in accordance with its terms if an acceptable agreement cannot be reached.

Discussions commenced in January 2011 with a number of other parties interested in purchasing Extension Hill hematite on terms commercially acceptable to Mount Gibson and it is confident of concluding replacement agreements in the coming months.

Yours sincerely

MOUNT GIBSON IRON LIMITED

David Berg
Company Secretary

For further information:

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