



## Mount Gibson Iron Limited

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### Joint ASX & Media Release

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## AZTEC DIRECTORS UNANIMOUSLY RECOMMEND MOUNT GIBSON OFFER MOUNT GIBSON DECLARES OFFER FINAL AS TO PRICE

Mount Gibson Iron Limited (**Mount Gibson**) (ASX Code: MGX) is pleased to announce that the board of Aztec Resources Limited (**Aztec**) has today unanimously agreed to recommend acceptance of Mount Gibson's offer for all the ordinary shares in Aztec (**Offer**).

In addition, the Aztec directors have confirmed they will accept the Offer in respect of their own Aztec shares.

The recommendation follows discussions between the boards of Mount Gibson and Aztec and their advisers, subsequent to Mount Gibson's announcement last week that it had secured acceptances in excess of 50% of Aztec.

In this regard, the directors of Aztec note a number of the concerns raised in Aztec's Targets Statement have been addressed recently and in the course of discussions. In particular:

- Significant stakes in Mount Gibson have recently changed hands at prices equal to, or in excess of, recent trading levels, including approximately 61 million shares purchased by Shanghai Merchants Group at 85 cents per share, and 109.7 million shares acquired by Metaloinvest at 90 cents per share;
- Mount Gibson's share price has increased such that the effective value of its offer to Aztec shareholders equates to 28.6 cents per share, based on the prior five day weighted average share price of Mount Gibson, as opposed to 26.3 cents per share when the offer was announced;
- Mount Gibson's Tallering Peak operations achieved record ore production in the September 2006 quarter and expects to achieve record ore shipments for the December 2006 quarter equivalent to an annual shipping rate of 3 million tonnes per annum;
- The feasibility study for the development of the Extension Hill hematite project is on track for completion by 31 December 2006;
- Mount Gibson has entered into a further agreement with Sinom Investments Limited (**Sinom**) relating to the \$52.5 million sale of its and Mount Gibson Mining Limited's 73% interest in Asia Iron Holdings Limited. Under the agreement, Sinom has released the first \$40 million being held in escrow to Mount Gibson, with the balance of \$12.5 million to be released to Mount Gibson by no later than 31 May 2007. As a result of this agreement, the 30 November 2007 deadline for obtaining environmental approval is removed and Sinom will no longer be entitled to terminate the original agreement and return the sale shares if the environmental deadline is not met; and

- Mount Gibson's offer is free of all defeating conditions.

It has also been agreed that in the event that Mount Gibson receives 90% or greater acceptances to its offer, Mr Ian Burston, the current Aztec Chairman, and Mr Peter Bilbe, Aztec's managing director, will be invited to join the enlarged company's board.

During the period prior to the closing of the Mount Gibson offer the existing Aztec board members will remain in place. It has been agreed that Mr Burston will step down as non-executive Chairman of Aztec, to be replaced in that capacity by Mr Arnett, currently a non-executive director of Aztec, but Mr Burston will remain as a non-executive director. In addition, it has been agreed that Luke Tonkin, Alan Rule and Craig Readhead, current directors of Mount Gibson, will also be appointed to the Aztec board within the next week giving the board a total of seven directors.

Mr Bilbe commented: "Having considered recent developments which have seen Mount Gibson's ownership in Aztec increase to 54.14%, the Aztec board, on balance, believes that shareholders should accept Mount Gibson's offer."

Luke Tonkin, Managing Director of Mount Gibson said: "We welcome the recommendation from the Aztec board and look forward to welcoming Aztec shareholders who accept the Offer onto the Mount Gibson register."

"The Offer represents good value to Aztec shareholders. I would also add that Aztec shareholders who accept the Offer will continue to have potential upside exposure to the development of, and commencement of production at, Aztec's Koolan Island project through their holding in Mount Gibson, and the opportunity to participate in the potential re-rating of the combined group."

Under the Offer, Aztec shareholders are being offered one Mount Gibson share for every three Aztec shares held. Aztec shareholders who accept the Offer will be issued with their Mount Gibson shares as consideration within three days of their acceptance being processed.

Mount Gibson has also declared its offer final with respect to price. The offer is scheduled to close at 5:00pm Perth Western Australia time on Wednesday 6<sup>th</sup> December 2006.

Yours sincerely,

MOUNT GIBSON IRON LIMITED

AZTEC RESOURCES LIMITED




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**Managing Director**

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