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ASX ANNOUNCEMENT

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Additional iron ore offtake agreement signed for Iron Hill

Mount Gibson Iron Limited ("**Mount Gibson**") is pleased to advise that it has entered into a second offtake agreement with SCIT Trading Limited ("**SCIT**"), a wholly-owned subsidiary of China's Shougang Concord International Enterprises Company Limited ("**Shougang Concord**"), for the sale of iron ore from Mount Gibson's Iron Hill mine in the Mid West of Western Australia.

SCIT and Shougang Concord are both subsidiaries of Shougang Group Co.,Ltd (formerly known as Shougang Corporation), one of China's largest state-owned steel producers. SCIT has been an offtake partner of Mount Gibson's since 2009. Shougang Concord also holds a 27.61% shareholding in Hong Kong-listed Shougang Fushan Resources Group Limited, which is Mount Gibson's second largest shareholder, holding a 14.9% interest via a wholly-owned subsidiary.

The new offtake agreement is in addition to SCIT's existing offtake agreement to purchase approximately one quarter of the annual production from Iron Hill that was announced on 23 December 2016 and approved by Mount Gibson shareholders on 5 April 2017.

The new offtake agreement will increase the total production committed to SCIT under both contracts to approximately 82% of available lump and 83% of fines ore up until 8 July 2018 when the existing offtake is expected to end. Assuming SCIT does not exercise its right to extend the existing offtake agreement, then the rate of supply under the second offtake will immediately adjust to 75% of available lump and fines ore.

Terms of the new offtake agreement include market reflective pricing referenced to relevant S&P Global Platts pricing indices, and market-typical lump premium and impurity penalties, on a Cost and Freight (CFR) basis for delivery in China.

The remaining uncommitted proportion of production from Iron Hill will continue to be marketed directly to spot customers on a cargo by cargo basis.

The new SCIT agreement remains conditional upon approval by Mount Gibson's shareholders unrelated to SCIT and Shougang Concord, for which a shareholder meeting is expected to be held in the March 2018 quarter. Further information will be provided in the Notice of Meeting in due course.

Mount Gibson Chief Executive Officer Jim Beyer said: "This agreement again highlights the strength of the relationship between Mount Gibson and the broader Shougang group, which has been a supportive shareholder and customer of our Company for many years."

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