



Mount Gibson Iron Limited

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VIA: WWW.ASXONLINE.COM

15 July 2011

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

Dear Sir

TERMINATION OF EXTENSION HILL ORE SALE AGREEMENT

Mount Gibson Iron Limited (**Mount Gibson**) has given notice terminating an agreement with APAC Resources Limited (**APAC**) for the sale and purchase of 20 per cent of life of mine production from Mount Gibson's Extension Hill Hematite mine.

As announced on 4 April 2011, Mount Gibson and APAC had been unable to reach an agreement on a revised pricing mechanism to apply under the existing agreement. In these circumstances, and as contemplated by the agreement, Mount Gibson has given notice terminating the agreement.

Mount Gibson continues to be in advanced discussions with a number of interested parties in relation to the sale of Extension Hill hematite.

Both APAC and Mount Gibson's other major shareholder, the Shougang Group, can submit new offers to purchase production from Extension Hill. Mount Gibson's objective is to enter into Extension Hill offtake agreements delivering the best commercial outcome without delaying planned production.

Yours sincerely

MOUNT GIBSON IRON LIMITED

David Berg
Company Secretary

For further information:

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