



Mount Gibson Iron Limited

ABN 87 008 670 817



Level 1, 2 Kings Park Road
West Perth 6005, Western Australia
PO Box 55, West Perth WA 6872
Telephone: 61-8-9426-7500
Facsimile: 61-8-9485 2305
E-mail: admin@mtgibsoniron.com.au

VIA: WWW.ASXONLINE.COM

ASX ANNOUNCEMENT

ASX Code : **MGX**

12 May 2015

KOOLAN ISLAND LOGISTICS BASE AGREEMENT

Mount Gibson Iron Limited (**Mount Gibson**) is pleased to advise that it has entered into an agreement with specialist logistics provider Qube Holdings Limited (**Qube**) that provides a framework to progress the potential establishment of a logistical services base for the offshore oil and gas industry at Koolan Island, in collaboration with the Dambimangari Traditional Owners.

The Koolan Island Logistics Base (KILB) proposal remains at an early stage but envisages the staged development of helicopter refuelling and maintenance facilities, air search and rescue facilities, an all-weather runway suitable for large-scale passenger jet aircraft, a deep-water marine terminal, and accommodation facilities.

Based on evaluation and design work completed to date, Koolan Island is considered a highly favourable location for the establishment of such facilities given its close proximity to potential and proposed offshore oil and gas field developments in the Browse Basin, the presence of substantial existing infrastructure on the island, and the ability to utilise areas of existing disturbance, thereby minimising potential environmental impacts.

In addition to delivering improved air safety and rescue capability and material operating cost savings to oil and gas operators in the Browse Basin, development of the KILB also has the potential to support the further economic development of Derby as a major regional centre and the West Kimberley generally.

In partnering with Qube to progress the KILB, Mount Gibson is working with an organisation with extensive specialist logistics expertise.

The KILB also represents an outstanding opportunity to further deepen the strong existing relationship between Mount Gibson and the Dambimangari established over the last decade.

Positive preliminary discussions have also been held with other key relevant stakeholders, including local and state government and prospective end users.

Based on current timeframes, customer needs, and subject to positive feasibility work and receipt of all necessary Board and regulatory approvals, commencement of helicopter and aircraft services is expected to be possible within 12 months of a decision to proceed.

Mount Gibson notes that development of the KILB would not restrict the potential to repair the Main Pit seawall and resume iron ore production at Koolan Island should a technically and economically robust solution be identified. Furthermore, the Company considers that the KILB development could provide operating cost benefits to future mining operations on the island.

Mount Gibson considers the KILB to be a highly attractive opportunity to generate long term additional value from its Koolan Island assets consistent with the Company's value creation strategy.

The Company will provide further updates as appropriate.

For further information:

Jim Beyer

Chief Executive Officer
Mount Gibson Iron Limited
+61-8-9426-7500

John Phaceas

Empeiros Advisory
+61-8-9426-7500
+61-(0)411-449-621

www.mtgibsoniron.com.au

About Mount Gibson: Mount Gibson Iron Limited (ASX Code: MGX) is an established independent Australian producer of high quality direct shipping iron ore products, with assets in the Kimberley and Mid West regions of Western Australia.

About Qube: Qube Holdings Limited (ASX Code: QUB) is a diversified logistics and infrastructure company with operating divisions providing logistics services for clients in both import and export cargo supply chains.

About the Dambimangari: The Dambimangari People are the recognised exclusive native title holders within the Dambimangari determination area, covering 27,932 square km in the west Kimberley region. The Dambimangari's interests are represented by the Dambimangari Aboriginal Corporation (DAC), which is based in Derby and is an active part of the local community.