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ASX ANNOUNCEMENT

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Mount Gibson signs third iron ore offtake agreement for Iron Hill

Mount Gibson Iron Limited ("**Mount Gibson**") is pleased to advise that it has entered into an offtake agreement with SCIT Trading Limited, a subsidiary of Shougang Concord International Enterprises Co. Ltd ("**Shougang Concord**"), for the purchase of approximately one quarter of the first year's available annual production planned from the Company's Iron Hill iron ore project, near the existing Extension Hill mine in the Mid West of Western Australia.

Shougang Concord is held 47.78% by Shougang Holding (Hong Kong) Limited which in turn is held 100% by Chinese state-owned enterprise Shougang Corporation. Shougang Corporation is one of China's largest state-owned steel producers and through indirect shareholding interests has effectively been an offtake partner and Mount Gibson's second largest shareholder since 2009.

Terms of the 12 month offtake agreement include market reflective pricing referenced to the relevant Platt's Fe Index price, and market-typical lump premium and impurity penalties, on a Cost and Freight (CFR) basis. The agreement covers a percentage of available production from the Iron Hill deposit. The buyer has an option to extend the term for up to 12 months subject to available production constraints.

The agreement is the third iron ore offtake agreement signed for the Iron Hill project¹, taking current commitments to over 70% of available production in the first year of operation. Consistent with existing sale arrangements for Extension Hill, Mount Gibson intends to market the uncommitted proportion directly to spot customers on a cargo by cargo basis.

The Shougang agreement remains conditional upon regulatory approvals and project completion being achieved by 30 June 2017. It will also require shareholder approval due to Shougang's 14.9% shareholding in Mount Gibson. A shareholder meeting to approve the agreement with Shougang is expected to be held sometime in April 2017. Further information will be provided in the Notice of Meeting at the appropriate time.

As previously indicated, subject to receipt of final regulatory approvals, Mount Gibson aims to start development of the Iron Hill project in time to commence sales when remaining stockpiles of standard hematite from Extension Hill are exhausted in the first half of calendar 2017.

Mount Gibson Chief Executive Officer Jim Beyer said: "This agreement further emphasises Mount Gibson's excellent relationship with Shougang, which has been a strong and supportive shareholder and customer of our Company for many years."

"We look to further building on this relationship as Mount Gibson's business continues to evolve."

For further information:

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¹ Refer ASX releases dated 24 November 2016 and 25 November 2016