

**Mount Gibson Iron Limited**

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17 November 2006

Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam

Release of \$40 million from Asia Iron sale escrow

Mount Gibson Iron Limited (**Mount Gibson**) (ASX Code: MGX) is pleased to advise that it 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 agreed to immediately release 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.

Yours faithfully

MOUNT GIBSON IRON LIMITED**Luke Tonkin**
Director