



Mount Gibson Iron Limited

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28 December 2006

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The Manager
Company Announcements
Australian Stock Exchange Limited
Level 10, 20 Bond Street
SYDNEY NSW 2000

SUBJECT: IRON ORE PRICE SETTLEMENT

Following the recent announcement by Rio Tinto Limited that Hamersley Iron had reached agreement with China's Baosteel on the price for Hamersley lump and fine ores for the contract year commencing 1 April 2007, Mount Gibson Iron Limited ("MGI") will be notifying existing long term iron ore contract customers that lump and fine ore will be increased by 9.5%, effective 1 April 2007.

Existing MGI long term iron ore supply contract prices are based on annually negotiated Hamersley lump and fine ore prices.

Yours sincerely,
MOUNT GIBSON IRON LIMITED

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Company Secretary

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