



Mount Gibson Iron Limited
ABN 87 008 670 817



First Floor, 7 Havelock Street
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

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BY FAX: 9221-2020

4 April 2008

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

SALE OF GAZMETALL'S STAKE IN MOUNT GIBSON FOR \$2.65 PER SHARE

Mount Gibson Iron Limited ("**Mount Gibson**") has been informed by Merrill Lynch International (Australia) Limited ("**Merrill Lynch**") that it has sold all of Gazmetall Holding Cyprus Ltd's ("**Gazmetall**") 156.8 million shares in Mount Gibson (representing approximately 19.52% of Mount Gibson's issued capital) at \$2.65 per share to existing and new institutional shareholders.

Gazmetall mandated Merrill Lynch to sell the shares by way of an institutional bookbuild which was successfully completed on 3 April 2008.

Mr Neil Hamilton, Chairman of Mount Gibson, said "Mount Gibson welcomes the strong support shown by existing and new institutional shareholders on our register in taking up such a large stake in the Company. We are very pleased that Gazmetall, with the assistance of Merrill Lynch, was able to execute the bookbuild efficiently and effectively, which has averted any potential market overhang."

Yours sincerely,

MOUNT GIBSON IRON LIMITED

Luke Tonkin
Managing Director

Enquiries:

Mr Luke Tonkin
Managing Director
Telephone: 61 8 9426-7500

or

Mr Alan Rule
CFO

Email: admin@mtgibsoniron.com.au

About Mount Gibson Iron Limited (ASX Code: MGX)

Mount Gibson is Australia's leading independent iron ore producer, and a driving force behind the development of the Mid West Iron ore industry in Western Australia. Mount Gibson is leading the consolidation of the junior iron ore industry, and with the successful takeover of Aztec Resources, will build a sustainable platform for future shareholder growth. Mount Gibson has a hematite mining operation at Talling Peak operating at its targeted production rate of 3Mtpa and has increased production from Koolan Island hematite mining operation to 3Mtpa. Mount Gibson has commenced development of the Extension Hill hematite project. Current production rates from Mount Gibson exceed 6Mtpa with forecast production of 10Mtpa in 2010. Mount Gibson has firm commercial relationships with major Chinese steel industry customers, and with continued strong demand and prices the Company and its shareholders are ideally leveraged to benefit from further commodity price rises. The Company is generating strong cashflow and has a stable and experienced management team focused on delivering returns to shareholders.