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ASX ANNOUNCEMENT

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Increase in FY2015 ore sales guidance

Mount Gibson Iron Limited (**Mount Gibson**) advises that it has successfully secured additional rail haulage contract capacity from its Extension Hill iron ore mine in the Mid West.

This change effectively increases Extension Hill's nominal annual export capacity by approximately 17% to 3.5 million tonnes, with the addition of an extra train path from the Perenjori rail siding commencing 15 February 2015.

As a consequence, Mount Gibson anticipates it will export an additional 0.2 million tonnes of ore from Extension Hill in the 2015 financial year.

This necessitates a further increase in the Company's ore sales guidance to 5.0 - 5.4 million tonnes for the current financial year.

The increase in export capacity from Extension Hill will also enable a further incremental improvement in unit costs, complimenting the Company's ongoing cost reduction and efficiency improvement programme.

Mount Gibson will be in a position to provide more detail on achieved cost savings and expected cost profile when it releases its interim results for the December 2014 half on 17 February 2015.

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