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**ASX ANNOUNCEMENT** 

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## **Agreement to acquire Mid West exploration tenements**

Mount Gibson Iron Limited (**Mount Gibson**) advises it has reached agreement with Royal Resources Ltd (**Royal**) to acquire a substantial exploration landholding at Field's Find, 60 kilometres north of Mount Gibson's Extension Hill iron ore mine. The proposed acquisition is consistent with the Company's stated strategy to expand its exploration footprint around its existing Mid West iron ore operations and transport infrastructure.

The land package covers approximately 250 square kilometres (refer Figure 1) and includes a number of iron ore targets, including the Plateau prospect where Royal previously reported that drilling had intersected shallow hematite/goethite mineralisation from surface on a plateau which covers an area of approximately 12 square km<sup>1</sup>.

While not the focus of Mount Gibson's interest, the tenements are also considered prospective for gold and base metals, and contain the historic Baron Rothschild gold workings.

Subject to the acquisition proceeding and the obtaining of all necessary approvals, Mount Gibson anticipates field activities will commence in the first half of 2013.

Consideration for the acquisition will comprise \$500,000 on settlement, with respective milestone payments of \$200,000 due if sales of 1 million tonnes of iron ore, or 10,000 ounces of gold, are achieved from the project area within ten years.

The acquisition is subject to conditions, including completion of due diligence to the satisfaction of Mount Gibson, and gaining all relevant third party and government consents (including approval by the Foreign Investment Review Board).

Mount Gibson Chief Executive Officer Jim Beyer said: "Developing opportunities to supplement and grow our Mid West business is a key priority for Mount Gibson and this opportunity fits perfectly with that strategy. We are excited by the potential this agreement delivers to Mount Gibson."

For further information:

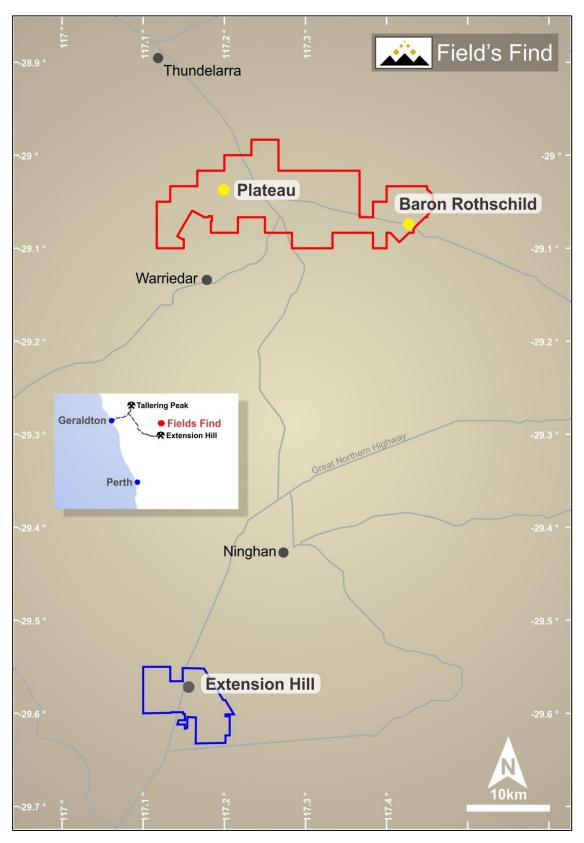
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<sup>&</sup>lt;sup>1</sup> Refer Royal Resources ASX announcement 14 December 2006



**Figure 1** – Tenement package at Field's Find (in red) relative to Mount Gibson's Extension Hill iron ore mine (in blue).