

NOTICE OF GENERAL MEETING
MOUNT GIBSON IRON LIMITED
ACN 008 670 817

NOTICE IS HEREBY GIVEN that a general meeting of members of the Company will be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia on 1 July 2005 at 10.00 am to consider and, if thought fit, to pass the following resolutions:

1. Ordinary Resolution – Ratification of Issue of Shares

To consider and, if thought fit to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.4 of the Listing Rules of Australian Stock Exchange Limited and for all other purposes, shareholders ratify the allotment and issue of 2,750,000 fully paid ordinary shares in the capital of the Company at an issue price of 50 cents each, details of which are set out in the Explanatory Statement accompanying this Notice.”

2. Ordinary Resolution – Ratification of Issue of Shares

To consider and, if thought fit to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.4 of the Listing Rules of Australian Stock Exchange Limited and for all other purposes, shareholders ratify the allotment and issue of 2,200,000 fully paid ordinary shares in the capital of the Company at an issue price of 50 cents each, details of which are set out in the Explanatory Statement accompanying this Notice.”

3. Ordinary Resolution – Ratification of Issue of Shares

To consider and, if thought fit to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.4 of the Listing Rules of Australian Stock Exchange Limited and for all other purposes, shareholders ratify the allotment and issue of 22,727,272 fully paid ordinary shares in the capital of the Company at an issue price of 55 cents each, details of which are set out in the Explanatory Statement accompanying this Notice.”

4. Ordinary Resolution – Ratification of Issue of Shares

To consider and, if thought fit to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.4 of the Listing Rules of Australian Stock Exchange Limited and for all other purposes, shareholders ratify the allotment and issue of 20,000,000 fully paid ordinary shares in the capital of the Company at an issue price of 85 cents each, details of which are set out in the Explanatory Statement accompanying this Notice.”

DEFINITIONS

Terms which are used in this Notice which are defined in Section 8 of the Explanatory Memorandum have the meanings ascribed to them therein.

VOTING RESTRICTIONS

In accordance with Listing Rules 7.1, 7.3, 7.4 and 7.5 , the Company will disregard any votes cast on Resolutions 1, 2, 3 and 4 by:

- Resolution 1 – Compass Gold Limited;
- Resolution 2 – Pictet Private Equity Investors SA;
- Resolution 3 – Any person who participated in the issue of the 22,727,272 Shares referred to in Resolution 3 as detailed in the Explanatory Statement;
- Resolution 4 – Any person who participated in the issue of the 20,000,000 Shares referred to in Resolution 4 as detailed in the Explanatory Statement;
- Each Resolution - any associate of any of the persons named in respect of that Resolution.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

PROXIES

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- 4. the proxy need not be a member of the Company;
- 5. a member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

In accordance with section 250BA of the Corporations Act, the Company specifies the following information for the purposes of receipt of proxy appointments:

Address: GPO Box D182, Perth, WA 6840

Facsimile Number: (08) 9323 2033

Each member entitled to attend and vote at the Meeting has the right to appoint a proxy to attend and vote at the Meeting on his behalf. The member may specify the way in which the proxy is to vote on each resolution or may allow the proxy to vote at his discretion. The instrument appointing the proxy must be received by the Company at the address notified by the Company at least 48 hours prior to the time of the commencement of the Meeting.

VOTING ENTITLEMENT

Mount Gibson Iron Limited (as convenor of the Meeting) has determined that a person's entitlement to vote at the Meeting will, in accordance with Section 1109N of the Corporations Act, be the entitlement of that person set out in the register of members as at the close of business Perth time on 29 June 2005.

This means that any holder registered at as at the close of business Perth time on 29 June 2005 is entitled to attend and vote at the Meeting.

EXPLANATORY MEMORANDUM

Shareholders are referred to the Explanatory Memorandum accompanying this Notice of Meeting.

CONTACT DETAILS

If you wish to discuss any aspects of this document with the Company contact the Company Secretary, Angela Dent on telephone (08) 9485-2355.

BY ORDER OF THE BOARD

DATED 30 May 2005



Angela Dent

Company Secretary

MOUNT GIBSON IRON LIMITED
ACN 008 670 817

EXPLANATORY MEMORANDUM

1. INTRODUCTION

This Explanatory Memorandum forms part of a Notice convening a Meeting of Shareholders of the Company to be held on 1 July 2005. This Memorandum is to assist Shareholders in understanding the background to and the legal and other implications of the Notice and the reasons for the Resolutions proposed. Terms used in this Explanatory Memorandum are defined in Section 8.

2. ORDINARY RESOLUTION 1 - Ratification of Issue of Shares

2.1 Background

As announced to ASX on 25 February 2005, the Company issued 2,750,000 fully paid ordinary shares in the capital of the Company at 50 cents each to purchase 5 million shares in Asia Iron Holdings Limited.

2.2 Regulatory Requirements – ASX Listing Rule 7.4

Pursuant to Listing Rule 7.4, where a company in general meeting ratifies a previous issue of securities which was made without approval under Listing Rule 7.1 and the previous issue did not breach Listing Rule 7.1, those securities shall be deemed to have been made with Shareholder approval for the purposes of ASX Listing Rule 7.1.

Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to Listing Rule 7.4:

- The number of securities issued was 2,750,000 Shares;
- The Shares were allotted and issued to Compass Gold Limited;
- The Shares were issued for 50 cents per Share;
- The Shares allotted and issued rank equally in all respects with all of the Existing Shares on issue;
- The Shares were issued to purchase 5 million shares in Asia Iron Holdings Limited;
- An appropriate voting exclusion statement is included in the Notice.

3. ORDINARY RESOLUTION 2 - Ratification of the Issue of Shares

3.1 Background

As announced to ASX on 3 March 2005, the Company issued 2,200,000 fully paid ordinary shares in the Capital of the Company at 50 cents each to purchase 4 million shares in Asia Iron Holdings Limited.

3.2 Regulatory Requirements – ASX Listing Rule 7.4

Pursuant to Listing Rule 7.4, where a company in general meeting ratifies a previous issue of securities which was made without approval under Listing Rule 7.1 and the previous issue did not breach Listing Rule 7.1, those securities shall be deemed to have been made with Shareholder approval for the purposes of ASX Listing Rule 7.1.

Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to Listing Rule 7.4:

- The number of securities issued was 2,200,000 Shares;
- The Shares were allotted and issued to Pictet Private Equity Investors SA;
- The Shares were issued for 50 cents per Share;
- The Shares allotted and issued rank equally in all respects with all of the Existing Shares on issue;
- The Shares were issued to purchase 4 million shares in Asia Iron Holdings Limited;
- An appropriate voting exclusion statement is included in the Notice.

4. ORDINARY RESOLUTION 3 - Ratification of the Issue of Shares

4.1 Background

As announced to ASX on 9 March 2005, the Company issued 22,727,272 fully paid ordinary shares in the capital of the Company to raise \$12,500,000 before costs and expenses.

4.2 Regulatory Requirements – ASX Listing Rule 7.4

Pursuant to Listing Rule 7.4, where a company in general meeting ratifies a previous issue of securities which was made without approval under Listing Rule 7.1 and the previous issue did not breach Listing Rule 7.1, those securities shall be deemed to have been made with Shareholder approval for the purposes of ASX Listing Rule 7.1.

Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to Listing Rule 7.4:

- The number of securities issued was 22,727,272 Shares;
- The Shares were allotted and issued to Mr Timothy Ignatius L'Estrange; Spinifex Holdings Pty Ltd; Mrs Jenny Lee Bushell; Mr David Wilson Grundy; Unifore Pty Ltd; Surpion Pty Ltd; Mr Warwick John Williams & Mrs Susan Christine Williams <WJ Williams No 3 Super A/C>; Warwick Williams Pty Ltd; Ashabia Pty Ltd <Superannuation Fund A/C>; Glamont Pty Ltd; Norman Olbourne Pty Ltd <Superannuation Fund No 2 A/C>; HSBC Custody Nominees (Australia) Limited; National Nominees Limited; Midway Securities Pty Ltd; ANZ Nominees Limited; Hinona Pty Ltd; Health Super Pty Ltd, Equity Trustees Limited <SGH Micro Cap Trust A/C>; Warnford Nominees Pty Ltd <No 3 Account>; Fortis Clearing Nominees Pty Ltd; CVC Limited; McNeil Nominees Pty Ltd; Invia Custodian Pty Ltd <MCM TCF A/C>; and Invia Custodian Pty Ltd <MCM BPA A/C>;
- The Shares were issued for 55 cents per Share;

- The Shares allotted and issued rank equally in all respects with all of the Existing Shares on issue;
- The Shares were issued to progress the Company's involvement in the Asia Iron Holdings Limited pellet project in Nanjing, China;
- An appropriate voting exclusion statement is included in the Notice.

5. ORDINARY RESOLUTION 4- Ratification of the Issue of Shares

5.1 Background

As announced to ASX on 23 March 2005, the Company issued 20,000,000 fully paid ordinary shares in the Capital of the Company to raise \$17,000,000 before costs and expenses.

5.2 Regulatory Requirements – ASX Listing Rule 7.4

Pursuant to Listing Rule 7.4, where a company in general meeting ratifies a previous issue of securities which was made without approval under Listing Rule 7.1 and the previous issue did not breach Listing Rule 7.1, those securities shall be deemed to have been made with Shareholder approval for the purposes of ASX Listing Rule 7.1.

Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to Listing Rule 7.4:

- The number of securities issued was 20,000,000 Shares;
- The Shares were allotted and issued to McNeil Nominees Pty Ltd;
- The Shares were issued for 85 cents per Share;
- The Shares allotted and issued rank equally in all respects with all of the Existing Shares on issue;
- The Shares were issued to provide funds as part of its equity for the Asia Iron Holdings Holdings Limited joint venture project;
- An appropriate voting exclusion statement is included in the Notice.

6. OTHER INFORMATION

Should any Shareholder be in doubt as to how they should vote on those Resolutions and/or as to how they may affect them, Shareholders should seek advice from their accountant, solicitor or other professional adviser as soon as possible. Queries as to the lodgement of proxies and other formalities in relation to the Meeting should be directed to the Company Secretary (telephone: (08) 9485 2355).

7. ACTION TO BE TAKEN BY SHAREHOLDERS

Attached to the Notice of Meeting accompanying this Explanatory Memorandum is a proxy form for use by Shareholders. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person and are eligible to vote, to complete, sign and return the proxy form to the Company in accordance with the instructions contained in the proxy form and the Notice of Meeting. Lodgement of a proxy form will not preclude a shareholder from attending and voting at the Meeting in person.

8. INTERPRETATION

“**ASIC**” means the Australian Securities & Investments Commission;

“**ASX**” means Australian Stock Exchange Ltd. ACN 008 624 691;

“**Board**” means the Directors of the Company from time to time;

“**business day**” has the meaning ascribed to it by the Listing Rules;

“**Company**” or “**Mount Gibson Iron**” means Mount Gibson Iron Limited ACN 008 670 817

“**Directors**” means the directors of the Company;

“**Existing Shares**” means the Shares on issue by the Company as at the date hereof;

“**Listing Rules**” means the official listing rules of ASX;

“**Meeting**” means the meeting of Shareholders convened by the Notice for 1 July 2005 and any adjournment thereof;

“**Notice**” means the notice in respect of the Meeting;

“**Shares**” means ordinary fully paid shares in the capital of the Company and
“**Shareholders**” has a corresponding meaning;

In this Explanatory Memorandum references to “**Sections**” are to Sections hereof.