Allens Arthur Robinson

Date	31 January 2008
Page	1 of 56
From	Guy Alexander / Eve Regnard
To	**Company Announcements Office**, Australian Securities Exchange, Sydney
Fax	1900 999 279
To	**Mount Gibson Iron Limited**
Fax	9485 2305

ABN 47 702 595 758

Deutsche Bank Place
Corner Hunter and Phillip Streets
Sydney NSW 2000
Australia
Tel 61 2 9230 4000
Fax 61 2 9230 5333

Correspondence
GPO Box 50
Sydney NSW 2001
Australia
DX 105 Sydney

www.aar.com.au

Fax enquiries ring 61 2 9230 4631

Dear Sir/Madam

Shougang Concord International Enterprises Company Limited – Notice of initial substantial holder in relation to Mount Gibson Iron Limited (ASX Code MGX)

We act for Shougang Concord International Enterprises Company Limited (***Shougang International***).

In accordance with section 671B(1) of the Corporations Act 2001 (Cth), on behalf of Shougang International we attach a copy of a notice of initial substantial holder in relation to Mount Gibson Iron Limited dated 31 January 2008.

Regards

pp

Guy Alexander
Partner
Guy.Alexander@aar.com.au
Tel 61 2 9230 4874

Eve Regnard
Lawyer
Eve.Regnard@aar.com.au
Tel 61 8 9488 3819

Attach

Our Ref MERP 205967407

merp A0109856156v1 205967407

Sydney
Melbourne
Brisbane
Perth
Port Moresby
Singapore
Hong Kong
Jakarta
Shanghai
Bangkok
Phnom Penh

Form 603

Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme	Mount Gibson Iron Limited
ACN/ARSN	008 670 817

1. Details of substantial holder (1)

Name	Shougang Concord International Enterprises Company Limited (incorporated and registered in Hong Kong) (***Shougang International***) and each of its controlled entities (the ***Controlled Entities***).
ACN/ARSN (if applicable)	

The holder became a substantial holder on 31 / 01 / 2008

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
ORDINARY SHARES	156,769,897	156,769,897	19.73% (based on 794,726,821 ordinary shares on issue)

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Shougang International	Relevant interest under s 608(1)(c) (power to control the exercise of a power to dispose of the securities) and s608(8) (extension to control in anticipation of the performance of agreements (s 608(8)), by virtue of the Share Purchase Agreement attached as Annexure A	77,436,215 ordinary shares
Shougang International	Relevant interest under s 608(1)(c) (power to control the exercise of a power to dispose of the securities) and s608(8) (extension to control in anticipation of the performance of agreements (s 608(8)), by virtue of the Option Agreement attached as Annexure B	79,333,682 ordinary shares

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Shougang International	ANZ Nominees Limited	Gazmetall Holding (Cyprus) Limited	156,769,897 ordinary shares

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
Shougang International	31 January 2008	As set out in the Share Purchase Agreement attached as Annexure A, if the conditions are satisfied or waived, then cash consideration of AU$201,334,159 is payable on completion.		77,436,215 ordinary shares
Shougang International	31 January 2008	As set out in the Option Agreement attached as Annexure B: • an Option Fee of AU$20,547,423.64 in cash is payable on completion under the Share Purchase Agreement; and • if the option is exercised, an Exercise Price of AU$165,720,149.56 in cash is payable.		79,333,682 ordinary shares

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
Shougang International and each Controlled Entity	Shougang International is an associate of each Controlled Entity under s12(2)(a).

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Shougang International and the Controlled Entities	7th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong
ANZ Nominees Limited	Level 6, 100 Queen Street, Victoria, 3000 Australia
Gazmetall Holding (Cyprus) Limited	Ledra House, 15 Ayiou Pavlou Street, Ayios Andreas, CY, 1105, Nicosia, Cyprus

Signature

print name Carmen Cheng capacity Company Secretary

sign here date 31 January 2008

DIRECTIONS

(1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.

(2) See the definition of "associate" in section 9 of the Corporations Act 2001.

(3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.

(4) The voting shares of a company constitute one class unless divided into separate classes.

(5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.

(6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.

(7) Include details of:

(a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and

(b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.

(8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown."

(9) Details of the consideration must include any and all benefits, moneys and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

Annexure A to Form 603
Share Purchase Agreement

This is Annexure A of 27 pages referred to in the Form 603 signed by me and dated 31 January 2008

Signature

Carmen Cheng
Name

Company Secretary
Capacity

Execution version

Date: 31 January 2008

Gazmetall Holdings (Cyprus) Limited
as Seller

Shougang Concord International Enterprises Company Limited
as Buyer

Share Purchase Agreement

for the purchase of shares in Mount Gibson Iron Limited

Contents

W

THIS AGREEMENT is made the 31st day of January 2008

BETWEEN:

(1) **GAZMETALL HOLDINGS (CYPRUS) LIMITED** a company registered in Cyprus (company registration number 193191) whose registered office is at Ledra House, 15 Agiou Pavlou, P.O. Box 1105, Nicosia, Cyprus (the "**Seller**"); and

(2) **SHOUGANG CONCORD INTERNATIONAL ENTERPRISES COMPANY LIMITED** a company incorporated and registered in Hong Kong (certificate of incorporation number 0157697) whose registered office is at 7th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong (the "**Buyer**").

(each a "**party**" and together the "**parties**")

BACKGROUND:

(A) Mount Gibson Iron Limited (ABN 87 008 670 817) is a public company limited by shares incorporated in Australia with its registered office at 1st Floor, 7 Havelock Street, West Perth, WA, Australia, 6005 (the "**Company**").

(B) The Seller is the beneficial owner of the Sale Shares (as defined below) which form part of the issued share capital of the Company.

(C) The Seller has agreed to sell and the Buyer has agreed to buy the Sale Shares subject to the terms and conditions of this Agreement.

IT IS AGREED as follows:

1. Definitions and Interpretation

1.1 Definitions

In this Agreement:

Expression	***Meaning***
"ASTC Settlement Rules"	means the operating rules of ASX Settlement and Transfer Corporation Pty Limited.
"Bank Bill Rate"	means the average bid rate for Australian dollars bills having a tenor of 90 days as

displayed on the "BBSY" page of the Reuters Monitor System on the day of the relevant payment is due;

"Business Day" a day (other than a Saturday, Sunday or public holiday) when banks in the cities of Melbourne, (Australia), London (United Kingdom), Hong Kong and Moscow (Russian Federation) are all open for business;

"Buyer's Solicitors" Allens Arthur Robinson of Level 28, 126 Phillip Street, Sydney NSW 2000, Australia;

"CHESS" have the meaning given to that term in the ASTC Settlement Rules.

"Claim" means, in relation to a party, a demand, claim, action or proceeding made or brought by or against the party, however arising and whether present, unascertained, immediate, future or contingent;

"Completion" completion of the sale and purchase of the Sale Shares by the parties of their respective obligations in Clause 5;

"Conditions" the conditions to Completion set out in Clause 4;

"Consideration" the consideration for the Sale Shares to be paid and satisfied by the Buyer in accordance with Clause 3;

"Government Agency" means any government, governmental, semi-governmental, administrative, fiscal or judicial body department, commission, authority, tribunal, agency or entity;

"Law" includes:

(a) any law, regulation, authorisation, ruling, judgment, order or decree of any Government Agency; and

(b) any statute, regulation, proclamation, ordinance or by-law in:

(i) Australia;

(ii) Hong Kong; or

(iii) any other jurisdiction;

"Liabilities" means Claims, losses, liabilities, costs or expenses of any kind and however arising, including penalties, fines and interest and including those which are prospective or contingent and those the amount of which for the time being is not ascertained or ascertainable;

"Option Agreement" an agreement entered into between the Buyer and the Seller, at or about the same time as this Agreement is signed, under which the Seller grants the Buyer an option to purchase 79,333,682 ordinary shares each in the capital of the Company subject to and in accordance with the terms of such agreement;

"Proceedings" has the meaning given in Clause 10.14(b);

"Process Agent" means the Process Agent appointed in accordance with Clause 10.14(e) or 10.14(f) as applicable;

"Rights" means all accretions, rights or benefits of whatever kind attaching or arising from the Sale Shares directly or indirectly (including, but not limited to, voting rights, all dividends and all rights to receive them or rights to receive or subscribe for shares, notes, bonds, options or other securities declared, paid or issued by the Company);

"Sale Shares" 77,436,215 ordinary shares each in the capital of the Company;

"Securities Exchanges"	ASX Limited ABN 98 008 624 691 and The Stock Exchange of Hong Kong Limited;
"Seller's Solicitors"	Mallesons Stephen Jaques of Level 50, Bourke Place, 600 Bourke Street, Melbourne VIC 3000, Australia;
"Transaction Documents"	this Agreement and the Option Agreement.
"Warranties"	the representations and warranties given in Clauses 6.1 and 6.2.

1.2 Interpretation

In this Agreement, unless the contrary intention appears:

(a) any reference to a statute, ordinance, code or other Law includes regulations and other instruments under it and consolidations, and re-enactments or replacements of any of them;

(b) references to this Agreement or any other agreement or document are to this Agreement or such other agreement or document as it may be validly varied, amended, supplemented, restated, renewed, novated or replaced from time to time (in each case, however fundamentally);

(c) any reference to:

(i) any party to this Agreement includes a reference to its executors, administrators, successors, substitutes (including persons taking by novation) and permitted assigns under this Agreement;

(ii) a person includes any individual, firm, body corporate, Government Agency, an unincorporated body or association, trust, joint venture, consortium or partnership (whether or not having a separate legal personality);

(iii) any document in the **"approved form"** means a document in a form approved by (and for the purpose of identification signed or initialled by or on behalf of) the parties to this Agreement;

(iv) the singular includes the plural and vice versa, and reference to any gender includes the other genders;

(v) a time of day is to the time in the city of Melbourne, Australia;

(vi) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;

(vii) "**written**" or "**in writing**" includes all forms of visible reproduction in permanent form, but excluding electronic messages;

(viii) "**indemnify**" and "**indemnifying**" any person against any circumstances or in respect of any act, omission, event or matter shall include indemnifying and keeping that person fully indemnified and held harmless on a continuing basis, on demand and on an after-tax basis from all Liabilities as a consequence of or which would not have arisen but for that circumstance, act, omission, event or matter;

(ix) an "**encumbrance**" means any security for the payment of money or performance of obligations, including a mortgage, charge, pledge, lien, trust, power, assignment, hypothecation, security interest, equity, right to acquire, option, right of pre-emption, title retention or any other security agreement or arrangement or other encumbrance of any kind or any agreement to create any of them or allow them to exist;

(d) the words "**including**" and "**in particular**" and any similar words or expressions are by way of illustration and emphasis only and do not operate to limit the generality or extent of any other words or expressions;

(e) any covenant by a party not to do an act or thing includes an obligation not to permit or suffer such act or thing to be done.

1.3 This Agreement

(a) References in this Agreement to Clauses and Schedules refer to Clauses of, and Schedules to, this Agreement unless expressly stated otherwise.

(b) All Schedules and the Background to this Agreement form part of it and take effect as if set out in this Agreement, and any reference to this Agreement includes the Schedules and Background.

(c) The index and headings in this Agreement are for convenience only and do not affect its interpretation.

2. **Sale of the Sale Shares**

(a) On the terms of this Agreement and subject to the Conditions, the Seller agrees to sell, and the Buyer agrees to buy, (with effect from Completion) the Sale Shares.

(b) The Seller covenants with the Buyer that

(i) it is the sole beneficial owner of the Sale Shares; and

(ii) it will sell and transfer (or procure the sale and transfer of) the Sale Shares to the Buyer free from all encumbrances, on the terms of this Agreement and with all Rights attaching to or accruing to the Sale Shares on and from the date of this Agreement. .

(c) The Seller declares that with effect from Completion and as long as it (or its nominee(s)) remains the registered holder of any of the Sale Shares it shall or shall procure that its nominee(s) hold the relevant Sale Shares (and all Rights attaching to or accruing to the Sale Shares on and from the date of this Agreement) in trust for the Buyer and its successors in title.

(d) With effect from Completion and as long as it (or its nominee(s)) remains the registered holder of any of the Sale Shares, the Seller appoints the Buyer to be its attorney to do in the name of the Seller and on its behalf everything necessary or expedient, in the Buyer's sole discretion, to:

(i) transfer, or procure the transfer of, the Sale Shares;

(ii) exercise, or procure the exercise of, any rights, including rights to appoint a proxy or representative and voting rights, attaching to the Sale Shares;

(iii) receive any dividend or other entitlement paid or credited to or on behalf of the Seller in respect of the Sale Shares; and

(iv) do any other act or thing in respect of the Sale Shares.

The Seller declares that all acts and things done by the Buyer in exercising powers under this power of attorney will be as good and valid as if they had been done by the Seller and agrees to ratify and confirm whatever the Buyer does in exercising powers under this power of attorney.

The Seller declares that this power of attorney of the Buyer is given for valuable consideration and is irrevocable from the date of this Agreement until the Shares are registered in the name of the Buyer.

The Buyer is expressly authorised to do any act as a result of which a benefit is conferred on it.

3. Consideration

(a) The Consideration shall be the aggregate sum of AUS$201,334,159 (two hundred and one million, three hundred and thirty four thousand, one hundred and fifty nine Australian dollars). However, if any Rights attach to or accrue to the Sale Shares after the date of this Agreement and the benefits of those Rights are not passed to the Buyer on Completion, then the Consideration will be reduced by the value of those Rights, as reasonably assessed by the Buyer.

(b) The Consideration shall be satisfied by payment to the Seller in cash on Completion in accordance with the requirements of Clause 5(d).

(c) The Seller agrees that any sums due to it pursuant to this Agreement will be paid by the Buyer to the Seller's Solicitors whose receipt shall constitute a full discharge of the Buyer's obligations to make any such payment.

4. Conditions

4.1 Conditions to Completion

Clauses 2, 3 and 5 will not bind the parties and Completion will not proceed unless and until the following conditions, which shall together constitute the "**Conditions**", are fulfilled:

(a) if, and to the extent, required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Rules**"), a resolution or resolutions (as the case may be) being passed at a meeting of the members of the Buyer approving:

(i) the terms of this Agreement and the Buyer's acquisition of the Sale Shares; and

(ii) the terms of the Option Agreement and the entering into of such agreement by the Buyer,

(together, the "**Resolutions**"); and

(b) the Treasurer of the Commonwealth of Australia:

(i) ceasing to be empowered to make an order under Part II of the Foreign Acquisitions and Takeovers Act 1975 (Cwlth) in respect of the acquisitions contemplated by this Agreement and the Option Agreement; or

(ii) giving the Buyer advice in writing of a decision by the Treasurer of the Commonwealth Government of Australia that he has no objection to the acquisitions contemplated by this Agreement and the Option Agreement, without any condition that the Buyer reasonably considers to be unacceptable,

whichever first occurs.

4.2 Actions of the parties

(a) Subject to Clause 4.2(d), the Buyer and the Seller shall use all reasonable endeavours to ensure that the conditions precedent in clauses 4.1(a) and 4.1(b) are satisfied:

(i) as soon as possible after the date of this Agreement and in any event by the date specified in Clause 4.2(g); and

(ii) in accordance with any applicable Law, including the Foreign Acquisitions and Takeovers Act 1975 (Cwlth) and the Rules.

(b) On the date of this Agreement, the Buyer shall deliver to the Seller (or the Seller's Solicitors) a certified copy of an irrevocable undertaking, in an agreed form, from Shougang Holding (Hong Kong) Limited, confirming that if any of the Resolutions are required it will vote all securities it holds in the Buyer (either directly or indirectly) in favour of the Resolutions.

(c) If any of the Resolutions are required, the Buyer will procure that each of the directors of the Buyer:

(i) will recommend that securityholders in the Buyer who are entitled to vote, vote in favour of the Resolutions; and

(ii) will vote all securities he or she holds (either directly or indirectly) in favour of the Resolutions (to the extent he or she is not excluded from voting).

(d) Without prejudice to the generality of paragraph 4.2(a) above, the parties agree that the Buyer is solely responsible for (i) dealing with all applications, approaches and submissions to and requests and enquiries from any government, governmental, supra-national or trade agency or regulatory body and (ii) obtaining the approvals, consents, authorisations or other clearances referred to in Clauses 4.1(a) and 4.1(b).

(e) Within 2 Business Days of the date of this Agreement, the Buyer shall:

(i) consult with The Stock Exchange of Hong Kong Limited to obtain confirmation as to whether the condition in clause 4.1(a) must be satisfied (and shall notify the Seller as soon as reasonably practicable, and in any event within 2 Business Days, after it obtains such confirmation); and

(ii) deliver the announcement in connection with this Agreement and the Option Agreement to the Stock Exchange of Hong Kong Limited.

(f) The Buyer must promptly give written notice to the Seller of:

(i) the satisfaction of the Conditions set out in Clauses 4.1(a) and (b) (and in any event within 3 Business Days of becoming aware of their satisfaction); or

(ii) anything which comes to the Buyer's attention which will or might prevent any of the Conditions from being fulfilled by the date specified in paragraph (g) below.

(g) If all of the Conditions have not been satisfied, or otherwise waived by the parties in writing, on or before 31 March 2008 (or such later date as may be agreed by the parties), then unless otherwise agreed by the parties in writing, this Agreement will terminate as from that date (but subject to Clause 10.7(b)).

(h) If:

(i) the Federal Court or an Australian State Supreme Court:

(A) finally determines that this Agreement or the Option Agreement, or that any of the transactions contemplated by this Agreement or the Option Agreement is, or would be, unlawful or unenforceable for any reason; or

(B) issues an injunction restraining, or other order prohibiting, the completion of any of the transactions contemplated by this Agreement or the Option Agreement; or:

(ii) a Review Panel of the Takeovers Panel finally determines that circumstances related to this Agreement or the Option Agreement, or that any of the transactions contemplated by this Agreement or the Option Agreement, constitutes, or would constitute, unacceptable circumstances within the meaning of the Corporations Act 2001 (Cwlth),

then either party may terminate this Agreement by written notice to the other, provided that the party wishing to terminate this Agreement in accordance with this clause 4.2(h) has obtained an opinion from Senior Counsel with sufficient experience in Corporations Act matters that there is no reasonable prospect of success in an appeal against such a determination, injunction or order and has provided a copy of that opinion to the other party.

5. Completion

(a) Subject to clause 4.2(f) and the satisfaction, or waiver by both parties in writing, of each of the Conditions, Completion will take place at the offices of the Seller's Solicitors on the day that is the fifth Business Day after this Agreement shall have ceased to be conditional under Clause 4 or as otherwise agreed by the parties in writing.

(b) No later than 5 Business Days before Completion, the Seller must notify the Buyer of the relevant bank account details for the purposes of Clause 5(d)(i).

(c) On Completion the Seller shall:

(i) transfer or procure the transfer of the Sale Shares to the Buyer or its nominee(s); and

(ii) without limiting the generality of sub-paragraph (i), deliver or procure that its nominee(s) deliver to the Buyer or its nominee(s) such executed documents in respect of the Sale Shares in such form as is necessary for the Buyer or its nominee(s) to become the legal and beneficial owner of the Sale Shares; and

(iii) deliver to the Buyer or its nominee(s) (or the Buyer's Solicitors) a certified copy of the resolution adopted by the board of directors of the Seller authorising the terms of the Transaction Documents and the execution and delivery by the officers (as specified in such resolution) of the Transaction Documents, and any other documents necessary to transfer the Sale Shares to the Buyer.

(d) On Completion the Buyer shall:

(i) subject to the Seller's compliance with clause 5(b), pay the Consideration by same day electronic transfer of funds to the Seller's Solicitors client bank account (the **"Seller's Solicitors' Account"**) or to such other bank account as the Seller notifies the Buyer prior to Completion, free of any deduction or withholding;

(ii) pay the 'Option Fee' (as that term is defined in the Option Agreement) to the Buyer, in accordance with clause 1.2 of the Option Agreement; and

(iii) deliver to the Seller (or the Seller's Solicitors):

(A) a certified copy of the resolution adopted by the board of directors of the Buyer authorising the terms of the Transaction Documents and the execution and delivery by the officers (as specified in such resolution) of the Transaction Documents, and any other documents required to give effect to the matters referred to in the Transaction Documents; and

(B) certified copies of any resolutions, consents, approvals, authorisations or similar clearances obtained or received by the Buyer pursuant to Clause 4.

(iv) The Sale Shares are deemed to have been transferred pursuant to clause 5(c)(i):

(A) on the transfer of title in accordance with the ASTC Settlement Rules and procedures of CHESS (or such other computer based system which provides for the recording and transfer of title by way of electronic entries, delivery and transfer of title, used by the Company from time to time); or

(B) by such other manner as agreed between the parties.

(e) In respect of Completion:

(i) the obligations of the Seller and Buyer are interdependent;

(ii) all actions required to be performed by a party at Completion are taken to have occurred simultaneously on the Completion date; and

(iii) no party need complete the sale and purchase of all the Sale Shares unless the sale and purchase of the Sale Shares is completed simultaneously.

6. Representations and warranties

6.1 Mutual representations and warranties

Each party represents and warrants to the other party (except in relation to matters disclosed to the other party and accepted by the other party in writing) that:

(a) **(incorporation and existence)** it has been incorporated as a company limited by shares in accordance with the laws of its place of incorporation, is validly existing under those laws and has power and authority to carry on its business as it is now being conducted; and

(b) **(power)** it has power to enter into this Agreement and comply with its obligations under it; and

(c) **(no contravention or exceeding power)** this Agreement and the transactions under it which involve it do not contravene its constituent documents (if any) or any law or obligation by which it is bound or to which any of its assets are subject or cause a limitation on its powers (or, to the extent applicable, the powers of its directors) to be exceeded; and

(d) **(authorisations)** it has in full force and effect the authorisations necessary for it to enter into this Agreement, to comply with its obligations and exercise its rights under it, and allow it to be enforced; and

(e) **(validity of obligations)** its obligations under this Agreement are valid and binding and are enforceable against it in accordance with its terms subject to any applicable insolvency laws and equitable principles.

6.2 Representations and warranties from the Seller

The Seller represents and warrants to the Buyer (except in relation to matters disclosed to the Buyer and agreed by the Buyer in writing prior to entry into this Agreement) that:

(a) **(owner)** ANZ Nominees Ltd is the registered owner of the Sale Shares and the Seller is the sole beneficial owner of the Sale Shares;

(b) **(no encumbrances)** there are no encumbrances over or affecting the Sale Shares;

(c) **(Sale Shares are fully paid)** the Sale Shares are fully paid and no moneys are owing in respect of them;

(d) **(no restrictions on transfer etc)** no person has a conflicting right, whether contingent or otherwise, to purchase or to be offered for purchase the Sale Shares or any of them, or to restrict the sale or transfer of the Sale Shares or any of them to the Buyer or its nominee; and

(e) **(valid title on Completion)** following registration of the Sale Shares in the name of the Buyer or its nominee in accordance with clause 5(d)(iv), the Buyer or its nominee will receive valid and marketable title to the Sale Shares.

6.3 Continuation of representations and warranties

The Warranties are taken to be made as at the date of this Agreement and as at Completion.

6.4 Indemnities

(a) Each party (the "**First Party**") must indemnify the other party (the "**Second Party**") against all Liabilities which may be incurred by the Second Party as a result (directly or indirectly) of a breach of any Warranty given by the First Party.

(b) The total Liability of each party in respect of the Warranties and for all Liabilities under the reciprocal indemnities provided in clause 6.4(a) is limited in the case of each party to the amount of the Consideration.

(c) Any monetary compensation received by the Buyer as a result of any breach by the Seller of any Warranty given by the Seller, and any payment received by the Buyer under paragraph (a) will, to the extent possible, be treated as an equal reduction on the purchase price of each Sale Share.

6.5 Termination event

The Buyer may terminate this Agreement by notice to the Seller before Completion if any Warranty given by the Seller is or becomes inaccurate or misleading. This right of termination is in addition to, and not limited by, any other rights and remedies of the Buyer against the Seller.

7. GST

7.1 Definitions

In this Clause:

"consideration" has the meaning given by the GST Law.

"GST" has the meaning given by the GST Law.

"GST Amount" means in relation to a Taxable Supply the amount of GST payable in respect of that Taxable Supply.

"GST Group" has the meaning given by the GST Law.

"GST Law" has the meaning given by the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

"Input Tax Credit" has the meaning given by the GST Law and a reference to an Input Tax Credit entitlement of a party includes an Input Tax Credit for an acquisition made by that party but to which another member of the same GST Group is entitled under the GST Law.

"Taxable Supply" has the meaning given by the GST Law excluding the reference to section 84-5 of the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

"Tax Invoice" has the meaning given by the GST Law.

7.2 Consideration does not include GST

Unless otherwise expressly indicated in this Agreement, all amounts payable for supplies made under, by reference to or in connection with this Agreement are exclusive of GST.

7.3 GST to be added to amounts payable

If GST is payable on a Taxable Supply made under, by reference to or in connection with this Agreement, the party providing the consideration for that Taxable Supply must also pay the GST Amount as additional consideration. If the additional consideration differs from the amount of GST payable by the supplier, the parties must adjust the additional consideration. Payment of the GST Amount is conditional upon the prior delivery to the Recipient of a valid Tax Invoice.

7.4 Liability net of GST

Any reference in the calculation of consideration or of any indemnity, reimbursement or similar amount to a cost, expense or other liability incurred by a party, must exclude the amount of any Input Tax Credit entitlement of that party in relation to the relevant cost, expense or other liability.

8. Further Assurance

Both parties to this Agreement shall co-operate with the other and execute and deliver to the other such other instruments and documents and take such other actions as may be reasonably requested from time to time in order to vest in the Buyer the full legal and beneficial interest in the Sale Shares and to carry out, evidence and confirm their rights and the intended purpose of this Agreement and any other Transaction Document.

9. Announcements

Subject to the requirements of Law, any court of competent jurisdiction or by any other competent authority (including a Securities Exchange):

(a) the parties shall consult with each other in respect of any announcement to be made by them concerning the contents of and the transactions referred to in this Agreement and/or the other Transaction Documents; and

(b) no such announcement shall be made by any party without the prior written consent of the other.

10. General Provisions

10.1 Notices

(a) Any notice, approval, consent or other communication in connection with this Agreement:

(i) must be in writing;

(ii) must be marked for the attention of the person indicated in sub-paragraph (iii) below;

(iii) must be left at the address of the addressee which is specified below, or sent by pre-paid courier to the address of the addressee which is specified below or, subject to clause 10.1(c), sent by facsimile to the facsimile number of the addressee which is specified below or, subject to clause 10.1(c), sent by electronic mail ("**e-mail**") to the e-mail address of the addressee which is specified below or if the addressee notifies another address or facsimile number or e-mail address then to that address or facsimile number or e-mail address:

(A) to the Seller:

Address:	205 Chr. Hadjipavlou Avenue, 7th Floor, PO Box 58206, Limassol, CY-3036
Fax:	+357 25 560438
E-mail:	dserghides@gallagher.com.cy
Attn:	Demetris Serghides

(B) to the Buyer:

Address:	7th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong
Fax:	+852 28613972
E-mail:	carmencheng@shougang.intl.com.hk
Attn:	Company Secretary

(b) A party who gives any notice, approval, consent or other communication by facsimile or e-mail must subsequently deliver a copy of that notice, approval, consent or other communication to the other party in writing in accordance with clause 10.1(a).

(c) Any notice, approval, consent or other communication which is given by facsimile or e-mail is not taken to be delivered and does not take effect until the time at which a written copy of that notice, approval, consent or communication is provided in accordance with clause 10.1(a) and is received in accordance with clauses 10.1(d)(i) or 10.1(d)(ii). All other notices, approvals, consents or other communications take effect from the time they are received unless a later time is specified in them.

(d) A notice, approval, consent or other communication is taken to be received:

(i) if sent by pre-paid courier, on the third Business Day after being deposited with the courier in a correctly addressed envelope;;

(ii) if delivered personally, at the time of delivery;

(iii) in the case of facsimile, on production of a transmission report by the machine from which the facsimile was sent which indicates that the facsimile was sent in its entirety to the facsimile number of the recipient; and

(iv) if delivered by e-mail, at the time the sender receives an e-mail confirming receipt by the recipient,

provided that any notice received on a day which is not a Business Day or after 5 pm (local time at the place of receipt) on any day will be deemed to have been given or made at 10 am on the next Business Day.

(e) For the purposes of this Clause 10, where a notice, approval, consent or other communication is received at an address outside Australia, a "**Business Day**" shall mean a day (other than a Saturday, Sunday or public holiday) on which banks are open for business in the relevant jurisdiction.

10.2 Entire agreement

(a) This Agreement together with the other Transaction Documents constitutes the entire agreement and understanding between the parties relating to the transactions contemplated by or in connection with this Agreement and the other Transaction Documents and the other matters referred to in this Agreement and the other Transaction Documents and supersedes any other agreement or understanding (written or oral) between the parties or any of them relating to the same.

(b) Each party acknowledges and agrees that it does not rely on, and shall have no remedy in respect of, any covenant, promise, assurance, statement, warranty, undertaking or representation made (whether innocently or negligently) by any other party or any other person except as expressly set out in this Agreement or another Transaction Document.

(c) Nothing in this Clause 10.2, however, shall operate or be construed to limit or reduce any liability of any person for fraud, including fraudulent misrepresentation.

10.3 Waiver

With respect to any right or remedy available to a party under or in connection with this Agreement or at Law (a "**Remedy**"):

(a) any waiver of that Remedy shall only be effective if it is in writing (and no failure or delay in exercising a Remedy, or course of conduct or acquiescence, shall constitute a waiver);

(b) any waiver of that Remedy shall only apply in favour of the person to whom it is expressly addressed and for the specific circumstances for which it is given; and

(c) no waiver shall operate as a waiver of any preceding, subsequent or continuing breach, or otherwise prevent that party from subsequently relying upon the Remedy or provision waived.

10.4 Variation

(a) No purported amendment or variation of this Agreement or any provision of this Agreement or of any of the other Transaction Documents shall be effective unless it is in writing and duly executed by or on behalf of each of the parties by a director or other duly authorised representative.

(b) Unless expressly agreed in writing, no amendment or variation of this Agreement shall constitute a waiver of or otherwise affect any rights, obligations or liabilities of either party under or in connection with this Agreement which have already accrued up to the date of such amendment or variation, and the rights and obligations of the parties under and in connection with this Agreement shall remain in full force and effect except and only to the extent that they are so varied or amended.

10.5 Severance

(a) If any provision of this Agreement is or becomes, or is declared by any competent court or body to be, illegal, invalid or unenforceable under the Law of any jurisdiction this shall not affect or impair the legality, validity or enforceability of the remaining provisions of this Agreement, nor the legality, validity or enforceability of such provision under the Law of any other jurisdiction.

(b) If the circumstances referred to in paragraph (a) above should arise at any time, but the relevant provision would cease to be illegal, invalid or unenforceable if some part of it were deleted, the provision shall apply with whatever modification is necessary to give effect to the commercial intention of the parties.

(c) If the circumstances referred to in paragraph (a) above should arise at any time, but where paragraph (b) above does not apply, the parties agree to use reasonable endeavours to substitute for the relevant provision a provision which is legal, valid and enforceable in that jurisdiction and which achieves, to the greatest extent possible, the same effect as would have been achieved by the invalid or unenforceable provision.

10.6 Assignment

The rights, benefits and obligations of the parties under this Agreement may not be assigned, transferred, charged, encumbered, made the subject of a trust or otherwise disposed of in whole or in part (nor shall any party enter into any commitment or agreement to do any of the above) without the previous written consent of the other party, such consent to be given at each party's absolute discretion. Any purported act in breach of this Clause shall be void and shall have no legal effect nor confer any legal rights on the purported assignee.

10.7 Remedies and termination

(a) The rights and remedies of the parties under and in connection with this Agreement are cumulative and not exclusive of any rights and remedies provided by Law, and all such rights and remedies may be enforced separately or concurrently with any other right or remedy.

(b) Termination of this Agreement (whether under Clauses 4.2(g), 4.2(h) or 6.5 or otherwise) shall be without prejudice to any rights or liabilities of any party which have accrued at the date of such termination or which may accrue after termination of this Agreement in respect of any act or omission prior to such termination (including any rights of action in respect of the act or matter giving rise to termination), and the provisions of Clauses 1 (Definitions and Interpretation), 7 (GST), 10.1 to 10.5 (inclusive), 10.7 (Remedies and termination), 10.8 (Cost and expenses), 10.9 (Interest), 10.10 (Language), 10.12 and 10.13 (Survival of Indemnities and Enforcement of Indemnities), and 10.14 (Governing law and jurisdiction) shall continue to apply notwithstanding such termination.

(c) This Agreement shall remain in full force and effect notwithstanding Completion except in respect of those matters then already performed.

10.8 Costs and expenses

(a) Subject to paragraph (b), each party shall pay its own costs and expenses in relation to the negotiation, preparation, execution, registration and performance of this Agreement and the transactions and arrangements contemplated by this Agreement, and the same shall apply in respect of all of the other Transaction Documents.

(b) The Buyer shall indemnify the Seller against all costs and expenses incurred by the Seller in the negotiation, preparation, execution, registration and performance of this Agreement and the other Transaction Documents if this Agreement terminates in accordance with (and to the extent provided in) Clause 4.2(g) on the grounds that the Seller has failed to perform fully its obligations under Clause 4.

10.9 Interest

If any sum due for payment under or in accordance with the provisions of this Agreement is not paid on the due date, the party in default shall, forthwith on demand at any time, pay interest on such sum from the due date until the date of actual payment (whether before or after judgment) at the rate of two per cent (2%) above the Bank Bill Rate from time to time, such interest to accrue on a day to day basis, calculated on the actual days elapsed in a year of 365 days.

10.10 Language

Any notice, instrument, certificate or other communication or document made or delivered under this Agreement shall be in English.

10.11 Counterparts

This Agreement may be executed in any number of counterparts and by the different parties on separate counterparts (which may be fax or electronic transmission copies), but shall not take effect until each party has executed and delivered at least one counterpart. Each counterpart when executed and delivered shall constitute an original, but all the counterparts shall together constitute one and the same instrument.

10.12 Survival of indemnities

Each indemnity in this agreement is a continuing obligation, separate and independent from the other obligations of the parties and survives termination of this agreement.

10.13 Enforcement of indemnities

It is not necessary for a party to incur expense or make payment before enforcing a right of indemnity conferred by this agreement.

10.14 Governing law and jurisdiction

(a) This Agreement is governed by Victorian law.

(b) Each party submits to the non-exclusive jurisdiction of the courts of Victoria and courts of appeal from them and agree that accordingly any suit, action or proceeding arising out of or in connection with this Agreement or any such other Transaction Document (together in this Clause 10.14 referred to as "**Proceedings**") may be brought in such courts.

(c) The parties waive any objection which they may have now or at any time to the laying of the venue of any Proceedings in any such court as is referred to in this Clause 10.14, including any claim that any such Proceedings have been brought in an inconvenient forum or that those courts do not have jurisdiction.

(d) Without preventing any other method of service, any document in a Proceeding may be served on a party by being delivered to or left at that party's address in accordance with Clause 10.1.

(e) The Seller:

(i) appoints the person named below as its process agent to receive any document in any Proceeding; and

(ii) agrees that the service of documents on the Process Agent or any other person appointed under this clause will be sufficient service on it.

If for any reason the Process Agent ceases to be able to act as process agent, the Seller must promptly appoint another person in Victoria as process agent and promptly notify the Buyer of the new process agent's contact details.

The Seller's Process Agent is:

Full name : Mallesons Stephen Jaques

Address:	Level 50, Bourke Place 600 Bourke Street Melbourne, Victoria 3000 Australia
Attention:	Alison Lansley

(f) The Buyer:

(i) appoints the person named below as its process agent to receive any document in any Proceeding; and

(ii) agrees that the service of documents on the Process Agent or any other person appointed under this clause will be sufficient service on it.

If for any reason the Process Agent ceases to be able to act as process agent, the Buyer must promptly appoint another person in Victoria as process agent and promptly notify the Seller of the new process agent's contact details.

The Buyer's Process Agent is:

Full name :	Allens Arthur Robinson
Address:	Level 27, 530 Collins Street, Melbourne VIC 3000, Australia
Attention:	Guy Alexander and Andrew Wong

This Agreement has been entered into on the date stated at the beginning of it.

Signatories:

SIGNED for and on behalf of **GAZMETALL HOLDINGS (CYPRUS) LIMITED** a company incorporated and registered in Cyprus, by Douglas Sanderson, being a person who, in accordance with the laws of that territory, is acting under the authority of the company:

Authorised signatory

SIGNED for and on behalf of **SHOUGANG CONCORD INTERNATIONAL ENTERPRISES COMPANY LIMITED** a company incorporated and registered in Hong Kong, by ______________________, being a person who, in accordance with the laws of that territory, is acting under the authority of the company:

Authorised signatory

This Agreement has been entered into on the date stated at the beginning of it.

Signatories:

SIGNED for and on behalf of **GAZMETALL HOLDINGS (CYPRUS) LIMITED** a company incorporated and registered in Cyprus, by ______________________, being a person who, in accordance with the laws of that territory, is acting under the authority of the company:

____
Authorised signatory

SIGNED for and on behalf of **SHOUGANG CONCORD INTERNATIONAL ENTERPRISES COMPANY LIMITED** a company incorporated and registered in Hong Kong, by Cao Zhong, being a person who, in accordance with the laws of that territory, is acting under the authority of the company:

____
Authorised signatory

Annexure B to Form 603
Option Agreement

This is Annexure B of 23 pages referred to in the Form 603 signed by me and dated 31 January 2008

Signature

Carmen Cheng
Name

Company Secretary
Capacity

MALLESONS STEPHEN JAQUES

Option Agreement

Dated 31 January 2008

Gazmetall Holdings (Cyprus) Limited ("**Shareholder**")
Shougang Concord International Enterprises Company Limited ("**Optionholder**")

Mallesons Stephen Jaques
Level 50
Bourke Place
600 Bourke Street
Melbourne Vic 3000
Australia
T +61 3 9643 4000
F +61 3 9643 5999
DX 101 Melbourne
www.mallesons.com

Option Agreement
Contents

Option Agreement

Details

Parties	**Shareholder and Optionholder**	
Shareholder	Name	**Gazmetall Holdings (Cyprus) Limited**
	Address	205 Chr. Hadjipavlou Avenue, 7th Floor, PO Box 58206, Limassol, CY - 3036
	Fax	+357 25 560438
	Email	dserghides@gallagher.com
	Attention	Demetris Serghides
Optionholder	Name	**Shougang Concord International Enterprises Company Limited**
	Address	7th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong
	Telephone	+852 28612832
	Fax	+852 28613972
	Email	carmencheng@shougang.intl.com.hk
	Attention	Company Secretary
Governing law	Victoria, Australia	
Date of agreement	See Signing page	

Option Agreement

General terms

1 Option

1.1 Grant of option

In consideration of the payment of the Option Fee by the Optionholder to the Shareholder, the Shareholder grants to the Optionholder the right to require the Shareholder to sell the Option Shares (or procure the sale of the Option Shares) to the Optionholder or its nominee(s) for the Exercise Price and on the terms and conditions of this agreement.

1.2 Payment of Option Fee

The Option Fee is payable by the Optionholder free of any deduction or withholding on the date completion occurs under the Share Sale Agreement:

(a) in immediately available funds; and

(b) to the Shareholder by payment into the account notified by the Shareholder to the Optionholder at least 5 Business Days prior to the date for completion under the Share Sale Agreement.

1.3 Conditional on completion under Share Sale Agreement

Clause 1.1 ("Grant of option") and clause 1.2 ("Payment of Option Fee") do not come into effect and is not binding unless and until completion under the Share Sale Agreement occurs.

2 Exercise Price and Completion

2.1 Exercise Price

Subject to clause 2.2 ("Adjustment to Exercise Price or Rights"), the Exercise Price payable to the Shareholder following the exercise of the Option is the amount equal to $2.341 per Option Share, being $185,720,149.56 in aggregate.

2.2 Adjustments in relation to an Adjustment Event or Rights

(a) If an Adjustment Event occurs in respect of the Option Shares before the Option is exercised, or the right or benefit to an Adjustment Event attaches to or arises from the Option Shares before the Option is exercised, then:

(i) subject to sub-paragraph (iii) below, where the Adjustment Event is of a type contemplated in Paragraphs 3[A], 4[B], 5[C], 6[D],

[A] Pro rata cash distribution by way of return of capital not involving cancellation or repurchase of underlying securities.

8[E] or 9[F] of Appendix 11.3.1 to the ASX Market Rules, then the Exercise Price, the composition of the Option Shares and/or the number of Option Shares will be adjusted in accordance with the methodology set out in those Paragraphs of such Appendix except that:

(A) where any Paragraph of Appendix 11.3.1 to the ASX Market Rules states (or states to the effect that) "ASX may make the following adjustment to", that statement will instead be read as "the following adjustment shall be made to";

(B) where any Paragraph of Appendix 11.3.1 to the ASX Market Rules states (or states to the effect that) "unless the ASX considers that", that statement will instead be read as "unless the parties, acting reasonably, agree that";

(C) where any Paragraph of Appendix 11.3.1 to the ASX Market Rules states (or states to the effect that) "the ASX [or Exchange] may, in its absolute discretion, determine", that statement will instead be read as "the parties will, acting reasonably, jointly determine"; and

(D) for the purposes of Paragraph 9 of Appendix 11.3.1 to the ASX Market Rules, a special dividend will result in a reduction in the Exercise Price of an amount representing the value of that special dividend, as agreed by the parties or, failing agreement, as determined by the Expert in accordance with clause 2.2(b);

(ii) subject to sub-paragraph (iii) below, where the Adjustment Event is not of a type contemplated in Paragraphs 3, 4, 5, 6, 8 or 9 of Appendix 11.3.1 to the ASX Market Rules, then the Exercise Price, the composition of the Option Shares and/or the number of Option Shares will be adjusted by agreement between the parties (each party acting reasonably) to take account of the Adjustment Event; and

(iii) all shares or other securities (if any) which have become beneficially owned by the Shareholder as a result of the Adjustment Event and which derive, either directly or indirectly, from the Option Shares shall automatically be subject to the Option and included as Option Shares.

[B] Pro rata cash distribution by way of return of capital involving cancellation or repurchase of underlying securities.

[C] Renounceable or non-renounceable rights issue.

[D] Bonus issue of securities in the same class.

[E] Bonus issue of securities in one or more different classes.

[F] Dividends.

(b) Where paragraphs (a) or (c) require the parties to agree or jointly determine a matter in respect of an Adjustment Event and/or an adjustment in respect of Rights (as applicable), and the parties cannot agree on the matter within 7 Business Days after paragraph (a) or (c) begins to apply, then:

(i) either party may refer the matter to an independent firm of accountants for resolution (an "**Expert**");

(ii) the Expert must be selected by agreement between the parties, or failing agreement between them within 7 days after they commence to discuss the selection of the Expert, selected by the President for the time being of the President of the Law Institute of Victoria (or his or her delegate);

(iii) the issues in dispute must be referred to the Expert by written submissions by the parties;

(iv) the Expert will be appointed jointly by the parties, and must be instructed to decide the matters of disagreement and finish its determination and provide it to the parties no later than 7 days after appointment;

(v) the parties must promptly supply the Expert with any information, assistance and co-operation requested in writing by the Expert in connection with its determination, and all correspondence between the Expert and a party must be copied to the other party;

(vi) in the absence of agreement between the parties, the Expert will decide the procedures to be followed to resolve the issues of disagreement;

(vii) the Expert must act as an expert and not as an arbitrator;

(viii) the Expert's written determination will be final and binding on the parties in the absence of manifest error, and any adjustment to the Exercise Price, the composition of the Option Shares and/or the number of Option Shares determined by the Expert will be deemed to be the adjustment that is made; and

(ix) the cost of a determination by the Expert must be borne by the parties in such manner as the Expert determines, or in the absence of such a determination, must be borne equally.

(c) If any Rights attach to or accrue to the Option Shares in relation to the period after the Option is exercised pursuant to clause 4.1 ("Option Notice") and the benefits of those Rights are not passed on to the Optionholder on Completion, then the Exercise Price will be reduced by the value of those Rights, as agreed by the parties or, failing agreement, as determined by the Expert in accordance with clause 2.2(b).

2.3 Completion

Completion must occur on the Completion Date.

3 Conditions precedent to exercise of Option

The Optionholder's right to exercise the Option is conditional on payment of the Option Fee in accordance with clause 1.2 ("Payment of Option Fee") and satisfaction of the condition set out in clause 1.3 ("Conditional on completion under Share Sale Agreement").

4 Exercise

4.1 Option Notice

The Optionholder may exercise the Option by signing and delivering to the Shareholder an Option Notice during the Exercise Period. Once given, an Option Notice is irrevocable. The Option may only be exercised in whole and not in part.

4.2 Time of exercise

The Option is taken to have been exercised at the time when the signed Option Notice is delivered in accordance with clause 4.1 ("Option Notice").

4.3 Sale and purchase

Upon exercise of the Option, the Shareholder agrees to sell and transfer (or procure the sale and transfer) to the Optionholder or its nominee(s), and the Optionholder agrees to purchase from the Shareholder, the Option Shares on the terms and conditions of this agreement.

4.4 Transfer free from Encumbrances

The Option Shares must be transferred free from any Encumbrances and with all Rights attached or accruing to them on and from the date of exercise of the Option.

4.5 Interdependency

In respect of Completion:

(a) the obligations of the parties are interdependent;

(b) all actions required to be performed by a party at Completion are taken to have occurred simultaneously on the Completion Date; and

(c) no party need complete the sale and purchase of all the Option Shares unless the sale and purchase of the Option Shares is completed simultaneously.

5 Completion

5.1 Time and place of Completion

If the Option is exercised, completion of the sale and purchase of the Option Shares will take place at 10.00am on the Completion Date at the offices of Mallesons Stephen Jaques or such other time and place as the Shareholder and the Optionholder may agree.

5.2 Steps to occur at Completion

On the Completion Date the Shareholder shall:

(a) transfer or procure the transfer of the Option Shares to the Optionholder or its nominee(s); and

(b) without limiting the generality of paragraph (a), deliver or procure that its nominee(s) deliver to the Optionholder such executed documents in respect of the Option Shares in such form as is necessary for the Optionholder or its nominee(s) to become the legal and beneficial owner of the Option Shares.

5.3 CHESS transfers

Any Option Shares are deemed to have been transferred pursuant to clause 5.2(b):

(a) on the transfer of title in accordance with the ASTC Settlement Rules and procedures of CHESS (or such other computer based system which provides for the recording and transfer of title by way of electronic entries, delivery and transfer of title, used by the Company from time to time); or

(b) by such other manner as agreed between the parties.

5.4 Payment of Exercise Price

If the Shareholder complies with its obligations under clause 5.2 ("Steps to occur at Completion"), the Optionholder shall pay the Exercise Price free of any deduction or withholding:

(a) in immediately available funds; and

(b) to the Shareholder by payment into the account notified by the Shareholder to the Optionholder at least 5 Business Days prior to the Completion Date.

6 Lapse of Option

The Option lapses if it is not validly exercised by the end of the Option Period.

7 Covenant

7.1 Restrictions on takeover offer

The Optionholder covenants that before the end of the Option Period it will not, and will procure that its affiliates do not, without the prior written express consent of the Shareholder:

(a) make a takeover offer for any Shares (or announce an intention to make such an offer); or

(b) join in, or assist another any other person in, making a takeover offer for any Shares (or announcing an intention to make such an offer),

if such an offer would, if successful, result in the Shareholder becoming obliged to sell the Option Shares otherwise than pursuant to the Option.

7.2 Restrictions on Dealing in Option Shares

During the period from the date of this Agreement up until and including the end of the Option Period, the Shareholder must not Dispose (and must procure that its nominee(s) do not Dispose) of any of the Option Shares, except as permitted by the Agreement.

8 Costs

Each party shall pay its own costs and expenses in relation to the negotiation, preparation, execution and performance of this Agreement and the transactions and arrangements contemplated by this Agreement.

9 Representations and warranties

9.1 Representations and warranties

Each party represents and warrants to the other party (except in relation to matters disclosed to the other party and accepted by the other party in writing) that:

(a) **(incorporation and existence)** it has been incorporated as a company limited by shares in accordance with the laws of its place of incorporation, is validly existing under those laws and has power and authority to carry on its business as it is now being conducted; and

(b) **(power)** it has power to enter into this agreement and comply with its obligations under it; and

(c) **(no contravention or exceeding power)** this agreement and the transactions under it which involve it do not contravene its constituent documents (if any) or any law or obligation by which it is bound or to which any of its assets are subject or cause a limitation on its powers (or, to the extent applicable, the powers of its directors) to be exceeded; and

(d) **(authorisations)** it has in full force and effect the authorisations necessary for it to enter into this agreement, to comply with its obligations and exercise its rights under it, and allow it to be enforced; and

(e) **(validity of obligations)** its obligations under this agreement are valid and binding and are enforceable against it in accordance with its terms, subject to any applicable insolvency laws and equitable principles.

9.2 Representations and warranties from the Shareholder

The Shareholder represents and warrants to the Optionholder (except in relation to matters disclosed to the Optionholder and agreed by the Optionholder in writing prior to entry into this Agreement) that:

(a) **(registered owner)** ANZ Nominees Ltd is the registered owner of the Option Shares and the Shareholder is the sole beneficial owner of the Option Shares;

(b) **(no encumbrances)** there are no Encumbrances over or affecting the Option Shares; and

(c) **(Option Shares are fully paid)** the Option Shares are fully paid and no moneys are owing in respect of them; and

(d) **(no restrictions on transfer etc)** no person has a conflicting right, whether contingent or otherwise, to purchase or to be offered for purchase the Option Shares or any of them, or to restrict the sale or transfer of the Option Shares or any of them to the Optionholder; and

(e) **(valid title on Completion)** following registration of the Option Shares in the name of the Optionholder or its nominee in accordance with clause 5.3 ("CHESS transfers"), the Optionholder or its nominee will receive valid and marketable title to the Option Shares.

9.3 Continuation of representations and warranties

The representations and warranties in this clause 9 ("Representations and warranties") are taken to be made as at the date of this Agreement, and on the date of the exercise of the Option and on the Completion Date.

9.4 Indemnities

(a) Each party (the "**First Party**") must indemnify the other party (the "**Second Party**") against all Liabilities which may be incurred by the Second Party as a result (directly or indirectly) of a breach of any representation and warranty given by the First Party in this clause 9.

(b) The total Liability of each party in respect of the representations and warranties in this clause 9 and for all Liabilities under the reciprocal indemnities provided in clause 9.4(a) is limited in the case of each party:

(i) in the event that the Option has not been exercised, to an amount equal to the aggregate Option Fee; or

(ii) in the event that the Option has been exercised, to an amount equal to the aggregate of the Option Fee and the Exercise Price.

(c) Any monetary compensation received by the Optionholder as a result of any breach by the Shareholder of any warranty given by the Shareholder in this clause 9, and any payment received by the Optionholder under paragraph (a) will:

(i) in the event that the Option has not been exercised, be treated as a refund of the Option Fee; or

(ii) in the event that the Option has been exercised, be treated as a reduction in the Exercise Price of each Option Share.

10 GST

10.1 Definitions

In this Clause:

"consideration" has the meaning given by the GST Law.

"GST" has the meaning given by the GST Law.

"GST Amount" means in relation to a Taxable Supply the amount of GST payable in respect of that Taxable Supply.

"GST Group" has the meaning given by the GST Law.

"GST Law" has the meaning given by the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

"Input Tax Credit" has the meaning given by the GST Law and a reference to an Input Tax Credit entitlement of a party includes an Input Tax Credit for an acquisition made by that party but to which another member of the same GST Group is entitled under the GST Law.

"Taxable Supply" has the meaning given by the GST Law excluding the reference to section 84-5 of the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

"Tax Invoice" has the meaning given by the GST Law.

10.2 Consideration does not include GST

Unless otherwise expressly indicated in this Agreement, all amounts payable for supplies made under, by reference to or in connection with this Agreement are exclusive of GST.

10.3 GST to be added to amounts payable

If GST is payable on a Taxable Supply made under, by reference to or in connection with this Agreement, the party providing the consideration for that Taxable Supply must also pay the GST Amount as additional consideration. If the additional consideration differs from the amount of GST payable by the supplier, the parties must adjust the additional consideration. Payment of the GST Amount is conditional upon the prior delivery to the Recipient of a valid Tax Invoice.

10.4 Liability net of GST

Any reference in the calculation of consideration or of any indemnity, reimbursement or similar amount to a cost, expense or other liability incurred by a party, must exclude the amount of any Input Tax Credit entitlement of that party in relation to the relevant cost, expense or other liability.

10.5 GST obligations to survive termination

This clause 10 will continue to apply after expiration or termination of this Agreement.

11 Notices

11.1 Form and delivery

A notice, approval, consent or other communication in connection with this agreement:

(a) must be in writing;

(b) must be marked for the attention of the person indicated in the Details; and

(c) must be left at the address of the addressee, or sent by prepaid courier to the address of the addressee or, subject to clause 11.3, sent by facsimile to the facsimile number of the addressee which is specified in the Details or, subject to clause 11.3, sent by electronic mail ("**e-mail**") to the e-mail address of the addressee which is specified in the Details or if the addressee notifies another address or facsimile number or e-mail address then to that address or facsimile number or e-mail address.

A party who gives any notice, approval, consent or other communication by facsimile or e-mail must subsequently deliver a copy of that notice, approval, consent or other communication to the other party in writing in accordance with this clause 11.1.

11.2 When effective

Any notice, approval, consent or other communication which is given by facsimile or e-mail is not taken to be delivered and does not take effect until the time at which a written copy of that notice, approval, consent or communication is provided in accordance with clause 11.1 and is received in accordance with clauses 11.3(a)or 11.3(b). All other notices, approvals, consents or other communication take effect from the time they are received unless a later time is specified in them.

11.3 Deemed receipt

Subject to clause 11.2, a notice, approval, consent or other communication is taken to be received:

(a) if sent by pre-paid courier, on the third Business Day after being deposited with the courier in a correctly addressed envelope;

(b) if delivered personally, at the time of delivery;

(c) in the case of facsimile, on production of a transmission report by the machine from which the facsimile was sent which indicates that the facsimile was sent in its entirety to the facsimile number of the recipient; and

(d) if delivered by e-mail, at the time the sender receives an e-mail confirming receipt by the recipient,

provided that any notice received on a day which is not a Business Day or after 5pm (local time at the place of receipt) on any day will be deemed to have been given or made at 10am on the next Business Day.

11.4 Business Day

For the purpose of this Clause 11, where a notice, approval, consent or other communication is received at an address outside Australia, a **"Business Day"** shall mean a day (other than a Saturday, Sunday or public holiday) on which banks are open for business in the relevant jurisdiction.

12 Assignment

A party may not assign its rights under this agreement without the consent of the other party, such consent not to be unreasonably withheld so long as any assignee agrees in writing to be bound by the terms of this Agreement as if it were a party to this Agreement.

13 Miscellaneous

13.1 Exercise of rights

A party may exercise a right, power or remedy at its discretion, and separately or concurrently with another right, power or remedy. A single or partial exercise of a right, power or remedy by a party does not prevent a further exercise of that or of any other right, power or remedy. Failure by a party to exercise or delay in exercising a right, power or remedy does not prevent its exercise.

13.2 Waiver and variation

A provision of or a right created under this agreement may not be:

(a) waived except in writing signed by the party granting the waiver; or

(b) varied except in writing signed by the parties.

13.3 Approvals and consent

A party may give conditionally or unconditionally or withhold its approval or consent in its absolute discretion unless this agreement expressly provides otherwise.

13.4 Remedies cumulative

The rights, powers and remedies provided in this agreement are cumulative with and not exclusive of the rights, powers or remedies provided by law independently of this agreement.

13.5 Survival of indemnities

Each indemnity in this agreement is a continuing obligation, separate and independent from the other obligations of the parties and survives termination of this agreement.

13.6 Enforcement of indemnities

It is not necessary for a party to incur expense or make payment before enforcing a right of indemnity conferred by this agreement.

13.7 Further assurances

Both parties to this Agreement shall co-operate with the other and execute and deliver to the other such other instruments and documents and take such other actions as may be reasonably requested from time to time in order to given effect to this Agreement.

13.8 Time of the essence

Time is of the essence of this agreement in respect of any date or period determined under this agreement.

13.9 Counterparts

This Agreement may be executed in any number of counterparts and by the different parties on separate counterparts (which may be fax or electronic transmission copies), but shall not take effect until each party has executed and delivered at least one counterpart. Each counterpart when executed and delivered shall constitute an original, but all the counterparts shall together constitute one and the same instrument.

14 Governing law, jurisdiction and service of process

14.1 Governing law

This agreement and the transactions contemplated by it are governed by the law in force in the place specified in the Details. Each party submits to the non-exclusive jurisdiction of the courts of that place and the courts of appeal from them and agree that accordingly any suit, action or proceeding arising out of or in connection with this Agreement may be brought in such courts.

14.2 Serving documents

Without preventing any other method of service, any document in action may be served on a party by being delivered to or left at that party's address in the details.

14.3 Shareholder's Process Agent

The Shareholder:

(a) appoints the person named below as its process agent to receive any document in any action; and

(b) agrees that service of documents on the Process Agent or any other person appointed under this clause will be sufficient service on it.

If for any reason the Process Agent ceases to be able to act as process agent, the Shareholder must promptly appoint another person in Victoria as process agent and promptly notify the Optionholder of the new process agent's contact details.

The Shareholder's Process Agent is:

Full name:	Mallesons Stephen Jaques
Address:	Level 42 Bourke Place 600 Bourke Street Melbourne Vic 3000
Attention:	Alison Lansley

14.4 Optionholder's Process Agent

The Optionholder:

(a) appoints the person named below as its process agent to receive any document in any action; and

(b) agrees that service of documents on the Process Agent or any other person appointed under this clause will be sufficient service on it.

If for any reason the Process Agent ceases to be able to act as process agent, the Optionholder must promptly appoint another person in Victoria as process agent and promptly notify the Shareholder of the new process agent's contact details.

The Optionholder's Process Agent is:

Full name:	Allens Arthur Robinson
Address:	Level 27, 530 Collins Street, Melbourne VIC 3000, Australia

Attention: Guy Alexander and Andrew Wong

15 Interpretation

15.1 Definitions

The following words have these meanings in this agreement unless the contrary intention appears.

Adjustment Event means the occurrence of any of the following:

(a) Shares are divided into a greater number of securities or are consolidated into a lesser number of securities or are subject to a similar reconstruction;

(b) there is a return, distribution or reduction of capital (whether pro-rata or otherwise) in respect of the Shares;

(c) there is an issue or distribution of securities (pro rata or otherwise) to the holders of Shares at no cost to those holders by way of a bonus issue or capitalisation of any account or in satisfaction of any dividend (except pursuant to a scheme of the Company allowing holders of Shares to elect to receive an issue or distribution of those securities instead of the payment of dividends) or by way of any other distribution in specie;

(d) where holders of Shares are given in that capacity a right (whether pro-rata or otherwise) to acquire securities whether or not that right is renouncable;

(e) where there is any other amalgamation, reconstruction, adjustment or other reorganisation relating to or affecting the Shares,

and in this definition of "Adjustment Event" each reference to Shares is deemed to also be a reference to any shares, stock or securities derived from those Shares.

ASTC Settlement Rules means the operating rules of ASX Settlement and Transfer Corporation Pty Limited.

ASX Market Rules means the ASX Market Rules in force as at the date of this Agreement, and excludes any subsequent variation or replacement of such rules.

Business Day means a day (other than a Saturday, Sunday or public holiday) when banks in the cities of Melbourne (Australia), London (United Kingdom) Hong Kong and Moscow (Russian Federation) are all open for business.

CHESS has the meaning given to that term in the ASTC Settlement Rules.

Claim means, in relation to a party, a demand, claim, action or proceeding made or brought by or against the party, however arising and whether present, unascertained, immediate, future or contingent.

Company means Mount Gibson Iron Limited (ABN 87008 670 817).

Completion means settlement of the sale of the Option Shares in accordance with clause 5.

Completion Date means the day specified in the Option Notice, which will be any Business Day after the Option Notice is given but not later than 7 days after exercise of the Option.

Dispose in relation to any property means to sell, transfer, assign, create an Encumbrance or security interest over, declare oneself a trustee of or part with the benefit of or otherwise dispose of that property (or any interest in it or any part of it) including, without limitation, in relation to a share, to enter into a transaction in relation to the share which results in a person other than the registered holder of the share:

(a) acquiring any equitable interest in the share, including, without limitation, an equitable interest arising under a declaration of trust, an agreement for sale and purchase or an option agreement or an agreement creating an Encumbrance or other security interest over the share; or

(b) acquiring any right to receive directly or indirectly any dividends payable in respect of the share; or

(c) acquiring any rights of pre-emption, first refusal or other control over the disposal of the share; or

(d) acquiring any rights of control over the exercise of any voting rights or rights to appoint directors attaching to the share; or

(e) otherwise acquiring legal or equitable rights against the registered holder of the share which have the effect of placing the person in the same position as if the person had acquired a legal or equitable interest in the share itself,

but does not include:

(f) any such transaction between the Shareholder and a Related Body Corporate of the Shareholder, provided that where the counterparty ceases to be a Related Body Corporate of the Shareholder any interest or rights which the counterparty has in the Option Shares must be immediately transferred to the Shareholder or a Related Body Corporate of the Shareholder; or

(g) a derivative transaction entered into by the Shareholder in respect of the Option Shares under which the counterparty has no right to require disposal of any Option Shares or to control the exercise of voting rights attached to any Option Shares,

provided that in either case the counterparty acknowledges the Optionholder's rights under this Agreement in writing and written notice of the transaction is given by the Shareholder to the Optionholder.

Encumbrance means any security for the payment of money or performance of obligations, including a mortgage, charge, pledge, lien, trust, power, assignment, hypothecation, security interest, equity, right to acquire, option, right of pre-emption, title retention or any other security agreement or arrangement or other encumbrance of any kind or any agreement to create any of them or allow them to exist.

Exercise Period means the period starting on the day that is 368 days after completion occurs under the Share Sale Agreement and ending on the final day of the Option Period.

Exercise Price means the amount set out in clause 2.1 ("Exercise Price"). as adjusted under clause 2.2 (Adjustments in relation to an Adjustment Event or Rights).

Liabilities means Claims, losses, liabilities, costs or expenses of any kind and however arising, including penalties, fines and interest and including those which are prospective or contingent and those the amount of which for the time being is not ascertained or ascertainable.

Option Fee means $0.259 per Option Share, being $20,547,423.64 in aggregate.

Option means the option granted to the Optionholder under clause 1 ("Option").

Option Notice means a notice in the form set out in Schedule 1.

Option Period means the period starting on the date completion occurs under the Share Sale Agreement and ending on the day falling 398 days after that day.

Option Shares means 79,333,682 Shares, subject to adjustment in accordance with clause 2.2 ("Adjustments in relation to an Adjustment Event or Rights").

Process Agent means the process agent appointed in accordance with clause 14.3 ("Shareholders Process Agent") or clause 14.4 ("Optionholder's Process Agent"), as applicable.

Related Body Corporate has the meaning given to that term in the Corporations Act 2001 (Cwlth).

Rights means all accretions, rights or benefits of whatever kind attaching or arising from the Option Shares directly or indirectly (including, but not limited to, voting rights, all dividends and all rights to receive them or rights to receive or subscribe for shares, notes, bonds, options or other securities declared, paid or issued by the Company).

Share means an ordinary share in the capital of the Company.

Share Sale Agreement means the share sale agreement between the Optionholder and the Shareholder dated on or about the date of this agreement in respect of the sale of 77,436,215 Shares by the Shareholder to the Optionholder.

Treasurer means Treasurer of the Commonwealth of Australia.

15.2 General interpretation

Unless the contrary intention appears, a reference in this agreement to:

(a) a group of persons is a reference to any two or more of them jointly and to each of them individually;

(b) anything (including an amount) is a reference to the whole and each part of it;

(c) a document (including this agreement) includes any variation or replacement of it;

(d) law means common law, principles of equity, and laws made by parliament including regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them;

(e) a time of day is a reference to Melbourne time;

(f) the word "person" includes an individual, a firm, a body corporate, an unincorporated association and an authority;

(g) a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;

(h) the words "including", "for example" or "such as" when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind;

(i) Australian dollars, dollars A$ or $ is a reference to the lawful currency of Australia; and

(j) if a word or phrase is defined, its other grammatical forms have a corresponding meaning.

15.3 Number

The singular includes the plural and vice versa.

15.4 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this agreement.

EXECUTED as an agreement

Option Agreement

Schedule 1 - Option Notice

To: *[insert]*

[*date*]

Option Agreement dated [*insert date*] between the Shareholder and the Optionholder ("Option Agreement")

In accordance with clause 4.1 of the Option Agreement, the Optionholder exercises the Option [and nominates [*] as its nominee(s) to whom the Option Shares are to be transferred].

The Completion Date will be [*].

Words used but not defined in this notice have the meanings that they have in the Option Agreement.

[*insert signature block*]

Option Agreement

Signing page

DATED: 31 January 2008

SIGNED for and on behalf of **GAZMETALL HOLDINGS (CYPRUS) LIMITED** a company incorporated and registered in Cyprus, by ________________________, being a person who, in accordance with the laws of that territory, is acting under the authority of the company:

____
Authorised signatory

SIGNED for and on behalf of **SHOUGANG CONCORD INTERNATIONAL ENTERPRISES COMPANY LIMITED** a company incorporated and registered in Hong Kong, by

____

, being a person who, in accordance with the laws of that territory, is acting under the authority of the company:

____
Authorised signatory

Option Agreement

Signing page

DATED: 31 January 2008

SIGNED for and on behalf of **GAZMETALL HOLDINGS (CYPRUS) LIMITED** a company incorporated and registered in Cyprus, by

______________________________,

being a person who, in accordance with the laws of that territory, is acting under the authority of the company:

____
Authorised signatory

SIGNED for and on behalf of **SHOUGANG CONCORD INTERNATIONAL ENTERPRISES COMPANY LIMITED** a company incorporated and registered in Hong Kong, by

Cao Zhong,

being a person who, in accordance with the laws of that territory, is acting under the authority of the company:

____
Authorised signatory