



MOUNT GIBSON IRON LIMITED

ACN 008 670 817

NOTICE OF MEETING AND EXPLANATORY MEMORANDUM

**FOR THE
ANNUAL GENERAL MEETING OF SHAREHOLDERS
TO BE HELD ON
WEDNESDAY, 17 NOVEMBER 2010
AT THE DUXTON HOTEL (DUXTON 4 FUNCTION ROOM)
1 ST GEORGE'S TERRACE
PERTH WESTERN AUSTRALIA
AT 11.30 AM (PERTH, WA TIME).**

IMPORTANT INFORMATION

This is an important document that should be read in its entirety.
If you do not understand it, or any part of it,
you should consult with your professional advisers without delay.

You are encouraged to attend the meeting, but if you cannot, you are requested to complete and return the enclosed Proxy Form without delay to

**Computershare Investor Services Pty Limited
at GPO Box 242, Melbourne, Victoria 3001**

or by facsimile on

1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)

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

Notice is hereby given that the Annual General Meeting of the Shareholders of Mount Gibson Iron Limited ("**Mount Gibson**" or the "**Company**") will be held on the date and at the location and time specified below:

DATE: Wednesday, 17 November 2010

LOCATION: The Duxton Hotel (Duxton 4 Function Room)
1 St George's Terrace, Perth, Western Australia

TIME: 11.30 am (Perth, WA time)

ORDINARY BUSINESS

FINANCIAL REPORTS

To receive and consider the financial report and the Directors' and auditors' reports for the year ended 30 June 2010.

RESOLUTION 1: Re-election of Director – Neil Hamilton

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Neil Hamilton, being a Director who retires by rotation in accordance with rule 8.1(e) of the Company's Constitution, and being eligible, is re-elected as a Director of the Company."

RESOLUTION 2: Election of Director – Peter Knowles

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Peter Knowles, having been appointed as a Director since the last annual general meeting and who retires in accordance with rule 8.1(c) of the Company's Constitution, and being eligible, is elected as a Director of the Company."

RESOLUTION 3: Election of Director – Lee Seng Hui

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Lee Seng Hui, having been appointed as a Director since the last annual general meeting and who retires in accordance with rule 8.1(c) of the Company's Constitution, and being eligible, is elected as a Director of the Company."

RESOLUTION 4: Adoption of Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That the Remuneration Report for the Company (included in the Report of the Directors) for the year ended 30 June 2010 be adopted."

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| Please note whilst the Corporations Act 2001 (Cth) requires this resolution to be put to the vote, the resolution is advisory only and does not bind the Directors or the Company. A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting. |
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EXPLANATORY MEMORANDUM

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

ENTITLEMENT TO VOTE

The Company has determined that under the Corporations Regulations 2001 (Cth) regulation 7.11.37, for the purposes of the Annual General Meeting, shares will be taken to be held by the persons who are the registered holders at 5.00 pm (Perth, WA time) on Monday 15 November 2010. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

PROXIES

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

- each Shareholder has the right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder 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:

In person: Level 1, 7 Havelock Street, West Perth, Western Australia

By Mail : GPO Box 242, Melbourne, Victoria 3001

By facsimile: 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)

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 their 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 their 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.

CUSTODIAN VOTING

For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.

If you wish to discuss any aspect of this document with the Company, contact the Company Secretary, David Berg, by telephone +61 8 9426 7500.

BY ORDER OF THE BOARD



**David Berg
Company Secretary**

DATED: 5 October 2010

EXPLANATORY MEMORANDUM

MOUNT GIBSON IRON LIMITED

ACN 008 670 817

This Explanatory Memorandum has been prepared to assist Shareholders to understand the business to be put to Shareholders at the forthcoming Annual General Meeting.

ORDINARY BUSINESS

FINANCIAL REPORTS

The *Corporations Act 2001* (Cth) ("**Corporations Act**") requires:

- the reports of the Directors and auditors; and
- the annual financial report, including the financial statements of the Company for the year ended 30 June 2010,

to be laid before the Annual General Meeting. Neither the Corporations Act nor the constitution requires a vote of Shareholders on the reports or statements. However, Shareholders will be given an opportunity to raise questions or comments on the management of the Company.

Also, a reasonable opportunity will be given to Shareholders as a whole at the meeting to ask the Company's auditor questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

RESOLUTION 1: Re-election of Neil Hamilton

Mr Hamilton retires by rotation and, being eligible, offers himself for re-election.

Mr Hamilton was appointed as the Non-Executive Chairman on 24 April 2007. Mr Hamilton has more than 23 years' experience as a director of public companies. Mr Hamilton is the Chairman of the Nomination, Remuneration and Governance Committee of the Company and has overall responsibility for Corporate Governance. Mr Hamilton is the Chairman of Oz Minerals Ltd and Miclyn Express Offshore Ltd and Non-Executive Director of Metcash Limited. During the past three years Mr Hamilton served as a director of IRESS Market Technology Limited, Northern Iron Limited, Programmed Maintenance Services Limited and Insurance Australia Limited.

RESOLUTION 2: Election of Director – Peter Knowles

Mr Knowles was appointed a Non-Executive Director by the Board on 29 January 2010. Under the Company's constitution he holds office only until this meeting and therefore offers himself for election.

Mr Knowles is a graduate of Monash University in Melbourne (Bachelor of Economics) and has had a 15-year career (1973 - 1988) with Hamersley Iron/CRA Group, including a significant period involved in negotiation and settlement of overseas resources transactions. In 1988, he joined the Wesfarmers Group where he spent 13 years in business development and commercial management roles, culminating in the last seven years as Managing Director of Wesfarmers CSBP Limited. Since 2002, Mr Knowles has acted as a professional business consultant, primarily to Rio Tinto Iron Ore, where he has been involved in a number of significant business development and project initiatives, including commercial negotiations and project integration. Mr Knowles is currently Chairman of Activ Foundation Inc and a Non-Executive Director of Coogee Chemicals Pty Ltd and CBH Group. He has completed advanced management programs at the University of Western Australia and Harvard Business School. During the past 3 years Mr Knowles has also served as a director of Vital Metals Ltd.

RESOLUTION 3: Election of Director – Lee Seng Hui

Mr Lee was appointed a Non-Executive Director by the Board on 29 January 2010. Under the Company's constitution he holds office only until this meeting and therefore offers himself for election.

Mr Lee was appointed a Non-Executive Director on 29 January 2010. Mr Lee graduated with Honours from the University of Sydney Law School. Mr Lee is the Chief Executive and an Executive Director of Allied Group Limited which is listed on the Hong Kong Stock Exchange. Mr Lee is also the Chairman and a Non-Executive Director of Tian An China Investments Company Limited and a Non-Executive Director of Tanami Gold NL and APAC Resources Limited. Mr Lee was previously the Chairman and an Executive Director of Yu Ming Investments Limited (now known as SHK Hong Kong Industries Limited). During the past 3 years Mr Lee has not served as a director of any other listed companies.

RESOLUTION 4: Adoption of Remuneration Report

The Remuneration Report is set out in the Report of the Directors in the Company's 2010 Annual Report.

The Corporations Act requires companies to put a resolution to their Shareholders that the Remuneration Report be adopted. Under section 250R(3) of the Corporations Act, the vote on the resolution is advisory only and does not bind the Directors or the Company.

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Mount Gibson Iron
ABN 87 008 670 817

Lodge your vote:



Online:
www.investorvote.com.au



By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 139 262
(outside Australia) +61 3 9415 4381



Proxy Form



Vote online or view the annual report, 24 hours a day, 7 days a week:

www.investorvote.com.au

- Cast your proxy vote**
- Access the annual report**
- Review and update your securityholding**

Your secure access information is:

Control Number: xxxxxxxxxx

SRN/HIN:xxxxxxxxxxxxx **PIN:** xxxxxxxx



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 11:30am (WST) Monday 15 November 2010

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** →

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Mount Gibson Iron Limited hereby appoint

the Chairman of the Meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Mount Gibson Iron Limited to be held at the Duxton Hotel (Duxton 4 Function Room), 1 St George's Terrace, Perth, Western Australia on Wednesday, 17 November 2010 at 11:30am (WST) and at any adjournment of that meeting.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

| | | For | Against | Abstain |
|--------------|---|--------------------------|--------------------------|--------------------------|
| Resolution 1 | Re-election of Director - Neil Hamilton | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 | Election of Director - Peter Knowles | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 | Election of Director - Lee Seng Hui | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 | Adoption of Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date ____/____/____