



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
TUESDAY, 18 NOVEMBER 2008
AT CITY WEST FUNCTION CENTRE
45 PLAISTOWE MEWS, CITY WEST CENTRE, WEST PERTH, 6005
AT 9.30 AM.**

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 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: Tuesday, 18 November 2008
LOCATION: City West Function Centre,
45 Plaistowe Mews, West Perth WA 6005
TIME: 9.30 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 2008.

RESOLUTION 1: Re-election of Director – Alan Jones

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

"That Alan Jones, being a Director who retires by rotation in accordance with Clause 3.6 of the Company's Constitution, and being eligible, is re-elected as a Director of the Company."

RESOLUTION 2: Re-election of Director – Ian Macliver

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

"That Ian Macliver, being a Director who retires by rotation in accordance with Clause 3.6 of the Company's Constitution, and being eligible, is re-elected as a Director of the Company."

RESOLUTION 3: 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 2008 be adopted."

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.

SPECIAL BUSINESS

RESOLUTION 4: Adoption of replacement constitution

To consider and, if thought fit, to pass the following resolution as a special resolution:

"That the constitution tabled at the meeting, and signed by the chair of the meeting for the purposes of identification, be adopted as the constitution of the Company, in place of the present constitution, with effect from the close of the meeting."

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 Sunday 16 November 2008. 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

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

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

BY ORDER OF THE BOARD



David Berg

Company Secretary

DATED: 7 October 2008

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 2008,

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 Alan Jones

Mr Jones retires by rotation and, being eligible, offers himself for re-election. Mr Jones was appointed a Non-Executive Director by the Board on 28 July 2006.

Mr Jones is a chartered accountant with extensive senior management and board experience in listed and unlisted Australian public companies, particularly in the construction, engineering, finance and investment industries. Mr Jones is a member of the Audit and Risk Management Committee. He is a Non-Executive Director of Mulpha Australia Limited, Sun Hung Kai & Co. Limited (Hong Kong), Allied Group Limited (Hong Kong), Allied Properties Limited (Hong Kong) and APAC Resources Limited. Mr Jones has been involved in the successful merger and acquisition of a number of public companies in Australia and internationally. During the past three years Mr Jones has not served as a director of any other listed companies.

The Directors (other than Mr Jones) recommend that Shareholders vote **IN FAVOUR** of resolution 1. Mr Jones, who has an interest in the outcome of resolution 1, declines to make a recommendation.

RESOLUTION 2: Re-election of Director – Ian Macliver

Mr Macliver retires by rotation and, being eligible, offers himself for re-election. Mr Macliver was appointed a Non-Executive Director by the Board on 19 February 2001.

Mr Macliver is Managing Director of Grange Consulting Group Pty Ltd, which provide specialist corporate advisory services to both listed and unlisted companies. Mr Macliver is Chairman of the Audit and Risk Management Committee and a member of the Nomination, Remuneration and Governance Committee. He has many years experience as a senior executive and director of both resource and industrial companies with particular responsibility for capital raising and other corporate initiatives. Mr Macliver is Chairman of Stratatel Ltd and is a Non-Executive Director of Port Bouvard Ltd, Empire Beer Group Ltd and Otto Energy Ltd. During the past three years Mr Macliver has also served as a director of BioProspect Ltd.

The Directors (other than Mr Macliver) recommend that Shareholders vote **IN FAVOUR** of resolution 2. Mr Macliver, who has an interest in the outcome of resolution 2, declines to make a recommendation.

RESOLUTION 3: Adoption of Remuneration Report

The Remuneration Report is set out in the Report of the Directors in the Company's 2008 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.

RESOLUTION 4: Adoption of replacement constitution

Mount Gibson's existing constitution has remained largely unchanged since 2002.

There have been a number of developments in corporate governance principles and general corporate and commercial practice for ASX listed companies since that time. Mount Gibson wishes to ensure that its constitution reflects 'best market practice'.

The Directors propose to adopt a new constitution that is drafted in a modern, clear style and that will contain sufficient flexibility to remain relevant as practices change and Mount Gibson continues to grow.

Many of the proposed changes are administrative only or relatively minor. The major differences between the existing constitution and the proposed constitution are outlined below.

DEFINITIONS

The proposed constitution updates the definitions used to reflect current terminology and, where possible, relies on terms defined in the Corporations Act, the ASX Listing Rules and the ASTC Settlement Rules.

REDUNDANT PROVISIONS

A number of provisions in Mount Gibson's existing constitution duplicate existing Corporations Act or ASX Listing Rule requirements and would require amendment to the constitution if the Act or the Rules changed. To avoid having to make amendments of that sort, those provisions have not been included in the proposed constitution.

DISTRIBUTION OF PROFITS

The proposed constitution includes changes to broaden the methods by which the Company may distribute or deal with its profits.

In particular, rule 4.3 gives Mount Gibson greater flexibility where a capital return or other distribution is to be made in a non-cash form.

GENERAL MEETINGS

The proposed constitution includes certain changes to assist with the orderly conduct of general meetings of the Company.

Rule 7.2 gives greater protection to members who have relied on a notice of meeting when deciding to appoint a proxy to vote on their behalf by preventing subsequent amendment to the terms of the proposed resolutions during the course of general meetings except with the approval of the Directors or the chairperson.

Rule 7.3 gives the chairperson powers to take action to protect the safety of persons attending a general meeting and to preserve the orderly conduct of the meeting, such as refusing admission to or requiring to leave a person in possession of an article considered by the chairperson to be dangerous, offensive or liable to cause disruption.

Rule 7.6(g) makes the chairperson's rights to adjourn, postpone or suspend a general meeting exclusive and so, unlike in the existing constitution, members cannot adjourn the meeting by ordinary resolution. The power is given exclusively to the chairperson with the intention of ensuring that adjournments, postponements or suspensions cannot be used to disrupt the orderly conduct of the meeting and only occur when necessary.

DIRECT VOTING

Rule 7.7(j) of the proposed constitution gives the Directors discretion to allow for direct voting at a general meeting or class meeting. A direct vote includes a vote delivered to the Company by post, fax or other electronic means before the meeting. The rule leaves it to the Directors to prescribe regulations and procedures setting out the details for valid direct voting, such as the form, method and timing of giving a direct vote.

PROXIES

Rule 7.9(k) of the proposed constitution codifies the general law powers of the Company to complete or amend incomplete or unclear proxy appointments by getting instructions from the appointing shareholder.

DIRECTORS

The rules governing the election of Directors have been simplified to suit a Board of Mount Gibson's size. In particular, the new rules, principally rules 8.1(c) and (d), avoid the possibility that the Directors would be required to retire in some circumstances more frequently than is required under ASX Listing Rule 14.4.

ASX Listing Rule 14.3 requires a listed company to accept nominations for Directors up to 35 business days before a general meeting at which Directors may be elected, unless the company's constitution provides otherwise. Rule 8.1(i) will require that nominations for election to the Board be given between 35 and 90 business days before the relevant general meeting. This time period is necessary due to the requirement to give 28 clear days' notice of the general meeting and the time necessary for printing and distribution of a notice of meeting, along with the difficulty of having a long nominations period.

The rules relating to Directors' remuneration are in line with those in the existing constitution. However, rule 8.3(c) now clarifies that remuneration may be paid other than in cash (for example, as shares in the Company).

The procedures relating to Board meetings and voting on Board resolutions have also been clarified in rule 8.

NOTICE REQUIREMENTS

Rule 14 of the proposed constitution sets out the general notice requirements in more detail, including clarifying the time at which notices from Mount Gibson will be deemed to be received and modernising the provisions relating to electronic transmission of notices.

PROPORTIONAL TAKEOVER PLEBISCITE

Proposal

As part of the proposal to adopt a new constitution in resolution 4 in the accompanying notice of meeting, it is intended to include a rule 6 which contains proportional takeover approval provisions. Proportional takeover approval provisions having the same effect were included in the existing constitution but have not been renewed within the statutory timeframe. The approval of the inclusion of the proportional takeover provisions in the new constitution will reinstate the effect of the previous provisions.

The Corporations Act sets out the terms of the relevant provisions to be included in the constitution. The Corporations Act also requires that we provide you with sufficient information to make an informed decision on whether to support or oppose the resolution.

Why do we need the proportional takeover approval provisions?

In a proportional takeover bid, the bidder offers to buy a proportion only of each shareholder's shares in the target company.

This means that control of the Company may pass without shareholders having the chance to sell all their shares to the bidder. The bidder may take control of the Company without paying an adequate amount for gaining control.

In order to deal with this possibility, a company may provide in its constitution that if a proportional takeover bid is made for shares in the company, shareholders must vote on whether to accept or reject the offer and that decision will be binding on all the shareholders.

The benefit of the provision is that shareholders are able to decide collectively whether the proportional offer is acceptable in principle and it may ensure that any partial offer is appropriately priced.

What is the effect of the proportional takeover approval provisions?

If a proportional takeover bid is made, the Directors must ensure that shareholders vote on a resolution to approve the bid more than 14 days before the bid period closes.

The vote is decided on a simple majority.

Each person who, as at the end of the day on which the first offer under the bid was made, held bid class securities, is entitled to vote, but the bidder and its associates are not allowed to vote.

If the resolution is not passed, transfers which would have resulted from the acceptance of a bid will not be registered and the bid will be taken to have been withdrawn.

If the bid is approved (or taken to have been approved), the transfers must be registered if they comply with the Corporations Act and the Company's constitution.

The Directors will breach the Corporations Act if they fail to ensure the approving resolution is voted on. However, if the resolution is not voted on, the bid will be taken to have been approved.

The proportional takeover approval provisions do not apply to full takeover bids and only apply for 3 years after the date of adoption of the new constitution. The provisions may be renewed, but only by a special resolution.

No person to acquire or increase its substantial interest

At the date this statement was prepared, no director is aware of a proposal by a person to acquire, or to increase, a substantial interest in the Company.

Potential advantages and disadvantages

The Directors consider that the proportional takeover approval provisions have no potential advantages or disadvantages for them. They remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential **advantages** of the proportional takeover approval provisions for shareholders of the Company are:

- you will have the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- the provisions may help shareholders avoid being locked in as a minority;
- increase in the bargaining power of shareholders which may ensure that any partial offer is adequately priced; and
- knowing the view of the majority of shareholders may help each individual shareholder assess the likely outcome of the proportional takeover bid and to decide whether to accept or reject that offer.

The potential **disadvantages** for shareholders of the Company include:

- proportional takeover bids for shares in the Company may be discouraged;
- shareholders may lose an opportunity of selling some of their shares at a premium; and
- the chance of a proportional takeover bid being successful may be reduced.

While similar proportional takeover approval provisions have previously been in effect in the existing constitution, there have been no full or proportional takeover bids for the Company. Therefore, there has been no example against which to review the advantages or disadvantages of the provisions for the Directors and the shareholders, respectively, during the period in which the proportional takeover provisions were effective.

The Board considers that the potential advantages for shareholders of the proportional takeover approval provisions outweigh the potential disadvantages. In particular, shareholders as a whole are able to decide whether or not a proportional takeover bid is successful.

The Directors recommend the adoption of the proposed constitution

A copy of the proposed constitution is available from Mount Gibson's website (www.mtgibsoniron.com.au).

You can also request a copy of the proposed constitution by writing to the company secretary or emailing admin@mtgibsoniron.com.au.

Mount Gibson Iron Limited

ABN 87 008 670 817

000001 000 MGX
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

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 all enquiries call:

(within Australia) 1300 139 262
(outside Australia) +61 3 9415 4000

Proxy Form



Appoint your proxy 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: 999999

SRN/HIN: I9999999999

PIN: 99999



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

For your proxy appointment to be effective it must be received by 9.30am (Perth time) Sunday 16 November 2008

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 is only entitled to 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.

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.computershare.com.

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** →

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

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.



I 9999999999

I ND

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 City West Function Centre, 45 Plaiستowe Mews, City West Centre, West Perth 6005 on Tuesday, 18 November 2008 at 9.30am 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 - Alan Jones	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director - Ian MacIver	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Adoption of Replacement Constitution	<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 ____/____/____

MGX

999999A

Computershare