



Mount Gibson Iron
MOUNT GIBSON IRON LIMITED

ACN 008 670 817

NOTICE OF MEETING

with

**EXPLANATORY MEMORANDUM & VOTING INFORMATION
STATEMENT**

**FOR THE
ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**WEDNESDAY, 16 NOVEMBER 2011
AT CITY WEST FUNCTION CENTRE
45 PLAISTOWE MEWS, WEST PERTH, 6005
AT 9.30 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 ("**Company**") will be held on the date and at the location and time specified below:

DATE: Wednesday, 16 November 2011

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, the Directors' report and auditors' report for the year ended 30 June 2011.

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 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 – Geoffrey Hill

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

"That Geoffrey Hill, 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: 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 for the year ended 30 June 2011 is adopted."

For information on the effects of this resolution, please see the Explanatory Memorandum accompanying and forming part of this Notice of Meeting.

Pursuant to section 250R of the Corporations Act, a vote on this Resolution 3 must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) any Director, or other member of the Key Management Personnel* of the Company, details of whose remuneration are included in the Remuneration Report*; or
- (b) a Closely Related Party* of such a member.

However, a person described above may vote on this Resolution 3 if the person does so as a proxy appointed in writing that specifies how the proxy is to vote on this Resolution and the vote is not cast on behalf of a person described in sub-paragraphs (a) or (b) above.

* *These terms are defined in the Definitions section of the Explanatory Memorandum.*

SPECIAL BUSINESS

RESOLUTION 4: Increase in the maximum aggregate remuneration of Non-Executive Directors

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

"That the maximum aggregate remuneration payable by the Company to Non-Executive Directors as Directors' fees be increased by \$500,000 from \$750,000 per annum to \$1,250,000 per annum."

The Company will disregard any votes cast on this resolution by the Directors and any of their associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 5: Renewal of Proportional Takeover Plebiscite

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

"That Rules 6.1 to 6.3 of the Constitution of the Company, as set out in Schedule 1 of the Notice of Meeting, are renewed for a period of three years commencing on the day this resolution is passed."

Retirement of director – Mr Ian Macliver

Shareholders should note that Ian Macliver will retire as a Director with effect from the end of the Annual General Meeting. Mr Macliver has served as a director of the Company since 21 December 2001. The Board wishes to record its gratitude to Mr Macliver for his service to the Company over that period.

For further information, Shareholders are referred to the Explanatory Memorandum and Voting Information Statement accompanying and forming part of this Notice of Meeting.

If you wish to discuss any aspect of this Notice of Meeting, Explanatory Memorandum or Voting Information Statement with the Company, please contact the Company Secretary, David Berg, by telephone on +61 8 9426 7500.

BY ORDER OF THE BOARD



**David Berg
Company Secretary**

DATED: 30 September 2011

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 2011,

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.

A reasonable opportunity will be given to Shareholders who are entitled to vote at the meeting to ask the Company's external auditor (Ernst & Young) 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.

Shareholders who are entitled to vote at the meeting may also submit a written question to Ernst & Young (via the Company) if the question is relevant to:

- the content of Ernst & Young's audit report; or
- the conduct of its audit of the Company's annual financial reports for the year ended 30 June 2011.

Relevant questions for Ernst & Young must be received no later than 5.00pm (AWST), Wednesday 9 November 2011. A list of those relevant written questions will be made available to shareholders attending the meeting. Ernst & Young will either answer the relevant questions at the meeting or table written answers at the meeting. If written answers are tabled at the meeting, they will be made available to shareholders as soon as practicable after the meeting, on the Company's website, www.mtgibsoniron.com.au

Please send any relevant questions for Ernst & Young by 5.00pm (AWST), Wednesday 9 November 2011 to:

- Computershare Investor Services Pty Limited at GPO Box 242, Melbourne, Victoria 3001; or
- the Company at Level 1, 7 Havelock Street, West Perth, Western Australia, marked for the attention of the Company Secretary.

RESOLUTION 1: Re-election of Alan Jones

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

Mr Jones was appointed as a Non-Executive Director 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 has been involved in the successful merger and acquisition of a number of public companies in Australia and internationally. He is a Non-Executive Director of Mulpha Australia Ltd, Sun Hung Kai & Co Ltd (Hong Kong), Allied Group Ltd (Hong Kong), Allied Properties Ltd (Hong Kong), and Air Change International Limited. During the past 3 years, Mr Jones has also served as a director of APAC Resources Limited.

The Board recommends that shareholders vote in favour of the re-election of Mr Jones.

The Chairman intends to vote undirected proxies in favour of the re-election of Mr Jones.

RESOLUTION 2: Election of Geoffrey Hill

Mr Hill was appointed as a Non-Executive Director by the Board on 20 May 2011. Under the Company's Constitution, he holds office only until the Annual General Meeting and therefore offers himself for election.

Mr Hill was appointed as Chairman of the Board on 24 August 2011. He is a company director and merchant banker. He served as Managing Director and Chief Executive Australia of the Morgan Grenfell group in the mid-1980s, before forming his own investment advisory business, International Pacific Securities. He is currently the chairman of Texas and Oklahoma Coal Company Limited, Heritage Gold Limited and Metals Finance Limited and a director of Broken Hill Prospecting Limited and Asian Property Investments Limited and is the executive chairman of International Pacific Securities Inc. During the past 3 years, Mr Hill has also served as a director of Centrex Metals Limited, Hills Holdings Limited and Outback Metals Limited.

The Board recommends that shareholders vote in favour of the election of Mr Hill.

The Chairman intends to vote undirected proxies in favour of the election of Mr Hill.

RESOLUTION 3: Adoption of Remuneration Report

The Remuneration Report sets out the Company's remuneration arrangements for Directors and senior management and is set out in the Report of the Directors in the Company's 2011 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.

Shareholders will be given a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report at the Annual General Meeting.

The Board will consider the outcome of the vote on Resolution 3 and comments made by Shareholders on the Remuneration Report at the Annual General Meeting when reviewing the Company's remuneration policy.

Under recent changes to the Corporations Act 2001, if 25% or more of votes cast on Resolution 3 at the Annual General Meeting are against the adoption of the Remuneration Report, and then again at the Company's 2012 Annual General Meeting, the Company will be required to put to Shareholders a resolution proposing the calling of a general meeting to consider the appointment of directors of the Company (**Spill Resolution**).

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If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the general meeting (**Spill Meeting**) within 90 days after the Company's 2012 Annual General Meeting. All of the Directors who were in office when the 2012 Directors Report was approved, other than the Managing Director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

The Company encourages all shareholders to cast their votes on Resolution 3.

The Chairman does not intend to vote undirected proxies in connection with Resolution 3.

SPECIAL BUSINESS

RESOLUTION 4: Increase in the maximum aggregate remuneration of Non-Executive Directors

Rule 8.3(a) of the Company's Constitution and ASX Listing Rule 10.17 require that the Company must not increase the maximum amount available for payment of Non-Executive Directors' fees payable in aggregate each year without the approval of Shareholders.

The current maximum amount, set by Shareholders at the Annual General Meeting in November 2007, is \$750,000. Since then, the number of Directors on the Board has increased and the Company is in the process of recruiting further Directors to ensure that it has an appropriate mix of skills and balance of independence. The Board therefore considers it reasonable and appropriate to seek an increase in the remuneration pool for Non-Executive Directors. Whilst it is not envisaged that the maximum amount sought will be utilised immediately, the proposed limit is requested to ensure that the Company:

- remunerates its Directors appropriately for the expectations placed upon them both by the Company and the regulatory environment in which it operates; and
- has the ability to attract and retain Directors whose skills and qualifications are appropriate for a company of the size and nature of the Company.

Given the interest of the Non-Executive Directors in this Resolution, the Board makes no recommendation to Shareholders regarding Resolution 4.

The Chairman intends to vote undirected proxies in favour of Resolution 4.

RESOLUTION 5: Renewal of Proportional Takeover Plebiscite

Rules 6.1 to 6.3 of the Constitution provide that the Company can prohibit the registration of a transfer of shares resulting from a proportional (or partial) takeover unless Shareholders in general meeting approve the offer. Under the Corporations Act and Rule 6.4 of the Constitution, Rules 6.1 to 6.3 cease to have effect on the third anniversary of their adoption, which is 18 November 2011.

The Directors consider that it is in the interests of shareholders for the Company to retain a proportional takeover rule and approval is therefore being sought to renew Rules 6.1 to 6.3 of 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 at a general meeting on whether to accept or reject the offer. The majority decision of shareholders present and voting at the meeting will be binding on all 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 not 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 within the 14 day deadline specified in the Corporations Act, 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 from the date of their renewal pursuant to Resolution 5. The provisions may again be renewed by a special resolution of Shareholders.

No person to acquire or increase its substantial interest

At the date this Notice of Meeting 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

While the renewal of Rules 6.1 to 6.3 will allow the Board to ascertain Shareholders' views on a proportional takeover bid, 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 are:

- Shareholders 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;
- the provisions increase 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 include:

- proportional takeover bids for shares in the Company may be discouraged and may reduce any speculative element in the market price of the Company's shares arising from a takeover offer being made;
- Shareholders may lose an opportunity of selling some of their shares at a premium;
- the chance of a proportional takeover bid being successful may be reduced due to the delay, cost and uncertainty involved in convening a General Meeting; and
- the renewal of Rules 6.1 to 6.3 may also be considered an additional restriction on the ability of Shareholders to deal freely with their shares.

While the 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 Board recommends that Shareholders support renewal of the proportional takeover approval provisions, by voting in favour of Resolution 5.

The Chairman intends to vote undirected proxies in favour of this Resolution.

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

You can also request a copy of the Constitution by writing to the Company Secretary or emailing admin@mtgibsoniron.com.au.

Definitions

Key Management Personnel has the same meaning as in the accounting standards published by the Australian Accounting Standards Board and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Closely Related Party of a member of Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the Company;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations* 2001 (Cth).

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2011.

Schedule 1 – Rules 6.1 to 6.3 of the Constitution

6.1 Definitions

The meanings of the terms used in this rule 6 are set out below.

Term	Meaning
Approving Resolution	in relation to a Proportional Takeover Bid, means a resolution to approve the Proportional Takeover Bid passed in accordance with rule 6.3.
Approving Resolution Deadline	in relation to a Proportional Takeover Bid, means the day that is 14 days before the last day of the bid period, during which the offers under the Proportional Takeover Bid remain open or a later day allowed by the Australian Securities and Investments Commission.
Proportional Takeover Bid	a takeover bid that is made or purports to be made under section 618(1)(b) of the Act in respect of securities included in a class of securities in the company.
Relevant Class	in relation to a Proportional Takeover Bid, means the class of securities in the company in respect of which offers are made under the Proportional Takeover Bid.

6.2 Transfers not to be registered

Despite rules 5.1(c) and 5.2, a transfer giving effect to a contract resulting from the acceptance of an offer made under a Proportional Takeover Bid must not be registered unless an Approving Resolution to approve the Proportional Takeover Bid has been passed or is taken to have been passed in accordance with rule 6.3.

6.3 Approving Resolution

- (a) Where offers have been made under a Proportional Takeover Bid, the directors must:
- (1) convene a meeting of the persons entitled to vote on the Approving Resolution for the purpose of considering and, if thought fit, passing a resolution to approve the Proportional Takeover Bid; and
 - (2) ensure that the resolution is voted on in accordance with this rule 6.3, before the Approving Resolution Deadline.
- (b) The provisions of this constitution relating to general meetings apply, with such modification as the circumstances require, to a meeting that is convened under rule 6.3(a), as if that meeting were a general meeting of the company.
- (c) The bidder under a Proportional Takeover Bid and any associates of the bidder are not entitled to vote on the Approving Resolution and if they do vote, their votes must not be counted.

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- (d) Subject to rule 6.3(c), a person who, as at the end of the day on which the first offer under the Proportional Takeover Bid was made, held securities of the relevant class, is entitled to vote on the Approving Resolution relating to the Proportional Takeover Bid.
- (e) An Approving Resolution that has been voted on is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 50%, and otherwise is taken to have been rejected.
- (f) If an Approving Resolution has not been voted on in accordance with this rule 6.3 as at the end of the day before the Approving Resolution Deadline, an Approving Resolution will be taken to have been passed in accordance with this rule 6.3 on the Approving Resolution Deadline.

VOTING INFORMATION STATEMENT

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, Shareholders will be taken to be those registered holders of the Company's shares at 5.00 pm (Perth, WA time) on Monday 14 November 2011. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.

PROXIES

Changes to Proxy Voting

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders should be aware of these changes as they will apply to this Annual General Meeting. Broadly, the changes mean that:

- (a) If proxy holders vote, they must cast all directed proxies as directed.
- (b) Any directed proxies which are not voted will automatically default to the Chairman, who must vote the proxies as directed.

Further details on these changes are set out below.

Appointing a proxy

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

- Each Shareholder entitled to attend and vote at the Annual General Meeting has the right to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the proxy form.
- Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
- A duly appointed proxy need not be a Shareholder of the Company.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (a) The proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed).
- (b) If the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands.
- (c) If the proxy is the Chairman of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed).
- (d) If the proxy is not the Chairman, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

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Transfer of Non-Chairman proxy to Chairman in certain circumstances

Section 250BC of the Corporations Act provides that, if all of the following criteria (a) to (d) are met:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
- (b) the appointed proxy is not the Chairman of the meeting;
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:
 - (i) the proxy is not recorded as attending the meeting; or
 - (ii) the proxy does not vote on the resolution,

then the Chairman of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Signing instructions

- (a) **(Individual)**: Where the holding is in one name, the Shareholder must sign.
- (b) **(Joint holding)**: Where the holding is in more than one name, all of the Shareholders should sign.
- (c) **(Power of Attorney)**: If you have not already provided the Power of Attorney to the registry, please attach a certified photocopy of the Power of Attorney to the enclosed proxy form when you return it.
- (d) **(Companies)**: Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.

Attending the meeting

Completion of a proxy form will not prevent individual Shareholders from attending the Annual General Meeting in person if they wish. Where a Shareholder completes and lodges a valid proxy form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present.

Return of proxy form

To vote by proxy in accordance with section 250BA of the Corporations Act, please complete and sign the enclosed proxy form and return to the Company using one of the following options:

- 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)
- By email: admin@mtgibsoniron.com.au

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The proxy form must be received by the Company at least 48 hours prior to the time of the commencement of the Annual General Meeting, that is by 9.30am on Monday, 14 November 2011. Proxy forms received later than this time will be invalid.

Proxy Restrictions regarding Resolution 3

The Chairman of the Annual General Meeting will vote undirected proxies on, and in favour of, all of the proposed resolutions, except for Resolution 3 (Remuneration Report). This is because there is uncertainty under the Corporations Act as to whether the Chairman is lawfully permitted to vote undirected proxies in favour of Resolution 3. If you appoint the Chairman of the Annual General Meeting as your proxy and you wish to vote on Resolution 3, then you must direct the Chairman how to vote on Resolution 3. If you do not give a direction to the Chairman how to vote on Resolution 3, then the Chairman cannot exercise your vote.

Apart from the Chairman, if you appoint any other Director of the Company, any other member of Key Management Personnel or any of their Closely Related Parties to be your proxy (**KMP Proxy**) and you wish to vote on Resolution 3, then you must direct your KMP Proxy how to vote on Resolution 3. If you do not give a direction to your KMP Proxy how to vote on Resolution 3, your KMP Proxy cannot exercise your vote.

Proxy Restrictions regarding Resolution 4

The Chairman is permitted to vote undirected proxies in connection with Resolution 4.

Apart from the Chairman, if you appoint a KMP Proxy and you wish to vote on Resolution 4, then you must direct your KMP Proxy how to vote on Resolution 4. If you do not give a direction to your KMP Proxy how to vote on Resolution 4, your KMP Proxy cannot exercise your vote.

CUSTODIAN VOTING

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

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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

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

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: 999999

SRN/HIN: 1999999999

PIN: 99999



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 9.30am (Perth, WA Time) Monday 14 November 2011

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 except if your proxy is subject to the proxy voting restrictions as described in the Notice of Meeting. 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** →

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

IND

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 Plaistowe Mews, West Perth, Western Australia on Wednesday, 16 November 2011 at 9.30am (Perth, WA Time) and at any adjournment of that meeting. The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business other than in respect of **Resolution 3**, where the company has determined that the Chairman is unable to do so. If the Chairman of the Meeting is your proxy (or becomes your proxy by default), you authorise the Chairman to exercise your proxy on **Resolution 4** even though **Resolution 4** is connected directly or indirectly with the remuneration of a member of key management personnel. For **Resolution 4** this authority is also subject to you marking the box in the section below.

Important for Resolution 4: If the Chairman of the Meeting is your proxy and you have not directed the Chairman how to vote on **Resolution 4** below, please mark the box in this section. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on **Resolution 4** and your votes will not be counted in computing the required majority if a poll is called on this Resolution. The Chairman of the Meeting intends to vote undirected proxies in favour of **Resolution 4**.

I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if the Chairman has an interest in the outcome of **this Resolution** and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

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	Election of Director - Geoffrey Hill	<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	Increase in the maximum aggregate remuneration of Non-Executive Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Renewal of Proportional Takeover Plebiscite	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all undirected proxies in favour of each item of business except Resolution 3.

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 / /