



Dear Shareholder

Mount Gibson Iron Limited ("**Mount Gibson**") has established the framework for a Dividend Reinvestment Plan ("**DRP**") to enable eligible shareholders to re-invest dividends in additional Mount Gibson shares.

The Mount Gibson Board will determine whether the **DRP** will apply with respect to each dividend at the time it considers the declaration of that dividend. Mount Gibson will announce whether the **DRP** will apply with respect to a dividend at the same time as that dividend is announced.

This **DRP** Guide contains information in relation to the **DRP**. Please read it carefully. A copy of the Plan Rules of the **DRP** is available on Mount Gibson's website at <http://www.mtgibsoniron.com.au/>, or on request by telephoning +61 8 9426 7500. You should read the Plan Rules carefully before deciding whether to participate in the **DRP**. Any information provided by Mount Gibson in this Guide is of a general nature only and does not take into account your personal circumstances. You should consult your own financial or legal adviser if you are unsure about what is the best option for you. You should also seek your own taxation advice before deciding what is best for you.

Key Points

Reinvestment of dividends

The **DRP** offers a convenient way for you to increase your shareholding in Mount Gibson by reinvesting some or all of your dividends in additional Mount Gibson shares. Shares will be issued or transferred to you at a price based on the market price.

Participation in the **DRP is voluntary**

You may apply to participate, change your level of participation, or cancel your participation in the **DRP** at any time and from time to time, provided a sufficient amount of notice is given.

Tailoring to individual circumstances: receipt of dividends in additional shares, combination of shares/cash or cash only

The **DRP** provides you with flexibility to choose the way in which you receive the benefit of your Mount Gibson dividends in respect to which the **DRP** applies. If the **DRP** applies to a dividend, you will have the option of receiving shares, a combination of shares and cash, or cash only.

No additional cost to participate

You do not have to appoint a broker and you do not have to pay fees, brokerage or other administration costs to participate in the **DRP**.

Residual amounts are carried forward

You will only receive a whole number of shares under the **DRP**. Where the allocation calculation would otherwise result in a fraction of a share being allocated to you, the cash amount attributable to that fraction will be credited to your **DRP** account. The amount in your **DRP** account will be added to your next dividend in respect to which the **DRP** applies for the purposes of calculating the number of shares allocated to you under the **DRP** in respect of that later dividend. No interest will accrue on credited amounts in **DRP** accounts.

Shares rank equally

Shares issued under the **DRP** rank equally with existing shares from the date of issue, unless the Mount Gibson Board determines otherwise.

DRP statement

A DRP statement will be provided to you shortly after the time of a dividend payment in respect to which the DRP applies. Your DRP statement will include details of any shares allocated to you under the DRP and any residual amount carried forward in your DRP account.

Plan Rules

The rules of the DRP are set out in the Plan Rules, a copy of which is available on Mount Gibson's website at <http://www.mtgibsoniron.com.au/> or by telephoning +61 8 9426 7500. This booklet is only a summary of some of the features of the DRP and those Plan Rules. Nothing in this Guide or the DRP Election/Variation Form is intended to modify or otherwise affect the Plan Rules.

Where to find the DRP form

You must use a 'Dividend Reinvestment Plan Election/Variation Form' (**DRP Election/Variation Form**) to apply to participate in the DRP, vary your participation or cancel your participation. This form can be obtained by contacting the share registry.

Foreign Sales Restrictions

Hong Kong

WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

New Zealand

The New Shares are not being offered or sold to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Papua New Guinea

The New Shares are not being offered or sold to the public within Papua New Guinea other than to existing shareholders of the Company with registered addresses in Papua New Guinea to whom the offer of New Shares is being made in reliance on Section 51(2)(c) of the Securities Act 1997.

This document has not been registered, filed with or approved by any Papua New Guinea regulatory authority under the Securities Act 1997. This document is not an investment statement or prospectus under Papua New Guinea law and is not required to, and may not, contain all the information that an investment statement or prospectus under Papua New Guinea law is required to contain.

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an existing registered holder of the Company's ordinary shares. In the event that you are not such a shareholder, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares. This document relates to the New Shares, being transferrable securities which fall within section 85(5)(b) of FSMA on the basis that they are dividends paid out in the form of shares of the same class as the shares in respect of which the dividends are paid and in respect of which a document has or will be made available containing the information specified in 1.2.2R of the Prospectus Rules of the UK Financial Services Authority. This document is issued on a confidential basis to fewer than 150 persons (other than "qualified investors" (within the meaning of section 86(7) of FSMA)) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who fall within Article 43 (members of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, or (ii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

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Frequently Asked Questions (FAQ)

Q. Is participation in the DRP voluntary?

A. Yes. If you don't want to participate in the DRP you don't have to do anything and you will continue to be paid your dividends by cheque (or direct credit where you have provided your banking details).

Q. Who is eligible to participate in the DRP?

A. The Mount Gibson Board will determine whether the DRP will apply to a particular dividend at the time it considers the declaration of that dividend. You may participate in the DRP if your address on the register of shareholders is in Australia or New Zealand, unless you hold your shares only on behalf of another person who resides outside Australia and New Zealand. In certain circumstances the Mount Gibson Board may allow participation by persons who reside outside of Australia and New Zealand or hold their shares for persons who reside outside of Australia and New Zealand.

Q. What do I have to do to participate in the DRP?

A. To participate in the DRP you need to complete a DRP Election Form and return it to the share registry. The share registry address is shown in the DRP Election Form.

Q. Can I participate in the DRP in respect of some but not all of my Mount Gibson shares?

A. Yes. You can nominate a specific percentage of your shares on the DRP Election Form to participate in the DRP. This is referred to as 'Partial Participation'. In this case, only part of your dividend will be reinvested in additional shares when the DRP applies to a dividend. The dividend entitlement on the balance of your shareholding that is not participating in the DRP will be paid by cheque (or direct credit where you have provided your banking details).

Q. When do I have to return my DRP Election Form by if I want to apply to participate in the DRP?

A. For your DRP Election Form to be effective for a dividend in respect to which the DRP applies, it must be received by the share registry by 5.00pm Australian Eastern Time (or such other time set by the Mount Gibson Board) on the record date for determining entitlements to that dividend. If your form is received after this time, it will not become effective until the following dividend.

Q. Does the DRP apply in respect of every dividend?

A. No. In addition to varying, suspending or terminating the DRP, the Mount Gibson Board may at any time determine that the DRP will not apply to a particular dividend by making an announcement to the market to that effect. Mount Gibson will announce to the market whether the DRP applies in respect of a particular dividend at the same time that the dividend is announced.

Q. If I make an election of 'Full Participation' do shares acquired in the DRP or on market participate in the DRP in respect of subsequent dividends?

A. Yes. If you elect 'Full Participation', shares issued or transferred to you will be able to participate in the DRP in respect of subsequent dividends to which the DRP applies.

Q. If I make an election of 'Partial Participation' do shares acquired in the DRP or on market participate in the DRP in respect of subsequent dividends?

A. Yes, but only to the extent of the percentage nominated by you on your latest DRP Election Form.

Q. Am I able to make changes to my participation?

A. Yes. You can make changes at any time by notifying the share registry using a new DRP Election/Variation Form. For the change to be effective in respect of an upcoming dividend payment, your DRP Election/Variation Form must be received by the share registry by 5.00pm Australian Eastern Time (or such other time set by the Mount Gibson Board) on the record date for the relevant dividend.

Q. What do I need to do if I have a number of shareholdings in Mount Gibson?

A. You must complete and lodge a separate DRP Election/Variation Form for each of your shareholdings registered in different names or with a different Shareholder Reference Number (SRN) or Holder Identification Number (HIN).

Q. Do I have to pay to participate in the DRP?

A. No. You do not have to pay any brokerage, commission or other administration cost on shares transferred or issued under the DRP and, under current laws, no stamp duty is payable by you in respect of those shares.

Q. At what price will shares be issued or transferred to me under the DRP?

A. Shares will be issued or transferred to you under the DRP at the Average Market Price (which is defined in the Plan Rules) for the period designated for pricing shares issued or transferred under the DRP. The Average Market Price may be reduced by a discount, which the Mount Gibson Board may determine from time to time and announce to the market. If the period for determining the Average Market Price includes or is after a dividend record date, this price will not be known at the time by which you will need to decide whether you will be participating in the DRP.

Q. Does participating in the DRP restrict me from selling my shares?

A. No. Participating in the DRP does not restrict your ability to sell your Mount Gibson shares.

Q. What happens if I am participating in the DRP and sell some or all of my shares?

A. Where you have elected 'Full Participation' and then dispose of some of your Mount Gibson shares, dividends on all of your remaining participating Mount Gibson shares will continue to be reinvested under the DRP for each dividend in respect to which the DRP applies. Where you have elected 'Partial Participation' and you dispose of some of your Mount Gibson shares, then unless you have given sufficient notice beforehand, the percentage nominated by you in your latest DRP Election/Variation will apply to the Mount Gibson shares you continue to hold. In each case, if you later acquire more Mount Gibson shares, these will participate in the DRP to the extent indicated in your last DRP Election/Variation Form. If you have ceased to hold any Mount Gibson shares by the time of a dividend record date, you are deemed to have terminated your participation in the DRP at that record date.

Q. When will I receive details of shares issued or transferred to me under the DRP?

A. Following each dividend payment in respect to which the DRP applies you will be sent a DRP statement setting out information including the number of shares allocated to you under the DRP and the cash balance carried forward on any residual amount of the dividend after that allocation (representing a fraction of a share after the calculation of the number of shares to be allocated to you under the DRP in relation to that dividend).

Q. If I cancel my participation in the DRP or sell my Mount Gibson shares, or if Mount Gibson terminates the DRP, what happens to any balance in my DRP account?

A. If Mount Gibson terminates the DRP, or you otherwise cease to participate in the DRP, any residual balance in your DRP account will be paid to you at the time the next dividend is paid.

Q. Can the DRP be varied, suspended or terminated?

A. Yes. The Mount Gibson Board may vary, suspend or terminate the DRP at any time by notification to the market. The Mount Gibson Board will determine whether the DRP is to apply with respect to a dividend at the time it considers the declaration of that particular dividend. Mount Gibson will announce to the market whether the DRP will apply to a dividend at the same time that the dividend is announced.

Q. What about tax implications?

A. Mount Gibson recommends that you obtain professional taxation advice about the consequences of participating in the DRP.



Mount Gibson Iron
ABN 87 008 670 817

Computershare

All correspondence to:
Computershare Investor Services Pty Limited
GPO Box 2975 Melbourne
Victoria 3001 Australia
Enquiries (within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000
www.investorcentre.com/contact

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

Securityholder Reference Number (SRN)



I 9999999999

DEC

For your security keep your SRN/HIN confidential.

Dividend Reinvestment Plan

Use a **black pen**.
Print in **CAPITAL** letters
inside the grey areas.

A	B	C
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1	2	3
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Where a choice is required,
mark the box with an 'X'

X

A Dividend Reinvestment Plan (DRP)

X

ALL Please mark this box with an 'X' if you wish all your securities to participate in the company's DRP.

OR

IMPORTANT: If you choose partial DRP, please show the *percentage* of your securityholding that you wish to participate.

X

PART

Specify the percentage of securities you wish to participate in the company's DRP.

		%
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B Sign Here - This section must be signed for your instructions to be executed.

I/We authorise you to act in accordance with my/our instructions set out above. I/We acknowledge that these instructions supersede and have priority over all previous instructions in respect to my/our securities. Where I/we have indicated participation in the Dividend Reinvestment Plan, I/we hereby agree to be bound by the Mount Gibson Iron Limited Dividend Reinvestment Plan Rules.

Individual or Securityholder 1

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Director

Securityholder 2

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Director/Company Secretary

Securityholder 3

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Sole Director and Sole Company Secretary

Date - Day

Month

Year

		/			/			
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Note: When signed under Power of Attorney, the attorney states that they have not received a notice of revocation. Computershare Investor Services Pty Limited needs to sight a certified copy of the Power of Attorney.

D I 0 1 2



How to complete this form

A Dividend Reinvestment Plan (DRP)

Complete this section if you wish to have your cash dividends reinvested in the form of more company securities.

If you wish to reinvest part of your securities in the company's DRP, please show the percentage of your securityholding that you wish to participate.

Please note that an election to participate fully in the Dividend Reinvestment Plan will override any instruction on the registry record regarding direct payment of cash dividends into a nominated account.

This instruction only applies to the specific holding identified by the SRN/HIN and the name appearing on the front of this form.

B Signature(s)

If you have chosen to have your cash dividends fully or partially reinvested into company securities and you have completed Section A, you must sign this form as follows in the spaces provided:-

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

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the appropriate place.

DI012

MGX

Please return the completed form to:

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne Victoria 3001
Australia

