



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
THURSDAY, 30 NOVEMBER 2006
AT
MEETING ROOM 6, LEVEL 2
PERTH CONVENTION AND EXHIBITION CENTRE
AT 2.00 P.M.**

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 D182, Perth, WA 6840
or by facsimile on facsimile number (+61 08) 9323 2033**

**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: Thursday, 30 November 2006
LOCATION: Meeting room 6, Level 2
Perth Convention and Exhibition Centre
TIME: 2:00 p.m.

ORDINARY BUSINESS

FINANCIAL REPORTS

To receive and consider the financial report and the Directors' and auditors' reports for the year ended 30 June 2006.

RESOLUTION 1: Re-election of Director – William Brand Willis

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

"That William Brand Willis, who retires 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 Alexander Macliver

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

"That Ian Alexander Macliver, who retires 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: Re-election of Director – Alan Stephen Jones

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

"That Alan Stephen Jones who retires in accordance with Clause 3.3 of the Company's Constitution, and being eligible, is re-elected as a Director of the Company."

RESOLUTION 4: Election of Director – Robert Moyse Willcocks

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

"That Robert Moyse Willcocks be appointed as a Director of the Company."

RESOLUTION 5: Election of Director – Kin Chan

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

"That Kin Chan be appointed as a Director of the Company."

RESOLUTION 6: 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 2006 be adopted.”

Please note whilst the Corporations Act 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.

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 4pm on 28 November 2006. 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 D182, Perth, WA 6840

By facsimile: (08) 9323 2033

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, Angela Dent on telephone +61 8 9426 7500.

BY ORDER OF THE BOARD



Angela Dent
Company Secretary

DATED: 30 October 2006

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 2006,

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 William Brand Willis

Mr Willis retires by rotation and, being eligible, offers himself for re-election. Mr Willis was appointed Chairman of the Company on 21 December 2001 and holds the position of Independent Chairman.

Mr Willis is a geologist with extensive technical and management experience gained over more than 40 years in the Australian mining sector, mostly in iron ore. Mr Willis was Executive Director and Chief Executive of Robe River Mining Co Pty Limited from 1993 to 1999 inclusive and held senior management positions with North Limited and Peko Wallsend Pty Ltd. During a 20 year period with BHP Pty Ltd he was variously responsible for exploration, mine geology and management of iron ore production at that company's iron ore mines at Koolyanobbing and Cockatoo Island, Yampi Sound and responsible for exploration and mine geology at Mt Newman.

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

RESOLUTION 2: Re-election of Director – Ian Alexander Macliver

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

Mr Macliver is Managing Director of Grange Consulting Group Pty Ltd, which provides specialist corporate advisory services to both listed and unlisted companies. He has several years experience as a senior executive and director of resource and industrial companies. Mr Macliver is Chairman and a Non-Executive Director of Stratatel Ltd, BioProspect Ltd and is a Non-Executive Director of Port Bouvard Ltd and Ottoman Energy Ltd. During the past three years Mr Macliver has also served as a Director of Commoditel Ltd, Continental Goldfields Ltd, Konekt Ltd and ORT Ltd.

The Directors (other than Mr Macliver) unanimously 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: Re-election of Director – Alan Stephen Jones

Mr Jones was appointed a Non-Executive Director by the Board on 1 August 2006. Under the Company's constitution he holds office only until this meeting and therefore offers himself for re-election.

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. He is a Non-Executive Director of Mulpha Australia Limited, Sun Hung Kai & Co. Limited (Hong Kong), Allied Group Limited (Hong Kong) and Allied Properties Limited (Hong Kong). Mr Jones has been involved in the successful merger and acquisition of a number of public companies in Australia and internationally.

The Directors (other than Mr Jones) unanimously recommend that Shareholders **VOTE IN FAVOUR** of resolution 3. Mr Jones, who has an interest in the outcome of resolution 3, declines to make a recommendation.

RESOLUTION 4: Election of Director – Robert Moyse Willcocks

On 6 October 2006, the Company received correspondence from RIMCapital Limited, a Shareholder in the Company, nominating Mr Willcocks for election as a Director of the Company at the Annual General Meeting. As of the date of this Notice of Meeting, RIMCapital Limited is the registered holder of 800,000 shares representing 0.18% in the Company.

Mr Willcocks has provided a brief biography which is set out in Appendix 1.

The Directors, having considered Mr Willcocks' nomination and all other relevant available information, unanimously recommend that Shareholders **VOTE AGAINST** resolution 4 for the reasons set out below.

The Directors believe that the Board's present size of seven Directors is optimal given the size of the Company and the extent of its operations. As such, there would need to be compelling reasons for increasing its size to accommodate an additional Director. Such reasons would include the addition of a Director possessing skills and experience in an area in which the Board considers it is lacking and which the Directors believe would be beneficial to the Company.

The Directors note that Mr Willcocks is primarily qualified and has experience in the fields of law and commerce. The Directors consider that the Board, as presently constituted, already sufficiently possesses these competencies.

The Directors also note that the Company is presently involved in a takeover bid for all the ordinary shares on issue in Aztec Resources Limited (**Aztec**). As noted in the Company's bidder's statement dated 11 August 2006, the Company has expressed an intention to invite the Chairman of Aztec to join the Board should Aztec become a wholly owned subsidiary of the Company. Given the current status of the takeover, the Directors are of the view that now is not the right time to re-constitute the Board.

Accordingly, it is the Directors' view that there are no compelling reasons to recommend that Shareholders vote in favour of resolution 4.

RESOLUTION 5: Election of Director – Kin Chan

On 6 October 2006, the Company also received correspondence from Argyle Street Management Limited, another Shareholder in the Company, nominating Mr Chan for consideration as a Director of the Company at the Annual General Meeting. As of the date of this Notice of Meeting, Argyle Street Management Limited has a beneficial interest in 5,947,956 shares representing 1.31% in the Company.

Mr Chan has provided a brief biography which is set out in Appendix 1.

The Directors, having considered Mr Chan's nomination and all other relevant available information, unanimously recommend that Shareholders **VOTE AGAINST** resolution 5 for the reasons set out below.

As noted above, the Directors believe that the Board's present size of seven Directors is optimal given the size of the Company and the extent of its operations. As such, there would need to be compelling reasons for increasing its size to accommodate an additional Director. Such reasons would include the addition of a Director possessing skills and experience in an area in which the Board is lacking and which the Directors believe would be beneficial to the Company.

The Directors note that, while Mr Chan has international corporate and financial experience, he does not appear to have significant mining, operational or corporate experience in the context of an Australian mining company such as Mount Gibson.

In addition, the Directors consider that the Board, as presently constituted, possesses significant Australian and international corporate and financial experience.

The Directors also reiterate that, whilst the Company is involved in a takeover bid for Aztec, and having expressed an intention to invite the Chairman of Aztec to join the Board should Aztec become a wholly owned subsidiary of the Company, the Directors are of the view that now is not the right time to re-constitute the Board.

Accordingly, it is the Directors' view that there are no compelling reasons to recommend that Shareholders vote in favour of resolution 5.

RESOLUTION 6: Adoption of Remuneration Report

The Remuneration Report is set out in the Report of the Directors in the Company's 2006 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.

Appendix 1

Robert Moyse Willcocks – Biography

Mr Willcocks (BA, LLB (ANU), Master of Laws (University of Sydney)) has almost 30 years experience advising companies in the mining sector as a lawyer, corporate adviser and as an independent director of publicly listed natural resources companies. A former partner of Mallesons Stephen Jaques, he was a Director of Emperor Mines Limited from 1999 to June this year when the Board was reconstituted by its new majority shareholder. Currently he is Chairman of RIM Capital Limited, a Director of CBH Resources Limited and is a member of the Audit Committee, Remuneration Committee, Succession and Governance Committee and Safety Health and Environment Committee of that company. Mr Willcocks has served on the Council of Bond University and has represented a leading Global private equity concern in Australia. Mr Willcocks has informed the Company that, if elected, he will be an independent director of Mount Gibson Iron Limited and will be particularly concerned with corporate governance standards.

Kin Chan – Biography

Mr Chan has significant deal experience in Asia. He has completed transactions of an aggregate size of over US\$15 billion. As one of the founders of Argyle Street Management Limited, Mr Chan helps manage approximately US\$550 million. The annualized return of the main fund he manages is in excess of 20% since its inception in 2002. Mr. Chan is eager to add value to the Company in the areas of capital markets, mergers and acquisitions.

Mount Gibson Iron Limited

ABN 87 008 670 817

Proxy Form

All correspondence to:

Computershare Investor Services Pty Limited
GPO Box D182 Perth
WA 6840 Australia
Enquiries (within Australia) 1300 557 010
(outside Australia) 61 3 9415 4000
Facsimile 61 8 9323 2033
www.computershare.com

Mark this box with an 'X' if you have made any changes to your address details (see reverse)



000001
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MGX
MR JOHN SMITH 1
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Securityholder Reference Number (SRN)



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Appointment of Proxy

I/We being a member/s of Mount Gibson Iron Limited and entitled to attend and vote hereby appoint



the Chairman
of the Meeting
(mark with an 'X')

OR

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

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 Perth Convention and Exhibition Centre, Room 6, Level 2, Perth WA on Thursday, 30 November 2006 at 2.00 pm and at any adjournment of that meeting.

Voting directions to your proxy - please mark to indicate your directions

		For	Against	Abstain*
1	Re-election of Director - William Brand Willis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Re-election of Director - Ian Alexander Macliver	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Re-election of Director - Alan Stephen Jones	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Election of Director - Robert Moyses Willcocks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Election of Director - Kin Chan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	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.

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

Appointing a second Proxy

I/We wish to appoint a second proxy



Mark with an 'X' if you wish to appoint a second proxy.

AND

%

OR

State the percentage of your voting rights or the number of securities for this Proxy Form.

PLEASE SIGN HERE This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1

Individual/Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

In addition to signing the Proxy form in the above box(es) please provide the information below in case we need to contact you.

Contact Name

Contact Daytime Telephone

Date

/ /

MGX

1 P R



How to complete the Proxy Form

1 Your Address

This is your address as it appears on the company's share register. If this information is incorrect, please mark the box and make the correction on the form. Securityholders sponsored by a broker (in which case your reference number overleaf will commence with an 'x') should advise your broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the full name of that individual or body corporate in the space provided. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

- (a) indicate that you wish to appoint a second proxy by marking the box.
- (b) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (c) return both forms together in the same envelope.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

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

If a representative of a corporate Securityholder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's share registry or at www.computershare.com.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below no later than 48 hours before the commencement of the meeting at 2.00 pm on Thursday, 30 November 2006. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged using the reply paid envelope or:

- IN PERSON Share Registry - Computershare Investor Services Pty Limited, Level 2, Reserve Bank Building, 45 St Georges Terrace, Perth WA 6000 Australia
- BY MAIL Share Registry - Computershare Investor Services Pty Limited, GPO Box D182, Perth WA 6840 Australia
- BY FAX 61 8 9323 2033