

Confidential communication

The Company Announcements Platform
Australian Stock Exchange Limited
Fax 1900 999 279

2 February 2007

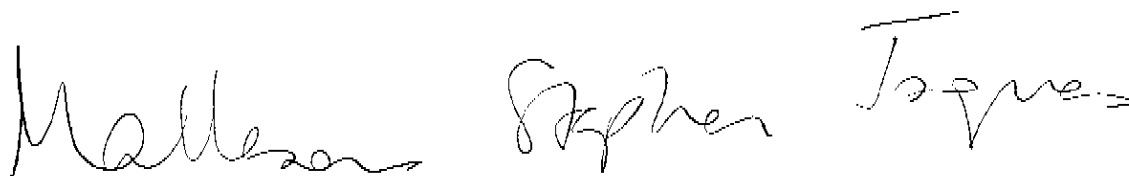
Dear Sir/Madam

Mount Gibson Iron Limited (ABN 87 008 670 817)

We act for Gallagher Holdings Limited ("Gallagher").

On behalf of Gallagher, we attach a notice of change in substantial holding in Mount Gibson Iron Limited.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Malleson Stephen Toque'.

Form 604Corporations Act 2001
Section 671B**Notice of change of interests of substantial holder**To, Company Name/Scheme Mount Gibson Iron LimitedACN/ARSN 008 670 817**1. Details of substantial holder (1)**Name Gallagher Holdings LimitedACN/ARSN (If applicable) Incorporated in Cyprus with company number HE 133001There was a change in the interests of the
substantial holder on31 / January / 2007

The previous notice was given to the company on

4 / January / 2007

The previous notice was dated

3 / January / 2007**2. Previous and present voting power**

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in when last required, and when now required, to give a substantial holding notice to the company or scheme, are as follows:

Class of securities (4)	Previous notice		Present notice	
	Person's votes	Voting power (5)	Person's votes	Voting power (5)
Ordinary shares (ORD)	135,656,737	19.05%	135,656,737	17.96%

3. Changes in relevant interests

Particulars of each change in, or change in the nature of, a relevant interest of the substantial holder or an associate in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

Date of change	Person whose relevant interest changed	Nature of change (6)	Consideration given in relation to change (7)	Class and number of securities affected	Person's votes affected
04/01/2007 11/01/2007	Gallagher Holdings limited	Reduction in relevant interest as a result of the dilutive impact of shares issued by Mount Gibson Iron Limited to optionholders in Mount Gibson Iron Limited who have exercised options to subscribe for ordinary shares in Mount Gibson Iron Limited.	NA	109,730,611 ordinary shares	109,730,611
31/01/2007	Gallagher Holdings Limited	On 31/01/07, Gallagher Holdings Limited exercised its option to acquire shares in Mount Gibson Iron Limited pursuant to the conditional sale agreement between Gallagher Holdings Limited and Australian	\$23,333,333 (on completion of the transfer of the shares to Gallagher Holdings Limited)	25,925,926 ordinary shares	25,925,926

		Royalties Corporation Pty Ltd as trustee of the Australian Royalties Trust, dated 28/12/06, following satisfaction of the conditions. This is a change in the nature of the relevant interest already held by Gallagher Holdings Limited in those shares.			
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4. Present relevant interests

Particulars of each relevant interest of the substantial holder in voting securities after the change are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Nature of relevant interest (6)	Class and number of securities	Person's votes
Gallagher Holdings Limited	Gallagher Holdings Limited	Gallagher Holdings Limited	Registered holder of shares	109,730,811 ordinary shares	109,730,811
Gallagher Holdings Limited	Australian Royalties Corporation Pty Ltd as trustee of the Australian Royalties Trust	Gallagher Holdings Limited (on completion of the transfer of the shares to Gallagher Holdings Limited)	Right to acquire shares	25,925,926 ordinary shares	25,925,926

5. Changes in association

The persons who have become associates (2) of, ceased to be associates of, or have changed the nature of their association (9) with, the substantial holder in relation to voting interests in the company or scheme are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
NA	

6. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Gallagher Holdings Limited	Ledra House, 15 Aylou Pavlou Street, Aylou Andreas, CY, 1105, Nicosia, Cyprus
Australian Royalties Corporation Pty Ltd as trustee of the Australian Royalties Trust	Level 8, 131 York Street, Sydney, NSW, 2000

Signature

print name Dimitrios Sarghides

Capacity Director

sign here

date 01 February 2007

DIRECTIONS

(1)

If there are a number of substantial holders with similar or related relevant interests (eg a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 6 of the form.

- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
 - (3) See the definition of "relevant interest" in sections 603 and 671B(7) of the Corporations Act 2001.
 - (4) The voting shares of a company constitute one class unless divided into separate classes.
 - (5) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
 - (6) Include details of:
 - (a) any relevant agreement or other circumstances because of which the change in relevant interest occurred. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).
- See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (7) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.
 - (8) If the substantial holder is unable to determine the identity of the person (eg if the relevant interest arises because of an option) write "unknown".
 - (9) Give details, if appropriate, of the present association and any change in that association since the last substantial holding notice.
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