



Mount Gibson Iron Limited

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The Manager
Company Announcements
Australian Stock Exchange Limited
Level 10, 20 Bond Street
SYDNEY NSW 2000

SUBJECT: MOUNT GIBSON IRON EXTENDS MANAGING DIRECTORS CONTRACT FOR THREE YEARS

Mount Gibson Iron Limited (ASX code: MGX) advises that the service contract of its Managing Director, Mr Brian Johnson, has been extended to 31 December 2007.

With the Company's Tallering Peak hematite mine now operating profitably at 2 Mtpa and with the potential to expand to 2.5 Mtpa later this year, Mr Johnson's future focus will be on finalising the corporate structuring announced earlier today in relation to Asia Iron Holdings Limited, and the development of the iron pellet project in China.

Subject to Shareholder's approval, Mr Johnson will be provided with an incentive in the form of Mount Gibson Iron Limited share options with the following conversion dates and exercise price;

No Options	Vesting Date	Expiry Date	Exercise Price
5.0 million	31 December 2005	31 December 2007	50 cents
5.0 million	31 December 2006	31 December 2008	55 cents

Mr Bill Willis, Chairman of Mount Gibson Iron Limited said that the Group was keen to retain the services of Mr Johnson for the next critical phase of its corporate development as he had proven on numerous occasions during his career, the capability to successfully develop projects and lead management teams from their conceptual stage through to production.

The Company also advises it's General Manager Operations, Mr Kevin Malaxos, has been appointed as Chief Executive Officer of Mount Gibson Mining Limited, the mining arm of the Group.

Yours sincerely
MOUNT GIBSON IRON LIMITED

John Arbuckle
Company Secretary

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