



## Mount Gibson Iron Limited

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25 January 2005

No. Pages = 2

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

### **SUBJECT: DETAILS OF MANAGING DIRECTORS REMUNERATION PACKAGE**

On 24 January 2005, Mount Gibson Iron Limited (ASX code: MGX) advised that the service contract of its Managing Director, Mr Brian Johnson, had been extended to 31 December 2007.

In accordance with the ASX's Principles of Good Corporate Governance and Best Practice Recommendations, it is advised that the remuneration package for Mr Johnson will comprise:

- Fixed term contract for three years from 1 January 2005 to 31 December 2007;
- Total base remuneration of \$438,000 per annum; and
- Non-cash benefits to the value of \$62,000 per annum which comprises use of a motor vehicle, accommodation and airfares to his residence in New South Wales.

There are no termination benefits at the completion of the contract term. However, if Mount Gibson Iron Limited wishes to terminate the contract, the Company is obliged to pay out the remaining term of the contract to a maximum of two years. If Mr Johnson wishes to terminate the contract, he must provide three months notice.

Subject to Shareholder approval, Mr Johnson will be provided with 10 million Mount Gibson Iron Limited share options with the following conversion dates and exercise prices;

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

Vesting will only occur on the above dates if Mr Johnson is still actively engaged in the management or direction of any of the Mount Gibson Iron Limited Group companies, or immediately in the event there is a change of control or takeover offer for Mount Gibson Iron Limited.

Yours sincerely  
MOUNT GIBSON IRON LIMITED

**John Arbuckle**  
**Company Secretary**

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