



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 GAINS ACCESS TO MAJOR CHINESE RAILWAY GROUP FOR DEVELOPMENT OF EXTENSION HILL MAGNETITE MINE

A Substantial Shareholder Notice was presented on 5 January 2005 by Union Park Company Ltd advising of a direct and indirect holding of 18.5 million shares in the Company (5.9%)

Union Park Company Ltd is a wholly owned Hong Kong registered subsidiary of China Railway Materials & Supplies Corporation ("CRMSC")

CRMSC was established by the Chinese Ministry of Railways in 1988 to act as its supply and trading arm for China's fourteen railway regions and has multibillion dollar annual sales of locomotives, rolling stock, rail, and other railway construction materials in China and overseas, and significant assets.

Mount Gibson Iron's subsidiary, Mount Gibson Mining Limited, which is managing the development of a mine at Extension Hill (Mt Gibson) on behalf of Asia Iron Holdings Limited and its partner, the Nanjing Iron & Steel Group, is negotiating with CRMSC to assist in the provision of rail wagons, rail, and sleepers, and construction of an 85km rail link between Perenjori and the Extension Hill mine.

The recent strengthening of the Company's balance sheet by the conversion of 19 Million options to shares at 25 cents each (\$4.75 million), which were acquired by CRMSC and other overseas investors, will also allow the Company the ability to purchase 35 new rail wagons from China to allow shipping volumes from the existing Talling Peak hematite mine to be increased to 2.5Mtpa in the second half of 2005.

Yours sincerely
MOUNT GIBSON IRON LIMITED

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Company Secretary

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