Mount Gibson Iron Limited
ABN 87 008 670 817

First Floor, 7 Havelock Street
West Perth 6005, Western Australia

PO Box 55, West Perth WA 6872

Telephone: 61-8-9426-7500
Facsimile: 61-8-9485 2305
E-mail: admin@mtgibsoniron.com.au

29 August 2006

The Manager
Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Takeover bid by Mount Gibson Iron Limited ACN 008 670 817 for Aztec Resources Limited ACN 078 548 562
Completion of dispatch of bidder's statements

We attach, by way of service pursuant to item 8 of subsection 633(1) of the Corporations Act 2001 (Cth), a notice stating that Mount Gibson Iron Limited has today completed sending its bidder's statements to offerees in relation to its off-market takeover bid for all the fully paid ordinary shares in the capital of Aztec Resources Limited, including those issued during the offer period.

Yours faithfully

Mount Gibson Iron Limited

Alan Rule
Director

enc

Mount Gibson Iron Limited ACN 008 670 817

Company Notice – subsection 633(1) items 7, 8 and 9 Corporations Act (Act)

Notice of completion of sending Bidder's Statement and Offers

To: Aztec Resources Limited
Australian Securities and Investments Commission
Australian Stock Exchange Limited

Mount Gibson Iron Limited ACN 008 670 817 (**Mount Gibson**) gives notice that it has today completed sending its bidder's statement dated 11 August 2006 (**Bidder's Statement**) (which contains an offer dated 28 August 2006 (**Offer**)) to all persons registered as the holder of fully paid ordinary shares in the capital of Aztec Resources Limited (**Aztec**) in the register of Aztec shareholders, and also to all persons registered as the holder of options in Aztec in the register of Aztec option holders, as at 9.00am (Perth, Western Australia time) on 11 August 2006 (being the date set by Mount Gibson under subsection 633(2) of the Act) (**Relevant Offerees**).

A copy of the Bidder's Statement (which contains the Offer), together with all additional information sent to the Relevant Offerees as required by subsection 633(1C) of the Act (inserted into the Act by ASIC Class Order 01/1543) and subsection 633(6) of the Act, is attached to this notice.

Date: 29 August 2006

Signed for and on behalf of Mount Gibson Iron Limited by:

Alan Rule
Director

Mount Gibson Iron Limited
ABN 87 008 670 817

First Floor, 7 Havelock Street
West Perth 6005, Western Australia

PO Box 55, West Perth WA 6872

Telephone: 61-8-9426-7500
Facsimile: 61-8-9485 2305
E-mail: admin@mtgibsoniron.com.au

28 August 2006

Dear Aztec Shareholder

As you may be aware, Aztec Resources Limited (**Aztec**) has commenced proceedings in the Takeovers Panel in relation to the takeover bid by Mount Gibson Iron Limited (**Mount Gibson**) for all the shares in Aztec.

In the proceedings, Aztec has alleged that there are deficiencies in Mount Gibson's Bidder's Statement, which is enclosed. A summary of Aztec's contentions (which Mount Gibson denies) is set out overleaf.

The Takeovers Panel has yet to consider these matters. Upon doing so, the Takeovers Panel may order Mount Gibson to make additional disclosure by way of a replacement bidder's statement or supplementary bidder's statement.

You should therefore be alert for further advice as to the outcome of the Takeovers Panel proceedings.

Yours faithfully

Bill Willis
Chairman

Aztec contends that the Bidder's Statement should include the following additional disclosure:

1. Further disclosure of historical financial information, including disclosure of Mount Gibson's unaudited results for the six months to June 2006.
2. Disclosure of the basis for Mount Gibson's forecast production at Tallering Peak and various risks which might arise and prevent that forecast being met.
3. Disclosure of the risks associated with the Extension Hill DSO Project that might prevent it from being developed in the manner described in the Bidder's Statement.
4. Disclosure of the risks associated with the sale of Mount Gibson's stake in the Extension Hill Magnetite Project, which was held through Asia Iron Holdings Limited.
5. Disclosure of forecast financial information for Mount Gibson.
6. Disclosure of Mount Gibson's strategy in relation to industry consolidation and its potential impact on Aztec shareholders and the Merged Group and the existence of previous discussions between Mount Gibson, Aztec and Gindalbie Metals Limited.
7. Explanation of how Mount Gibson will fund the Merged Group's projects.
8. Disclosure in relation to the influence of COL Capital Limited and Sun Hung Kai Investment Services Limited.
9. Additional details of adjustments made in the preparation of pro forma financial information.
10. Explanation of the Merged Group capitalisation figure of $600m.

Aztec contends that the following aspects of the Bidder's Statement are misleading:

11. The use of the phrase "near-term production" to describe Extension Hill and Koolan Island.
12. The use of the word "operations" to describe Mount Gibson's activities.
13. The offer premium chart (as it is not scaled to zero).
14. The use of the term "Offer Information Line".

Mount Gibson Iron

ACCEPT

BIDDER'S STATEMENT

Containing an offer by

MOUNT GIBSON IRON LIMITED

ACN 008 670 817

to purchase all of your ordinary shares in

AZTEC RESOURCES LIMITED

ACN 078 548 562

For every three of your Aztec shares, you will receive one Mount Gibson Share.

This is an important document and requires your immediate attention. If you are in any doubt about how to deal with this document, you should contact your broker, financial adviser or legal adviser immediately.

Financial advisors: citigroup Morgan Stanley

Legal advisors: Freehills

IMPORTANT INFORMATION

This Bidder's Statement is issued by Mount Gibson Iron Limited ACN 008 670 817 **(Mount Gibson)** under Part 6.5 of the Corporations Act.

A copy of this Bidder's Statement was lodged with ASIC on 11 August 2006. Neither ASIC nor its officers takes any responsibility for the content of this Bidder's Statement.

Investment advice

In preparing this Bidder's Statement, Mount Gibson has not taken into account the individual objectives, financial situation or needs of individual Aztec shareholders. Accordingly, before making a decision whether or not to accept the Offer, you may wish to consult with your financial or other professional adviser.

Disclaimer as to forward looking statements

Some of the statements appearing in this Bidder's Statement may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which Aztec and Mount Gibson and the members of the Mount Gibson Group operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. None of Mount Gibson, the officers of Mount Gibson, any persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forwarding looking statements in this Bidder's Statement reflect views held only as at the date of this Bidder's Statement.

Disclaimer as to Aztec and Merged Group information

The information on Aztec, Aztec's securities and the Aztec Group contained in this Bidder's Statement has been prepared by Mount Gibson using publicly available information.

The information in this Bidder's Statement concerning Aztec and the assets and liabilities, financial position and performance, profits and losses and prospects of the Aztec Group, has not been independently verified by Mount Gibson. Accordingly Mount Gibson does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

The information on the Merged Group contained in this Bidder's Statement, to the extent that it incorporates or reflects information on Aztec and the Aztec Group, has also been prepared using publicly available information. Accordingly, information in relation to the Merged Group is subject to the foregoing disclaimer to that extent.

Further information relating to Aztec's business may be included in Aztec's target statement which Aztec must provide to its shareholders in response to this Bidder's Statement.

Foreign jurisdictions

The distribution of this Bidder's Statement in jurisdictions outside Australia may be restricted by law, and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Bidder's Statement does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. Mount Gibson Shares have not been, and will not be, registered under the United States Securities Act of 1933 **(Securities Act)** and may not be offered or sold in the United States or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the Securities Act), except in a transaction exempt from the registration requirements of the Securities Act and applicable United States state securities laws.

Privacy

Mount Gibson has collected your information from the Aztec register of shareholders for the purpose of making this Offer and, if accepted, administering your holding of Aztec Shares. The Corporations Act requires the name and address of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Mount Gibson's related bodies corporate and external service providers, and may be required to be disclosed to regulators such as ASIC. The registered address of Mount Gibson is Level 1, 7 Havelock Street, West Perth, 6005, Western Australia.

Defined terms

A number of defined terms are used in this Bidder's Statement. Unless the contrary intention appears, the context requires otherwise or words are defined in section 13 of this Bidder's Statement, words and phrases in this Bidder's Statement have the same meaning and interpretation as in the Corporations Act.

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Annexure A - Announcements in relation to the Offer

Annexure B - ASX announcements by Mount Gibson since 1 July 2005

Annexure C - Call Option Agreement

Annexure D - Report by CRU Strategies

KEY DATES:

Date of this Bidder's Statement:
11 August 2006

Date of Offer: 28 August 2006

Offer closes: (unless extended or withdrawn)
5pm (Perth, Western Australia time) on
29 September 2006

KEY CONTACTS:

Share registrar for the Offer
Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace, Perth, WA 6000

Offer Information Line*
1300 307 543 (within Australia)
+61 3 9415 4335 (outside Australia)

** For legal reasons, calls to these numbers will be recorded.*

CHAIRMAN'S LETTER

Mount Gibson Iron

ABN 87 008 670 817
First Floor, 7 Havelock Street
West Perth 6005, Western Australia
PO Box 55, West Perth WA 6872

Telephone: 61-8-9426-7500
Facsimile: 61-8-9485 2305

11 August 2006

Dear Aztec Shareholder,

On behalf of the Directors of Mount Gibson Iron Limited **(Mount Gibson)**, I am pleased to provide you with the Bidder's Statement detailing Mount Gibson's Offer for all your ordinary shares in Aztec Resources Limited **(Aztec)**.

Mount Gibson is offering to acquire all of your Aztec Shares on the basis of one (1) Mount Gibson Share for every three (3) Aztec Shares you hold. The Offer values each Aztec Share at $0.263 based on the volume weighted average price of Mount Gibson Shares on 21 July 2006 (the last trading day before the Offer was announced).

As Aztec Shareholders will own approximately 46.5% of the Merged Group (based on undiluted ordinary shares for both Aztec and Mount Gibson as at the date of this Bidders Statement), you will have the opportunity to participate at a meaningful level in the significant benefits that Mount Gibson believes will arise from a merger of the two companies, including:

- the creation of Australia's leading independent pure-play iron ore producer offering scale, financial strength, growth opportunities and risk diversification;
- a financial and market re-rating of the Merged Group;
- increasing your leverage to peak cycle iron ore prices;
- increasing your exposure to higher value Lump Ore;
- receiving a substantial premium for your Aztec Shares; and
- being well positioned to participate in any future consolidation in the iron ore industry.

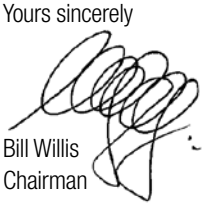
The Offer has been strongly endorsed by Aztec's largest shareholder, Cambrian Mining Plc **(Cambrian Mining)**, which, as at the announcement date, held 26.7% of Aztec's issued share capital and granted an option to Mount Gibson over Aztec Shares equivalent to 19.9%[1] of Aztec's issued capital.

Cambrian Mining has stated that *"the Mount Gibson Offer represents good value for Aztec shareholders and provides a platform for substantial further growth[2]."* Further, Cambrian Mining has stated that it intends to accept the Offer in respect of the balance of its shares held in Aztec in the absence of a higher offer.

I encourage you to read this Bidder's Statement carefully for details of the Offer, its terms and benefits. To accept the Offer, you should follow the instructions set out in section 1 of this booklet. The Offer is open for acceptance until its scheduled close at 5pm (Perth, Western Australia time) on 29 September 2006. If you have any questions, please contact the Offer Information Line on 1300 307 543 (toll-free within Australia) or +61 3 9415 4335 (from outside Australia).

I strongly endorse the Offer to you, and encourage you to participate in all the benefits the Merged Group delivers. I look forward to welcoming you as a Mount Gibson Iron shareholder.

Yours sincerely



Bill Willis
Chairman

[1] *As at the date of this Bidder's Statement, Mount Gibson's relevant interest in Aztec Shares was diluted to approximately 15.25% following the issue of Aztec Shares in respect of all outstanding listed options in Aztec.*

[2] *Cambrian Mining plc AIM announcement, "Cambrian supports Mount Gibson bid for Aztec Resources", 24 July 2006, released to the ASX by Mount Gibson on 25 July 2006.*

AZTEC RESOURCES' LARGEST SHAREHOLDER, CAMBRIAN MINING PLC, HAS ALREADY STRONGLY ENDORSED THE MOUNT GIBSON OFFER.

HERE'S WHY YOU SHOULD JOIN THE LARGEST SHAREHOLDER IN YOUR COMPANY AND ACCEPT OUR OFFER:

1 You will become a shareholder in Australia's leading independent pure-play iron ore producer

2 Mount Gibson can deliver the growth strategy articulated by Aztec – this will provide you with real benefits sooner

3 You will gain instant access to peak cycle iron ore prices – Mount Gibson is producing iron ore now, in a record price environment

4 You will increase your exposure to higher value Lump Ore

5 You will own a more balanced and diversified portfolio of assets, mitigating key specific risks identified by Aztec itself

6 You will benefit from any financial and market re-rating of the Merged Group

7 The Offer has been strongly endorsed by the largest shareholders in both Aztec and Mount Gibson

8 You will receive an attractive premium for your Aztec Shares and participate in the long-term growth of the Merged Group

1 YOU WILL BECOME A SHAREHOLDER IN AUSTRALIA'S LEADING INDEPENDENT PURE-PLAY IRON ORE PRODUCER

The combination of Mount Gibson and Aztec will create Australia's leading independent pure-play iron ore producer, with the Merged Group expected to produce approximately 10 Mtpa of direct shipping hematite iron ore by 2009.

The Merged Group will stand out from its Australian peer group by virtue of its scale and multiple asset portfolio providing both current production and the opportunity for significant organic growth over the next two years.

The Merged Group will hold three high quality hematite direct shipping ore **(DSO**) projects in Western Australia:

- **Tallering Peak (owned by Mount Gibson - in production);**
- **Extension Hill (owned by Mount Gibson - near-term production); and**
- **Koolan Island (owned by Aztec – near-term production).**

The Merged Group will comprise an exceptional asset base including a producing asset and additional near-term production.

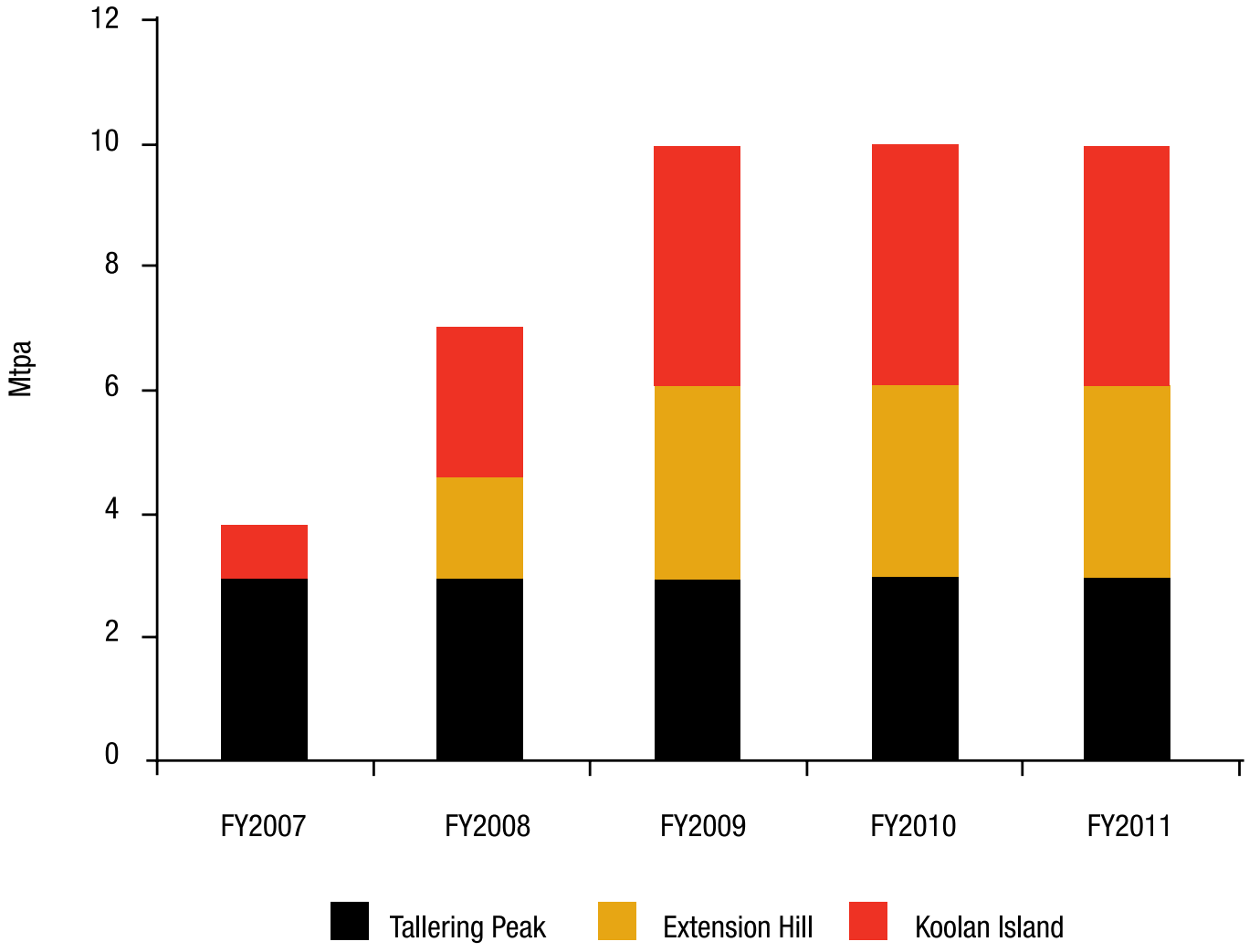
In addition to the development of the Koolan Island Iron Ore Project, Aztec shareholders will gain exposure to Mount Gibson's Tallering Peak mine, a producing asset with strong forecast cash flows and the Extension Hill DSO Project which is expected to commence production in late 2007.

Since Rio Tinto acquired North in 2000 and Cleveland Cliffs acquired Portman Mining in 2005, the Australian market has not been able to offer investors exposure to a pure-play iron ore producer of scale. In the past 3 years, sea-borne iron ore prices have increased by 138%, fuelling unprecedented growth in cash flows for Rio Tinto and BHP Billiton, the Pilbara iron ore incumbents. Australian investors have not, however, been able to take full advantage of this strong pricing environment through direct exposure to pure-play Australian iron ore producers other than by investing in small capitalisation companies outside the ASX 200.

The combination of Mount Gibson and Aztec will create the leading Australian independent pure-play iron ore producer with an expected market capitalisation in excess of $600 million and shareholders of both Mount Gibson and Aztec will be able to share in the future potential and benefits of the Merged Group.

Mount Gibson expects an increasing level of consolidation amongst the Australian independent iron ore exploration companies and the Merged Group's relative scale, strong balance sheet and cash flow generation would put it in a leading position to participate in any further industry consolidation.

Merged Group Forecast Annual Production



2

MOUNT GIBSON CAN DELIVER THE GROWTH STRATEGY ARTICULATED BY AZTEC – THIS WILL PROVIDE YOU WITH REAL BENEFITS SOONER

Mount Gibson and Aztec share the same strategic vision and the combination of the two companies is consistent with, and on completion of the merger will immediately deliver, the strategies of both companies.

Aztec strategy – As articulated by Aztec management[3]	How the Merged Group delivers the strategy	
Desire to grow business to mid tier producer status	Creates ASX 200 company of scale with current production	✓
Seeking growth through acquisitions to 10 Mtpa	Creates a 10 Mtpa producer[4]	✓
Preferably Australian focus	All assets in Australia	✓

[3] Aztec ASX announcement, "Managing Director Presentation - Media Briefing", 6 July 2006.

[4] The Merged Group is expected to produce approximately 10Mtpa of direct shipping hematite iron ore by 2009.

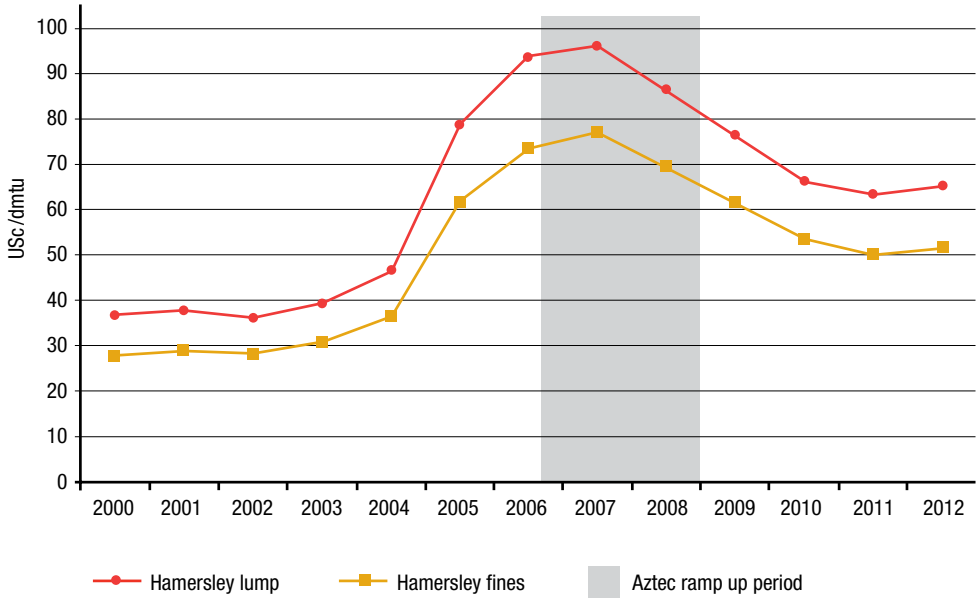
3

INCREASE YOUR LEVERAGE TO PEAK CYCLE IRON ORE PRICES – MOUNT GIBSON IS PRODUCING IRON ORE NOW, IN A RECORD PRICE ENVIRONMENT

Iron ore prices are at record highs and Aztec shareholders are able to increase their leverage to these prices by accepting Mount Gibson's Offer. Mount Gibson provides direct exposure to this peak cycle iron ore price environment through its production of 3 Mtpa at Tallering Peak.

Based on estimates provided by CRU Strategies Limited[5], by the time Aztec expects to be reach full capacity in 2009[6], iron ore prices are expected to decrease by 19% for Lump Ore and 16% for Fines Ore.

CRU Strategies' Base Case Iron Ore Price Forecast
(Year commencing 1 April)



[5] *CRU Strategies Limited **(CRU Strategies)** has been engaged by Mount Gibson to supply historic and forecast annual prices for Lump Ore and Fines Ore for the period 2000 to 2012. The forecasts CRU Strategies has prepared are base case assessments, and reflect a large number of assumptions CRU Strategies has made including, but not limited to, future world economic conditions, specific economic developments in China, developments in the global steel industry, the effectiveness and speed with which iron ore suppliers respond to price signals, and so forth. A copy of the full report prepared by CRU Strategies for Mount Gibson is attached as Annexure D to this Bidder's Statement.*

[6] *Aztec ASX Announcement, "Managing Director Presentation – Media Briefing", 6 July 2006.*

4 YOU WILL INCREASE YOUR EXPOSURE TO HIGHER VALUE LUMP ORE

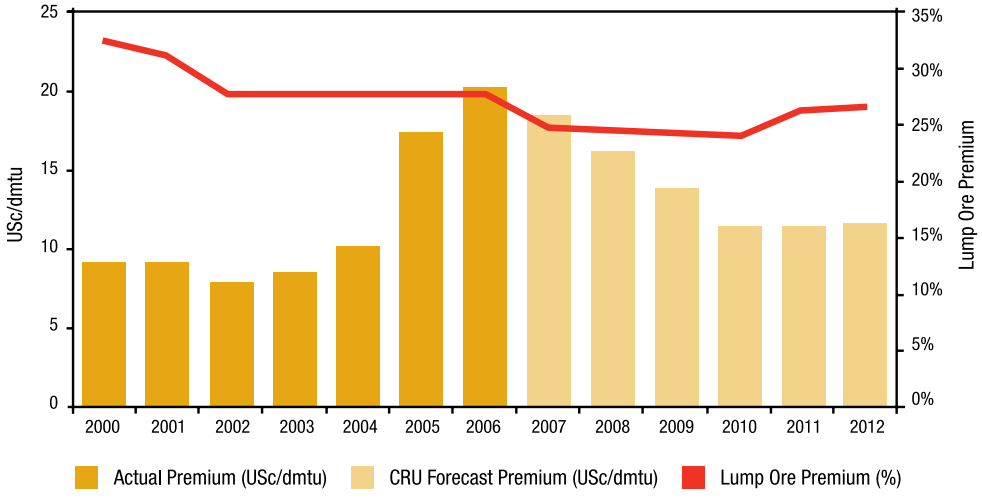
Historically, Lump Ore prices have demanded a significant premium over Fine Ore prices[7], which is illustrated below. This premium is currently 28%, and according to estimates provided by CRU Strategies Limited[8], is forecast to be between 24% and 27% until 2012.

Mount Gibson currently produces approximately 65% Lump Ore from its Tallering Peak mine and expects to produce at least 50% Lump Ore from its Extension Hill DSO Project.

Aztec has advised that it hopes to produce 30% Lump Ore over the life of mine from its Koolan Island Iron Ore Project[9].

By accepting this Offer, you will significantly increase your exposure to Lump Ore prices which trade at a significant premium to Fines Ore prices and which, during the next two years, are anticipated to be at record levels.

CRU Strategies' Base Case Iron Ore Lump Premium Price Forecast
(Year commencing 1 April)



[7] *Lump Ore is sold at a significant premium to Fines Ore because Fines Ore must be sintered before feeding to a blast furnace.*

[8] *CRU Strategies Limited (CRU Strategies) has been engaged by Mount Gibson to supply historic and forecast annual prices for Lump Ore and Fines Ore for the period 2000 to 2012. The forecasts CRU Strategies has prepared are base case assessments, and reflect a large number of assumptions CRU Strategies has made including, but not limited to, future world economic conditions, specific economic developments in China, developments in the global steel industry, the effectiveness and speed with which iron ore suppliers respond to price signals, and so forth. A copy of the full report prepared by CRU Strategies for Mount Gibson is attached as Annexure D to this Bidder's Statement.*

[9] *Aztec's prospectus for its non-renounceable rights offer dated 8 December 2005.*

5

YOU WILL OWN A MORE BALANCED AND DIVERSIFIED PORTFOLIO OF ASSETS, MITIGATING KEY SPECIFIC RISKS IDENTIFIED BY AZTEC ITSELF

The Merged Group will offer financial strength, asset diversification and proven management expertise, and the Merged Group will be better able to manage the significant risks associated with the development and operation of a major new mining project.

Selected company and project risks – As articulated by Aztec management [10]	Why Mount Gibson offers a compelling strategic fit
One mine risk	Multi asset portfolio
No operating history	History of cash generating operations
Mine development, construction and commissioning risks	Strong management team with proven credentials for developing complex mining operations
	Strong balance sheet and cash generating capability to cover potential cost over-runs and remedy potential delays
Not achieving at least 30% Lump Ore recovery	Proven production of quality Lump Ore products
Koolan Island project specific risks such as: sea wall failure, main pit water inflow, metallurgical properties and geotechnical issues	Strong management team with proven credentials for managing complex mining operations
	Strong balance sheet and cash generating capability to cover potential lost revenue as a result of project risks
	Mount Gibson has in place standards, practices and procedures for operating mines and to reinforce Aztec's planned mitigating strategies

By accepting the Offer, you will improve the risk profile of your investment while retaining your exposure to the upside potential of Koolan Island and Mount Gibson's existing high quality assets.

[10] *The risks referred to are a selection, and not all, of the major risks associated with Aztec's business which were identified by Aztec in its prospectus for its non-renounceable rights offer dated 8 December 2005 and lodged with ASIC on that date. This is a summary only of the risks identified by Aztec which has stated that, although it has put in place certain risk mitigation strategies, some risks cannot be fully mitigated and there are many risk factors that are simply outside the control of management. For further information on the risks facing Aztec see section 9.5 of this Bidder's Statement and Aztec's prospectus.*

6 YOU WILL BENEFIT FROM ANY FINANCIAL AND MARKET RE-RATING OF THE MERGED GROUP

As the consideration being offered is Mount Gibson Shares, Aztec shareholders will own approximately 46.5%[11] of the Merged Group, becoming shareholders in a larger, more financially secure and growth focused ASX 200 company.

As a result, you will have the opportunity to participate in the substantial benefits that Mount Gibson believes will arise from the merger of Mount Gibson and Aztec.

These benefits include:

- ✔ **combined market capitalisation in excess of $600 million, with the potential for significant upside through a market re-rating;**
- ✔ **enhanced market liquidity and market presence with the Merged Group expected to be included in the S&P/ASX 200 Index;**
- ✔ **enhanced market and institutional investor awareness through anticipated increased broker research coverage;**
- ✔ **strong balance sheet with strong cash flow generating assets; and**
- ✔ **access to a wider range of financing options and improved terms than would otherwise be available to Aztec on a stand alone basis due to risk diversification and increased scale.**

The general trend in the current metals and mining environment is for larger companies to command higher valuations. Mount Gibson anticipates that this will be the case for the Merged Group as Mount Gibson and Aztec are re-rated from their positions as iron ore juniors towards the premium multiples of the larger metals and mining companies. In addition, single asset resource companies tend to trade at a discount to their peers due to the increased risk of being a single asset company.

[11] *Calculation based on undiluted ordinary shares for both Aztec and Mount Gibson as at the date of this Bidders Statement.*

7

THE OFFER HAS BEEN STRONGLY ENDORSED BY THE LARGEST SHAREHOLDERS IN BOTH AZTEC AND MOUNT GIBSON

The strategic merits of the Offer have been strongly endorsed by Aztec's major shareholder, Cambrian Mining, which as at the announcement date held 26.7% of Aztec's issued capital.

As at the date of the announcement of the Offer, Cambrian Mining granted an option to Mount Gibson over Aztec Shares equal to 19.9%[12] of Aztec's issued capital, the maximum it was permitted under the Corporations Act.

In an announcement to AIM dated 24 July 2006, Mr John Byrne, CEO of Cambrian Mining, said:

"We have acquired a substantial investment in Aztec over the past twelve months with a view to participating in the creation of a major new independent iron ore producer.

We believe the Mount Gibson offer represents good value for Aztec shareholders and provides a platform for substantial future growth.

Bringing these two companies together is a further step towards achieving the vision for a major independent iron ore producer".

Cambrian Mining has also announced that it intends to accept Mount Gibson's Offer in respect of the balance of its shares held in Aztec, in the absence of a higher offer.

COL Capital Limited, the largest shareholder in Mount Gibson has also welcomed the Offer and indicated that it supports the Offer to merge with Aztec based on the information publicly released by Mount Gibson on 25 July 2006.

[12] As at the date of this Bidder's Statement, Mount Gibson's relevant interest in Aztec Shares was diluted to approximately 15.25% following the issue of Aztec Shares in respect of all outstanding listed options in Aztec.

8

YOU WILL RECEIVE AN ATTRACTIVE PREMIUM FOR YOUR AZTEC SHARES AND PARTICIPATE IN THE LONG TERM GROWTH OF THE MERGED GROUP

Mount Gibson's Offer represents an attractive premium to the recent and historical market price of Aztec Shares. Based on the volume weighted average price (VWAP) of Mount Gibson Shares on 21 July 2006 (the trading day prior to the announcement of the Offer) of $0.789, the Offer values each Aztec Share at $0.263[13]. This price represents a substantial premium of:

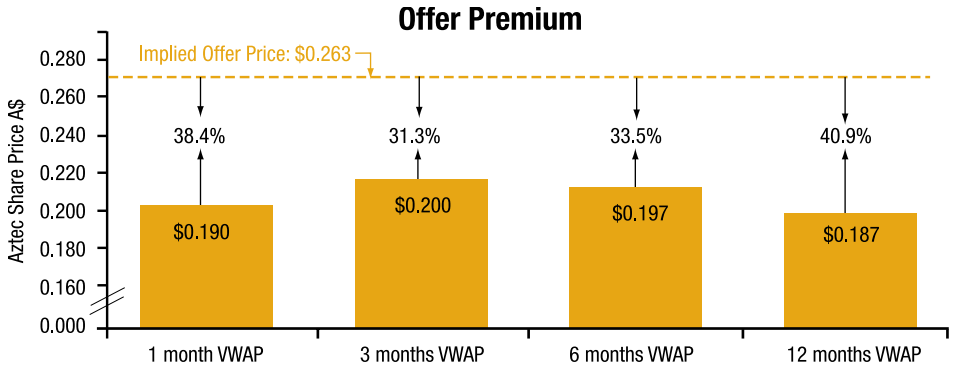
- **38.4%** to Aztec's one month VWAP for the period to 19 July 2006[14];
- **31.3%** to Aztec's three month VWAP for the period to 19 July 2006;
- **33.5%** to Aztec's six month VWAP for the period to 19 July 2006;
- **40.9%** to Aztec's twelve month VWAP for the period to 19 July 2006.

Aztec's Shares have not traded above $0.263 since April 2005.

Since the Offer announcement, Aztec Shares have traded in line with, or below, the Offer value based on Mount Gibson's and Aztec's closing share prices on each day since the Offer announcement.

Should Mount Gibson's Offer not proceed or a competing offer not be made for Aztec Shares, it is likely that the Aztec Share price will fall.

In addition, Mount Gibson has a relevant interest in 15.25%[15] Aztec Shares which could be used to prevent other potential bidders being able to compulsorily acquire all the shares in Aztec.



[13] *The implied value of Mount Gibson's Offer is calculated based on the VWAP of Mount Gibson's Shares on 21 July 2006, the trading day prior to the announcement of the Offer. The implied value of the Offer is not fixed. As you are being offered Mount Gibson Shares as consideration for your Aztec Shares, the implied value to you of the Offer will vary with the market price of Mount Gibson Shares. Aztec shareholders should obtain up to date quotes on the price of Mount Gibson Shares from their stockbroker or other financial adviser.*

[14] *Being the trading day before media and market speculation arose about a possible takeover bid for Aztec by Mount Gibson.*

[15] *This relevant interest arises under the terms of the Call Option Agreement entered into by Mount Gibson and Cambrian Mining under which Mount Gibson acquired an option to acquire Aztec Shares from Cambrian Mining, which at date of entry into the Call Option Agreement, represented 19.9% of the issued ordinary capital in Aztec. Mount Gibson's relevant interest was subsequently diluted to 15.25% following the issue of Aztec Shares in respect of all outstanding listed options in Aztec.*

1 SUMMARY OF THE OFFER

What Mount Gibson is offering to buy

Mount Gibson is offering to buy all Aztec's Shares, including Aztec Shares that are issued during the Offer Period whether due to the conversion of Aztec options or otherwise, on the terms set out in this Bidder's Statement.

You may only accept this Offer in respect of all the Aztec Shares held by you.

What you will receive if you accept the Offer

If you accept the Offer, subject to the satisfaction of the conditions to the Offer, for every three of Your Shares, you will receive one Mount Gibson Share.

When you will be paid

Generally, Mount Gibson will issue the Mount Gibson Shares to you under the Offer on or before the earlier of:

- one month after this Offer is accepted or one month after all of the conditions have been satisfied or waived (whichever is the later); and
- 21 days after the end of the Offer Period.

Full details of when consideration will be provided are set out in section 12.6 of this Bidder's Statement.

No brokerage on acceptances

You will not pay brokerage if you accept the Offer. Any such costs will be borne by Mount Gibson.

Close of the Offer

The Offer closes at 5pm (Perth, Western Australia time) on 29 September 2006, unless it is extended under the Corporations Act.

There are some conditions to the Offer

The Offer is subject to the following conditions:

- At the end of the Offer Period, Mount Gibson has relevant interests in at least 90% of the Aztec Shares (on a fully diluted basis).
- Before the end of the Offer Period, all approvals and consents required to make the Offer and complete the transaction are obtained.
- The Foreign Investment Review Board approves or has no objection to the Takeover Bid.
- Between the Announcement Date and the date 3 Business Days after the end of the Offer Period (each inclusive), none of the 'prescribed occurrences' (being the occurrences listed in section 652C of the Corporations Act) occur.
- Between the Announcement Date and the end of the Offer Period, no regulatory action is issued, commenced or threatened in connection with the Offer (other than an application to, or decision of, ASIC or the Takeovers Panel) which adversely affects the Offer.
- Between the Announcement Date and the end of the Offer Period, neither Aztec nor its subsidiaries acquire or dispose, or enter into or announce any agreements to acquire or dispose, any material assets or business.
- Between the Announcement Date and the end of the Offer Period, there is no person entitled to exercise, or assert a right to exercise, any right under an agreement or other instrument to which Aztec or its subsidiaries are a party, which results or could result, to an extent which is material in the context of the Aztec Group taken as a whole, in money borrowed by Aztec or its subsidiaries becoming repayable earlier than the repayment date in such agreement or instrument, that agreement or instrument being terminated or modified, the interest of Aztec or its subsidiaries in any firm, joint venture, trust or entity being terminated or modified, the assets of Aztec or its subsidiaries being sold or offered for sale, or the business of Aztec or its subsidiaries being adversely affected.
- Between the Announcement Date and the end of the Offer Period, no material adverse change occurs or is announced in the business, financial or trading position, assets or liabilities, profitability or prospects of Aztec and its subsidiaries.
- Between the Announcement Date and the end of the Offer Period, there is no litigation on foot, pending or threatened against Aztec or its subsidiaries which may reasonably result in a judgment of $5 million or more.

There are some conditions to the Offer (cont.)

- Between the Announcement Date and the end of the Offer Period, the S&P/ASX 200 does not close below 4,500 for 5 or more consecutive trading days.
- Between the Announcement Date and the date of the Offer, Mount Gibson Shares do not trade below $0.71 on ASX at any time on any trading day.

Full terms of the conditions are set out in section 12.8 of this Bidder's Statement.

Offer in respect of all Your Shares

You cannot accept the Offer for only part of Your Shares. You may only accept the Offer in respect of all of Your Shares

Offer in respect of Aztec options

Aztec option holders whose options are converted into Aztec Shares during the Offer Period will be able to accept the Offer in respect of the Aztec Shares which they are issued.

How you accept the Offer

You may only accept the Offer for all your Aztec Shares.

Issuer sponsored shareholders- If your Aztec Shares are held on Aztec's issuer sponsored subregister (such holdings will be evidenced by an 'I' appearing next to your holder number on the enclosed Acceptance Form), to accept this Offer, you must complete and sign the Acceptance Form enclosed with this Bidder's Statement and return it to the address indicated on the form before the Offer closes.

CHESS sponsored shareholders - If your Aztec Shares are in a CHESS Holding (such holdings will be evidenced by an 'X' appearing next to your holder number on the enclosed Acceptance Form), you may accept the Offer by either:

- completing and signing the Acceptance Form enclosed with this booklet and returning it to the address indicated on the form; or
- calling your broker and instructing your broker to accept the Offer on your behalf,

before the Offer closes.

Participants - If you are a Participant, acceptance of this Offer must be initiated in accordance with Rule 14.14 of the ASTC Settlement Rules before the Offer closes. Full details on how to accept the Offer are set out in section 12.3 of this Bidder's Statement.

Can you withdraw your acceptance?

Under the terms of the Offer, you cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act. Such a withdrawal right will arise if, after you have accepted the Offer, Mount Gibson varies the Offer in a way that postpones, for more than one month, the time when Mount Gibson has to meet its obligations under the Offer.

What happens if you do not accept the Offer?

If you do not accept the Offer and Mount Gibson acquires a relevant interest in at least 90% of Aztec and the other conditions of the Offer are satisfied or waived, Mount Gibson intends to proceed with compulsorily acquisition of your Aztec Shares. If this occurs, you will be paid the Offer consideration at the end of this process.

Where to go for further information

For any queries in relation to the Offer, please contact the Offer Information Line on 1300 307 543 (within Australia) or +61 3 9415 4335 (international callers).

Please note that in order to comply with legal requirements, any calls to the above numbers will be recorded. Inquiries in relation to the Offer will not be received on any other telephone numbers of Mount Gibson or its advisers.

Important notice

The information in this section 1 is a summary only of Mount Gibson's Offer and is qualified by the detailed information set out elsewhere in this Bidder's Statement. You should read the entire Bidder's Statement and the target's statement that Aztec will shortly be sending to you, before deciding whether to accept the Offer.

2 INFORMATION ON THE MOUNT GIBSON GROUP

2.1 Overview of the Mount Gibson Group

The bidder under the Offer is Mount Gibson.

Mount Gibson is an Australian iron ore company with operating and exploration projects in the mid-west region of Western Australia.

Mount Gibson is currently producing direct shipping grade hematite ore at Tallering Peak. Production at the Tallering Peak mine is expected to reach 3 Mtpa by the end of the September 2006 quarter. Mount Gibson is currently undertaking a definitive feasibility study **(DFS)** on a proposed 3 Mtpa DSO mine at Extension Hill with mining expected to commence, subject to Board and regulatory approval, in the last quarter of 2007 with the first ore sales to occur during the first quarter of 2008.

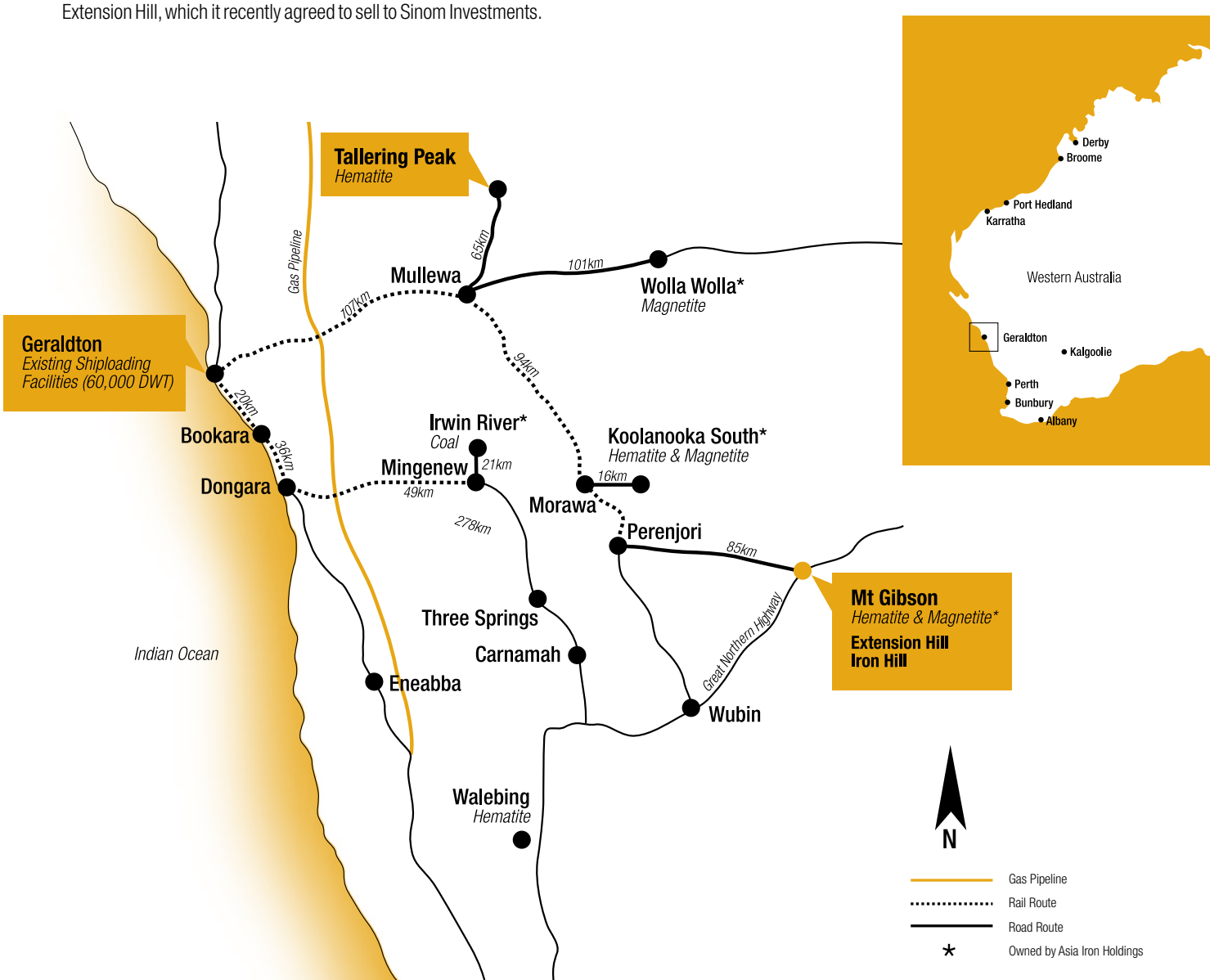
Mount Gibson also owns a 73% interest in a magnetite project at Extension Hill, which it recently agreed to sell to Sinom Investments.

Under the terms of the sale agreement, the consideration of $52.5 million is to be held in escrow pending Environmental Approval for the project. If Environmental Approval is not obtained by 30 November 2007, Sinom Investments may terminate the agreement and the interest in the magnetite project will be returned to Mount Gibson. Further detail on the sale agreement is set out in 2.2(d) below. Mount Gibson retains all rights for hematite in the Mt Gibson ranges.

2.2 Mount Gibson Project Portfolio

(a) Map of Mount Gibson Operations

The map below sets out the location of Mount Gibson's operations.



(b) Tallering Peak

Mount Gibson's first iron ore mine was developed at Tallering Peak, which is located 170 kilometres by road and rail from the port of Geraldton in the mid-west region of Western Australia. Mining of overburden commenced in November 2003 and the first shipment of direct shipping grade hematite occurred in February 2004.

Mining of the initial low strip ratio open pits at Tallering Peak has been completed which has generated sufficient cashflow to expand the mining operation via a number of staged open pit cut backs to fully exploit the current Ore Reserve.

The existing Ore Reserves at Tallering Peak will permit mining to increase to 3.0 Mtpa for at least six years from the September 2006 quarter.

Mining at Tallering Peak is performed utilising conventional large scale truck and backhoe excavator equipment.

The mined ore is crushed and screened at the mine-site and placed into Lump Ore and Fines Ore stockpiles. Tallering Peak is expected to have a Lump Ore/Fines Ore split of 65:35 over its life of mine. The crushed ore is transported 65 kilometres by road-train to Mullewa where it is stockpiled at Mount Gibson's rail loading facility. At Mullewa, the ore is loaded onto rail wagons and railed 107 kilometres to Geraldton, where it is stockpiled in a purpose built 150,000 tonne capacity storage shed which is owned by Mount Gibson. From there the ore is loaded onto ships by the Geraldton Port Authority **(GPA)**, for transport to China.

The road haulage, rail transport, and ship loading, is being carried out by experienced contractors, while Mount Gibson is undertaking its own mining and crushing operations rather than utilising contractors.

Mount Gibson has entered into contracts to sell all of its production for the life of the Tallering Peak mine. Prices are fixed to the prevailing published FOB prices for iron ore sold by Hamersley Iron from its Pilbara ports. These prices are reviewed annually, for adjustment on 1 April of each year.

(c) Extension Hill Hematite

Mount Gibson has recently completed a comprehensive desktop study into the feasibility of the Extension Hill DSO Project.

The desktop study has shown that the project has robust economics, minimal technical risks and relatively low capital requirements. The most significant risks to the project are timing and implementation.

Mount Gibson has commenced a DFS which will examine the most favourable development alternatives. The DFS will refine the commercial, technical, financial, social, economic and environmental prerequisites for a mining operation of this nature. The DFS will, given the normal risks associated with mining projects, enhance the estimated operational and financial results defined in the desktop study. The DFS is scheduled to be completed by the end of December 2006. Given the detail and currency of the Extension Hill Magnetite Project Feasibility Study (see section 2.2(d) below), it is anticipated that both the cost and time to complete the Extension Hill DSO DFS is deliverable.

Mount Gibson is targeting to have the first shipment from the Extension Hill DSO Project commence in the first quarter of 2008, subject to the successful completion of the DFS and subsequent Board approval. Project commencement is also subject to the readiness of the new Geraldton Port Authority Berth 5 ship loader, completion of Mount Gibson's port facilities, availability of rail capacity, completion of road upgrade, statutory approvals and construction of site infrastructure.

Of the 3 Mtpa of DSO to be produced at Extension Hill, 1.4 Mtpa is committed under existing sales contracts.

(d) Extension Hill Magnetite

The Extension Hill Magnetite Project involves the proposed mining of magnetite from the Extension Hill tenements and the concentrating of that magnetite to produce 5 Mtpa of concentrate, which will be transported via a 270 kilometre slurry pipeline from Extension Hill to the port of Geraldton for storage and loading onto vessels. The feasibility study for the Extension Hill Magnetite Project was finalised in early 2006 containing a Mineral Resource of 240 Mt of magnetite.

Mount Gibson and Mount Gibson Mining have entered into an agreement with Sinom Investments for the sale of their combined 73% interest in Asia Iron Holdings, the ultimate owner of the Extension Hill Magnetite Project.

Sinom Investments obtained FIRB approval for the acquisition on 2 August 2006. On completion, which is scheduled to occur on or about 18 August 2006, the sale proceeds of $52.5 million will be placed in escrow until Environmental Approval is received. A decision on Environmental Approval is anticipated by the end of 2006.

If Environmental Approval is not obtained by 30 November 2007, Sinom Investments may terminate the agreement and the sale shares will be returned to Mount Gibson. The Mount Gibson Group would then retain its indirect interest in the Extension Hill Magnetite Project and would re-assess the options available to it in respect of the project.

Certain risks associated with the sale by the Mount Gibson Group of its interest in Asia Iron Holdings are set out in section 9.4(a) below.

(e) Ore Reserves and Mineral Resources

Set out below is Mount Gibson's latest statement of JORC compliant Ore Reserves and Mineral Resources for hematite and DSO. The information below does not include Ore Reserves and Mineral Resources for the magnetite owned by Asia Iron Holdings.

Ore Reserves as at 30 June 2006

Tallering Peak	Million Tonnes	Fe %	SiO_2 %	Al_2O_3 %	P %	S %	MgO %	LOI %
Proven T3	2.63	62.1	3.88	2.33	0.01	0.01	0.25	1.27
Proven T6	5.61	62.2	4.91	2.27	0.02	0.05	0.57	1.60
Proven T5	0.87	56.7	7.59	2.79	0.07	0.48	2.26	2.23
Total Proven	**9.11**	**61.7**	**4.87**	**2.34**	**0.02**	**0.08**	**0.64**	**1.57**
Probable T6	10.9	62.1	4.08	1.96	0.04	0.07	0.89	1.58
Probable T5	0.38	56.0	8.13	3.41	0.02	0.67	2.56	1.85
Total Probable	**11.3**	**61.9**	**4.21**	**2.01**	**0.04**	**0.09**	**0.95**	**1.59**
Tallering Peak Total	**20.4**	**61.8**	**4.51**	**2.15**	**0.03**	**0.09**	**0.81**	**1.58**

Mt Gibson	Million Tonnes	Fe %	SiO_2 %	Al_2O_3 %	P %	S %	MgO %	LOI %
Probable Extension Hill DSO	12.1	60.7	4.79	1.61	0.06	-	-	6.30

Mount Gibson Group	Million Tonnes	Fe %	SiO_2 %	Al_2O_3 %	P %	S %	MgO %	LOI %
Total Proven	9.11	61.7	4.87	2.34	0.02	0.08	0.64	1.57
Total Probable	23.4	61.3	4.51	1.80	0.05	-	-	4.02
Mount Gibson Group Total	**32.5**	**61.4**	**4.61**	**1.95**	**0.04**	**-**	**-**	**3.34**

Mineral Resources as at 30 June 2006

Tallering Peak	Million Tonnes	Fe %	SiO_2 %	Al_2O_3 %	P %	S %	MgO %	LOI %
Measured >57% Fe	8.37	63.6	4.35	2.19	0.02	0.07	0.58	1.42
50-57% Fe	0.80	54.6	11.5	3.78	0.04	0.47	1.77	3.16
Total >50% Fe	**9.17**	**62.8**	**4.98**	**2.33**	**0.03**	**0.11**	**0.68**	**1.57**
Indicated >57% Fe	11.2	63.3	4.34	2.00	0.03	0.09	1.00	1.59
50-57% Fe	1.36	55.4	10.5	3.86	0.08	0.81	2.28	2.86
Total>50% Fe	**12.6**	**62.4**	**5.01**	**2.21**	**0.04**	**0.17**	**1.14**	**1.73**
Inferred >57% Fe	0.83	61.3	5.77	3.11	0.04	0.14	0.65	1.82
50-57% Fe	0.64	53.6	15.3	2.52	0.11	1.11	2.11	2.14
Total >50% Fe	**1.47**	**58.0**	**9.94**	**2.85**	**0.07**	**0.57**	**1.29**	**1.96**
Sub-Totals >57% Fe	20.4	63.3	4.40	2.13	0.03	0.09	0.81	1.53
50-57% Fe	2.81	54.8	11.9	3.53	0.08	0.78	2.09	2.78
Tallering Peak Total	**23.2**	**62.3**	**5.31**	**2.30**	**0.04**	**0.17**	**0.97**	**1.68**

Mt Gibson including Extension Hill	Million Tonnes	Fe %	SiO_2 %	Al_2O_3 %	P %	S %	MgO %	LOI %
Indicated >57% Fe	10.5	61.1	4.50	1.53	0.07	-	0.17	6.15
50-57% Fe	2.32	55.2	9.26	2.75	0.06	-	0.20	8.18
Total>50% Fe	**12.8**	**60.0**	**5.36**	**1.75**	**0.06**	**-**	**0.17**	**6.52**
Inferred >57% Fe	4.68	61.5	5.48	1.32	0.05	-	-	4.53
50-57% Fe	2.01	55.1	9.73	2.84	0.07	-	0.09	7.60
Total >50% Fe	**6.69**	**59.6**	**6.76**	**1.77**	**0.06**	**-**	**-**	**5.45**
Sub-Totals >57% Fe	15.2	61.2	4.80	1.46	0.06	-	-	5.65
50-57% Fe	4.33	55.1	9.48	2.79	0.06	-	0.15	7.91
Mt Gibson Total	**19.5**	**59.9**	**5.84**	**1.76**	**0.06**	**-**	**-**	**6.15**

Mt Gibson Group	Million Tonnes	Fe %	SiO_2 %	Al_2O_3 %	P %	S %	MgO %	LOI %
Measured >57% Fe	8.37	63.6	4.35	2.19	0.02	0.07	0.58	1.42
50-57% Fe	0.80	54.6	11.5	3.78	0.04	0.47	1.77	3.16
Total>50% Fe	**9.17**	**62.8**	**4.98**	**2.33**	**0.03**	**0.11**	**0.68**	**1.57**
Indicated >57% Fe	21.7	62.2	4.41	1.78	0.05	-	0.60	3.79
50-57% Fe	3.68	55.3	9.73	3.16	0.07	-	0.97	6.21
Total>50% Fe	**25.4**	**61.2**	**5.19**	**1.98**	**0.05**	**-**	**0.65**	**4.14**
Inferred >57% Fe	5.51	61.5	5.52	1.59	0.05	-	-	4.12
50-57% Fe	2.66	54.7	11.1	2.76	0.08	-	0.58	6.28
Total >50% Fe	**8.17**	**59.3**	**7.33**	**1.97**	**0.06**	**-**	**-**	**4.82**
Sub-Totals >57% Fe	**35.6**	**62.4**	**4.57**	**1.84**	**0.04**	**-**	**-**	**3.28**
50-57% Fe	**7.14**	**55.0**	**10.4**	**3.08**	**0.07**	**-**	**0.91**	**5.89**
Mt Gibson Group Total	**42.7**	**61.2**	**5.55**	**2.05**	**0.05**	**-**	**-**	**3.72**

The information above relating to Ore Reserves and Mineral Resources is based on information compiled by Rolf Forster, who is a member of the Australasian Institute of Mining and Metallurgy and holds a B.App Sc in Geology.

Rolf Forster is a consultant to Mount Gibson Mining, and has sufficient experience which is relevant to the styles of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the December 2004 Edition of JORC. Rolf Forster has consented to the inclusion of the matters in this Bidder's Statement based on his information in the form and context in which it appears.

2.3 Directors of Mount Gibson

Brief profiles of the directors of Mount Gibson as at the date of this Bidder's Statement are as follows:

Bill Willis - Chairman, Non-Executive Director

AssocDipGeol RMIT, FAusIMM, MGSA, AMP109

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. Mr Willis is a Director of Poondano Exploration Pty Ltd.

Mr Willis was appointed Chairman of Mount Gibson on 21 December 2001.

Brian Johnson - Deputy Chairman

BE MIEAust

Mr Johnson is a civil engineer with extensive experience in the construction and mining industries in Australia, South East Asia and North America. Mr Johnson was a founding Director and shareholder of Mount Gibson Mining. He has held a number of directorships in listed public companies. As a major shareholder and Chief Executive, Mr Johnson was instrumental in establishing Portman Limited's presence in the iron ore industry between 1991 and 1994, overseeing the development of mines at Koolyanobbing and Cockatoo Island. He has also had extensive involvement in the development and operation of McCamey's Monster iron ore mine in the Pilbara, prior to its sale to the BHP Group. He is currently Executive Chairman of Asia Iron Holdings, Chairman and Non-Executive Director of Envirogold Limited and Linc Energy Limited.

Mr Johnson was appointed to the Board on 21 December 2001, and was the Managing Director of Mount Gibson from 21 December 2001 until 15 October 2005.

Luke Tonkin – Managing Director

B.E., MAusIMM, AICD

Mr Tonkin has extensive experience in the resource industry traversing multi-commodities of gold, nickel, tantalum, tin and lithium. Mr Tonkin has a proven track record of implementing large-scale investment, divestment, transition and integration plans. He has held general management roles within some of Australia's largest, more complex operations, including WMC's Kambalda Nickel Operations, St Ives' Gold Operations and Leinster Nickel Operations. He has also held executive management roles within the world's largest tantalum producer and third largest Australian listed gold producer.

Mr Tonkin was appointed to the Board as Managing Director on 25 October 2005.

Alan Rule - Finance Director

BComm, BAcc, CA

Mr Rule is a chartered accountant with extensive experience in the mining industry in Australia and has considerable experience in international financing of mining projects and implementation of accounting controls and systems.

He previously held the position of Chief Financial Officer of Western Metals Limited and more recently St Barbara Limited. Mr Rule was also previously Finance Director of Asia Iron Holdings and has been involved in Asia Iron Holdings' magnetite project since early 2004. Mr Rule is a Non-Executive Director of Resource Mining Corporation Limited.

Mr Rule was appointed Finance Director of Mount Gibson on 1 July 2005.

Craig Readhead - Non-Executive Director

B Juris, LLB, AICD

Mr Readhead has spent the last 25 years practising in the resources law area and is a partner of law firm Pullinger Readhead Lucas. He has had a significant legal role in the development of a number of mining projects within Australia, Africa and South East Asia. He is currently Chairman and a Non-Executive Director of Heron Resources Ltd, Agincourt Resources Ltd and Halcyon Group Ltd. During the past three years, Mr Readhead has also served as a Director of Pioneer Nickel Ltd, New World Alloys Ltd and Frankland River Olive Company Limited.

Mr Readhead was appointed to the Board on 21 December 2001.

Ian Macliver - Non-Executive Director

BComm, CA, F Fin, AICD

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.

Mr Macliver was appointed to the Board on 19 February 2001.

Alan Jones - Non-Executive Director

CA

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.

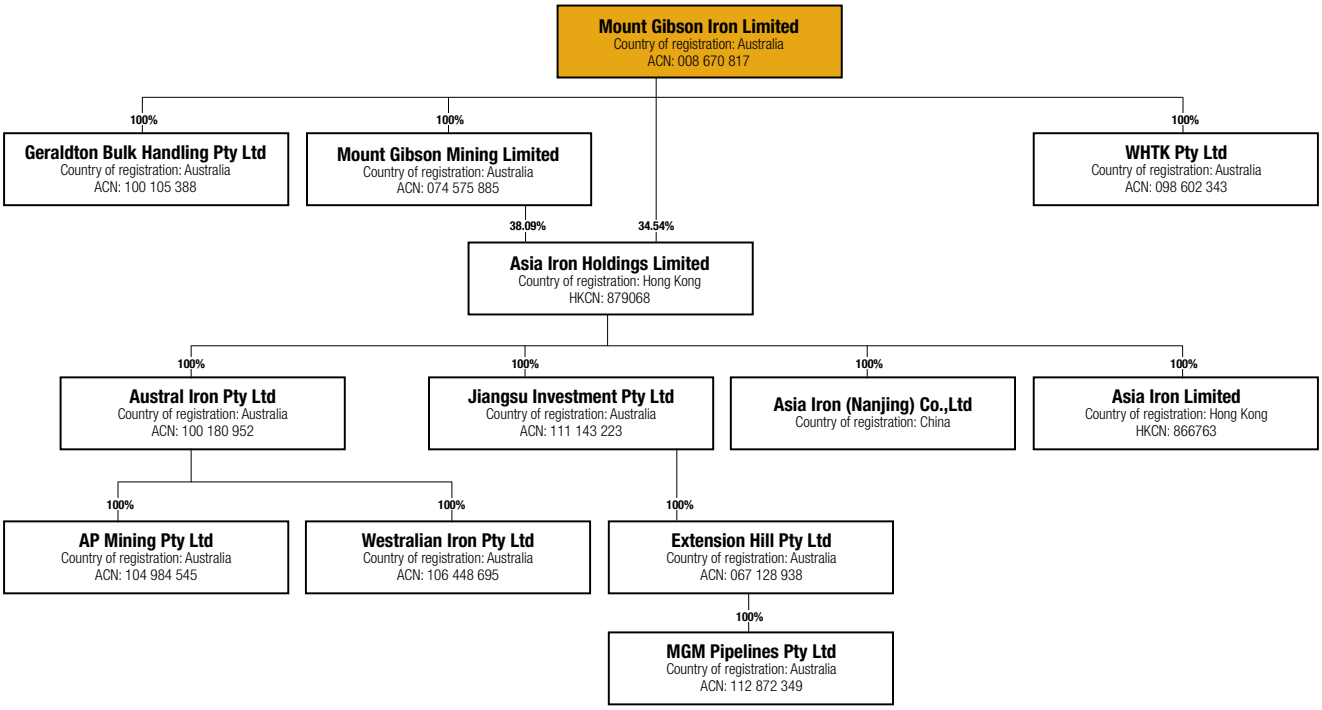
Mr Jones was appointed to the Board on 1 August 2006.

2.4 Structure and ownership of Mount Gibson Group

(a) Structure

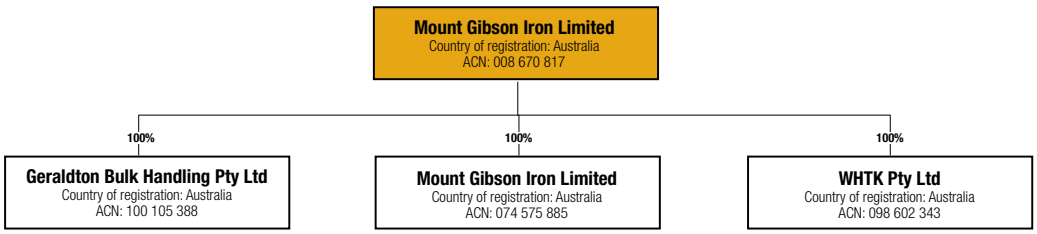
The corporate structure of the Mount Gibson Group as at the date of this Bidder's Statement is set out below:

Corporate Structure of Mount Gibson Group



Following completion of the sale of Asia Iron Holdings (details of which are set out in section 2.2(d) above), the corporate structure of the Mount Gibson Group will be as follows:

Corporate Structure of Mount Gibson Group excluding Asia Iron Holdings



(b) Ownership

Mount Gibson is listed on ASX and has a diverse shareholder base. To the best of its knowledge, Mount Gibson is not directly or indirectly controlled by another corporation or any person or foreign government, and there are no arrangements which may, at a subsequent date, result in a change in control of Mount Gibson.

2.5 Financial information on the Mount Gibson Group

(a) Basis of presentation of historical financial information

The historical financial information below relates to Mount Gibson on a stand-alone basis and accordingly does not reflect any impact of the Offer. It is a summary only and the full financial accounts for Mount Gibson for the financial periods described below, which include the notes to the accounts, can be found in Mount Gibson's half year financial reports and annual reports for those periods.

(b) Historical financial information of the Mount Gibson Group

(1) Statement of financial position

The summarised historical statement of financial position of the Mount Gibson Group as at 30 June 2005 and 31 December 2005 set out below has been extracted from the reviewed consolidated statement of financial position of the Mount Gibson Group as at 31 December 2005, being the last balance date prior to the date of this Bidder's Statement.

	As At 31 Dec 2005 $'000	As At 30 June 2005 $'000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	44,516	33,633
Trade and other receivables	8,203	6,631
Inventories	5,887	5,296
Prepayments	2,684	625
Derivatives	404	329
TOTAL CURRENT ASSETS	**61,694**	**46,515**
NON-CURRENT ASSETS		
Available for sale financial assets	2,675	2,942
Property, plant and equipment	19,287	17,664
Deferred acquisition, exploration, evaluation and development costs	37,368	29,104
Mine properties	23,536	15,131
TOTAL NON-CURRENT ASSETS	**82,866**	**64,841**
TOTAL ASSETS	**144,560**	**111,356**
LIABILITIES		
CURRENT LIABILITIES		
Trade payables and other liabilities	13,682	10,691
Interest-bearing loans and borrowings	3,590	2,780
Derivatives	1,474	-
Provisions	467	301
TOTAL CURRENT LIABILITIES	**19,213**	**13,771**
NON-CURRENT LIABILITIES		
Provisions	681	655
Interest-bearing loans and borrowings	9,904	8,938
Deferred income tax liabilities	4,770	7,607
TOTAL NON-CURRENT LIABILITIES	**15,355**	**17,200**
TOTAL LIABILITIES	**34,568**	**30,971**
NET ASSETS	**109,992**	**80,385**
EQUITY		
Issued capital	86,092	79,381
Retained earnings / (Accumulated losses)	12,504	(9,583)
Reserves	2,418	1,631
Parent interests	**101,014**	**71,429**
Minority interest	8,978	8,956
TOTAL EQUITY	**109,992**	**80,385**

This financial position as at 31 December 2005 has been prepared based on Australian equivalents to International Financial Reporting Standards **(AIFRS)** and except for financial instruments, comparatives for the full-year ended 30 June 2005 have been restated accordingly. Mount Gibson has taken the exemption available under AASB 1 to only apply AASB 132 "Financial Instruments: Disclosure and Presentation" and AASB 139 "Financial Instruments: Recognition and Measurement" from 1 July 2005.

(2) Statements of financial performance

The summarised historical statements of financial performance of the Mount Gibson Group for the periods ended 30 June 2005 and for the half-year to 31 December 2005 shown on the following page have been extracted from the audited consolidated statements of financial performance for the year ended 30 June 2005 and from the reviewed consolidated statement of consolidated financial performance for the half-year ended 31 December 2005.

Statement of financial performance

	6 months ended 31 December 2005 $'000	12 months ended 30 June 2005 $'000
Revenue	54,050	76,872
Cost of sales	(29,589)	(50,606)
GROSS PROFIT	**24,461**	**26,266**
Other income	315	645
Other expenses	(5,359)	(4,161)
PROFIT BEFORE TAX AND FINANCE COSTS	**19,417**	**22,750**
Finance costs	(574)	(1,676)
PROFIT BEFORE INCOME TAX	**18,843**	**21,074**
Income tax benefit / (expense)	2,837	(4,730)
NET PROFIT FOR THE PERIOD	**21,680**	**16,344**
Loss attributable to minority interest	407	-
NET PROFIT ATTRIBUTABLE TO MEMBERS OF PARENT	**22,087**	**16,344**

Earnings per share (cents per share)		
basic for profit for the period	5.80	7.44
diluted for profit for the period	5.72	7.16

This statement of financial performance for the 6 months ended 31 December 2005 has been prepared based on AIFRS and except for financial instruments, comparatives for the full-year ended 30 June 2005 have been restated accordingly. The company has taken the exemption available under AASB 1 to only apply AASB 132 "Financial Instruments: Disclosure and Presentation" and AASB 139 "Financial Instruments: Recognition and Measurement" from 1 July 2005.

(c) Tallering Peak Key Production Statistics

		6 months ended 31 December 2004 000's	6 months ended 30 June 2005 000's	6 months ended 30 December 2005 000's	6 months ended 31 June 2006 000's
Mining					
Waste	bcm	2,050	1,746	2,175	4,390
Ore	wmt	906	1,029	719	403
Crushing					
Lump Ore	wmt	564	701	718	307
Fines Ore	wmt	348	340	258	325
Total		**912**	**1,041**	**976**	**632**
Shipped					
Lump Ore	dmt	463	653	613	264
Fines Ore	dmt	457	265	299	186
Total		**920**	**918**	**912**	**450**

(d) Management commentary on historical results for 12 months ended 30 June 2005

The 2004/05 financial year was the first full financial year of hematite production at the Tallering Peak operations with almost 2 million tonnes of hematite ore being mined and 1.8 million tonnes sold. The operations realised a gross margin of $14 per tonne of ore sold. Approximately 65% of production for the year was Lump Ore and 35% Fines Ore.

Logistical bottlenecks caused by the rail provider and the GPA constrained operational performance during the 2005 financial year. The logistical performance of both the rail provider and the GPA has improved.

Mount Gibson benefited from the 71.5% iron ore price increase applicable from 1 April 2005 which increased the price of Lump Ore to $64/dmt and Fines Ore to $49/dmt (based on a US$0.78 exchange rate). This price increase delivered a margin in excess

of $30/dmt for Lump Ore and $20/dmt for Fines Ore in the last quarter of 2005.

During the course of the financial year, Mount Gibson took the opportunity to raise equity funding to provide sufficient funds for completion of the bankable feasibility study for the magnetite project and for pre-development expenses of the Extension Hill Magnetite Project. A total of $32.3 million was raised in early 2005 through the placement of 47.8 million shares.

Holders of 19.3 million Mount Gibson options exercised their options during the year resulting in an additional $4.8 million in equity funding.

By 30 June 2005, Mount Gibson had acquired 10.36% in the ordinary share capital of Resource Mining Corporation Limited **(RMC)**. RMC has a controlling interest in iron ore deposits at Argyle in the Kimberley and at Ravensthorpe in the South West of Western Australia.

The Mount Gibson Group was in a strong financial position at 30 June 2005 with $33.6 million in cash and no debt apart from leases on mobile mining equipment.

(e) Management commentary on operations for 6 months ended 31 December 2005

The Tallering Peak operations had a strong 6 month period from a profit with 912,000 tonnes of hematite sold, benefiting from the 71.5% iron ore price increase from 1 April 2005. The operations realised a gross margin of approximately $26 per tonne of ore sold. Approximately 73% of production for the six months to 31 December 2005 was Lump Ore and 27% Fines Ore.

During December 2005 Mount Gibson announced that detailed mine schedules to exploit the current Ore Reserve had recently been completed which indicated that development rates at Tallering Peak would need to be increased to sustain 3 Mtpa of ore production through to the end of mine life.

During August 2005, Mount Gibson increased its shareholding in RMC from 10.36% to 13.11%.

(f) Management commentary on Tallering Peak operations for 6 months ended 30 June 2006

The increased rate of development stripping commenced in January 2006 following the mobilisation of additional hired mining equipment which will give the operation the capacity to load and haul 32 Mtpa of ore and waste annually over the next two years.

The upper zone of the Tallering Peak resource was sparsely pre-production drilled due to drill rig access limitations as a consequence of steep topography. Reconciliation of ore from the upper zone of Tallering Peak under-reconciled against the resource model. This is not expected to materially affect the total resource available for exploitation as the upper zone of the resource contributes less than 4% of the total ore tonnes.

During the six months to June 2006, further ore was mined from the upper section of the Tallering Peak resource where the density of the geological information above the current pit floor was limited. The cut back of the T3c pit is now well established and about to enter the area of the Tallering Peak resource that has been better defined by recent infill drilling. As the cut back of T3c progresses, higher grade hematite ore will be encountered and ore zones will become more continuous.

Infill resource definition drilling to improve the short to medium-term scheduling capability of Tallering Peak operations progressed satisfactorily during the 6 months. Completion of drilling is scheduled for October 2006 with modelling and detailed resource estimation to follow.

Results to date confirm the general nature of the resource, as defined by the previous broadly spaced drilling, with the new data better defining local variations in geometry and grades.

Tallering Peak's secondary ore source, T5 Open Pit, is currently mined by a contractor who will be demobilised by the end of August and replaced by large scale owner operated fleet which will complete mining from this ore source in June 2007.

Mount Gibson's focus on substantially increasing waste development to ensure 3 Mtpa of sustainable ore production reduced cash on hand at the end of June 2006 to approximately $7 million.

The second half of 2005/06 has prepared the Mount Gibson Group for growth with the company focusing resources on improving access to deeper ore zones, enabling Tallering Peak to achieve sustainable ore production of 3 Mtpa. Given the encouraging infill drilling results below the current pit floor and the mine's demonstrated capacity to substantially increase total material movements, Mount Gibson is confident of achieving 3 Mtpa rates in the first half of 2006/07 and is looking forward to strong profit and cash flow performance for the full financial year.

(g) Investment in Asia Iron Holdings

The founding shareholders and directors of Asia Iron Holdings subscribed for their shares at HK$1.00 per share between December 2003 and June 2004.

In December 2004, Asia Iron Holdings acquired a 46% minority shareholding in Extension Hill Pty Ltd **(EHPL)** from an unrelated party. EHPL holds a number of mining and exploration tenements at Mt Gibson including the 240 Mt magnetite Mineral Resource at Extension Hill.

The Mount Gibson Group acquired a 9% interest in Asia Iron Holdings in February and March 2005 through a placement and purchase of shares from existing shareholders.

On 30 June 2005, the Mount Gibson Group transferred its 54% shareholding in EHPL to Asia Iron Holdings in exchange for a 54% shareholding in Asia Iron Holdings resulting in it holding 63% in Asia Iron Holdings. The Mount Gibson Group was issued 67.5 million shares in Asia Iron Holdings at HK$1.00 each which was approximately equivalent to the A$11 million cost of investment in the Extension Hill Magnetite Project over a period of eight years.

As a result of this transaction, the Mount Gibson Group retained the same effective interest in the Extension Hill Magnetite Project as previously, and gained an interest in Asia Iron Holding's wholly owned magnetite deposit at Koolanooka South and potential magnetite deposit Wolla Wolla, and a coal deposit near Mingenew,

which are also located in the mid-west region of Western Australia.

The Mount Gibson Group through its wholly owned subsidiary, Mount Gibson Mining, retained the right to mine and sell all hematite resources located within the tenement area at Mt Gibson owned by Asia Iron Holdings, including the Extension Hill hematite resource.

At the end of September 2005, Mount Gibson increased its shareholding in Asia Iron Holdings from 63% to 72% through the subscription of new shares in Asia Iron Holdings.

During the 6 months to 30 June 2006, the Mount Gibson Group increased its shareholding in Asia Iron Holdings to 73% by subscribing for new shares in Asia Iron Holdings.

2.6 Requisition of meeting by major shareholder

On 12 June 2006, Mount Gibson received a request to convene a general meeting to consider a resolution to appoint Dato' Wong as a director. The request was made by Sun Hung Kai in its capacity as the custodian for accounts held by two subsidiaries of COL Capital Limited, which together held more than 5% of the voting shares in Mount Gibson.

Mount Gibson subsequently announced the cancellation of the general meeting on 31 July 2006 after it received notification from Sun Hung Kai that COL Capital Limited had withdrawn its request for a meeting, following the appointment of Mr Alan Jones to the Board as a nominee of COL Capital.

2.7 Publicly available information about Mount Gibson

Mount Gibson is a listed disclosing entity for the purpose of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, Mount Gibson is subject to the listing rules of ASX which require continuous disclosure of any information Mount Gibson has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

ASX maintains files containing publicly disclosed information about all listed companies. Mount Gibson's file is available for inspection at ASX during normal business hours.

In addition, Mount Gibson is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Mount Gibson may be obtained from, or inspected at, an ASIC office.

On request to Mount Gibson and free of charge, Aztec shareholders may obtain a copy of:

- the annual financial report of Mount Gibson for the year ended 30 June 2005 (being the annual financial report most recently lodged with ASIC before lodgement of this Bidder's Statement with ASIC);
- any half-year financial report lodged with ASIC by Mount Gibson after the lodgement of the annual financial report referred to above and before lodgement of this Bidder's Statement;
- any continuous disclosure notice given to ASX by Mount Gibson since the lodgement with ASIC of the 2005 annual report for Mount Gibson referred to above and before lodgement of this Bidder's Statement with ASIC.

A list of announcements made by Mount Gibson to ASX since 1 July 2005 is contained in Annexure B.

Further information about Mount Gibson is available in electronic form from: www.mtgibsoniron.com.au

2.8 Announcement by Mount Gibson in relation to the Offer

On 24 July 2006, Mount Gibson made a public announcement to ASX in relation to the Offer. A copy of that announcement is contained in Annexure A of this Bidder's Statement.

3 INFORMATION ON MOUNT GIBSON'S SECURITIES

3.1 Mount Gibson issued securities

As at the date of this Bidder's Statement, Mount Gibson's issued securities consisted of:

- 402,058,719 fully paid ordinary shares;
- 7,256,920 listed options to acquire fully paid ordinary shares; and
- 17,823,712 unlisted options to acquire fully paid ordinary shares.

3.2 Recent trading of Mount Gibson Shares

The latest recorded sale price of Mount Gibson Shares on ASX before the Announcement Date was $0.78 as at close of trading on ASX on 21 July 2006.

The latest recorded sale price of Mount Gibson Shares on ASX before the date on which this Bidder's Statement was lodged with ASIC was $0.76.

The highest recorded sale price of Mount Gibson Shares on ASX in the last 4 months before this Bidder's Statement was lodged with ASIC was $1.015.

The lowest recorded sale price of Mount Gibson Shares on ASX in the last 4 months before this Bidder's Statement was lodged with ASIC was $0.695.

3.3 Dividend history

Mount Gibson is currently not paying a dividend. The Mount Gibson dividend policy will be reviewed annually by the Board of Directors.

3.4 Rights and liabilities attaching to Mount Gibson Shares

(a) Introduction

The rights and liabilities attaching to the Mount Gibson Shares which will be issued as the consideration under the Offer are set

out in Mount Gibson's constitution and in the Corporations Act.

The main rights and liabilities attaching to the Mount Gibson Shares are summarised below.

(b) Meetings of shareholders and voting rights

At a general meeting, subject to the terms on which shares are issued, every person present who is a Mount Gibson shareholder or a proxy, attorney or representative of a Mount Gibson shareholder has one vote on a show of hands and one vote on a poll for each fully paid share held (with adjusted voting rights for partly paid shares). Voting at any general meeting of Mount Gibson shareholders is by a show of hands unless a poll is demanded by at least 5 Mount Gibson shareholders entitled to vote on the resolution, Mount Gibson shareholders entitled to cast at least 5% of the votes that may be cast on the resolution on a poll, the chairman, or by a member or members present and holding shares in the company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than 10% of the total sum paid up on all of the shares conferring that right.

(c) Dividends

The directors of Mount Gibson may from time to time determine to distribute the company's profits by way of dividend to Mount Gibson shareholders entitled to receive dividends. Each Mount Gibson Share has the same dividend rights, subject to any special rights, arrangements or restrictions attached to the shares.

(d) Winding up

If the company is wound up, the liquidator may, with the sanction of a special resolution, divide the assets of the company among the members in kind.

(e) Transfer of shares

Mount Gibson shareholders may transfer shares by a written transfer in the required form or by a proper transfer effected in accordance with the ASTC Settlement Rules and ASX requirements. All transfers must comply with Mount Gibson's constitution, the Listing Rules, the ASTC Settlement Rules and the Corporations Act. The directors may refuse to register a transfer of shares in circumstances permitted by the Listing Rules or the ASTC Settlement Rules. The directors must refuse to register a transfer of shares where required to do so by the Listing Rules or the ASTC Settlement Rules.

(f) Alteration of capital

Subject to sections 246C and 246D of the Corporations Act, a variation or cancellation of rights attached to Mount Gibson Shares is allowed with the consent of either the holders of a majority of the issued shares of the affected class, or the sanction of an ordinary resolution passed at a meeting of the holders of the issued shares of the affected class. In either case, the holders of not less than 10% of the votes in the class of shares whose rights have been varied or cancelled may apply to a court of competent jurisdiction to exercise its discretion to set aside such variation or cancellation.

3.5 Mount Gibson Directors, Officers, Employees and other Permitted Persons Option Plan (Plan)

On 3 May 2004, Mount Gibson shareholders approved and adopted the Plan under which options may be issued to eligible persons including directors, officers or any full or part-time continuing employees of the Mount Gibson Group, and any casual employee or contractor if approved by ASIC.

Options have been issued to persons at all levels of employment within Mount Gibson and areas including, but not limited to, plant operation, maintenance, mining and administration.

The options are granted at no cost under the Plan and carry no dividend or voting rights.

3.6 Options

(a) Unlisted options

Unlisted options have been issued by Mount Gibson under the Plan as detailed below, pursuant to the terms of employment agreements, other contracts and grants by the Mount Gibson Board from time to time. The exercise prices and expiry dates for the Mount Gibson options on issue as at the date of this Bidder's Statement are as follows:

Exercise price	Vesting date	Expiry date	Number on issue
$0.78	already vested	31/12/06	823,712
$0.50	already vested	31/12/07	5,000,000
$0.55	31/12/06	31/12/08	5,000,000
$0.90	30/06/08	30/06/10	2,000,000
$0.90	24/10/08	24/10/10	3,000,000
$1.10	24/08/10	24/10/12	2,000,000
			17,823,712

In addition, as at the date of this Bidder's Statement, there were 4,175,000 options which the Board has agreed to grant under the Plan but which have not yet been issued. The options were granted on the basis that the employees must complete continuous employment service with the Mount Gibson Group to 31 December 2007 before the options vest, at which time they will be issued to the respective employees. Once vested the options will be exercisable at 78 cents each and expire on 31 December 2009.

(b) Options quoted on ASX

Mount Gibson also has the following listed options on issue as at the date of this Bidder's Statement:

Exercise price	Expiry date	Number issued
$0.25	31/12/06	7,256,920

3.7 Substantial holders in Mount Gibson Shares

As at the date of this Bidder's Statement, so far as is known to Mount Gibson based on publicly available information, there are no substantial holders of Mount Gibson Shares and options, except as set out below:

Substantial holder	Number of Mount Gibson Shares held	Voting power
Sun Hung Kai Investment Services Ltd (accounts of Honest Opportunity Limited and New Fortress Investments Limited)	46,963,177	11.68%

4 INFORMATION ON AZTEC AND AZTEC GROUP

4.1 Overview of Aztec

Aztec is an iron ore company currently developing the Koolan Island Iron Ore Project located in the Buccaneer Archipelago of Yampi Sound in Western Australia. The Koolan mine was opened by BHP in 1965 and operated until 1993. BHP mined approximately 68 million tonnes of high grade hematite ore from five pits at Koolan – Main, Mullet, Eastern, Barramundi and Acacia.

In early 2000, Aztec acquired the Koolan Island Iron Ore Project and in May 2003 an exploration licence was granted over Koolan Island. During 2003, Aztec undertook a review of available BHP data, carried out site inspections and committed to an exploration/ feasibility study programme in 2004. Exploration drilling commenced in February 2004 and the bankable feasibility study was completed in August 2005.

Aztec has publicly indicated that Koolan Island has a Mineral Resource of 53.3 Mt, including total Ore Reserves of 22.2 Mt with an expected grade of 64.6% Fe.[16]

Aztec expects the mine to reach full production of 4 Mtpa by 2009. Capital expenditure is estimated to be $125 million.[17]

4.2 Directors

As at the date of this Bidder's Statement, there are 4 directors of Aztec. The directors of Aztec are as follows:

Dr Ian Burston – Non-Executive Chairman

AM, FAICD, FAUSIMM, FIEAUS

Mr Burston has more than 30 years' experience in the extractive and related industries. Mr Burston holds a Bachelor of Engineering (Mech) degree from Melbourne University and a diploma in Aeronautical Engineering from Royal Melbourne Institute of Technology. He was appointed as Chief Executive Officer and Chairman of the Board of Aztec on 17 June 2003 and subsequently became Non-Executive Chairman on 1 February 2006.

Mr Burston is also Non-Executive Chairman of Imdex Ltd, Cape Lambert Iron Ore Ltd, Non-Executive Director of Mincor Resources Ltd and Aviva Corporation and Chairman of the Broome Port Authority. Mr Burston's prior positions included Managing Director and Chief Executive Officer of Portman Ltd and Aurora Gold Ltd, Chief Executive Officer of Kalgoorlie Consolidated Gold Mines; Vice President – WA Business Development of CRA Ltd and Managing Director of Hamersley Iron Pty Ltd.

Mr Peter Bilbe – Managing Director

Mr Bilbe is an experienced engineer who has been working in the mining industry for more than 30 years. Mr Bilbe joined Aztec in 2004 as Project Manager for the Koolan Island Iron Ore Project and was appointed as Chief Operating Officer of Aztec in August 2005. Mr Bilbe was appointed Managing Director of Aztec on 1 February 2006.

For the last 15 years Mr Bilbe has held various senior executive roles for mining companies both within Australia and overseas. Prior to joining Aztec in 2004 he was General Manager Operations for Portman Limited with responsibility for the Koolyanobbing and Cockatoo Island iron ore projects.

Mr Michael Arnett - Non-Executive Director

BComm, LLB

Mr Arnett is an experienced director and a partner of international law firm Deacons. Holding Bachelor of Commerce and Bachelor of Law degrees from the University of New South Wales, Australia, Mr Arnett has over 20 years experience as a lawyer in the areas of mining, corporate finance and commercial law. Mr Arnett was appointed as a Non-Executive Director of Aztec on 20 April 2004.

Mr Arnett is also a director of Archipelago Resources plc and Anzon Australia Limited.

Mr Geoffrey Clifford – Non Executive Director

B.BUS, FCPA FCIS

Mr Clifford has more than 25 years experience in senior accounting, finance, administration and company secretarial roles in the mining, retailing and wholesaling industries. Mr Clifford was appointed a non-executive director of Aztec's board on 24 August 2005.

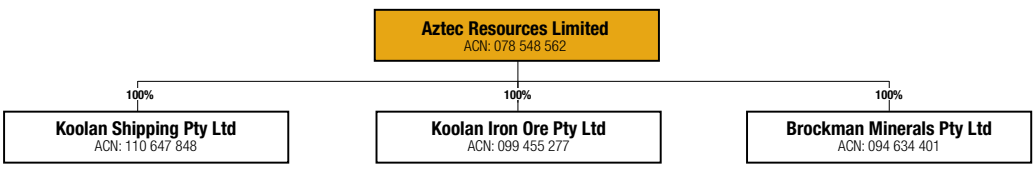
Over the past eight years, he was General Manager Administration and Company Secretary of iron ore miner Portman Limited.

4.3 Structure and ownership of Aztec Group

(a) Structure

The corporate structure of Aztec is set out below.

Corporate Structure of Aztec Resources Limited



[16] *Aztec's prospectus for its non-renounceable rights offer dated 8 December 2005 and lodged with ASIC on that date and Aztec's ASX announcement, "Managing Director Presentation – Media Briefing", 6 July 2006.*

[17] *Aztec ASX announcement, "Managing Director Presentation – Media Briefing", 6 July 2006.*

(b) Ownership

Mount Gibson acquired a relevant interest in 19.9% of Aztec's Shares pursuant to a Call Option Agreement entered into between Mount Gibson and Cambrian Mining on 23 July 2006. At the time of entry into the Call Option Agreement, Cambrian Mining held 26.7% of the Aztec Shares on issue. Further details about the agreement are set out in section 5.5.

To the best of Mount Gibson's knowledge, Aztec is not directly or indirectly controlled by another corporation or any person or foreign government, and there are no arrangements which may, at a subsequent date, result in a change in control of Aztec.

4.4 Financial information on the Aztec Group

(a) Basis of presentation of historical financial information

The historical financial information below relates to Aztec on a stand-alone basis and accordingly does not reflect any impact of the Offer. It is a summary only and the full financial accounts for Aztec for the financial periods described below, which include the notes to the accounts, can be found in Aztec's half year financial statements and annual reports for those periods.

(b) Historical financial information on the Aztec Group

(1) Statement of financial position

The summarised historical statement of financial position of the Aztec Group as at 30 June and 31 December 2005 set out below has been extracted from the reviewed consolidated statement of financial position of the Aztec Group as at 31 December 2005, being the last balance date prior to the date of this Bidder's Statement.

	As At 31 Dec 2005 $ '000	As At 30 June 2005 $ '000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	13,842	18,420
Trade and other receivables	354	335
Available-for-sale financial assets	401	-
Prepayments	317	8
TOTAL CURRENT ASSETS	**14,914**	**18,763**
NON-CURRENT ASSETS		
Deferred exploration and evaluation costs	14,647	14,027
Mine development costs	3,428	-
Plant and equipment	1,843	2,056
Available for sale financial assets	-	630
TOTAL NON-CURRENT ASSETS	**19,918**	**16,713**
TOTAL ASSETS	**34,832**	**35,476**
LIABILITIES		
CURRENT LIABILITIES		
Trade payables and other liabilities	2,554	1,819
Provisions	64	105
Interest-bearing loans and borrowings	-	28
TOTAL CURRENT LIABILITIES	**2,618**	**1,952**
TOTAL LIABILITIES	**2,618**	**1,952**
NET ASSETS	**32,214**	**33,524**
EQUITY		
Issued capital	51,943	51,706
Accumulated losses	(20,160)	(18,344)
Reserves	431	162
TOTAL EQUITY	**32,214**	**33,524**

This financial position as at 31 December 2005 has been prepared based on AIFRS and comparatives for the full-year ended 30 June 2005 have been restated accordingly.

On 8 December 2005, Aztec announced a fully underwritten non-renounceable rights issue of one new share for every two existing shares at $0.17 per share in Aztec to raise $42.3 million (before issue expenses), with an attaching option for every new share subscribed. Each attaching option was exercisable at $0.17 per share on or before 31 July 2006 to raise $42.3 million (before issue expenses). The total proceeds of $84.6 million (before issue expenses) from the rights issue and exercise of options are to be used to partially fund the construction and development of the Koolan Island Iron Ore Project. The rights issue was successfully completed in January 2006 and 99.4% of the attaching options were subsequently exercised before the option expiry date. The shortfall, representing approximately 1.5 million new Aztec Shares, were successfully placed by an underwriter appointed by Aztec in August 2006.

(2) Statements of financial performance

The summarised historical statements of financial performance of the Aztec Group for the periods ended 31 December 2005 and 30 June 2005 shown below have been extracted from the reviewed consolidated statements of financial performance for the 6 months ended 31 December 2005 and year ended 30 June 2005.

This statement of financial performance for the 6 months ended 31 December 2005 has been prepared based on AIFRS and comparatives for the full-year ended 30 June 2005 have been restated accordingly.

	6 months ended 31 December 2005 $'000	12 months ended 30 June 2005 $'000
Revenue	528	623
Other income	425	-
Exploration expenditure written off	-	(3,227)
Losses on disposal of tenements	(22)	(40)
Impairment of available-for sale-financial assets	(14)	(464)
Employees, contractors and associated expenses	(1,351)	(1,217)
Consultants and professional services	(676)	(1,220)
Administration expenses	(659)	(631)
Depreciation	(47)	(100)
LOSS BEFORE INCOME TAX	**(1,816)**	**(6,276)**
Income tax benefit / (expense)	-	-
NET PROFIT ATTRIBUTABLE TO MEMBERS OF PARENT	**(1,816)**	**(6,276)**

Earnings / (Loss) per share (cents per share)		
basic for loss for the period	(0.4)	(1.55)
diluted for loss for the period	(0.4)	(1.55)

4.5 Publicly available information about Aztec Group

Aztec is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, Aztec is subject to the listing rules of ASX which require continuous disclosure of any information Aztec has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

ASX maintains files containing publicly disclosed information about all listed companies. Aztec's file is available for inspection at ASX during normal business hours.

In addition, Aztec is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Aztec may be obtained from, or inspected at, an ASIC office.

Further information about Aztec is available in electronic form from: www.aztecresources.com.au

4.6 Announcement by Aztec in relation to the Offer

On 24 July 2006, Aztec made a public announcement to ASX in relation to the Offer. A copy of that announcement is contained in Annexure A of this Bidder's Statement.

5 INFORMATION ON AZTEC'S SECURITIES

5.1 Aztec's issued securities

According to documents provided by Aztec to ASX, as at the date of this Bidder's Statement, Aztec's issued securities consisted of:

- 1,043,101,777 fully paid ordinary shares; and
- 21,750,000 unlisted options to subscribe for Aztec Shares.

5.2 Aztec Option Plan

According to documents provided by Aztec to ASX, as at the date of this Bidder's Statement, Aztec currently has an Employee Share Option Plan **(Aztec ESOP)** in operation.

On 25 November 2004, Aztec shareholders approved the Aztec ESOP under which senior executives, at the discretion of the Aztec Board, may be issued options in Aztec for no consideration.

The options received cannot be exercised in the 12 months after issue following which, they can only be exercised at the rate of one-third per year. Options which have not vested on termination of services for the employee or director, are forfeited unless otherwise determined by the board of Aztec.

5.3 Options

According to documents provided by Aztec to ASX, Aztec options have been issued by Aztec under the ESOP.

So far as is known to Mount Gibson, the exercise prices and expiry dates for the Aztec options on issue as at the date of this Bidder's Statement are as follows:

Options not quoted on ASX

Exercise price	Expiry date	Number issued
$0.05	30/06/07	2,250,000
$0.10	30/06/07	2,000,000
$0.20	30/06/07	1,000,000
$0.20	25/11/09	3,900,000
$0.23	30/06/07	5,000,000
$0.20	30/06/10	1,000,000
$0.20	31/08/10	2,900,000
$0.20	31/03/11	2,250,000
$0.20	10/07/11	1,450,000
		21,750,000

5.4 Interests in Aztec securities

As at the date of this Bidder's Statement:

- Mount Gibson's voting power in Aztec was 15.25%;
- Mount Gibson had a relevant interest in 159,031,922 Aztec Shares; and
- Mount Gibson does not have a relevant interest in any Aztec options.

As at the date of the Offer:

- Mount Gibson's voting power in Aztec was 15.25%;
- Mount Gibson had a relevant interest in 159,031,922 Aztec Shares; and
- Mount Gibson does not have a relevant interest in any Aztec options.

5.5 Dealings in Aztec Shares and options

(a) Previous four months

Neither Mount Gibson nor any associate of Mount Gibson has provided, or agreed to provide, consideration for Aztec Shares or options under any purchase or agreement during the 4 months before the date of this Bidder's Statement, except as described below.

Aztec Shares

Holder of relevant interest	Date of dealing	Description of dealing
Cambrian Mining	23 July 2006	Option to acquire 159,031,922 Aztec Shares for a consideration of one Mount Gibson Share for every three Aztec Share – see further details below.

On 23 July 2006, Mount Gibson entered into a Call Option Agreement for nominal consideration with Cambrian Mining. Under the Call Option Agreement, Cambrian Mining granted Mount Gibson an option to acquire 159,031,922 Aztec Shares **(Option Shares)**, representing 19.9%[18] of Aztec Shares then on issue.

If the option is exercised, Mount Gibson will issue to Cambrian Mining one Mount Gibson Share for every three Option Shares.

The option can be exercised at any time within the period:

- of 14 days commencing on the date that is 14 days after the commencement of the offer period; or
- if before the close of the Mount Gibson offer, another party announces a rival offer, within a period of 14 days after the date of announcement.

[18] *This percentage has been diluted to 15.25% following the issue of Aztec Shares as a result of the unexercised listed options in Aztec being fully underwritten.*

The option lapses if Mount Gibson fails to lodge a bidder's statement with Aztec by 21 August 2006 or, if prior to completion under the option, Cambrian Mining accepts the Offer in respect of the Option Shares.

A copy of the Call Option Agreement is attached as Annexure C to this Bidder's Statement.

(b) Period before Offer

Neither Mount Gibson nor any associate of Mount Gibson has provided, or agreed to provide, consideration for Aztec Shares or options under any purchase or agreement during the period starting on the date of this Bidder's Statement and ending on the date immediately before the date of the Offer.

5.6 Recent share price performance of Aztec

The latest recorded sale price of Aztec Shares on ASX before the Announcement Date was $0.215 as at close of trading on ASX on 21 July 2006.

The latest recorded sale price of Aztec Shares on ASX before the date on which this Bidder's Statement was lodged with ASIC was $0.245.

The highest recorded sale price of Aztec Shares on ASX in the last 4 months before this Bidder's Statement was lodged with ASIC was $0.25.

The lowest recorded sale price of Aztec Shares on ASX in the last 4 months before this Bidder's Statement was lodged with ASIC was $0.17.

5.7 Effect of the Offer on options

The Offer extends to Aztec Shares that are issued on the exercise of Aztec options during the period from the Register Date to the end of the Offer Period.

If Mount Gibson and its associates have relevant interests in at least 90% of the Aztec Shares during, or at the end of the Offer Period, Mount Gibson will give a notice of compulsory acquisition to all outstanding Aztec shareholders, even if the Aztec Shares to which those notices relate are issued:

- after the Offer closes but before the notices are given (pursuant to section 661A(4)(b) of the Corporations Act); or
- on exercise of Aztec options, up to 6 weeks after the notices are given (pursuant to section 661A(4)(c) of the Corporations Act).

5.8 No pre-Offer benefits

During the period of 4 months before the date of this Bidder's Statement, neither Mount Gibson nor any associate of Mount Gibson gave, or offered to give, or agreed to give a benefit to another person which was likely to induce the other person, or an associate of the other person, to:

- accept the Offer; or
- dispose of Aztec Shares,

and which is not offered to all holders of Aztec Shares under the Offer.

During the period from the date of this Bidder's Statement to the date before the date of the Offer, neither Mount Gibson nor any associate of Mount Gibson gave, or offered to give, or agreed to give a benefit to another person which was likely to induce the other person, or an associate of the other person, to:

- accept the Offer; or
- dispose of Aztec Shares,

and which is not offered to all holders of Aztec Shares under the Offer.

5.9 No escalation agreements

Neither Mount Gibson nor any associate of Mount Gibson has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

6 SOURCES OF CONSIDERATION

The consideration for the acquisition of the Aztec Shares to which the Offer relates will be satisfied wholly by the issue of Mount Gibson Shares.

The maximum number of Mount Gibson Shares which would become payable under the Offer if acceptances are received in respect of Aztec Shares on issue as at the date of this Bidder's Statement (other than those Aztec Shares in which Mount Gibson has a relevant interest) is approximately 347,700,592.

In addition, if all Aztec options on issue as at the date of this Bidder's Statement convert into Aztec Shares during the Offer Period, then an additional approximately 7,250,000 Mount Gibson Shares would become payable. If this additional number of Mount Gibson Shares also becomes payable, the total number of Mount Gibson Shares which would become payable under the Offer is approximately 354,950,592.

Mount Gibson has the capacity to issue the maximum number of Mount Gibson Shares which it may be required to issue under the Offer.

7 MOUNT GIBSON'S INTENTIONS IN RELATION TO AZTEC

7.1 Introduction

The intentions of Mount Gibson are set out in this section of the Bidder's Statement. Those intentions have been formed on the basis of facts and information concerning Aztec, and the general business environment, which are known at the time of preparing this Bidder's Statement. Final decisions will only be reached by Mount Gibson in light of material information and circumstances at the relevant time. Accordingly, the statements set out in this section are statements of current intention only and accordingly may vary as new information becomes available or circumstances change.

The articulation and formulation of Mount Gibson's intentions are necessarily limited by virtue of the fact that it has only had access to publicly available information about Aztec and its affairs.

7.2 Overview and rationale for the Offer

Mount Gibson believes that a number of strategic and financial benefits will arise from the proposed combination of Mount Gibson and Aztec. These include:

- the creation of Australia's leading independent pure-play iron ore producer with approximately 10 Mtpa of hematite production expected in 2009;
- the combination of two companies sharing common strategic visions which will result in the delivery of the main strategies of both companies;
- the Merged Group will offer financial strength, asset diversification and proven management expertise, better able to manage the significant risks associated with the development and operation of a major new mining project;
- the Merged Group having a combined market capitalisation of in excess approximately $600 million and is expected to be included in the S&P/ASX 200 Index;
- access to a wider range of financing options and improved terms than would otherwise be available to Aztec on a stand alone basis due to risk diversification and increased scale;
- the Merged Group having a diversified asset portfolio with significant cash flow and growth potential;
- Mount Gibson's current cash generating asset at Tallering Peak assisting the development of Aztec's Koolan Island project;
- increasing leverage to peak cycle iron ore prices for Aztec shareholders;
- combined management team, with complementary technical and operating skills; and
- the Merged Group will be well placed to participate in future growth and consolidation in the iron ore industry.

7.3 Intentions for Aztec as a wholly owned controlled entity

This section 7.3 describes Mount Gibson's intentions if Mount Gibson and its associates acquire a relevant interest in 90% or more of the Aztec Shares, and so becomes entitled to proceed to compulsory acquisition of outstanding Aztec Shares in accordance with Part 6A.1 of the Corporations Act.

In that circumstance, Mount Gibson's current intentions are as follows:

(a) Corporate matters

Mount Gibson intends to:

- proceed with compulsory acquisition of the outstanding Aztec Shares in accordance with the provisions of Part 6A.1 of the Corporations Act, including any Aztec Shares which are issued after the close of the Offer as a result of the exercise of options (see section 5.7 of this Bidder's Statement);
- thereupon arrange for Aztec to be removed from the official list of the ASX and delisted from AIM;
- consider the replacement of members of the Aztec Board with the nominees of Mount Gibson. Replacement Board members have not yet been identified by Mount Gibson and their identity will depend on the circumstances at the relevant time. However, it is expected that the majority of the replacement Board members will be members of the Mount Gibson management team;
- appoint Mr Luke Tonkin as managing director of the Merged Group;
- to invite Mr Ian Burston to become a Non-Executive Director of Mount Gibson and to offer Mr Peter Bilbe the position of Chief Operating Officer of the Merged Group; and
- make decisions regarding other senior management positions following the general operational review referred to below.

(b) General operational review

After the end of the Offer Period, Mount Gibson intends to conduct an immediate, broad based review of Aztec's operations on both a strategic and financial level to:

- evaluate the status of the Koolan Island Iron Ore Project, including a detailed assessment of construction, development, timing, financing and commissioning risks and prospects;
- understand existing third party contractual arrangements;
- explore the potential to optimise production and sales to meet requirements of both Mount Gibson's and Aztec's customers;
- identify and assess the prospectivity of exploration potential of Aztec's assets and how best to assign resources to undertake detailed exploration; and
- eliminate duplication of functions where it is economic to do so.

(c) Impact on employees

Mount Gibson intends to combine Aztec and Mount Gibson corporate head office functions as well as some of those functions involved in setting overall planning and control of the operations of the Merged Group. The corporate headquarters of the Merged Group would be located in Perth. Mount Gibson will consider how many employees are required to manage Aztec's assets within the Mount Gibson Group and (having made that assessment), whether these roles should be fulfilled by Mount Gibson or Aztec employees. Where Mount Gibson decides that those roles should be fulfilled by existing Mount Gibson employees, Mount Gibson will consider whether there are opportunities elsewhere in the Merged Group for those Aztec employees. As a result of the implementation of the above intentions, it is possible that certain operational functions, for example, those relating to the maintenance of Aztec's listings on the ASX and AIM, will become redundant. Some job losses may occur as a result, however, the incidence, extent and timing of such job losses cannot be predicted in advance.

If redundancies do occur, the relevant employees will receive benefits in accordance with their contractual and other legal entitlements.

7.4 Intentions for Aztec as a part owned controlled entity

Mount Gibson reserves its right to declare the Offer free from the 90% minimum acceptance condition (or any other condition) to the Offer. However, Mount Gibson has not decided whether it will free the Offer from the 90% minimum acceptance condition (or any other condition).

This section 7.4 describes Mount Gibson's intentions if Aztec becomes a controlled entity of Mount Gibson, but Mount Gibson is not entitled to proceed to compulsory acquisition in accordance with Part 6A.1 of the Corporations Act.

In that circumstance, Mount Gibson's current intentions are as follows:

(a) Corporate matters

After the end of the Offer Period, Mount Gibson intends:

- (subject to the Corporations Act and the constitution of Aztec) to seek to replace some of the members of the board of Aztec with nominees of Mount Gibson, so that the proportion of such nominees is broadly similar to the voting power of Mount Gibson. Mount Gibson would consider the recommendations in the ASX Corporate Governance Guidelines when determining the composition of the board. Replacement board members have not yet been finally decided by Mount Gibson and their identity will depend on the circumstances at the relevant time; however, it is expected that the majority of the replacement board members will be members of the Mount Gibson management team; and
- (subject to continued compliance by Aztec with the ASX and AIM Listing Rules) to maintain Aztec's listing on the ASX and AIM (although Aztec shareholders should be aware that in this circumstance the liquidity of Aztec Shares on ASX and AIM may be materially adversely affected).

It is possible that, even if Mount Gibson is not entitled to proceed to compulsory acquisition of minority holdings after the end of the Offer Period under Part 6A.1 of the Corporations Act, it may subsequently become entitled to exercise rights of general compulsory acquisition under Part 6D.2 of the Corporations Act; for example, as a result of acquisitions of Aztec Shares in reliance on the '3% creep' exception in item 9 of section 611 of the Corporations Act. If so, it may exercise those rights.

(b) General operational review

After the end of the Offer Period, Mount Gibson intends to propose to the board of Aztec that an immediate, broad-based review of Aztec's operations be conducted on both a strategic and financial level, along similar lines to that described in section 7.3(b).

Mount Gibson intends, subject to the approval of the board of Aztec, to participate in this review.

(c) Dividends and funding

No dividends have been paid by Aztec to date.

Mount Gibson's view is that, if Aztec does not become a wholly owned entity, given the early stage of development of Aztec's projects, Aztec will not pay dividends in the short term.

(d) Limitations in giving effect to intentions

The ability of Mount Gibson to implement the intentions set out in this section 7.4, will be subject to the legal obligations of Aztec directors to have regard to the interests of Aztec and all Aztec shareholders, and the requirements of the Corporations Act and the ASX Listing Rules relating to transactions between related parties. Mount Gibson will only make a decision on the above mentioned courses of action following legal and financial advice in relation to those requirements.

7.5 Other intentions

Subject to the matters described above in this section 7 and elsewhere in this Bidder's Statement and, in particular, the completion of the strategic review of Aztec's operations, it is the intention of Mount Gibson, on the basis of the facts and information concerning Aztec that are known to it and the existing circumstances affecting the assets and operations of Aztec at the date of this Bidder's Statement, that:

- the business of Aztec will be conducted in the same manner as at the date of this Bidder's Statement;
- there will be no redeployment of the fixed assets of Aztec; and
- the majority of present employees of Aztec will continue to be employed by Aztec.

8 EFFECT OF THE OFFER ON MOUNT GIBSON AND PROFILE OF THE MERGED GROUP

8.1 Introduction

Mount Gibson's proposed acquisition of Aztec will, if successful, result in the creation of Australia's leading independent pure-play iron ore producer.

The Merged Group will be distinguished from its Australian peer group by virtue of its scale and multiple asset portfolio, which will provide both current production at Tallering Peak and the opportunity for significant growth at Extension Hill and Koolan Island. The Merged Group intends to continue Mount Gibson's and Aztec's current business strategies and operations, while capitalising on each other's technical, commercial and operational skills.

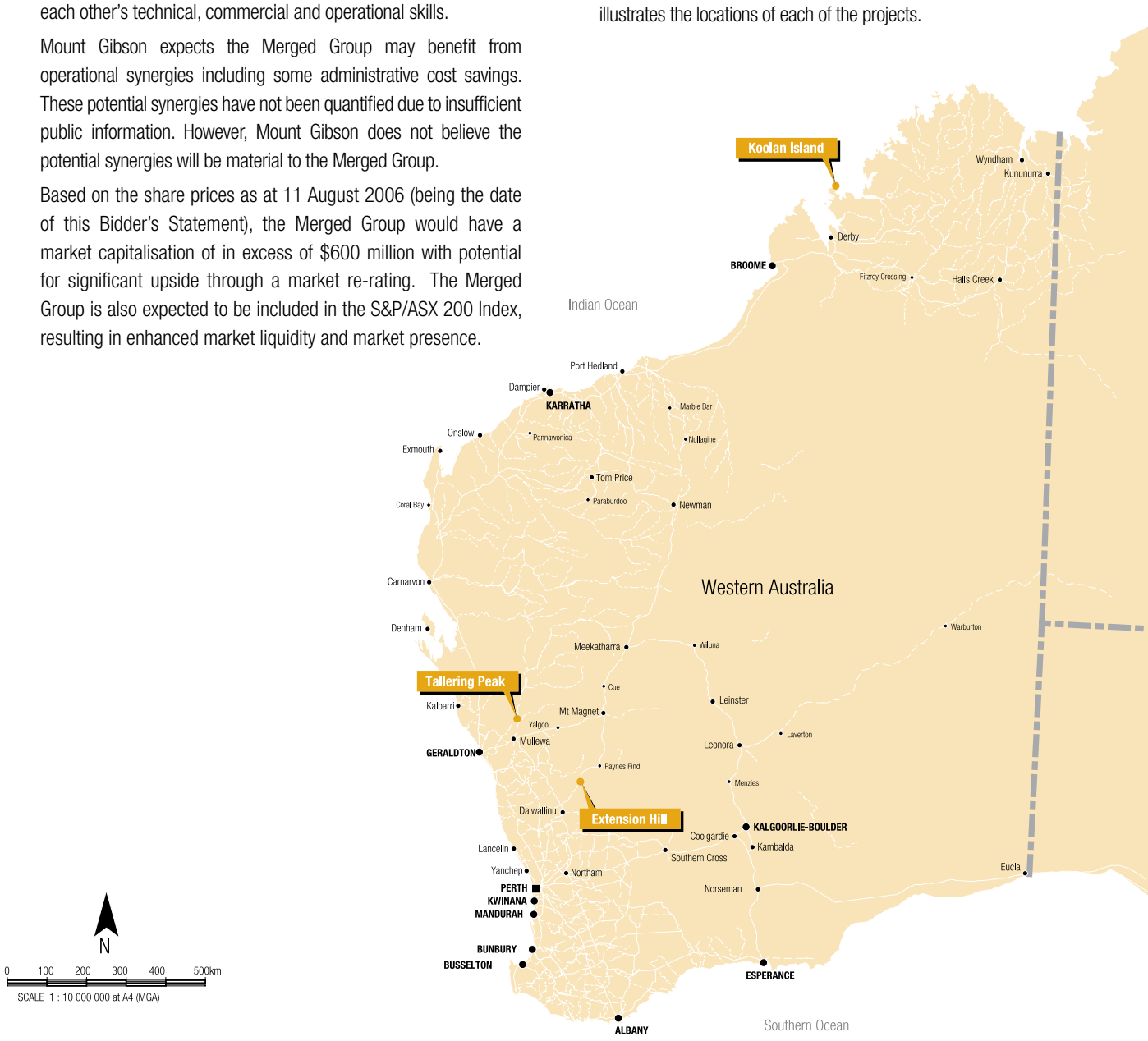
Mount Gibson expects the Merged Group may benefit from operational synergies including some administrative cost savings. These potential synergies have not been quantified due to insufficient public information. However, Mount Gibson does not believe the potential synergies will be material to the Merged Group.

Based on the share prices as at 11 August 2006 (being the date of this Bidder's Statement), the Merged Group would have a market capitalisation of in excess of $600 million with potential for significant upside through a market re-rating. The Merged Group is also expected to be included in the S&P/ASX 200 Index, resulting in enhanced market liquidity and market presence.

Mount Gibson anticipates that the Merged Group will be well placed to participate in further value creating industry consolation which is expected to occur amongst Australian independent iron ore companies.

8.2 Effect on assets and operations

The acquisition of Aztec will have a material impact on Mount Gibson's operations. The Merged Group will hold a diversified portfolio of three high quality DSO projects in Western Australia, being one producing asset at Tallering Peak, one development project at Koolan Island and one development project at Extension Hill. The following map illustrates the locations of each of the projects.



The following table sets out each of Mount Gibson's, Aztec's and the Merged Group's JORC compliant estimated hematite and DSO Ore Reserves and Mineral Resources.

	Mount Gibson[19] (Mt)	Aztec (Mt)	Merged Group (Mt)
Proven and Probable Ore Reserves	32.5	22.2[20]	54.7
Measured, Indicated and Inferred Mineral Resources	42.7	53.3[21]	96.0

The following table sets out each of Mount Gibson's and Aztec's Lump Ore versus Fines Ore ratios for the expected life of mine.

	Tallering Peak	Extension Hill	Koolan Island
Lump Ore	65%	50%	30%
Fines Ore	35%	50%	70%

Lump Ore is sold at a significant premium to Fines Ore because Fines Ore must be sintered before feeding to a blast furnace.

8.3 Effect on capital structure

If the Offer was accepted by all holders of Aztec Shares on issue as at the date of this Bidder's Statement, Mount Gibson would have 749,759,311 million fully paid ordinary shares on issue of which 347,700,592 million (representing approximately 46.5% of the total fully paid ordinary shares on issue following 100% acceptance of the Offer) would represent shares issued to accepting Aztec shareholders.

Mount Gibson is not aware of the effect that this Offer will have on the rights of unlisted optionholders to exercise their options and be issued with Aztec Shares. Mount Gibson expects this issue to be addressed in Aztec's target's statement. However, assuming all holders of Aztec unlisted options exercised their options and subsequently accepted the Offer for their Aztec Shares, Mount Gibson would have 757,009,311 million fully paid ordinary shares on issue, of which 354,950,592 million (representing approximately 47% of the total fully paid ordinary shares on issue following 100% acceptance of the Offer) would represent shares issued to accepting Aztec shareholders.

Mount Gibson intends to explore the most appropriate way of acquiring and/or cancelling these unlisted options once full details of their terms are made available.

8.4 Pro forma consolidated financial statements for the Merged Group

(a) Basis of presentation of pro forma financial information

This section provides an overview of the effects of the transaction on Mount Gibson including the unaudited pro-forma consolidated balance sheets as at 31 December 2005 in respect of Mount Gibson, Aztec and the consolidated Merged Group (which assumes that Mount Gibson acquires 100% of Aztec Shares) after completion of the transaction. This section also sets out information regarding:

- general assumptions underlying the preparation of the Merged Group's pro-forma balance sheet; and
- other relevant accounting considerations.

The financial information is provided for illustrative purposes only and has been prepared on an abbreviated basis. It does not contain all the disclosures usually provided in an Annual Report in accordance with the Corporations Act.

This document does not include any financial forecasts or projections for revenue or profit in relation to Mount Gibson, Aztec or the Merged Group. Mount Gibson believes that the inclusion of financial forecasts would be speculative and potentially misleading for Aztec shareholders, particularly due to the potential timing and production effect that construction and commissioning of Koolan Island Iron Ore Project and Extension Hill DSO Project, combined with variations in the price of iron ore and exchange rates, may have on future revenue and earnings.

For the purpose of preparing the unaudited pro forma balance sheets as at 31 December 2005, Mount Gibson has utilised:

- the balance sheet as at 31 December 2005 extracted from the half year financial report of Aztec for the period ended 31 December 2005. The Aztec half year financial report was reviewed by Ernst & Young in accordance with Australian Auditing Standard and the unqualified review opinion was signed on 9 March 2006; and
- the balance sheet as at 31 December 2005 extracted from the half year financial report of Mount Gibson for the period ended 31 December 2005. The Mount Gibson half year financial report was reviewed by Ernst & Young in accordance with Australian Auditing Standards and the unqualified review opinion was signed on 9 March 2006.

Pro forma adjustments and assumptions have been made to present the balance sheet as at 31 December 2005. Acquisition accounting entries have then been made, consistent with the terms of the Offer and the assumptions set out in section 8.4(c) below, in order to arrive at an unaudited pro forma consolidated balance sheet of the Merged Group as at 31 December 2005.

The directors of Mount Gibson will undertake a comprehensive assessment of the fair value of the assets and liabilities acquired after the transaction has been completed.

The pro forma balance sheet is indicative only. The Mount Gibson directors have drawn their conclusions based on the known facts and other information publicly available. If the facts, circumstances, assumptions or other information should prove to be different to that described, the conclusions may change accordingly.

All adjustments have been made in accordance with AIFRS and Australian Accounting Standards.

[19] *Source: ASX Announcement (31 July 2006)*

[20] *Source: ASX Announcement (8 August 2005). Aztec estimates that in addition to the ore reserves, a significant quantity of Inferred Resources are contained within the optimized pit designs, giving a total estimated mining inventory of 29.1 Mt.*

[21] *Source: ASX Announcement (6 July 2006)*

(b) Pro forma consolidated statement of financial position of the Merged Group

	Mount Gibson 31 December 2005 $'000	Aztec 31 December 2005 $'000	Adjustments $'000	Merged Group $'000
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	44,516	13,842	76,351	134,709
Trade and other receivables	8,203	354	(546)	8,011
Inventories	5,887	-	-	5,887
Prepayments	2,684	317	(1,203)	1,798
Available for sale financial assets	-	401	-	401
Derivatives	404	-	-	404
Assets classified as held for sale	-	-	38,310	38,310
TOTAL CURRENT ASSETS	**61,694**	**14,914**	**112,912**	**189,520**
NON-CURRENT ASSETS				
Available for sale financial assets	2,675	-	-	2,675
Property, plant and equipment	19,287	1,843	(142)	20,988
Deferred acquisition, exploration, evaluation and development costs	37,368	14,647	151,024	203,039
Mine properties	23,536	3,428	-	26,964
TOTAL NON-CURRENT ASSETS	**82,866**	**19,918**	**150,882**	**253,666**
TOTAL ASSETS	**144,560**	**34,832**	**263,794**	**443,186**
LIABILITIES				
CURRENT LIABILITIES				
Trade payables and other liabilities	13,682	2,554	(1,413)	14,823
Interest-bearing loans and borrowings	3,590	-	-	3,590
Derivatives	1,474	-	-	1,474
Provisions	467	64	-	531
Liabilities associated with assets classified as held for sale	-	-	1,413	1,413
TOTAL CURRENT LIABILITIES	**19,213**	**2,618**	**-**	**21,831**
NON-CURRENT LIABILITIES				
Provisions	681	-	-	681
Interest-bearing loans and borrowings	9,904	-	-	9,904
Deferred income tax liabilities	4,770	-	-	4,770
TOTAL NON-CURRENT LIABILITIES	**15,355**	**-**	**-**	**15,355**
TOTAL LIABILITIES	**34,568**	**2,618**	**-**	**37,186**
NET ASSETS	**109,992**	**32,214**	**263,794**	**406,000**
EQUITY				
Issued capital	86,092	51,943	244,065	382,100
Retained earnings / (Accumulated losses)	12,504	(20,160)	20,160	12,504
Reserves	2,418	431	(431)	2,418
Parent interests	101,014	32,214	263,794	397,022
Minority interest	8,978	-	-	8,978
TOTAL EQUITY	**109,992**	**32,214**	**263,794**	**406,000**

(c) Pro forma adjustments

The following adjustments and assumptions have been made in the preparation of the pro forma unaudited consolidated balance sheet of the Merged Group, as set out in section 8.4(b) above:

- The unaudited balance sheet of Aztec as at 31 December 2005 has been adjusted to include the known transactions set out below since 31 December 2005, all of which have occurred:
  - Proceeds of rights issue of $39.7 million (net of costs of transaction) completed on 24 January 2006; and
  - Proceeds of listed options exercised of $39.7 million (net of costs of transaction) completed in August 2006.
- The accounting policies applied by Aztec have been consistently applied in the preparation of the unaudited pro forma balance sheet, and no review has been made on the appropriateness of these policies of accounting treatments.
- The issue of 347,700,592 Mount Gibson Shares at an issue price of $0.263 to shareholders of Aztec pursuant to the Offer and before transaction costs.
- No adjustment has been made for any Mount Gibson Shares to be issued as a consequence of the exercise of any unlisted Aztec options.
- The excess of consideration paid over the fair value of Aztec's non-mineral assets resulting from the transaction has been attributed in full to deferred acquisition, exploration, evaluation and development costs. This has resulted in the recognition of exploration expenditure acquired in the proposed transaction of $184.4 million. The accounting for the proposed transaction has been treated as the acquisition of an asset as the directors are of the opinion that the proposed transaction does not fall within the scope of AASB 3 "Business Combinations".
- The net assets of the Asia Iron Holdings group which has been sold by the Mount Gibson Group (as detailed in section 2.2(d) above) are classified as assets / liabilities held for sale. As at 31 December 2005, the Mount Gibson balance sheet included the net assets of the Asia Iron Holdings group of $36.9 million. The total assets included in the Mount Gibson Group unaudited consolidated balance sheet as at 31 December 2005 relating to the Asia Iron Holdings group have been aggregated and disclosed as "Assets classified as held for sale". The total liabilities included in the Mount Gibson Group unaudited consolidated balance sheet as at 31 December 2005 relating to the Asia Iron Holdings group have been aggregated and disclosed as "Liabilities associated with assets classified as held for sale". The sale proceeds of $52.5 million before tax have not been reflected in the unaudited pro forma balance sheet as Environmental Approval has not yet been received.
- Approximately $22 million in costs inclusive of stamp duty, fees for professional services and other transactional costs are expected to be incurred by Mount Gibson in relation to the Offer and have been capitalised as a component of the cost of acquiring Aztec as part of Mount Gibson's investment in Aztec.

9 RISK FACTORS

9.1 Introduction

If the Offer becomes unconditional, Aztec shareholders who accept the Offer will become Mount Gibson shareholders, and Mount Gibson will acquire an interest in Aztec. In that event, Aztec shareholders will continue to be indirectly exposed to the risks associated with having an interest in Aztec's assets and general economic, share market and industry risks. There are also additional risks relating to the Offer and the Merged Group, to which Aztec shareholders will be exposed through their holding of Mount Gibson Shares.

9.2 Risks relating to the Offer and the Merged Group

Issue of Mount Gibson Shares as consideration

Aztec shareholders are being offered consideration under the Offer that consists of a specified number of Mount Gibson Shares, rather than a number of Mount Gibson Shares with a specified market value. As a result, the value of the consideration will fluctuate depending upon the market value of the Mount Gibson Shares.

9.3 General and industry risks

Mount Gibson, like Aztec, is subject to the inherent risks of the iron ore mining industry and general economic risks in varying degrees. A list of some of the more important of these risks is set out below:

(a) Economic conditions

Economic conditions, both domestic and global, may affect the performance of the Merged Group.

Adverse changes in such things as the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory policies), consumer spending, employment rates and industrial disruption, amongst others, are outside the control of the Merged Group and may result in material adverse impacts on the business and its operating results.

(b) Share market conditions

As Mount Gibson is listed on ASX, its share price is subject to the numerous influences that may affect both the trends in the share market and the share prices of individual companies, including

movements in international and local stock markets, inflation, interest rates, general economic conditions, changes in government, fiscal, monetary and regulatory policies. In the future, these factors may cause Mount Gibson Shares to trade below current prices and may affect the income and expenses of Mount Gibson.

Future earnings, asset values, and the relative attractiveness of Mount Gibson Shares may be affected by changes in law and government policy in the jurisdictions in which the Merged Group will operate, in particular changes to taxation laws (including stamp duty and GST). In addition, accepting the Offer may involve tax considerations that may differ for each Aztec shareholder. Each Aztec shareholder is encouraged to seek professional tax advice in connection with accepting the Offer (see also section 10 in respect of tax considerations).

(c) Mining and exploration risks

The business of exploration, mineral development and production by its nature, is subject to risk. To prosper, the business depends upon successful exploration and/or acquisition of reserves, successful development in accordance with forecasts, and successful management of the operations. Exploration and mining are speculative endeavours which may be hampered by force majeure circumstances, land claims and unforseen mining problems. There can be no assurance that the Merged Group's attempts to develop and exploit its exploration activities will be successful.

(d) Operational risks

The operations of the Merged Group are likely to be affected by various factors beyond its control, including sabotage, operational and technical difficulties encountered in production, difficulties in sourcing, commissioning, operating and maintaining plant and equipment, mechanical failure, industrial and environmental disputes, adverse weather conditions, unusual or unexpected rock formations and unexpected shortages or increases in the costs of consumables, spare parts, plant, equipment or labour.

The Merged Group may also face risks from the loss of key personnel from time to time, as it may be difficult to secure replacements with appropriate experience and expertise given the locations in which the Merged Group operates.

(e) Commodity price movements

The revenues of the Merged Group may be materially impacted by fluctuations in the global prices of iron ore, which are in turn affected by many factors beyond the control of the Merged Group, such as supply and demand fluctuations, technological advancements, forward selling activities and other macro-economic factors.

(f) Ore Reserve and Mineral Resource estimates

Ore Reserve and Mineral Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which are valid when made, may change significantly when new information becomes available. In addition, ore estimation is an interpretive process based on available data, and interpretations may prove to be inaccurate. The actual Ore Reserves and Mineral Resources may differ from those estimated which may result in the Merged Group altering its plans which could have either a positive or negative effect on the Merged Group's operations.

(g) Geological and geotechnical

There is a risk that, while the Merged Group has sufficient quality Ore Reserves, unforseen geological and geotechnical difficulties may be encountered when mining the Ore Reserves. This would cause a loss of revenue due to lower production than expected and/or higher operation and maintenance costs and/or on-going unplanned capital expenditure in order to meet iron ore production targets.

(h) Environmental risks

Mining and exploration involves the risk of environmental damage and the corresponding environmental management issues with which Mount Gibson may be required to comply from time to time. The potential for liability is an ever-present risk. The Board of Mount Gibson intends that the Merged Group will conduct its activities to the highest standard of environmental obligation, including compliance with the relevant environmental legislation. Nevertheless, there are certain risks inherent in the Merged Group's activities, including accidental contamination.

(i) Government policy

Industry profitability can be affected by changes in government, both within Australia and internationally, that are beyond the control of the Merged Group.

(j) Insurance risks

Insurance against all risks associated with the Merged Group's operations is not always available or, if it is available, affordable.

The Merged Group will maintain insurance where it is considered appropriate for its needs. However, there are likely to be some risks, in particular those relating to wilful damage and political risks, for which it will not be insured either because appropriate cover is not available or because the Board of Mount Gibson consider the required premiums to be excessive having regard to the benefits provided.

(k) Weather and climatic conditions

The current and future operations of both Mount Gibson and Aztec, including production and exploration operation, may be affected by limitations on activities due to seasonal weather patterns and cyclone activity.

9.4 Mount Gibson specific risks

(a) Sale of Asia Iron Holdings

There is a risk that the Environmental Approval for the Extension Hill Magnetite Project will not be received by 30 November 2007. If Environmental Approval is not obtained by 30 November 2007, Sinom Investments may terminate the agreement and the sale shares will be returned to Mount Gibson. If the agreement with Sinom Investments is terminated, then the Mount Gibson Group will retain its indirect interest in the Extension Hill Magnetite Project. In these circumstances, the Mount Gibson Group would re-assess the options available to it in respect of the project.

The Mount Gibson Group has received correspondence from lawyers acting for some of the minority shareholders in Asia

Iron Holdings alleging that the previous managing director made certain representations to the minority shareholders on behalf of Mount Gibson and threatening legal action on the basis that the Mount Gibson Group's decision to sell its interest in Asia Iron Holdings resulted in a breach of those representations. Mount Gibson disputes the assertions of the minority shareholders.

(b) Mine development, construction and commissioning

There is a risk that the development of Mount Gibson's Extension Hill DSO mine will not be completed on schedule, or that the construction cost exceeds the budget, or that significant problems in commissioning the mine may arise. Mount Gibson will depend on third party contractors to undertake construction, equipment supply, installation and commissioning. There is a risk that one or more of these third party contractors will not perform its contractual obligations properly or at all.

(c) Completion of the Definitive Feasibility Study

There is a risk that the results of the DFS to be undertaken in respect of the Extension Hill DSO Project will not reflect the results of the desk top study recently completed adversely affecting the prospectivity and economics of the project.

(d) Currency fluctuations

Mount Gibson's future revenues are denominated in United States dollars while the majority of Mount Gibson's expenses are in Australian dollars. Currency exchange rate fluctuations, in particular the price of the Australian dollar relative to the United States dollar, may have an impact on the performance of Mount Gibson. Mount Gibson currently has in place a foreign exchange hedge book covering approximately 50% of the next 12 months' forecast production. As such, to the extent that Mount Gibson does not hedge the balance of its currency risk, Mount Gibson is likely to be exposed to currency exchange rate movements. The effect on Mount Gibson of any change in currency exchange rates cannot be predicted by Mount Gibson's Board.

9.5 Aztec specific risks

The following are a selection of the major risks associated with Aztec's business which were identified by Aztec in its prospectus for its non-renounceable rights offer dated 8 December 2005 and lodged with ASIC on that date. In its prospectus Aztec also stated that although it has put in place certain risk mitigation strategies, some risks cannot be fully mitigated and there are many risk factors that are simply outside the control of management.

(a) Currency fluctuations

Aztec's future revenues are likely to be largely denominated in United States dollars while the majority of Aztec's expenses are expected to be paid in Australian dollars. Currency exchange rate fluctuations, in particular the price of the Australian dollar relative to the United States dollar, may have an impact on the performance of Aztec. As at the date of this Bidder's Statement, Aztec has not publicly stated that it has in place any foreign exchange hedge cover for anticipated production and sales. As such, to the extent that Aztec does not hedge its currency risk, Aztec is likely to be exposed to currency exchange rate movements.

(b) Mine development, construction and commissioning

There is a risk that the development of the Koolan Island Iron Ore Project will not be completed on schedule, or that the construction cost exceeds the budget, or that significant problems in constructing the sea wall or commissioning the mine may arise. Aztec will depend on third party contractors to undertake construction, equipment supply, installation and commissioning. There is a risk that one or more of these third party contractors will not perform its contractual obligations properly or at all.

(c) Sea wall failure

A seawall 300 metres long and 15 metres high is proposed for construction across the mouth of Arbitration Cove on Koolan Island. Aztec has stated that the foundation materials on which the sea wall will be constructed comprises lagoonal deposits (corals, clay, sand and gravels) of low strength and high compressibility.

Aztec has reported that geotechnical and design investigations have concluded that, although the intrinsic risk associated with the seawall construction is relatively high, the seawall could be constructed successfully by incorporation of carefully staged and monitored construction sequences into the design.

Aztec has stated that the incorporation in the design of a substantial rock buttress in the area where the sea floor drops away into deeper water should provide additional stability to the wall and further reduce the likelihood of failure. However, instability or unforseen circumstances could result in the failure of the proposed sea wall.

(d) Excessive main pit water in-flow

Substantial quantities of water may enter Aztec's Main pit at Koolan Island **(Main Pit)** via groundwater, beneath the seawall through the scree layer, or during cyclonic rainfall events.

Aztec has stated that groundwater modelling investigations and dewatering requirements from in-pit sump pumps in Main Pit have been estimated to be initially 87 litres per second, increasing to 250 litres/second at final pit depth. This is a substantial dewatering requirement, however Aztec believes that it is manageable with careful planning and supervision. There is a risk that dewatering requirements could be greater than estimated due to higher orebody permeability or greater water flows through the scree layer in the seawall foundation.

It is also possible that extreme (although rare) cyclonic rainfall events could result in substantial flow of water in the pits, interrupting operations for a considerable period. Aztec has stated that establishment and maintenance of appropriate quantities of ROM and product stockpiles would minimise the impact of such an occurrence.

(e) Main pit – footwall collapse/failure

There are risks pertaining to the stability of the footwall at Main Pit. These risks include unknown structures in the wall, effectiveness of drainage and successful remediation of the existing footwall ground support following drainage of the pit.

(f) Product ratios and chemical/metallurgical properties

Aztec has reported that historical data in relation to the Koolan Island Iron Ore Project indicates Lump Ore proportions for shipments to two Japanese mills during 1977 and 1985 (when operated by BHP) ranging between 30 and 60% of product on discharge.

Aztec has stated there is a risk that there is insufficient chemical data to conclude that there will be more than a narrow quality split between the Lump Ore and Fines Ore products. Similarly, Aztec has reported that no information exists as to the chemical properties of the Lump Ore product as an acceptable blast furnace feed.

(g) Option to repurchase

Australian Royalties Corporation Pty Limited (as trustee of the Australian Royalties Trust) has an option to repurchase its interest in the Koolan Island tenements the subject of vendor royalty arrangements for a nominal sum if production has not commenced from those tenements by 15 June 2007. This means that Aztec may be required to relinquish up to 30% of its interest in those tenements, which may impact adversely on its ability to operate, and draw revenues from, the Koolan Island Iron Ore Project.

10 TAX CONSIDERATIONS

10.1 Introduction

The following is a general description of the Australian taxation consequences for Aztec shareholders of the acceptance of the Offer.

The following description is based upon the Australian law and administrative practice in effect at the date of this Bidder's Statement. It is general in nature and is not intended to be an authoritative or complete statement of the laws applicable to the particular circumstances of every Aztec shareholder.

This section does not constitute taxation advice and Aztec shareholders should seek independent taxation advice in relation to their own particular circumstances.

Aztec shareholders who are not resident in Australia for tax purposes should take into account the tax consequences of acceptance of the Offer under the laws of their country of residence.

The following summary is intended only for Australian resident Aztec shareholders.

10.2 Australian resident shareholders

The Australian taxation consequences of the Offer will depend upon a number of factors, including:

- your tax residency status;
- whether you hold your shares on capital account, revenue account or as trading stock; and
- whether scrip for scrip roll-over relief is available.

If you have any questions about the taxation aspects of holding or disposing of Aztec Shares, then you should seek specific advice from a professional taxation adviser before making a decision whether or not to accept the Offer.

(a) Shares held on capital account

If you hold Aztec Shares as a passive investment with the intention of generating dividend income and long term capital growth, you may be considered to hold your shares on capital account for taxation purposes.

Acceptance of the Offer will involve the disposal of your Aztec Shares by way of transfer to Mount Gibson. This change in the ownership of your Aztec Shares will constitute a capital gains tax **(CGT)** event for Australian CGT purposes.

You will make a capital gain if the market value of the Mount Gibson Shares received, calculated at the time the Offer is accepted, exceeds the cost base of your Aztec Shares.

For CGT purposes, the cost base of your Aztec Shares would generally include the amount paid to acquire those shares, plus any incidental costs of acquisition (for example, brokerage fees and stamp duty).

You will make a capital loss if the capital proceeds received are less than the reduced cost base of your Aztec Shares. A capital loss may be used to offset capital gains derived in the same or subsequent years of income. A capital loss cannot be offset against ordinary income.

If you are an individual, trust or complying superannuation fund that has held your Aztec Shares for twelve months or longer at the time of your acceptance of the Offer, the capital gain derived will be a discount capital gain so that only half of the gain for an individual or trust, or two-thirds of the gain for a complying superannuation fund, is included in assessable income.

If you are a company or have not held your Aztec Shares for at least 12 months at the date of acceptance of the Offer, then you are not eligible to claim a discount on the capital gain.

If you make a capital gain as a result of accepting this Offer and the other conditions of scrip for scrip rollover are satisfied (refer below), you may be eligible for tax relief upon the disposal of your Aztec Shares under the scrip for scrip rollover relief provisions.

Scrip for scrip rollover relief

Scrip for scrip rollover relief enables a shareholder to elect to disregard the capital gain they make from the disposition of a share as part of a corporate takeover or merger, if the shareholder receives a replacement share in exchange.

Scrip for scrip rollover will only be available if Mount Gibson increases its shareholding in Aztec to at least 80% under the Offer.

If you choose to claim rollover relief, the capital gain that would otherwise arise from the disposal of your Aztec Shares will be disregarded.

The cost base of the Mount Gibson Shares that you receive in exchange for your Aztec Shares will be based upon the cost base of your Aztec Shares. You will be taken to have acquired the Mount Gibson Shares at the time the Aztec Shares were acquired for CGT purposes.

Scrip for scrip rollover is not available if you would realise a capital loss on acceptance of the Offer.

Where scrip for scrip rollover relief is not claimed or is not available in relation to the disposal of Aztec Shares

Where scrip for scrip rollover relief is not claimed or is not available in relation to the disposal of your Aztec Shares, you will make either a capital gain or capital loss equal to the difference between the cost base of your Aztec Shares and the market value of the Mount Gibson Share you receive under the Offer.

(b) Aztec Shares held on revenue account

If you acquired your Aztec Shares with the main purpose of reselling them at a profit (for example if you are a bank or insurance company) you may be considered to hold your shares on revenue account for tax purposes.

Where this is the case, any gain or loss realised on disposal of your Aztec Shares will be assessable as ordinary income or claimed as a revenue deduction. The gain or loss will be calculated as the difference between the value of the consideration, being the Mount Gibson Shares received on disposal, and the cost of acquiring the Aztec Shares.

In these circumstances scrip for scrip rollover relief will not be available.

(c) Aztec Shares held as Trading Stock

If you are engaged in the business of share trading, where you regularly buy and sell shares with a view to making profits in the ordinary course of carrying on a business of share trading, you may be holding your shares as trading stock.

If you hold your shares as trading stock, scrip for scrip rollover relief will not be available on acceptance of this Offer. The market value of the Mount Gibson Shares you receive from accepting this Offer will be included in your assessable income.

10.3 Taxation implications of holding Mount Gibson Shares

As a consequence of accepting the Offer, shareholders will cease to be shareholders of Aztec and will become shareholders of Mount Gibson. Dividends received by Australian resident shareholders of Mount Gibson would generally be required to be included in their assessable income.

(a) Subsequent disposal of Mount Gibson Shares held on revenue account

A shareholder holding their Mount Gibson Shares on revenue account will be required to treat any gain or loss arising on a subsequent disposal of their Mount Gibson Shares as assessable or deductible, respectively.

(b) CGT on subsequent disposal of Mount Gibson Shares

The subsequent disposal of Mount Gibson Shares by Australian resident shareholders will generally result in Australian CGT implications.

These will differ depending upon whether or not scrip for scrip rollover relief was claimed in relation to the disposal of Aztec Shares pursuant to the Offer.

Where scrip for scrip rollover relief is not claimed or is not available in relation to the disposal of Aztec Shares

Where scrip for scrip rollover relief was not claimed or was not available in relation to the disposal of the Aztec Shares, the cost base of each Mount Gibson Share would include the market value of the Aztec Shares disposed of under the Offer.

If you are an individual, trust or complying superannuation fund that has held Mount Gibson Shares for twelve months or longer at the time of the subsequent disposal, the capital gain derived will be a discount capital gain, so that only half of the gain for an individual or trust, or two-thirds of the gain for a complying superannuation fund, is included in the shareholder's assessable income.

If you are a company or have held the Mount Gibson Shares for less than 12 months, then you will not be eligible to claim the discount on the capital gain on disposal of those shares.

Where scrip for scrip rollover relief is claimed in relation to the disposal of Aztec Shares

Where scrip for scrip rollover relief was claimed in relation to the disposal of Aztec Shares, the cost base of the Mount Gibson Shares is based upon the original cost base of the Aztec Shares disposed of under the Offer.

A shareholder will be taken to have acquired the Mount Gibson Shares at the time their Aztec Shares were acquired for CGT purposes. Consequently, shareholders will be entitled to add together the ownership periods for both the Aztec and Mount Gibson Shares to determine whether the 12 month ownership requirement is satisfied for the discount capital gain rules, or in applying indexation.

If you have any questions about the financial or taxation aspects of holding or selling Mount Gibson Shares, you should seek your own independent advice from a professional advisor before making a decision whether or not to accept the Offer.

10.4 Non-resident shareholders

The Government is intending to change the taxation of capital gains of non-resident shareholders. The following is a general statement of the taxation outcomes for non-resident shareholders based on the law applicable at the date of this Bidder's Statement.

If you are a non-resident shareholder you should seek taxation advice from an independent professional adviser regarding the taxation consequences in Australia and in your country of residence of accepting the Offer.

Disposal of Aztec Shares held on capital account

Generally, if you are non-resident shareholder and hold your Aztec Shares on capital account you will not be subject to Australian CGT on the disposal of your shares unless:

- you (and your associates) owned 10% or more of the issued share capital in Aztec at any time during the 5 years before acceptance of the Offer; or
- owned your shares through a permanent establishment in Australia.

Non-resident shareholders may be eligible to claim scrip for scrip rollover relief as outlined in section 10.2 above.

Disposal of Aztec Shares on revenue account

If you are a non-resident of Australia and hold your Aztec Shares on revenue account or as trading stock, you may be assessed in Australia on any gain or profit on the disposal of these shares. The taxation consequences will depend upon the provisions of any relevant tax treaty between your country of residence and Australia.

10.5 Foreign Shareholders

If you are a Foreign Shareholder and accept this Offer you will not be entitled to receive Mount Gibson Shares in exchange for your Aztec Shares. As set out in section 12.7 of this Bidder's Statement, the nominee will arrange for the Mount Gibson Shares that are exchanged for your Aztec Shares to be sold. You will receive the proceeds of sale (less brokerage and sale expenses) of the Mount Gibson Shares calculated in accordance with the formula in section 12.7.

The Australian taxation consequences of receiving cash instead of Mount Gibson Shares will generally be the same as if you had received the Mount Gibson Shares directly and immediately sold them.

10.6 Goods and services tax

Holders of Aztec Shares should not be liable to GST in respect of a disposal of those Aztec Shares.

11 OTHER MATERIAL INFORMATION

11.1 Foreign Investment Review Board approval

Mount Gibson may be a foreign person under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) **(FATA)**.

Accordingly, the Offer and any contract formed on acceptance of the Offer are conditional on the approval of the Foreign Investment Review Board **(FIRB)**. Approval will not be given to the Offer if the Treasurer of the Commonwealth of Australia, on advice from FIRB, considers that the result of the takeover will be contrary to the Australian public interest.

Mount Gibson has given notification of the Offer to FIRB under the FATA and has provided FIRB with a detailed submission.

11.2 Date for determining holders of Aztec Shares

For the purposes of section 633 of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of section 633(1) is the Register Date.

11.3 Consents

Morgan Stanley Dean Witter Australia Limited has given, and not withdrawn prior to the lodgement of this Bidder's Statement with ASIC, its written consent to be named in this Bidder's Statement as financial advisor to Mount Gibson in the form and context it is so named. Morgan Stanley Dean Witter Australia Limited takes no responsibility for any part of this Bidder's Statement other than any reference to its name.

Citigroup Global Markets Australia Pty Limited has given, and not withdrawn prior to the lodgement of this Bidder's Statement with ASIC, its written consent to be named in this Bidder's Statement as financial advisor to Mount Gibson in the form and context it is so named. Citigroup Global Markets Australia Pty Limited takes no responsibility for any part of this Bidder's Statement other than any reference to its name.

Freehills has given, and not withdrawn prior to the lodgement of this Bidder's Statement with ASIC, its written consent to be named in this Bidder's Statement as legal advisor to Mount Gibson in the form and context it is so named. Freehills takes no responsibility for any part of this Bidder's Statement other than any reference to its name.

Computershare Investor Services Pty Limited has given and, as at the date hereof, has not withdrawn, its written consent to be named in this Bidder's Statement as Share Registrar in the form and context in which it is named. Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of the Bidder's Statement other than being named as Share Registrar to Mount Gibson. Computershare Investor Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Bidder's Statement.

This Bidder's Statement contains statements made by, or statements said to be based on statements made by, CRU Strategies Limited. CRU Strategies Limited has consented to the inclusion of:

- each statement it has made; and
- each statement which is said to be based on a statement it has made,

in the form and context in which the statements appear and has not withdrawn that consent at the date of this Bidder's Statement.

This Bidder's Statement includes statements relating to Mount Gibson's Ore Reserves and Mineral Resources which are made by, or statements based on statements made by, Rolf Forster. Rolf Forster has consented to being named in this Bidder's Statement and has consented to the inclusion of each statement he has made, and each statement which is said in this Bidder's Statement to be based on a statement he has made, in the form and context in which those statements appear, and has not withdrawn that consent.

This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or given to ASX. Under the terms of ASIC Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. If you would like to receive a copy of any of those documents, or the relevant parts of the documents containing the statements, (free of charge), during the bid period, please contact Computershare Investor Services Pty Ltd on +61 8 9323 2000. For legal reasons, calls to this number will be recorded.

In addition, as permitted by ASIC Class Order 03/635, this Bidder's Statement may include or be accompanied by certain statements:

- fairly representing a statement by an official person; or
- from a public official document or a published book, journal or comparable publication.

11.4 Foreign shareholders

Aztec shareholders who are Foreign Shareholders will not be entitled to receive Mount Gibson Shares as consideration for their Aztec Shares pursuant to the Offer, unless Mount Gibson otherwise determines.

An Aztec shareholder is a Foreign Shareholder for the purposes of the Offer if their address as shown in the register of members of Aztec is in a jurisdiction other than Australia or its external territories or New Zealand. However, such a person will not be a Foreign Shareholder if Mount Gibson is satisfied that it is not legally or practically constrained from making the Offer to a Aztec shareholder in the relevant jurisdiction and to issue Mount Gibson Shares to such a shareholder on acceptance of the Offer, and that it is lawful for the shareholder to accept the Offer in such circumstances in the relevant jurisdiction. Notwithstanding anything else in this Bidder's Statement, Mount Gibson is not under any obligation to spend any money, or undertake any action, in order to satisfy itself concerning any of these matters.

The Mount Gibson Shares which would otherwise have been issued to Foreign Shareholders will instead be issued to a nominee approved by ASIC, who will sell these shares. The net proceeds of the sale of such shares will then be remitted to the relevant Foreign Shareholders. See section 12.7 for further details.

11.5 Social security and superannuation implications of Offer

Acceptance of the Offer may have implications under your superannuation arrangements or on your social security entitlements. If in any doubt, you should seek specialist advice.

11.6 Disclosure of interests of certain persons

Other than as set out below or elsewhere in this Bidder's Statement no:

- director or proposed director of Mount Gibson;
- person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement;
- promoter of Mount Gibson; or
- underwriter to the issue of Mount Gibson Shares or financial services licensee named in this Bidder's Statement as being involved in the issue of Mount Gibson Shares,

(together, the **Interested Persons**) holds at the date of this Bidder's Statement or held at any time during the last two years, any interest in:

- the formation or promotion of Mount Gibson;
- property acquired or proposed to be acquired by Mount Gibson in connection with its formation or promotion, or the offer of Mount Gibson Shares under the Offer; or
- the offer of Mount Gibson Shares.

11.7 Disclosure of fees and benefits received by certain persons

Other than as set out below or elsewhere in this Bidder's Statement, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- to a director or proposed director of Mount Gibson to induce them to become, or to qualify as, a director of Mount Gibson;
- for services provided by an Interested Person in connection with the formation or promotion of Mount Gibson or the offer of Mount Gibson Shares under the Offer.

The fees paid in connection with the preparation and distribution of this Bidder's Statement and for services provided in connection with the Offer (on the basis that the Offer is successful), including legal, taxation and financial advisers and registry fees, total approximately $6.8 million.

11.8 Disclosure of interests of directors

(a) Interests in Mount Gibson Shares

As at the date of this Bidder's Statement, the directors of Mount Gibson had relevant interests in the following Mount Gibson Shares:

Director	Number
Bill Willis	1,480,000
Brian Johnson	Nil
Alan Rule	Nil
Luke Tonkin	Nil
Craig Readhead	727,500
Ian Macliver	1,000,000
Alan Jones	Nil

(b) Interests in Mount Gibson options

As at the date of this Bidder's Statement, the directors of Mount Gibson had relevant interests in the following Mount Gibson options:

Director	Exercise Price	Number
Bill Willis	$0.25	1,000,000
Brian Johnson	$0.50	5,000,000
Luke Tonkin	$0.90 (3,000,000 options), $1.10 (2,000,000 options)	5,000,000
Alan Rule	$0.90	2,000,000
Craig Readhead	$0.25	500,000
Ian Macliver	$0.25	500,000
Alan Jones	Nil	Nil

As at the date of this Bidder's Statement, Mr Rule had a relevant interest in 1,000,000 options in Asia Iron Holdings exercisable at HK$1.50 per option on or before 31 December 2009.

(c) Interests in Aztec Shares

As at the date of this Bidder's Statement, no directors of Mount Gibson had a relevant interest in Aztec securities.

(d) Indemnity and insurance

The constitution of Mount Gibson permits the grant of an indemnity (to the maximum extent permitted by law) in favour of each officer (as defined in the Corporations Act) of the company and its wholly owned subsidiaries including each director, secretary or past director or secretary of those entities.

Mount Gibson has entered into deeds of indemnity and access with all of the current directors. This indemnity is against liability to third parties by such officers unless the liability arises out of conduct involving a lack of good faith. The indemnity also covers costs or expenses incurred by an officer in unsuccessfully defending proceedings relating to that person's position.

Mount Gibson maintains an insurance policy in respect of certain present and future officers against certain liability incurred in that capacity. Disclosure of the total amount of any premium paid and the nature of the liabilities in respect of such insurance is prohibited by the contract of insurance.

11.9 Expiry date

No securities will be issued on the basis of this Bidder's Statement after the date which is 13 months after the date of this Bidder's Statement.

11.10 Other material information

Except as disclosed elsewhere in this Bidder's Statement, there is no other information that is:

(a) material to the making of a decision by a Aztec shareholder whether or not to accept the Offer; and

(b) known to Mount Gibson,

which has not previously been disclosed to Aztec shareholders.

12 THE TERMS AND CONDITIONS OF THE OFFER

12.1 Offer

(a) Mount Gibson offers to acquire all of Your Shares on and subject to the terms and conditions set out in section 12 of this Bidder's Statement.

(b) The consideration under the Offer is one Mount Gibson Share for every three of Your Shares. If, after aggregating all holdings of Your Shares, you become entitled to a fraction of a Mount Gibson Share that fraction will be rounded down.

(c) If at the time this Offer is made to you, you are a Foreign Shareholder, you will not receive Mount Gibson Shares. Instead, you are offered and will receive a cash amount determined in accordance with section 12.7 of this Bidder's Statement.

(d) The Mount Gibson Shares to be issued are ordinary shares in Mount Gibson and will be credited as fully paid and have the rights summarised in section 3.4.

(e) By accepting this Offer, you undertake to transfer to Mount Gibson not only the Aztec Shares to which the Offer relates, but also all Rights attached to those Aztec Shares (see section 12.5(c)(6) and section 12.6(c)).

(f) This Offer is being made to each person registered as the holder of Aztec Shares in the register of Aztec shareholders at open of business (Perth, Western Australia time) on the Register Date. It also extends to:

(1) holders of securities that come to be Aztec Shares during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of rights conferred by, such securities and which are on issue as at the Register Date; and

(2) any person who becomes registered, or entitled to be registered, as the holder of Your Shares during the Offer Period.

(g) If, at the time the Offer is made to you, or at any time during the Offer Period, another person is, or is entitled to be, registered as the holder of some or all of Your Shares, then:

(1) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to that other person in respect of those Aztec Shares; and

(2) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to you in respect of any other Aztec Shares you hold to which the Offer relates; and

(3) this Offer will be deemed to have been withdrawn immediately at that time.

(h) If at any time during the Offer Period you are registered or entitled to be registered as the holder of one or more parcels of Aztec Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate Offer on the same terms and conditions as this Offer had been made in relation to each of those parcels and any parcel you hold in your own right. To validly accept the Offer for each parcel, you must comply with the procedure in section 653B(3) of the Corporations Act. If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement and/or the Acceptance Form, please call Computershare Investor Services Pty Limited on +61 8 9323 2000 to request those additional copies.

(i) If Your Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee you should contact that nominee for assistance in accepting the Offer.

(j) The Offer is dated 28 August 2006.

12.2 Offer Period

(a) Unless withdrawn, the Offer will remain open for acceptance during the period commencing on the date of this Offer and ending at 5:00pm (Perth, Western Australia time) on the later of:

(1) 29 September 2006; or

(2) any date to which the Offer Period is extended.

(b) Mount Gibson reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.

(c) If, within the last 7 days of the Offer Period, either of the following events occurs:

(1) the Offer is varied to improve the consideration offered; or

(2) Mount Gibson's voting power in Aztec increases to more than 50%,

then the Offer Period will be automatically extended so that it ends 14 days after the relevant event in accordance with section 624(2) of the Corporations Act.

12.3 How to accept this Offer

(a) General

(1) Subject to section 12.1(g) and section 12.1(h), you may accept this Offer only for all of Your Shares.

(2) You may accept this Offer at any time during the Offer Period.

(b) Aztec Shares held in your name on Aztec's issuer sponsored subregister

To accept this Offer for Aztec Shares held in your name on Aztec's issuer sponsored sub-register (in which case your Securityholder Reference Number will commence with 'I'), you must:

(1) complete and sign the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form; and

(2) ensure that the Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period, at one of the addresses shown on the Acceptance Form.

(c) Aztec Shares held in your name in a CHESS Holding

(1) If Your Shares are held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X') and you are not a Participant, you should instruct your broker or Controlling Participant (this is normally the stockbroker either through whom you bought Your Shares or through whom you ordinarily acquire shares on the ASX) to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASTC Settlement Rules before the end of the Offer Period.

(2) If Your Shares are held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X') and you are a Participant, you should initiate acceptance of this Offer in accordance with Rule 14.14 of the ASTC Settlement Rules before the end of the Offer Period.

(3) Alternatively, to accept this Offer for Aztec Shares held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X'), you may sign and complete the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form and ensure that it (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period, at one of the addresses shown on the Acceptance Form.

(4) If Your Shares are held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X'), you must comply with any other applicable ASTC Settlement Rules.

(d) Aztec Shares of which you are entitled to be registered as holder

To accept this Offer for Aztec Shares which are not held in your name, but of which you are entitled to be registered as holder, you must:

(1) complete and sign the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form; and

(2) ensure that the Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period, at one of the addresses shown on the Acceptance Form.

(e) Acceptance Form and other documents

(1) The Acceptance Form forms part of the Offer.

(2) If your Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is returned by post, for your acceptance to be valid you must ensure that they are posted or delivered in sufficient time for them to be received by Mount Gibson at one of the addresses shown on the Acceptance Form before the end of the Offer Period.

(3) If your Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is returned by facsimile, it will be deemed to be received in time if the facsimile transmission is received (evidenced by a confirmation of successful transmission) before the end of the Offer Period, but you will not be entitled to receive the consideration to which you are entitled until your original Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is received at one of the addresses shown on the Acceptance Form.

(4) When using the Acceptance Form to accept this Offer in respect of Aztec Shares in a CHESS Holding, you must ensure that the Acceptance Form (and any documents required by the terms of this Offer and the instruction on the Acceptance Form) are received by Mount Gibson in time for Mount Gibson to instruct your Controlling Participant to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASTC Settlement Rules before the end of the Offer Period.

(5) The postage and transmission of the Acceptance Form and other documents is at your own risk.

12.4 Validity of acceptances

(a) Subject to this section 12.4, your acceptance of the Offer will not be valid unless it is made in accordance with the procedures set out in section 12.3.

(b) Mount Gibson will determine, in its sole discretion, all questions as to the form of documents, eligibility to accept the Offer and time of receipt of an acceptance of the Offer. Mount Gibson is not required to communicate with you prior to making this determination. The determination of Mount Gibson will be final and binding on all parties.

(c) Notwithstanding sections 12.3(b), 12.3(c), 12.3(d) and 12.3(e), Mount Gibson may, in its sole discretion, at any time and without further communication to you, deem any Acceptance Form it receives to be a valid acceptance in respect of Your Shares, even if a requirement for acceptance has not been complied with but the payment of the consideration in accordance with the Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by Mount Gibson.

(d) Where you have satisfied the requirements for acceptance in respect of only some of Your Shares, Mount Gibson may, in its sole discretion, regard the Offer to be accepted in respect of those of Your Shares but not the remainder.

(e) Mount Gibson will provide the consideration to you in accordance with section 12.6, in respect of any part of an acceptance determined by Mount Gibson to be valid.

12.5 The effect of acceptance

(a) Once you have accepted the Offer, you will be able to revoke your acceptance at any time while the condition in section 12.8(a) remains unfulfilled. When the condition in section 12.8(a) has been fulfilled, you will be unable to revoke your acceptance, the contract resulting from your acceptance will be binding on you and you will be unable to withdraw Your Shares from the Offer or otherwise dispose of Your Shares, except as follows:

(1) if, by the relevant times specified in section 12.5(b), the conditions in section 12.8 have not all been fulfilled or freed, this Offer will automatically terminate and Your Shares will be returned to you; or

(2) if the Offer Period is extended for more than one month and, at the time, this Offer is subject to one or more of the conditions in section 12.8, you may be able to withdraw your acceptance and Your Shares in accordance with section 650E of the Corporations Act. A notice will be sent to you at the time explaining your rights in this regard.

(b) The relevant times for the purposes of section 12.5(a)(1) are:

(1) in relation to the condition in section 12.8(k), the end of the third Business Day after the end of the Offer Period; and

(2) in relation to all other conditions in section 12.8, the end of the Offer Period.

(c) By signing and returning the Acceptance Form, or otherwise accepting this Offer pursuant to section 12.3, you will be deemed to have:

(1) accepted this Offer (and any variation of it) in respect of, and, subject to all of the conditions to this Offer in section 12.8 being fulfilled or freed, agreed to transfer to Mount Gibson, Your Shares (even if the number of Aztec Shares specified on the Acceptance Form differs from the number of Your Shares), subject to section 12.1(g) and section 12.1(h);

(2) represented and warranted to Mount Gibson, as a fundamental condition going to the root of the contract resulting from your acceptance, that at the time of acceptance, and the time the transfer of Your Shares (including any Rights) to Mount Gibson is registered, that all Your Shares are and will be free from all mortgages, charges, liens, encumbrances and adverse interests of any nature (whether legal or otherwise) and free from restrictions on transfer of any nature (whether legal or otherwise), that you have full power and capacity to accept this Offer and to sell and transfer the legal and beneficial ownership in Your Shares (including any Rights) to Mount Gibson, and that you have paid to Aztec all amounts which at the time of acceptance have fallen due for payment to Aztec in respect of Your Shares;

(3) irrevocably authorised Mount Gibson (and any director, secretary or nominee of Mount Gibson) to alter the Acceptance Form on your behalf by inserting correct

details of Your Shares, filling in any blanks remaining on the form and rectifying any errors or omissions as may be considered necessary by Mount Gibson to make it an effective acceptance of this Offer or to enable registration of Your Shares in the name of Mount Gibson;

(4) if you signed the Acceptance Form in respect of Aztec Shares which are held in a CHESS Holding, irrevocably authorised Mount Gibson (or any director, secretary or agent of Mount Gibson) to instruct your Controlling Participant to initiate acceptance of this Offer in respect of Your Shares in accordance with Rule 14.14 of the ASTC Settlement Rules;

(5) if you signed the Acceptance Form in respect of Aztec Shares which are held in a CHESS Holding, irrevocably authorised Mount Gibson (or any director, secretary or agent of Mount Gibson) to give any other instructions in relation to Your Shares to your Controlling Participant, as determined by Mount Gibson acting in its own interests as a beneficial owner and intended registered holder of those Aztec Shares;

(6) irrevocably authorised and directed Aztec to pay to Mount Gibson, or to account to Mount Gibson for, all Rights in respect of Your Shares, subject, if this Offer is withdrawn, to Mount Gibson accounting to you for any such Rights received by Mount Gibson;

(7) irrevocably authorised Mount Gibson to notify Aztec on your behalf that your place of address for the purpose of serving notices upon you in respect of Your Shares is the address specified by Mount Gibson in the notification;

(8) with effect from the date on which all the conditions to this Offer in section 12.8 have been fulfilled or freed, to have irrevocably appointed Mount Gibson (and any director, secretary or nominee of Mount Gibson) severally from time to time as your true and lawful attorney to exercise all your powers and rights in relation to Your Shares, including (without limitation) powers and rights to requisition, convene, attend and vote in person, by proxy or by body corporate representative, at all general meetings of Aztec and to request Aztec to register, in the name of Mount Gibson or its nominee, Your Shares, as appropriate, with full power of substitution (such power of attorney, being coupled with an interest, being irrevocable);

(9) with effect from the date on which all the conditions to this Offer in section 12.8 have been fulfilled or freed, to have agreed not to attend or vote in person, by proxy or by body corporate representative at any general meeting of Aztec or to exercise or purport to exercise any of the powers and rights conferred on Mount Gibson (and its directors, secretaries and nominees) in section 12.5(c)(8);

(10) agreed that in exercising the powers and rights conferred by the powers of attorney granted under section 12.5(c)(8), the attorney will be entitled to act in the interests of Mount Gibson as the beneficial owner and intended registered holder of Your Shares;

(11) agreed to do all such acts, matters and things that Mount Gibson may require to give effect to the matters the subject of this section 12.5(c) (including the execution of a written form of proxy to the same effect as this section 12.5(c) which complies in all respects with the requirements of the constitution of Aztec) if requested by Mount Gibson;

(12) agreed to indemnify Mount Gibson in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or Securityholder Reference Number or in consequence of the transfer of Your Shares to Mount Gibson being registered by Aztec without production of your Holder Identification Number or your Securityholder Reference Number for Your Shares;

(13) represented and warranted to Mount Gibson that, unless you have notified it in accordance with section 12.1(h), Your Shares do not consist of separate parcels of Aztec Shares;

(14) irrevocably authorised Mount Gibson (and any nominee) to transmit a message in accordance with Rule 14.17 of the ASTC Settlement Rules to transfer Your Shares to Mount Gibson's Takeover Transferee Holding, regardless of whether it has paid the consideration due to you under this Offer;

(15) agreed, subject to the conditions of this Offer in section 12.8 being fulfilled or freed, to execute all such documents, transfers and assurances, and do all such acts, matters and things that Mount Gibson may consider necessary or desirable to convey Your Shares registered in your name and Rights to Mount Gibson; and

(16) agreed to accept the Mount Gibson Shares to which you have become entitled by acceptance of this Offer subject to the constitution of Mount Gibson and have authorised Mount Gibson to place your name on its register of shareholders in respect of those Mount Gibson Shares.

(d) The undertakings and authorities referred to in section 12.5(c) will remain in force after you receive the consideration for Your Shares and after Mount Gibson becomes registered as the holder of Your Shares.

12.6 Payment of consideration

(a) Subject to sections 12.4(b), 12.6 and 12.7 and the Corporations Act, Mount Gibson will provide the consideration due to you for Your Shares on or before the earlier of:

(1) one month after the date of your acceptance or, if this Offer is subject to a defeating condition when you accept this Offer, within one month after this Offer becomes unconditional; and

(2) 21 days after the end of the Offer Period.

(b) Where the Acceptance Form requires an additional document to be delivered with your Acceptance Form (such as a power of attorney):

(1) if that document is given with your Acceptance Form, Mount Gibson will provide the consideration in accordance with section 12.6(a);

(2) if that document is given after your Acceptance Form and before the end of the Offer Period while this Offer is

subject to a defeating condition, Mount Gibson will provide the consideration due to you on or before the earlier of one month after this Offer becomes unconditional and 21 days after the end of the Offer Period;

(3) if that document is given after your Acceptance Form and before the end of the Offer Period while this Offer is not subject to a defeating condition, Mount Gibson will provide the consideration due to you on or before the earlier of one month after that document is given and 21 days after the end of this Offer period;

(4) if that document is given after the end of the Offer Period, and the Offer is not subject to a defeating condition, Mount Gibson will provide the consideration within 21 days after that document is delivered. However, if at the time the document is given, the Offer is still subject to a defeating condition that relates only to the happening of an event or circumstance referred to in section 652C(1) or (2) of the Corporations Act, Mount Gibson will provide the consideration due to you within 21 days after the Offer becomes unconditional.

(c) If you accept this Offer, Mount Gibson is entitled to all Rights in respect of Your Shares. Mount Gibson may require you to provide all documents necessary to vest title to those Rights in Mount Gibson, or otherwise to give it the benefit or value of those Rights. If you do not give those documents to Mount Gibson, or if you have received the benefit of those Rights, Mount Gibson will deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by Mount Gibson) of those Rights, together with the value (as reasonably assessed by Mount Gibson) of the franking credits, if any, attached to the Rights. Any such deduction will be made from any Mount Gibson Shares otherwise due to you on the basis that one Mount Gibson Share is valued at the Mount Gibson Share five day volume weighted average price to the Business Day prior to the Business Day on which Aztec Shares commence trading on an ex Rights basis.

(d) If you have accepted the Offer and you are a Foreign Shareholder, you will receive your share of the proceeds from the sale of the Mount Gibson Shares in accordance with section 12.7.

(e) Payment of any cash amount to which you are entitled under the Offer will be made by cheque in Australian currency. Cheques will be posted to you at your risk by ordinary mail (or in the case of overseas shareholders, by airmail) to the address as shown on your Acceptance Form.

(f) The obligation of Mount Gibson to issue and allot any Mount Gibson Shares to which you are entitled will be satisfied by Mount Gibson:

(1) entering your name on the register of members of Mount Gibson; and

(2) dispatching or procuring the dispatch to you by pre-paid post to your address recorded in Aztec's register of members at open of business (Perth, Western Australia time) on the date set by Mount Gibson under section 633(2) of the Corporations Act, an uncertificated holding statement in your name. If Your Shares are held in a joint name, an uncertificated holding statement will be issued in the name of, and forwarded to, the holder whose name appears first in Aztec's register of members on the date set by Mount Gibson under section 633(2) of the Corporations Act.

(g) If at the time you accept the Offer any of the following:

(1) *Banking (Foreign) Exchange Regulations 1959 (Cth);*

(2) *Charter of the United Nations (Terrorism and Dealing with Assets) Regulations 2002 (Cth);*

(3) *Charter of the United Nations (Sanctions – Afghanistan) Regulations 2001 (Cth);*

(4) *Iraq (Reconstruction and Repeal of Sanctions) Regulations 2003 (Cth); or*

(5) any other law of Australia,

require that an authority, clearance or approval of the Reserve Bank of Australia, the Australian Taxation Office or any other government authority be obtained before you receive any consideration for Your Shares, or would make it unlawful for Mount Gibson to provide any consideration to you for Your Shares, you will not be entitled to receive any consideration for Your Shares until all requisite authorities, clearances or approvals have been received by Mount Gibson. As far as Mount Gibson is aware, as at the date of this Bidder's Statement, the persons to whom this section 12.6(g) will apply are: prescribed supporters of the former government of Yugoslavia; ministers and senior officials of the Government of Zimbabwe; persons associated with the former government of Iraq (including senior officials, immediate family members of senior officials, or an entities controlled by any of those persons); Usama bin Laden; the Taliban; members of the Al-Qaeda organisation; and a person named in the list maintained pursuant to paragraph 2 of Resolution 1390 of the Security Council of the United Nations.

12.7 Foreign Shareholders

(a) If you are a Foreign Shareholder, you will not be entitled to receive Mount Gibson Shares as the consideration for Your Shares as a result of accepting this Offer, and Mount Gibson will:

(1) arrange for the issue to a nominee approved by ASIC (the **Nominee**) of the number of Mount Gibson Shares to which you and all other Foreign Shareholders would have been entitled but for section 12.1(c) and the equivalent provision in each other offer under the Offer;

(2) cause the Mount Gibson Shares so issued to be offered for sale by the Nominee on ASX as soon as practicable and otherwise in the manner, at the price and on such other terms and conditions as are determined by the Nominee; and

(3) cause the Nominee to pay to you the amount ascertained in accordance with the formula:

$$\frac{N \times YS}{TS}$$

where: **'N'** is the amount which is received by the Nominee upon the sale of all Mount Gibson Shares under this section 12.7 less brokerage and sale expenses;

'YS' is the number of Mount Gibson Shares which would, but for section 12.1(c), otherwise have been allotted to you; and

'TS' is the total number of Mount Gibson Shares allotted to the Nominee under this section 12.7.

(b) You will receive your share of the proceeds of the sale of Mount Gibson Shares by the Nominee in Australian currency.

(c) Payment will be made by cheque posted to you at your risk by ordinary mail (or in the case of overseas shareholders, by airmail) at the address provided on your Acceptance Form within the period required by the Corporations Act.

(d) Under no circumstances will interest be paid on your share of the proceeds of the sale of Mount Gibson Shares by the Nominee, regardless of any delay in remitting these proceeds to you.

12.8 Conditions of this Offer

Subject to section 12.9, the completion of this Offer and any contract that results from an acceptance of this Offer, are subject to the fulfilment of the conditions set out below:

(a) Foreign Investment Review Board approval

One of the following occurring:

(1) the Treasurer of the Commonwealth of Australia **(Treasurer)** advising Mount Gibson before the end of the Offer Period that there are no objections to the Takeover Bid constituted by the dispatch of the Offer in terms of the Federal Government's foreign investment policy; or

(2) no order being made in relation to the Takeover Bid constituted by the dispatch of the Offer under section 22 of the Foreign Acquisitions and Takeovers Act 1975 (Cth) within a period of 40 days after Mount Gibson has notified the Treasurer that it proposes to acquire the Aztec Shares under that Takeover Bid, and no notice being given by the Treasurer to Mount Gibson during that period to the effect that there are any such objections; or

(3) where an order is made under section 22 of the Foreign Acquisitions and Takeovers Act 1975 (Cth), a period of 90 days having expired after the order comes into operation and no notice having been given by the Treasurer to Mount Gibson during that period to the effect that there are any such objections.

(b) Other regulatory approvals

Before the end of the Offer Period, all approvals or consents that are required by law, or by any public authority, as are necessary to permit:

(1) the Offer to be lawfully made to and accepted by Aztec shareholders; and

(2) the transactions contemplated by the Bidder's Statement to be completed (including, without limitation, full, lawful and effectual implementation of the intentions set out in the Bidder's Statement),

are granted, given, made or obtained on an unconditional basis, remain in full force and effect in all respects, and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew the same.

(c) No regulatory action

Between the Announcement Date and the end of the Offer Period (each inclusive):

(1) there is not in effect any preliminary or final decision, order or decree issued by any Public Authority;

(2) no action or investigation is announced, commenced or threatened by any Public Authority; and

(3) no application is made to any Public Authority (other than by Mount Gibson or any associate of Mount Gibson),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially impact upon, the making of the Offers or which requires the divestiture by Mount Gibson of any Aztec Shares or any material assets of Aztec or any subsidiary of Aztec.

(d) Minimum acceptance

At the end of the Offer Period, Mount Gibson has relevant interests in at least 90% of the Aztec Shares (on a fully diluted basis).

(e) No material adverse change

Between the Announcement Date and the end of the Offer Period (each inclusive), no material adverse change occurs to, is announced, or is made known to Mount Gibson (whether or not becoming public), in the business, financial or trading position, assets or liabilities, profitability or prospects of Aztec and its subsidiaries taken as a whole, from that as at the Announcement Date.

(f) No persons entitled to exercise or exercising rights under certain agreements or instruments

Between the Announcement Date and the end of the Offer Period (each inclusive), there is no person entitled to exercise, exercising or purporting to exercise, stating an intention to exercise (whether or not that intention is stated to be a final or determined decision of that person), or asserting a right to exercise, any rights under any provision of any agreement or other instrument to which Aztec or any Aztec subsidiary is a party, or by or to which Aztec or any Aztec subsidiary or any of its assets or businesses may be bound or be subject, which results, or could result, to an extent to which is material in the context of Aztec Group taken as a whole, in:

(1) any moneys borrowed by Aztec or any Aztec subsidiary being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date stated in such agreement or other instrument; or

(2) any such agreement or other such instrument being terminated or modified or any action being taken or arising thereunder;

(3) the interest of Aztec or any Aztec subsidiary in any firm, joint venture, trust corporation or other entity (or any arrangements relating to such interest) being terminated or modified;

(4) the assets of Aztec or any Aztec subsidiary being sold transferred or offered for sale or transfer, including under any pre-emptive rights or similar provisions; or

(5) the business of Aztec or any Aztec subsidiary with any other person being adversely affected.

(g) Acquisitions and disposals

Between the Announcement Date and the end of the Offer Period (each inclusive), neither Aztec nor any of its subsidiaries, acquires or disposes of, or enters into or announces any agreement for the acquisition or disposal of, any asset or business, or enters into any corporate transaction, which would or would be likely to involve a material change in:

(1) the manner in which Aztec conducts its business;
(2) the nature (including balance sheet classification), extent or value of the assets of Aztec; or
(3) the nature (including balance sheet classification), extent or value of the liabilities of Aztec,

including, without limitation, any transaction which would or (subject to one or more conditions) may involve:

(4) Aztec, or any subsidiary of Aztec entering into, or offering to enter into or announcing that it proposes to enter into any partnership or joint venture involving a commitment of greater than $5 million or making an announcement in relation to such a commitment;
(5) Aztec or any subsidiary of Aztec acquiring, or agreeing to acquire, one or more companies, businesses or assets for an amount in aggregate greater than $5 million; or
(6) Aztec or any subsidiary of Aztec disposing, or agreeing to dispose of, one or more companies, businesses or assets (or any interest therein) for an amount in aggregate greater than $5 million.

(h) No litigation on foot or pending

Between the Announcement Date and the end of the Offer Period (each inclusive), no litigation against Aztec which may reasonably result in a judgement of $5 million or more is commenced, is threatened to be commenced, is announced, or is made known to Mount Gibson (whether or not becoming public) or Aztec, other than that which is in the public domain as at the Announcement Date.

(i) Index out

Between the Announcement Date and the end of the Offer Period (each inclusive), the S&P/ASX200 does not close below 4,500 for 5 or more consecutive trading days.

(j) Share price decline

Between the Announcement Date and the date of the Offer (each inclusive), Mount Gibson Shares do not trade below $0.71 on ASX at any time on any trading day.

(k) No prescribed occurrences

Between the Announcement Date and the date 3 Business Days after the end of the Offer Period (each inclusive), none of the following prescribed occurrences (being the occurrences listed in section 652C of the Corporations Act) happen:

(1) Aztec converting all or any of the Aztec Shares into a larger or smaller number of shares under section 254H of the Corporations Act;
(2) Aztec or a subsidiary of Aztec resolving to reduce its share capital in any way;
(3) Aztec or a subsidiary of Aztec entering into a buyback agreement or resolving to approve the terms of a buyback agreement under section 257C(1) or 257D(1) of the Corporations Act;
(4) Aztec or a subsidiary of Aztec making an issue of Aztec Shares (other than Aztec Shares issued as a result of the exercise of options into Aztec Shares) or granting an option over the Aztec Shares or agreeing to make such an issue or grant such an option;
(5) Aztec or a subsidiary of Aztec issuing, or agreeing to issue, convertible notes;
(6) Aztec or a subsidiary of Aztec disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;
(7) Aztec or a subsidiary of Aztec charging, or agreeing to charge, the whole, or a substantial part, of its business or property;
(8) Aztec or a subsidiary of Aztec resolving that it be wound up;
(9) the appointment of a liquidator or provisional liquidator of Aztec or of a subsidiary of Aztec;
(10) the making of an order by a court for the winding up of Aztec or of a subsidiary of Aztec;
(11) an administrator of Aztec or of a subsidiary of Aztec being appointed under section 436A, 436B or 436C of the Corporations Act;
(12) Aztec or a subsidiary of Aztec executing a deed of company arrangement;
(13) the appointment of a receiver, receiver and manager, other controller (as defined in the Corporations Act) or similar official in relation to the whole, or a substantial part, of the property of Aztec or of a subsidiary of Aztec.

12.9 Nature and benefit of conditions

(a) The conditions in sections 12.8(a) and 12.8(b) are conditions precedent to the acquisition by Mount Gibson of any interest in Aztec Shares of a kind which would cause a breach of the provisions of laws referred to therein. Notwithstanding your acceptance of the Offer, unless and until the conditions in those clauses are fulfilled:

(1) no contract for the sale of Your Shares will come into force or be binding on you or on Mount Gibson;
(2) Mount Gibson will have no rights (conditional or otherwise) in relation to Your Shares; and
(3) if any of Your Shares are held in a CHESS Holding, you will be entitled to withdraw your acceptance in respect of those Aztec Shares by having your Controlling Participant transmit a valid originating message to ASX Settlement and Transfer Corporation Pty Limited specifying the Aztec Shares to be released from the sub-position, in accordance with Rule 14.16 of the ASTC Settlement Rules, at any time prior to the satisfaction of those conditions; and
(4) if any of Your Shares are not held in a CHESS Holding, you will be entitled to withdraw your acceptance in respect of those Aztec Shares by sending a notice to that effect signed by you (or on your behalf, in which case documentation proving that the person or persons signing the notice are authorised to do so must accompany the notice) to any of the addresses specified on the Acceptance Form, so that it

is received at the relevant address at any time prior to the fulfilment or freedom of those conditions.

(b) The other conditions in clause 12.8 are conditions subsequent. The non-fulfilment of any condition subsequent does not, until the end of the Offer Period (or in the case of the conditions in section 12.8(k), until the end of the third business day after the end of the Offer Period), prevent a contract to sell Aztec Shares from arising, but entitles Mount Gibson by written notice to you, to rescind the contract resulting from your acceptance of this Offer.

(c) Subject to the Corporations Act and section 12.9(a), Mount Gibson alone is entitled to the benefit of the conditions in section 12.8, or to rely on any non-fulfilment of any of them.

(d) Each condition in section 12.8 is a separate, several and distinct condition. No condition will be taken to limit the meaning or effect of any other condition.

12.10 Freeing the Offer of conditions

Mount Gibson may free this Offer, and any contract resulting from its acceptance, from all or any of the conditions subsequent in section 12.8, either generally or by reference to a particular fact, matter, event, occurrence or circumstance (or class thereof), by giving a notice to Aztec and to ASX declaring this Offer to be free from the relevant condition or conditions specified, in accordance with section 650F of the Corporations Act. This notice may be given:

(a) in the case of the condition in section 12.8(k), not later than 3 business days after the end of the Offer Period; and

(b) in the case of all the other conditions in section 12.8, not less than 7 days before the end of the Offer Period.

If, at the end of the Offer Period (or in the case of the conditions in section 12.8(i), at the end of the third business day after the end of the Offer Period), the conditions in section 12.8 have not been fulfilled and Mount Gibson has not declared the Offer (or it has not become) free from those conditions, all contracts resulting from the acceptance of the Offer will be automatically void.

12.11 Official quotation of Mount Gibson Shares

Pursuant to the Corporations Act, this Offer and any contract that results from your acceptance of it are subject to a condition that permission for admission to official quotation by ASX of the Mount Gibson Shares to be issued pursuant to the Offer being granted no later than 7 days after the end of the Offer Period. If this condition is not fulfilled, all contracts resulting from the acceptance of the Offers will be automatically void.

12.12 Notice on status of conditions

The date for giving the notice on the status of the conditions required by section 630(1) of the Corporations Act is 21 September 2006 (subject to extension in accordance with section 630(2) if the Offer Period is extended).

12.13 Withdrawal of this Offer

(a) This Offer may be withdrawn with the consent in writing of ASIC, which consent may be subject to conditions. If ASIC gives such consent, Mount Gibson will give notice of the withdrawal to ASX and to Aztec and will comply with any other conditions imposed by ASIC.

(b) If, at the time this Offer is withdrawn, all the conditions in section 12.8 have been freed, all contracts arising from acceptance of the Offer before it was withdrawn will remain enforceable.

(c) If, at the time this Offer is withdrawn, the Offer remains subject to one or more of the conditions in section 12.8, all contracts arising from its acceptance will become void (whether or not the events referred to in the relevant conditions have occurred).

(d) A withdrawal pursuant to section 12.13 will be deemed to take effect:

(1) if the withdrawal is not subject to conditions imposed by ASIC, on and after the date that consent in writing is given by ASIC; or

(2) if the withdrawal is subject to conditions imposed by ASIC, on and after the date those conditions are satisfied.

12.14 Variation of this Offer

Mount Gibson may vary this Offer in accordance with the Corporations Act.

12.15 No stamp duty or brokerage

(a) Mount Gibson will pay any stamp duty on the transfer of Your Shares to it.

(b) As long as Your Shares are registered in your name and you deliver them directly to Mount Gibson, you will not incur any brokerage in connection with your acceptance of this Offer.

12.16 Governing laws

This Offer and any contract that results from your acceptance of it are to be governed by the laws in force in Western Australia.

13 DEFINITIONS AND INTERPRETATION

13.1 Definitions

In this Bidder's Statement and in the Acceptance Form unless the context otherwise appears, the following terms have the meanings shown below:

$** or **A$	Australian dollars, the lawful currency of the Commonwealth of Australia
Acceptance Form	the acceptance form enclosed with this Bidder's Statement
AIFRS	the Australian equivalent of the International Financial Reporting Standards
AIM or Alternative Investment Market	the Alternative Investment Market of the London Stock Exchange plc
Announcement Date	the date of the announcement of the Offer by Mount Gibson, being 24 July 2006
Asia Iron Holdings	Asia Iron Holdings Limited (a company incorporated in Hong Kong)
ASIC	the Australian Securities and Investments Commission
ASTC	ASX Settlement and Transfer Corporation Pty Ltd (ABN 49 008 504 532)
ASTC Settlement Rules	the operating rules of the ASTC which govern the administration of the Clearing House Electronic Sub-register System
ASX	Australian Stock Exchange Limited (ABN 98 008 624 691)
Aztec	Aztec Resources Limited (ACN 078 548 562)
Aztec Group	Aztec and each of its Subsidiaries
Aztec Shares	fully paid ordinary shares in the capital of Aztec
Bidder's Statement	this document, being the statement of Mount Gibson under Part 6.5 Division 2 of the Corporations Act relating to the Offer
Board	the board of directors
Business Day	means a day on which banks are open for business in Perth, Western Australia, excluding a Saturday, Sunday or public holiday
Cambrian Mining	Cambrian Mining plc
CGT	capital gains tax
CHESS Holding	a number of Aztec Shares which are registered on Aztec share register being a register administered by the ASX Settlement and Transfer Corporation Pty Limited and which records uncertificated holdings of Aztec Shares
Controlling Participant	in relation to Your Shares, has the same meaning as in the ASTC Settlement Rules
Corporations Act	*the Corporations Act 2001 (Cth)*
DFS	definitive feasibility study
DSO	direct shipping ore
Environmental Approval	the environmental approval for mining, processing and transportation of Concentrate from the Extension Hill Magnetite Project under sections 38 and 45 of the Environmental Protection Act 1986 (WA)
FATA	*the Foreign Acquisitions and Takeovers Act 1975 (Cth)*
Fines Ore	hematite-geothite ore with a particle size range of between 0.15mm and 6.3mm
FIRB	the Foreign Investment Review Board
Foreign Shareholder	an Aztec shareholder whose address as shown in the register of members of Aztec is in a jurisdiction other than Australia or its external territories or New Zealand, unless Mount Gibson otherwise determines after being satisfied that it is not unlawful, not unduly onerous and not unduly impracticable to make the Offer to a Aztec shareholder in the relevant jurisdiction and to issue Mount Gibson Shares to such a Aztec shareholder on acceptance of the Offer, and that it is not unlawful for such a Aztec shareholder to accept the Offer in such circumstances in the relevant jurisdiction

GPA	Geraldton Port Authority
Holder Identification Number	has the same meaning as in the ASTC Settlement Rules
Issuer Sponsored Holdings	a holding of Aztec Shares on Aztec issuer sponsored subregister
JORC	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
Listing Rules	the Official Listing Rules of ASX, as amended and waived by ASX from time to time
Lump Ore	hematite-geothite ore with a particle size range of between 6.3mm and 32 mm
Merged Group	the Mount Gibson Group and Aztec
Mineral Resource	A concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such a form and quantity that there are reasonable prospects for eventual economic extraction, in accordance with JORC
Mount Gibson	Mount Gibson Iron Limited (ACN 008 670 817)
Mount Gibson Group	Mount Gibson and each of its Subsidiaries
Mount Gibson Mining	Mount Gibson Mining Limited (ACN 074 575 885)
Mount Gibson Shares	fully paid ordinary shares in the capital of Mount Gibson
Mt	million tonnes
Mtpa	million tonnes per annum
Offer	the offer for Aztec Shares under the terms and conditions contained in section 12 of this Bidder's Statement
Offer Period	the period during which the Offer will remain open for acceptance in accordance with section 12.2 of this Bidder's Statement
Ore Reserve	the calculated tonnage and grade of mineralisation which can be extracted profitably; classified as possible, probable and proven according to the level confidence that can be placed on the data and is the economically mineable part of a measured or indicated Mineral Resource, according to JORC
Participant	an entity admitted to participate in the Clearing House Electronic Sub-register system under Rule 4.3.1 and 4.4.1 of the ASTC Settlement Rules
Public Authority	any government or any governmental, semi-governmental, statutory or judicial entity, agency or authority, whether in Australia or elsewhere, including (without limitation) any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions, and ASX or any other stock exchange
Register Date	the date set by Mount Gibson under section 633(2) of the Corporations Act, being the date of this Bidder's Statement
Rights	all accreditations, rights or benefits of whatever kind attaching or arising from Aztec Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends and all rights to receive them or rights to receive or subscribe for shares, notes, bonds, options or other securities declared, paid or issued by Aztec or any of its subsidiaries)
Securityholder Reference Number	has the same meaning as in the ASTC Settlement Rules
Sinom Investments	Sinom Investments Limited
Subsidiary	has the same meaning as in section 9 of the Corporations Act
Sun Hung Kai	Sun Hung Kai Investment Services Limited
Takeover Bid	the off-market takeover bid constituted by the dispatch of the Offers in accordance with the Corporations Act
Takeover Transferee Holding	has the same meaning as in the ASTC Settlement Rules
Tallering Peak	Mount Gibson's iron ore mine at Tallering Peak in the mid-west region of Western Australia
Your Shares	subject to section 12.1(g) and section 12.1(h), the Aztec Shares (a) in respect of which you are registered, or entitled to be registered, as holder in the register of shareholders of Aztec at the open of business Perth, Western Australia time) on the Register Date, or (b) to which you are able to give good title at the time you accept this Offer during the Offer Period.

13.2 Interpretation

In this Bidder's Statement and in the Acceptance Form, unless the context otherwise appears:

(a) words and phrases have the same meaning (if any) given to them in the Corporations Act;

(b) words importing a gender include any gender;

(c) words importing the singular include the plural and vice versa;

(d) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;

(e) a reference to a section, annexure and schedule is a reference to a section of and an annexure and schedule to this Bidder's Statement as relevant;

(f) a reference to any statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances, or by-laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;

(g) headings and boldings are for convenience only and do not affect the interpretation of this Bidder's Statement;

(h) a reference to time is a reference to time in Perth, Western Australia;

(i) a reference to writing includes facsimile transmissions; and

(j) a reference to dollars, $, A$, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

14 APPROVAL OF BIDDER'S STATEMENT

This Bidder's Statement has been approved by a unanimous resolution passed by the directors of Mount Gibson.

Dated: 11 August 2006

Signed

for and on behalf of Mount Gibson

Bill Willis
Director

ANNEXURE A
ANNOUNCEMENTS IN RELATION TO THE OFFER

Mount Gibson Iron

ABN 87 008 670 817
First Floor, 7 Havelock Street
West Perth 6005, WA
PO Box 55, West Perth WA 6872
Telephone: 61-8-9426-7500
Facsimile: 61-8-9485 2305

Mount Gibson announces scrip takeover offer for Aztec to create $600 million Australian iron ore producer

- **Merger would establish Australia's leading pure-play iron ore producer with potential to produce 9.5 mtpa of hematite in 2009.**
- **Aztec's largest shareholder Cambrian Mining has entered into an option agreement to sell to Mount Gibson a stake of 19.9% in Aztec.**
- **Merged company would have a market capitalisation in excess of $600 million, placing it in the ASX200.**
- **Offer represents a substantial 38.4% premium to Aztec's one month volume weighted average price to 19 July 20061.**
- **Well diversified asset portfolio with current cash flow and immediate growth potential.**
- **Experienced management team with complementary technical and operating skills.**
- **Merged entity well placed to progress further industry consolidation.**

Perth, Western Australia – 24 July 2006 – Iron ore company Mount Gibson Iron Limited **(ASX: MGX – "Mount Gibson")** today announced the intention to merge with Aztec Resources Limited **(ASX: AZR – "Aztec")**, representing a landmark consolidation of Australia's emerging iron ore sector.

The merger would result in the creation of a leading independent Australian iron ore company, with a market capitalisation in excess of $600 million (assuming dilution for all in-the-money Mount Gibson and Aztec options), an asset portfolio offering strong current cash flow, immediate growth potential provided by longer-life profile and longer term development opportunities.

The Offer

Mount Gibson proposes to implement the merger by means of a scrip takeover bid for all shares in Aztec (including all shares issued as a result of the exercise of the Aztec listed options due to expire on 31 July 2006). Under the bid, Mount Gibson will offer Aztec shareholders 1 new Mount Gibson share for every 3 shares held in Aztec ("Offer"), valuing each Aztec share at $0.263 based on the Mount Gibson volume weighted average price on 21 July 2006 of $0.789, being the last trading day before announcement of the offer.

The offer represents:

- a 38.4% premium to the volume weighted average price for the one month to 19 July 2006[1];
- a 31.3% premium to the volume weighted average price for the three months to 19 July 2006[1]; and
- a 40.9% premium to the volume weighted average price for the twelve months to 19 July 2006[1].

The Offer will be subject to a number of conditions, including a minimum acceptance condition of 90%, regulatory approvals, certain prescribed occurrences not having occurred and no material adverse change, acquisitions or disposals. A list of the proposed bid conditions is attached as Annexure A.

In addition, Aztec's major shareholder, Cambrian Mining Plc ("Cambrian"), has granted an option to Mount Gibson over Aztec shares equivalent to 19.9% of Aztec's issued capital, at the Offer price ("Call Option Agreement"). A summary of the Call Option Agreement is attached as Annexure B.

Rationale For The Merger

The merged entity – which will be headquartered in Perth, Western Australia – will become a substantial pure-play iron ore producer on a world scale, with the potential to produce up to 9.5 mtpa of hematite by 2009.

The company will hold three high quality hematite projects in Western Australia: Tallering Peak (Mount Gibson – in production), Extension Hill (Mount Gibson – near-term production) and Koolan Island (Aztec – near-term production). This represents an exceptional asset base of high-quality operations with improved earnings diversification.

Key benefits of the merger include:

- improved balance sheet strength with significant cash flows;
- diversification of asset risk, with the combination of current cash-generative operations, near-term expansion and development projects as well as a strong longer term project pipeline;
- increased market capitalisation, placing the merged company in the S&P ASX 200, bringing improved liquidity and market presence;
- economies of scale delivering synergies in terms of cost benefits; and
- consolidated exploration activities and land holdings.

Importantly, as the offer consideration comprises Mount Gibson shares, Aztec shareholders will own approximately 45%[2] of the

[1] *Being the last trading day before media and market speculation arose about a possible takeover bid for Aztec by Mount Gibson*

[2] *Based on fully diluted issued capital of Aztec and Mount Gibson*

merged group and will participate in the significant ongoing benefits that Mount Gibson believes will arise from the combination of the two companies.

The Directors of Mount Gibson believe that the merger has the potential to bring together companies with common philosophies, strong international and Australian shareholders and joint venture partners, highly credentialed management teams and a greatly increased range of growth opportunities. Further, the merged company will be in a strong position to lead any further consolidation of the sector.

Board And Management

The merger would combine the management and board expertise of the two companies. Mount Gibson holds the management team in high regard and would welcome their continued involvement, including that of both Mr Ian Burston, Chairman and Mr Peter Bilbe, MD in the merged group. Mount Gibson's CEO, Mr Luke Tonkin, will assume the role of Managing Director, Mr Alan Rule will continue as Finance Director of the merged group.

Commenting on the merger, Mount Gibson's Managing Director, Mr Luke Tonkin, said "We believe that, given current developments in the Australian resource sector, the global market for iron ore, and our respective asset portfolios, this merger has the potential to unlock significant value for the shareholders of both companies.

He added, "The combined company would be well positioned to take advantage of the strong demand for iron ore and position itself for further growth through its strong resource base, new project pipeline, exploration success, and further consolidation."

John Byrne, Managing Director of Cambrian, commended the proposed merger saying "We believe that the strategic fit and shared interests of the companies create a compelling rationale for this transaction. The combined management and assets of Aztec and Mount Gibson create a platform for growth and potential to add value to all shareholders."

Bidder's Statement

Further information concerning Mount Gibson's takeover offer for Aztec will be contained in Mount Gibson's Bidder Statement which will be served on Aztec and lodged within the ASX and ASIC as soon as is practicable.

Shareholder Information

Further information on the takeover offer will be lodged with the ASX and included on Mount Gibson's website at www.mtgibsoniron.com.au. Aztec and Mount Gibson shareholders with questions on the acquisition proposal should contact the Mount Gibson Offer Information Line on 1300 307 543 from within Australia or +61-3-9415-4335 from outside Australia, between 9.00 am and 7.00 pm (AEST time) Monday to Friday.

Citigroup and Morgan Stanley are acting as financial advisors and Freehills is acting as legal advisor to Mount Gibson.

Enquiries:

Luke Tonkin / Alan Rule
Managing Director / Finance Director – Mount Gibson
Telephone: +61 8 9426 7500

Ross Thornton / Paul Marriage
Third Person
Telephone: +61 (0) 418 233 062 / +61 (0) 405 848 327

Peter Bacchus
Telephone: +61 (0) 410 679 736

John Hanson
Citigroup
Telephone: +61 2 8225 4610

About Mount Gibson Iron Limited

Mount Gibson was established as a specialist iron ore exploration company in 1996 and listed on the Australian Stock Exchange in January 2002. To undertake the progressive development of iron ore hematite deposits in the Midwest region of Western Australia, Mount Gibson's first mine at Tallering Peak commenced exporting direct shipping grade hematite to China in February 2004 and is currently expanding its direct shipping grade hematite operations to 3.0 Mtpa.

The Company has recently entered into agreement to sell its 73% shareholding in Asia Iron Holdings Limited, for A$52.5 million. The funds will be held in escrow until EPA approval for the Extension Hill magnetite project which is expected by December 2006. The funds from this sale will be used in the development of Mount Gibson's Extension Hill DSO hematite project.

Further information is available on Mount Gibson from its website: **www.mtgibsoniron.com.au**

About Aztec Resources Limited

Aztec is the owner of the Koolan Island high quality iron ore project which has a resource of 53 million tonnes. In August 2005, Aztec announced the successful completion of a Bankable Feasibility Study. Capital costs of A$125 million, inclusive of mine development costs support a forecast annual production of approximately 4 Mtpa. Memoranda of Understanding account for total sales of 4 Mtpa, for the current mine life of nine years with ongoing exploration drilling expected to provide potential upside for the project.

In 2000, Aztec was granted an exploration lease of the previously BHP-owned and operated Koolan Island project, located 130 kilometres north of Derby off the West Australian Kimberley coast. Koolan Island has remnant resources and previously produced 68 million tonnes of high grade (Fe @ 67%) and low impurity iron ore.

Further information is available on Aztec from its website: **www.aztecresources.com.au**

Annexure A - Summary of conditions to the Offer

(a) Minimum acceptance

At the end of the Offer Period, Mount Gibson has relevant interests in at least 90% of the Aztec Shares (on a fully diluted basis).

(b) Other regulatory approvals

Before the end of the Offer Period, all approvals or consents that are required by law, or by any Public Authority, as are necessary to permit:

(1) the Offer to be lawfully made to and accepted by Aztec shareholders; and

(2) the transactions contemplated by the Bidder's Statement to be completed (including, without limitation, full, lawful

and effectual implementation of the intentions set out in the Bidder's Statement),

are granted, given, made or obtained on an unconditional basis, remain in full force and effect in all respects, and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew the same.

(c) Foreign Investment Review Board approval

One of the following occurring:

(1) the Treasurer of the Commonwealth of Australia (**Treasurer**) advising Mount Gibson before the end of the Offer Period to the effect that there are no objections to the Takeover Bid constituted by the dispatch of the Offer in terms of the Federal Government's foreign investment policy; or

(2) no order being made in relation to the Takeover Bid constituted by the dispatch of the Offer under section 22 of the Foreign Acquisitions and Takeovers Act 1975 (Cth) within a period of 40 days after Mount Gibson has notified the Treasurer that it proposes to acquire the Aztec Shares under that Takeover Bid, and no notice being given by the Treasurer to Mount Gibson during that period to the effect that there are any such objections; or

(3) where an order is made under section 22 of the Foreign Acquisitions and Takeovers Act 1975 (Cth), a period of 90 days having expired after the order comes into operation and no notice having been given by the Treasurer to Mount Gibson during that period to the effect that there are any such objections.

(d) No prescribed occurrences

Between the Announcement Date and the date 3 Business Days after the end of the Offer Period (each inclusive), none of the following prescribed occurrences (being the occurrences listed in section 652C of the Corporations Act) happen:

(1) Aztec converting all or any of the Aztec Shares into a larger or smaller number of shares under section 254H of the Corporations Act;

(2) Aztec or a subsidiary of Aztec resolving to reduce its share capital in any way;

(3) Aztec or a subsidiary of Aztec entering into a buyback agreement or resolving to approve the terms of a buyback agreement under section 257C(1) or 257D(1) of the Corporations Act;

(4) Aztec or a subsidiary of Aztec making an issue of Aztec Shares (other than Aztec Shares issued as a result of the exercise of options into Aztec Shares) or granting an option over the Aztec Shares or agreeing to make such an issue or grant such an option;

(5) Aztec or a subsidiary of Aztec issuing, or agreeing to issue, convertible notes;

(6) Aztec or a subsidiary of Aztec disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;

(7) Aztec or a subsidiary of Aztec charging, or agreeing to charge, the whole, or a substantial part, of its business or property;

(8) Aztec or a subsidiary of Aztec resolving that it be wound up;

(9) the appointment of a liquidator or provisional liquidator of Aztec or of a subsidiary of Aztec;

(10) the making of an order by a court for the winding up of Aztec or of a subsidiary of Aztec;

(11) an administrator of Aztec or of a subsidiary of Aztec being appointed under section 436A, 436B or 436C of the Corporations Act;

(12) Aztec or a subsidiary of Aztec executing a deed of company arrangement;

(13) the appointment of a receiver, receiver and manager, other controller (as defined in the Corporations Act) or similar official in relation to the whole, or a substantial part, of the property of Aztec or of a subsidiary of Aztec.

(e) No regulatory action

Between the Announcement Date and the end of the Offer Period (each inclusive):

(1) there is not in effect any preliminary or final decision, order or decree issued by any Public Authority;

(2) no action or investigation is announced, commenced or threatened by any Public Authority; and

(3) no application is made to any Public Authority (other than by Mount Gibson or any associate of Mount Gibson),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially impact upon, the making of the Offers or which requires the divestiture by Mount Gibson of any Aztec Shares or any material assets of Aztec or any subsidiary of Aztec.

(f) Acquisitions and disposals

Between the Announcement Date and the end of the Offer Period (each inclusive), neither Aztec nor any of its subsidiaries, acquires or disposes of, or enters into or announces any agreement for the acquisition or disposal of, any asset or business, or enters into any corporate transaction, which would or would be likely to involve a material change in:

(1) the manner in which Aztec conducts its business;

(2) the nature (including balance sheet classification), extent or value of the assets of Aztec; or

(3) the nature (including balance sheet classification), extent or value of the liabilities of Aztec,

including, without limitation, any transaction which would or (subject to one or more conditions) may involve:

(4) Aztec or any subsidiary of Aztec entering into, offering to enter into or announcing that it proposes to enter into any partnership or joint venture involving a commitment of greater than $5 million or making an announcement in relation to such a commitment;

(5) Aztec or any subsidiary of Aztec acquiring, or agreeing to acquire, one or more companies, businesses or assets for an amount in aggregate greater than $5 million; or

(6) Aztec or any subsidiary of Aztec disposing, or agreeing to

dispose of, one or more companies, businesses or assets (or any interest therein) for an amount in aggregate greater than $5 million;

(g) No persons entitled to exercise or exercising rights under certain agreements or instruments

Between the Announcement Date and the end of the Offer Period (each inclusive), there is no person entitled to exercise, exercising or purporting to exercise, stating an intention to exercise (whether or not that intention is stated to be a final or determined decision of that person), or asserting a right to exercise, any rights under any provision of any agreement or other instrument to which Aztec or any Aztec subsidiary is a party, or by or to which Aztec or any Aztec subsidiary or any of its assets or businesses may be bound or be subject, which results, or could result, to an extent to which is material in the context of Aztec Group taken as a whole, in:

(1) any moneys borrowed by Aztec or any Aztec subsidiary being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date stated in such agreement or other instrument; or

(2) any such agreement or other such instrument being terminated or modified or any action being taken or arising thereunder;

(3) the interest of Aztec or any Aztec subsidiary in any firm, joint venture, trust corporation or other entity (or any arrangements relating to such interest) being terminated or modified;

(4) the assets of Aztec or any Aztec subsidiary being sold transferred or offered for sale or transfer, including under any pre-emptive rights or similar provisions; or

(5) the business of Aztec or any Aztec subsidiary with any other person being adversely affected.

(h) No material adverse change

Between the Announcement Date and the end of the Offer Period (each inclusive), no material adverse change occurs to, is announced, or is made known to Mount Gibson (whether or not becoming public), in the business, financial or trading position, assets or liabilities, profitability or prospects of Aztec and its subsidiaries taken as a whole, from that as at the Announcement Date.

(i) No litigation on foot or pending

Between the Announcement Date and the end of the Offer Period (each inclusive), no litigation against Aztec which may reasonably result in a judgement of $5 million or more is commenced, is threatened to be commenced, is announced, or is made known to Mount Gibson (whether or not becoming public) or Aztec, other than that which is in the public domain as at the Announcement Date.

(j) Index out

Between the Announcement Date and the end of the Offer Period (each inclusive), the S&P ASX 200 does not close below 4500 for 5 or more consecutive trading days.

(k) Mount Gibson share price floor

Between the Announcement Date and the date of the Offer (each inclusive), the shares of Mount Gibson do not trade below $0.71 on ASX at any time on any trading day.

Definitions

Term	Meaning
ASIC	Australian Securities and Investments Commission.
Announcement Date	24 July 2006
Aztec Share	an ordinary share in the capital of Aztec.
Aztec Shareholder	a holder of Aztec Shares.
Bidder's Statement	a bidder's statement in respect of the Takeover Bid.
Business Day	a day on which the banks are open for business in Perth excluding a Saturday, Sunday or public holiday.
Corporations Act	the Corporations Act 2001 (Cth).
Government Agency	any government or governmental, semi-governmental, administrative, monetary, fiscal or statutory or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world.
Offer	the off market takeover bid constituted by each Offer to be made by Mount Gibson for Aztec Shares.
Offer Period	the period that the Offer is open for acceptance.
Public Authority	any Government Agency (but excluding the Takeovers Panel, ASIC and any court that hears or determines proceedings under section 657G or proceedings commenced by a person specified in section 659B of the Corporations Act in relation to the Takeover Bid). It also includes any self-regulatory organisation established under statute or any stock exchange.
Takeovers Panel	The Takeovers Panel established by section 171 of the Australian Securities and Investments Commission Act 2001.

Annexure B - Call Option Agreement

Mount Gibson has entered into a call option agreement for nominal consideration with Cambrian Mining plc ("Cambrian"), under which Cambrian granted Mount Gibson an option to acquire 159,031,922 Aztec shares, representing approximately 19.9% of the total fully paid ordinary shares of Aztec currently on issue.

If the option is exercised, Mount Gibson will issue to Cambrian one new Mount Gibson share for every three Aztec shares the subject of the option.

The option can be exercised at any time within the period

1. of 14 days commencing on the date that is 14 days after the commencement of the offer period; or
2. if before the close of the Mount Gibson offer, another party announces a rival offer, within a period of 14 days after the date of announcement

The option lapses if Mount Gibson fails to lodge a bidders statement with Aztec within 28 days of the date of this announcement or, if prior to completion under the option, Cambrian accepts the Mount Gibson offer for the option shares.

Aztec Resources Limited
ABN: 46 078 548 562
Suite 4, Level 5, South Shore Piazza
85 The Esplanade, South Perth WA 6151
T: 61 8 9423 0800
F: 61 8 9423 0801
E: azr@aztecresources.com.au

24 July 2006

UNSOLICITED TAKEOVER OFFER FROM MT GIBSON IRON LIMITED

Mount Gibson Iron Limited ("Mt Gibson") has announced that it intends to make a conditional takeover offer for all of the shares in Aztec Resources Limited (ASX/AIM Code: AZR) ("Aztec"). Mt Gibson is proposing to offer one of its shares for every three Aztec shares.

Mt Gibson's offer is unsolicited. The Aztec Directors believe the offer is opportunistic and designed to take advantage of the company in the period prior to the development of the Koolan Island Project.

Shareholders are advised to take no action in relation to Mt Gibson's takeover offer until the Aztec Directors have issued their formal recommendation regarding the offer. Your Directors will carefully consider the offer as well as all other options to ensure the best result for all shareholders is achieved.

Aztec has appointed Macquarie Bank Limited as financial adviser and Blake Dawson Waldron as its legal adviser to assist the Aztec Directors to evaluate and respond to the takeover offer from Mt Gibson.

The Directors will keep you fully informed of further developments. Should you have any questions in relation to the offer please contact Peter Bilbe (Aztec's Managing Director) on 08 9423 0800.

Yours Sincerely
AZTEC RESOURCES LIMITED

Ian Burston
Chairman

ANNEXURE B

ASX ANNOUNCEMENTS BY MOUNT GIBSON SINCE 1 JULY 2005

Date	Announcement
08/08/06	AZR: 99.4% Optionholders take up Underwritten July 06 Option
07/08/06	Update – sale of Asia Iron Holdings Limited
03/08/06	Letter to Shareholders : Cancellation of General Meeting
02/08/2006	Reserve and Resource statement as at 30 June 2006
01/08/2006	COL Capital supports Mount Gibson's offer for Aztec Resources
31/07/2006	Scrip T/O Offer for Aztec Res &Fourth Quarter Activities Rep
31/07/2006	Cancellation of General Meeting
31/07/2006	Director Appointment
31/07/2006	Director Appointment
25/07/2006	Cambrian Supports Mount Gibson bid for Aztec Resources
24/07/2006	Becoming a substantial holder for AZR
24/07/2006	AZR: Unsolicited Takeover Offer from Mt Gibson
24/07/2006	Mt Gibson Offer for Aztec Investor Presentation
24/07/2006	MGX announces Scrip Takeover Offer for AZR
20/07/2006	Response to Newspaper Article
06/07/2006	Update - Sale of Asia Iron Holdings Ltd
04/07/2006	Iron Ore Price Settlement
03/07/2006	Notice of General Meeting
26/06/2006	Appendix 3B
13/06/2006	Request to Call General Meeting
13/06/2006	Appendix 3B
09/06/2006	Change of Director's Interest Notice
07/06/2006	Asia Iron Shareholding sold to Shougang for $52.5m
02/06/2006	Change in substantial holding
29/05/2006	Investor Presentation
16/05/2006	Appendix 3B
05/05/2006	Appendix 3B
03/05/2006	Change in substantial holding
28/04/2006	Change of Director's Interest Notice
28/04/2006	Appendix 3B - Exercise of Options
27/04/2006	Becoming a substantial holder
26/04/2006	Change in substantial holding
24/04/2006	Ceasing to be a substantial holder
21/04/2006	Appendix 3B - Exercise of Options
21/04/2006	MIS: Correction to Media Announcement
21/04/2006	Third Quarter Activities Report

ANNEXURE B CONT.

ASX ANNOUNCEMENTS BY MOUNT GIBSON SINCE 1 JULY 2005

19/04/2006	MIS Press release on Oakajee Port
07/04/2006	Response to ASX Query re: Share Price
05/04/2006	Appendix 3B
29/03/2006	Crushing Plant & Rail Wagons
27/03/2006	Appendix 3B
24/03/2006	Change of Director's Interest Notice
22/03/2006	Appendix 3B
09/03/2006	Half Yearly Report & Half Year Accounts
08/03/2006	Change in substantial holding
01/03/2006	Appendix 3B - Exercise of Options
28/02/2006	Final Director's Interest Notice
24/02/2006	Presentation to Global Iron & Steel Forecast Conference
22/02/2006	Progress on Extension Hill Magnetite Project
22/02/2006	Director Resignation
21/02/2006	Joint Venture Exploration Results
13/02/2006	Appendix 3B
09/02/2006	Change in substantial holding
08/02/2006	Clarification Appendix 3B - Employee Options
07/02/2006	Top 20 shareholders
07/02/2006	Appendix 3B - Employee Options/Shrs to Badimia People
27/01/2006	Second Quarter Activities Report
17/01/2006	Change of Director's Interest Notice
13/01/2006	Change in substantial holding
03/01/2006	Ceasing to be a substantial holder
22/12/2005	Update
09/12/2005	Change of Director's Interest Notice
18/11/2005	Results of AGM
18/11/2005	Presentation for Annual General Meeting
11/11/2005	Change of Director's Interest Notice
31/10/2005	Change of Director's Interest Notice
31/10/2005	Change of Director's Interest Notice
31/10/2005	Appendix 3B – Unlisted Options
27/10/2005	Initial Director's Interest Notice
27/10/2005	Initial Director's Interest Notice
27/10/2005	First Quarter Activities Report
26/10/2005	Lapsed Options
26/10/2005	Appendix 3B – exercise of options

20/10/2005	Annual Report
18/10/2005	Change of Director's Interest Notice
18/10/2005	Change of Director's Interest Notice
18/10/2005	Appendix 3B – exercise of options
17/10/2005	Notice of Annual General Meeting
14/10/2005	Appendix 3B – exercise of options
12/10/2005	Appendix 3B – exercise of options
07/10/2005	Appendix 3B – exercise of options
05/10/2005	Appendix 3B
04/10/2005	Change in substantial holding
04/10/2005	Results of General Meeting
30/09/2005	Change of Director's Interest Notice
30/09/2005	Appendix 3B
28/09/2005	Progresses Nanjing Iron Pellet Project
26/09/2005	Final date for exercising of listed options
21/09/2005	Appendix 3B – exercise of options
15/09/2005	Revised Terms of Proposed Joint Venture with Shougang
14/09/2005	Commences Feasibility Study for Prod of Metalised Iron - WA
12/09/2005	Full Year Accounts
12/09/2005	Preliminary Final Report
09/09/2005	Change in substantial holding
08/09/2005	Change of Director's Interest Notice
08/09/2005	Appendix 3B
05/09/2005	Notice of General Meeting
02/09/2005	ZSP: Sept 2005 Quarterly Rebalance to S&P/ASX Indices
30/08/2005	Appendix 3B
30/08/2005	Increases shareholding in Asia Iron Holdings Limited to 76%
29/08/2005	Becoming a substantial holder
16/08/2005	Appendix 3B – exercise of options
12/08/2005	Appoints Chinese Director
08/08/2005	Change in substantial holding for RMI
05/08/2005	Appointment of New Managing Director
04/08/2005	Tallering Peak Resource & Reserve Statement
29/07/2005	Fourth Quarter Activities Report
27/07/2005	Strong Profits from First Full Year of Operations
14/07/2005	Ceasing to be a substantial holder
07/07/2005	Change in substantial holding for RMI
06/07/2005	Change in substantial holding
05/07/2005	Initial Director's Interest Notice
04/07/2005	Resignation of Company Secretary
04/07/2005	Appendix 3B – Employee Options
01/07/2005	Results of General Meeting

ANNEXURE C

CALL OPTION AGREEMENT

Mount Gibson Iron

ABN 87 008 670 817
First Floor, 7 Havelock Street
West Perth 6005, WA
PO Box 55, West Perth WA 6872
Telephone: 61-8-9426-7500
Facsimile: 61-8-9485 2305

23 July 2006

Mr John Byrne
Cambrian Mining plc
27 Albermarle Street
LONDON, UK, W1S 4DW

Dear Mr Byrne

Call Option Agreement

We record our agreement as follows:

1. In consideration for the payment of the sum of $10, receipt of which is hereby acknowledged by Cambrian Mining plc (**Shareholder**), the Shareholder agrees to grant to Mount Gibson Iron Limited (**MGI**) an irrevocable option for MGI (or its nominee as MGI may direct) to acquire 159,031,922 fully paid ordinary shares (**Option Shares**) in Aztec Resources Limited (**Aztec**) including any dividends or entitlements declared, paid or arising after the date of exercise of the option in relation to the Option Shares, at an exercise price of one fully paid ordinary share in MGI for every three Option Shares (**Scrip Consideration**).
2. The Option may be exercised at any time within the period:
    (a) of 14 days commencing on the date that is 14 days after the commencement of the offer period under a takeover bid by MGI (or an associate of MGI) for Aztec; or
    (b) if before the close of the offer period under the takeover bid by MGI (or its associate), another party announces an offer or proposal to acquire or cancel all or the majority of Aztec shares or to acquire the main business or assets of Aztec on terms which are more favourable to Aztec shareholders than those of the bid by MGI or its associate, within a period of 14 days after the date of the announcement by the third party.
3. The Option may be exercised by notice in writing (**Exercise Notice**) sent by facsimile to the Shareholder and marked to the attention of Mr John Byrne. The Option automatically lapses, and this agreement terminates, if no Exercise Notice is sent during the period referred to in paragraph 2 above.
4. The Option can only be exercised once by MGI (or its nominee as MGI may direct) in respect of all of the Option Shares.
5. Following exercise of the Option, completion of the sale and purchase of the Option Shares will occur at 2.00pm at the offices of Freehills, Level 36 QV1 Building, 250 St George's Terrace, Perth on the date which is 2 business days after the date of the Exercise Notice.
6. On completion, in exchange for MGI providing evidence that the Scrip Consideration will be immediately issued to Shareholder, Shareholder will provide to MGI duly executed transfers of the Option Shares and any other document reasonably required by MGI to effect or secure to MGI the transfer of the Option Shares.

7. Shareholder warrants that it is the legal and beneficial owner of the Option Shares and that the Option Shares will at completion be free of encumbrances, and Shareholder will at completion have full power and authority to complete this agreement without the consent of any person.

8. MGI warrants that at completion:

   (a) Shareholder will acquire the full legal and beneficial ownership of the Scrip Consideration free and clear of all encumbrances, subject to registration of Shareholder in the register of shareholders, and free of competing rights, including pre-emptive rights or rights of first refusal, and which is fully paid and has no money owing in respect of it; and

   (b) there is no restriction under the ASX Listing Rules, Corporations Act 2001 (Cth) or any other Australian law which would prevent Shareholder transferring or dealing with the Scrip Consideration in any way.

9. This agreement also terminates if:

   (a) MGI (or an associate of MGI) fails to make an announcement of a takeover bid for Aztec on the conditions set out in Annexure A within 2 days of this letter; or

   (b) having made an announcement in accordance with paragraph 9(a), MGI (or its associate) fails to lodge a bidder's statement (having an offer period commencing not more than 45 days after the date of the announcement) with Aztec within 28 days of the date of the announcement, unless ASIC indicates that it does not require MGI to proceed with the bid because of the occurrence of one of the events specified in clause 2(b); or

   (c) before completion, Shareholder accepts a takeover bid by MGI (or an associate) for all of the Option Shares. In that case, Shareholder also undertakes not to exercise any withdrawal rights that may become available to accepting Aztec shareholders.

10. For as long as this agreement remains in force, Shareholder will not dispose of or otherwise encumber any of the Option Shares, except pursuant to an acceptance of a takeover bid made by MGI (or an associate) or pursuant to the Option.

11. Nothing in this agreement affects Shareholder's right to dispose of or exercise voting rights in respect of any other Aztec shares which are not Option Shares and which are held by Shareholder from time to time, and there is no agreement, arrangement or understanding express or implied, enforceable or otherwise, between the parties to that effect.

12. MGI must pay any stamp duty in respect of this agreement and the transfer of the Option Shares.

13. Shareholder represents and warrants that it has power to enter into and comply with all the terms of this agreement applicable to it and all necessary actions and authorisations to permit it to enter into this agreement and to observe all of its terms have been taken and obtained.

14. Shareholder must keep the existence of this letter and the circumstances described in this letter confidential until MGI (or an associate) announces a takeover bid for Aztec except where disclosure is required by law or a regulatory body.

15. This letter is governed by the laws of Western Australia and the Shareholder and MGI irrevocably submit to the non-exclusive jurisdiction of the courts of Western Australia.

16. All times specified in this agreement are Perth times.

17. This agreement may be executed in any number of counterparts which together will constitute one instrument. A party may execute this agreement by signing any counterpart.

Yours faithfully

For and on behalf of Mount Gibson Iron Limited

Cambrian Mining plc
agrees to the terms set out above.

For and on behalf of Cambrian Mining plc

Date 23rd July 2006.

Annexure A – Bid conditions

The Offer may be subject only to conditions substantially on the terms set out below.

(a) **Minimum acceptance**

At the end of the Offer Period, Bidder has relevant interests in at least 90% of the Target Shares (on a fully diluted basis).

(b **Other regulatory approvals**

Before the end of the Offer Period, all approvals or consents that are required by law, or by any Public Authority, as are necessary to permit:

(1) the Offer to be lawfully made to and accepted by Target shareholders; and

(2) the transactions contemplated by the Bidder's Statement to be completed (including, without limitation, full, lawful and effectual implementation of the intentions set out in the Bidder's Statement),

are granted, given, made or obtained on an unconditional basis, remain in full force and effect in all respects, and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew the same.

(c) **Foreign Investment Review Board approval**

One of the following occurring:

(1) the Treasurer of the Commonwealth of Australia (**Treasurer**) advising Bidder before the end of the Offer Period to the effect that there are no objections to the Takeover Bid constituted by the dispatch of the Offer in terms of the Federal Government's foreign investment policy; or

(2) no order being made in relation to the Takeover Bid constituted by the dispatch of the Offer under section 22 of the Foreign Acquisitions and Takeovers Act 1975 (Cth) within a period of 40 days after Bidder has notified the Treasurer that it proposes to acquire the Target Shares under that Takeover Bid, and no notice being given by the Treasurer to Bidder during that period to the effect that there are any such objections; or

(3) where an order is made under section 22 of the Foreign Acquisitions and Takeovers Act 1975 (Cth), a period of 90 days having expired after the order comes into operation and no notice having been given by the Treasurer to Bidder during that period to the effect that there are any such objections.

(d) **No prescribed occurrences**

Between the Announcement Date and the date 3 Business Days after the end of the Offer Period (each inclusive), none of the following prescribed occurrences (being the occurrences listed in section 652C of the Corporations Act) happen:

(1) Target converting all or any of the Target Shares into a larger or smaller number of shares under section 254H of the Corporations Act;

(2) Target or a subsidiary of Target resolving to reduce its share capital in any way;

(3) Target or a subsidiary of Target entering into a buyback agreement or resolving to approve the terms of a buyback agreement under section 257C(1) or 257D(1) of the Corporations Act;

(4) Target or a subsidiary of Target making an issue of Target Shares (other than Target Shares issued as a result of the exercise of options into Target Shares) or granting an option over the Target Shares or agreeing to make such an issue or grant such an option;

(5) Target or a subsidiary of Target issuing, or agreeing to issue, convertible notes;

(6) Target or a subsidiary of Target disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;

(7) Target or a subsidiary of Target charging, or agreeing to charge, the whole, or a substantial part, of its business or property;

(8) Target or a subsidiary of Target resolving that it be wound up;

(9) the appointment of a liquidator or provisional liquidator of Target or of a subsidiary of Target;

(10) the making of an order by a court for the winding up of Target or of a subsidiary of Target;

(11) an administrator of Target or of a subsidiary of Target being appointed under section 436A, 436B or 436C of the Corporations Act;

(12) Target or a subsidiary of Target executing a deed of company arrangement;

(13) the appointment of a receiver, receiver and manager, other controller (as defined in the Corporations Act) or similar official in relation to the whole, or a substantial part, of the property of Target or of a subsidiary of Target.

(e) **No regulatory action**

Between the Announcement Date and the end of the Offer Period (each inclusive):

(1) there is not in effect any preliminary or final decision, order or decree issued by any Public Authority;

(2) no action or investigation is announced, commenced or threatened by any Public Authority; and

(3) no application is made to any Public Authority (other than by Bidder or any associate of Bidder),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially impact upon, the making of the Offers or which requires the divestiture by Bidder of any Target Shares or any material assets of Target or any subsidiary of Target.

(f) **Acquisitions and disposals**

Between the Announcement Date and the end of the Offer Period (each inclusive), neither Target nor any of its subsidiaries, acquires or disposes of, or enters into or announces any agreement for the acquisition or disposal of, any asset or business, or enters into any corporate transaction, which would or would be likely to involve a material change in:

(1) the manner in which Target conducts its business;

(2) the nature (including balance sheet classification), extent or value of the assets of Target; or

(3) the nature (including balance sheet classification), extent or value of the liabilities of Target,

including, without limitation, any transaction which would or (subject to one or more conditions) may involve:

(4) Target or any subsidiary of Target entering into, offering to enter into or announcing that it proposes to enter into any partnership or joint venture involving a commitment of greater than $5,000,000 or making an announcement in relation to such a commitment;

(5) Target or any subsidiary of Target acquiring, or agreeing to acquire, one or more companies, businesses or assets for an amount in aggregate greater than $5,000,000; or

(6) Target or any subsidiary of Target disposing, or agreeing to dispose of, one or more companies, businesses or assets (or any interest therein) for an amount in aggregate greater than $5,000,000;

(g) **No persons entitled to exercise or exercising rights under certain agreements or instruments**

Between the Announcement Date and the end of the Offer Period (each inclusive), there is no person entitled to exercise, exercising or purporting to exercise, stating an intention to exercise (whether or not that intention is stated to be a final or determined decision of that person), or asserting a right to exercise, any rights under any provision of any agreement or other instrument to which Target or any Target subsidiary is a party, or by or to which Target or any Target subsidiary or any of its assets or businesses may be bound or be subject, which results, or could result, to an extent to which is material in the context of Target Group taken as a whole, in:

(1) any moneys borrowed by Target or any Target subsidiary being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date stated in such agreement or other instrument; or

(2) any such agreement or other such instrument being terminated or modified or any action being taken or arising thereunder;

(3) the interest of Target or any Target subsidiary in any firm, joint venture, trust corporation or other entity (or any arrangements relating to such interest) being terminated or modified;

(4) the assets of Target or any Target subsidiary being sold transferred or offered for sale or transfer, including under any pre-emptive rights or similar provisions; or

(5) the business of Target or any Target subsidiary with any other person being adversely affected.

(h) **No material adverse change**

Between the Announcement Date and the end of the Offer Period (each inclusive), no material adverse change occurs to, is announced, or is made known to Bidder (whether or not becoming public), in the business, financial or trading position, assets or liabilities, profitability or prospects of Target and its subsidiaries taken as a whole, from that as at the Announcement Date.

(i) **No litigation on foot or pending**

Between the Announcement Date and the end of the Offer Period (each inclusive), no litigation against Target which may reasonably result in a judgement of $5,000,000 or more is commenced, is threatened to be commenced, is announced, or is made known to Bidder (whether or not becoming public) or Target, other than that which is in the public domain as at the Announcement Date.

(j) **Index out**

Between the Announcement Date and the end of the Offer Period (each inclusive), the S&P ASX 200 does not close below 4500 for 5 or more consecutive trading days.

(k) **Share price decline**

Between the Announcement Date and the date of the Offer (each inclusive), the Shares of Bidder do not trade below $0.71 on ASX at any time on any trading day.

ANNEXURE D

REPORT PREPARED BY CRU STRATEGIES LIMITED

CRU | STRATEGIES

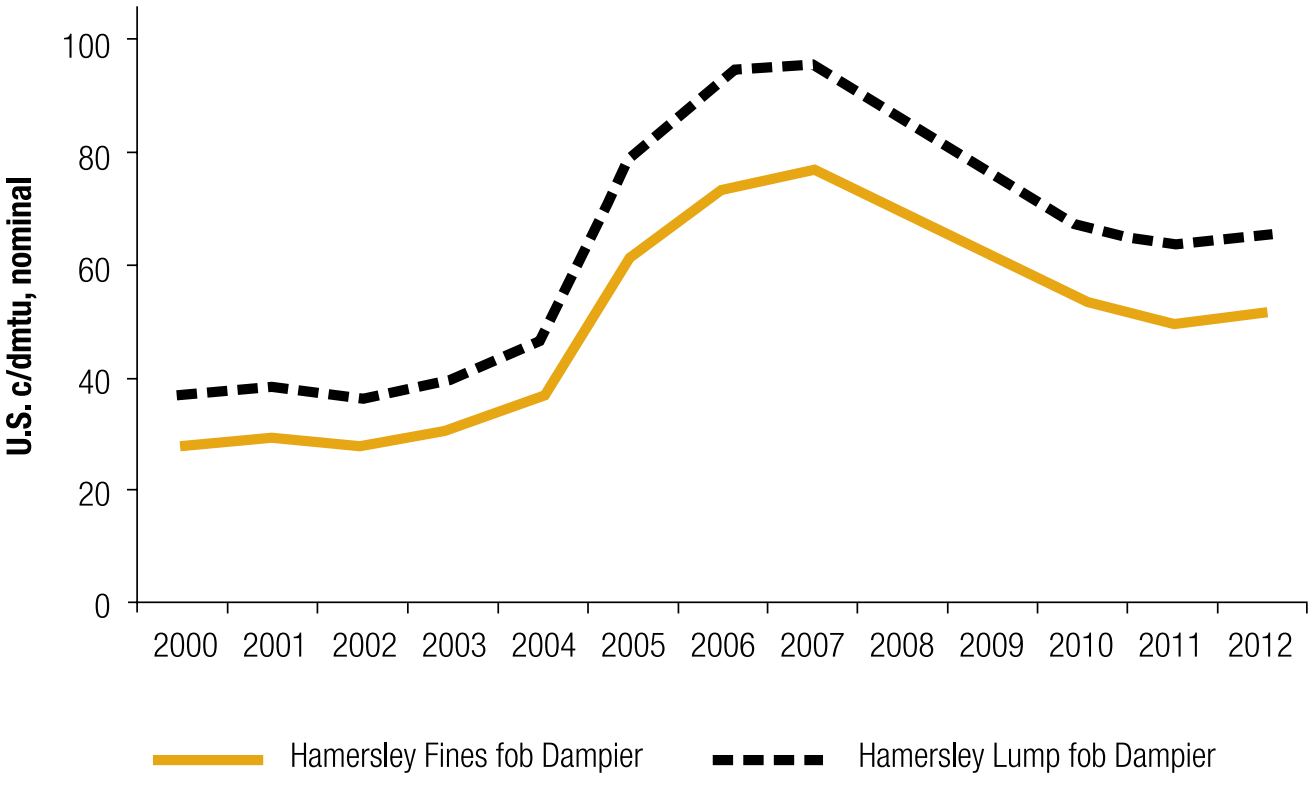
CRU Strategies Ltd, 31 Mt Pleasant,
London, WCIX 0AD, UK
Telephone: +44 (0)20 7278 7788
Fax: +44 (0)20 7278 0003
Web site: www.crustrategies.com

CRU Strategies Limited is a management consulting company specialising in the international metals, mining and electricity industries. It has supplied Mount Gibson Iron Ltd with a price forecast for Hamersley fines and lump ore, fob Dampier. In the following sections it has provided some explanation to its price forecasts, and some comments about the risks associated with the price forecasts.

The most representative benchmark price in the iron ore industry is, in CRU Strategies' opinion, the Hamersley fines price and the associated Hamersley lump price. These prices are quoted in U.S. ¢/dry long ton unit on the basis fob Dampier, which is Rio Tinto's main export terminal in Western Australia. An "iron unit" is 1% of the iron content. Thus, another way of expressing this price is that it refers to the cost in U.S. $/long ton of iron contained in the iron ore. The Hamersley prices are closely linked to the corresponding BHP Billiton prices for the export of comparable products from Port Hedland. CRU Strategies focuses its analysis on these prices because it is the Pacific Basin market that is now the main driver of the iron ore business, and Western Australia is the natural supplier to that market.

Current Hamersley fines prices are $73.46/t Fe, which is well above the long term equilibrium price level. The precise path of convergence to the trend depends, of course, on short-term supply and demand considerations. CRU Strategies' current assessment is that tight markets will continue into 2007 permitting another small iron ore price increase. CRU Strategies emphasizes that conditions are currently volatile. Therefore, there is a high degree of uncertainty associated with the short-term forecast. CRU Strategies is more confident regarding the longer-term outlook, namely that a combination of somewhat slower demand growth and the cumulative impact of the supply side expansions now under way will return the market back to equilibrium by 2010-2012. This assessment lies behind the forecasts that are summarized in the following chart.

CRU Strategies' base case iron ore forecasts



A core issue in looking at future iron ore prices is the long-term significance that may be attached to developments in 2004 and 2005 when iron ore prices rose by unprecedented amounts, essentially doubling. To what extent did these developments reflect the normal business cycle that is characteristic of commodity markets, and to what extent are we witnessing a permanent upward movement – a structural shift – in the underlying price levels in this industry? Representatives of several mining companies and a number of independent analysts have argued that the current boom in commodity prices marks a fundamental break with the past. This implies that most, if not all, of the real increase in prices will be sustained – if not permanently, then at least for a five- to ten-year period – thus representing a so-called "super cycle."

CRU Strategies believes that there is a reasonable basis to conclude that a significant real increase in costs has taken place, and thus argues that there is a structural component to recent price increases. CRU Strategies has identified four factors in particular that may have contributed to such a shift, namely:

1. the U.S. dollar exchange rate;
2. the structure of world energy prices;
3. changed conditions in the mining supply industries; and
4. infrastructure issues.

The combined impact of all of the above factors has been, in our opinion, to add around 25-30% to the industry's underlying cost structure on a long-term basis. CRU Strategies emphasizes that this is a base case assessment and that there is a considerable uncertainty involved in quantifying the different elements involved. Thus, it will take a number of years before it can be concluded with any certainty that the cost structure has increased in real terms by the order of magnitude indicated above.

CRU Strategies' experience with most mined commodities is that real prices have been declining on a long-term basis. Since there is no evidence of a long-term decline in industry profitability, the implication is that the industry's production costs have also been declining in real terms. The most probable reason is that the continuing gains in mining productivity and the more effective exploitation of scale economies have lowered costs by more than the impact of ore depletion, and adverse grade and location changes have raised them. The extent of the decline varies from metal to metal but is rarely less than 0.5% or more than 2.5% per annum.

CRU Strategies considers that only trends in iron ore prices subsequent to the mid-1980s are relevant. Moreover, in looking at these trends, CRU Strategies focuses on the trough prices that occur in recession periods, on the basis that these reflect the point at which companies prefer to cut production rather than prices. This then provides more reliable evidence as to underlying cost trends. For Hamersley fines, the low points in prices were in 1988, 1994, 1999 and 2002. When the trends from 1994 to 2002 are extrapolated, the real long-term price decline has been 0.6% per annum for fines. Extrapolating the trend from 1988, the long-term real price decline has been 1% for fines. In CRU Strategies' opinion, these figures indicate, in broad order of magnitude terms, the range of potential assessments of long-term cost trends in this industry.

In our opinion, there is no reason to suppose that mining productivity has reached any kind of plateau. CRU Strategies notes that the phenomenon of falling real production costs is not unique to iron ore, but can be observed in virtually every metallic mineral and for other mined products such as coal. The explanation is that mining technology has been radically improved over time. The size and reliability of mining units such as shovels and trucks has significantly increased and similar efficiency gains have been exhibited by processing equipment such as crushing plant, grinding mills and the like. We believe that there is ample further potential for technology gains over the next 20 plus years. Mining companies and equivalent suppliers continue to innovate and develop lower-cost and more productive pieces of equipment.

Aside from these generic trends there are two particular reasons why iron ore mines are likely to continue experiencing falling real costs over time. One is that iron ore mining is not, in general, confronted with the challenge of continuously falling ore grades to the extent of other sectors like copper and gold. The grade implications of moving from a 65% Fe to 58% Fe are comparatively minor. This is because the mining component of the total cost structure in iron ore is very low – always below 50% and in some cases below 25%.

The second reason why costs will probably continue to fall is that although much of the increased demand for iron ore will be met by expansions of existing operations, the demand is so great that new greenfield facilities will also be required. Such projects face very high initial costs to fund their infrastructure. However, once constructed, experience in locations such as Western Australia and Brazil suggests that subsequent capacity expansions are available at lower incremental capital costs and also drive down operating costs by exploiting scale economies, particularly related to infrastructure.

For these reasons CRU Strategies believes that it is appropriate to assume, going forward, that the industry's cost structure will continue to decline by about 0.6% per annum in real terms once the current structural change has been digested.

The forecasts CRU Strategies has prepared are base case assessments, and reflect a large number of assumptions CRU Strategies has made including, but not limited to, future world economic conditions, specific economic developments in China, developments in the global steel industry, the effectiveness and speed with which iron ore suppliers respond to price signals, and so forth. Alternative, equally plausible, assumptions could be made about these and other factors, which would result in price forecasts significantly higher or lower than those presented above.

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Mount Gibson Iron
ABN 87 008 670 817

Registered Office: First Floor, 7 Havelock Street. West Perth 6005, Western Australia. **Phone:** 61 8 9426-7500 **Fax:** 61 8 9485 2305 **E-mail:** admin@mtgibsoniron.com.au

LINC MGIL237647

Mount Gibson Iron
ABN 87 008 670 817

Computershare

Please return completed form to:
Computershare Investor Services Pty Limited
GPO Box D182 Perth
Western Australia 6840 Australia
Enquiries (within Australia) 1300 557 010
(outside Australia) 61 3 9415 4000
Facsimile 61 8 9323 2033
web.queries@computershare.com.au
www.computershare.com

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

Securityholder Reference Number (SRN)

I 1234567890 I N D

Use a black pen.
Print in CAPITAL letters inside the grey areas.

A B C | 1 2 3

Transfer and Acceptance Form - Share Offer

This is an important document and requires your immediate attention. If you are in doubt about how to deal with it, please consult your financial or other professional advisor. If any of your details are incorrect please amend them and initial the alterations. You should read the Bidder's Statement which accompanies this Transfer and Acceptance Form. Terms defined in the Bidder's Statement have the same meaning in this Transfer and Acceptance Form.

Use this form to accept Mount Gibson Iron Limited's ("Mount Gibson") Offer for your Aztec Resources Limited ("Aztec") Shares

Securityholder details

Subregister	Issuer/CHESS
Your holding in Aztec	123456789012
Mount Gibson Share consideration to be issued to you on the basis of 1 Mount Gibson Share for every 3 Aztec Shares accepted*	123456789012

B Consideration

The consideration applicable under the terms of the Offer is 1 Mount Gibson Share for every 3 Aztec Shares which you sell to Mount Gibson as a consequence of accepting the Offer.

*If you are a Foreign Shareholder your Mount Gibson Shares will be allocated to a nominee and sold on your behalf. See section 12.7 of the Bidder's Statement.

C To be completed by Securityholder

You will be deemed to have accepted the Offer in respect of all your Aztec Shares if you sign and return this form.

If you hold your Aztec Shares in a CHESS holding (see "Subregister" above), to accept the Offer you can either:

- Instruct your Controlling Participant directly - normally your stockbroker
  or
- Authorise Mount Gibson to contact your Controlling Participant on your behalf, which you can do by signing and returning the form. By signing and returning the form you will be deemed to have authorised Mount Gibson to contact your Controlling Participant directly via the CHESS system.

D Contact details

Please provide your contact details in case we need to speak to you about this form.

Name of contact person

Contact person's daytime telephone number ( )

E Sign here - this section must be signed before we can process this form.

I/We accept the Offer made by Mount Gibson in respect of Aztec Shares I/we hold and I/we agree to be bound by the terms and conditions of the Offer ***(including the instructions as to acceptance of the Offer on the back of this form)*** and transfer all of my/our Aztec Shares to Mount Gibson for the above consideration

Individual or Securityholder 1	Individual or Securityholder 2	Individual or Securityholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

The directors reserve the right to make amendments to this form where appropriate. Please refer to the lodgement instructions overleaf.

See back of form for completion guidelines

How to complete this form

Acceptance of the takeover offer

A Registration Details

The Aztec Shares are currently registered in the name(s) printed on this form. Your consideration will be issued in the names as it appears on the Aztec register.

If you have already sold all your Aztec Shares shown overleaf, do not keep or return this form. Please send this form to the broker who sold them for you.

B Consideration

The consideration payable under the Offer is 1 Mount Gibson Share for every 3 Aztec Shares accepted.

C How to accept the Offer

If your Aztec Shares are held in an Issuer Sponsored Holding, simply complete and return this form to the Mount Gibson Share Registry ("Mount Gibson Registry") so that it is received by no later than 5.00pm WST on 29 September 2006, unless extended.

If your Aztec Shares are in a CHESS holding, you may **contact your Controlling Participant** directly (normally your stockbroker) with instructions to accept the Offer. If you do this, you will need to sign and return this Transfer and Acceptance Form to your Controlling Participant. If you want Mount Gibson to contact your Controlling Participant on your behalf via the CHESS system, sign and return this form to the Mount Gibson Registry so that it is received no later than 5.00pm WST on 29 September 2006 unless extended.

If you sign and return this Transfer and Acceptance Form to the Mount Gibson Registry either in respect of an Issuer Sponsored Holding or so that contact may be made with your Controlling Participant on your behalf, you warrant to Mount Gibson (and authorise Mount Gibson to warrant on your behalf) that you have full legal and beneficial ownership of the Aztec Shares and that Mount Gibson will acquire them free from all mortgages, charges, liens, encumbrances (whether legal or equitable), restrictions on transfer of any kind and free from any third party rights.

Neither Mount Gibson or Computershare Investor Services Pty Limited ('CIS') will be responsible for any delays incurred by this process. You should allow sufficient time for the preferred party to initiate the acceptance of the Offer on your behalf.

D Contact details

Enter the name of a contact person and telephone number. These details will only be used in the event that the Mount Gibson Registry has a query regarding this form.

E Signature(s)

You must sign the form as follows in the space provided:

Joint holding:	where the holding is in more than one name all of the securityholders must sign.
Power of Attorney:	to sign under Power of Attorney, you must have already lodged this document with the Mount Gibson Registry. Alternatively, attach a certified copy of the Power of Attorney to this form when you return it.
Deceased Estate:	all executors must sign and, if not already noted by the Mount Gibson Registry, a certified copy of Probate or Letters of Administration must accompany this form.
Companies:	this form must be signed by either 2 Directors or a Director and a Company Secretary. Alternatively, where the company has a Sole Director and, pursuant to the Corporations Act, there is no Company Secretary, or where the Sole Director is also the Sole Company Secretary, that Director may sign alone. Delete titles as applicable.

WIP_29/06/05

2TKAS

Lodgement of Transfer and Acceptance Form

This Transfer and Acceptance Form must be received at the Perth office of CIS by no later than 5.00pm WST on 29 September 2006. Return this Transfer and Acceptance Form to:

Postal Address
Computershare Investor Services Pty Limited
GPO Box D182
PERTH WA 6840

OR

Hand Delivery
Computershare Investor Services Pty Limited
Level 2
45 St Georges Terrace
PERTH WA 6000

Privacy Statement

Personal information is collected on this form by CIS, as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or E-mail privacy@computershare.com.au

MGX

If you have any enquiries concerning this Takeover Offer please contact the Offer Information Line on 1300 307 543 (within Australia) or +61 3 9415 4335 (outside Australia).

For legal reasons, all calls to this number will be recorded.

Please note this form may not be used to change your address.

Please return the completed form in the envelope provided or to the address opposite:

Computershare Investor Services Pty Limited
GPO Box D182
Perth Western Australia 6840
Australia