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**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: 61-8-9485 2355

Facsimile: 61-8-9485 2305

E-mail: admin@mtgibsoniron.com.au

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VIA FACSIMILE: 1300 300 021

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

RIGHTS ISSUE

Mount Gibson Iron Limited advises that the shortfall from its 1 for 1 rights issue to Shareholders which closed on 23 January 2003, was 71,937,596 shares or 57 % of the issue. The result is as expected, as ten Shareholders who contributed seed capital for the Company's iron ore projects up to six years ago did not wish to add to their holdings. This block of shares represented approximately 64 % of the shortfall. The take up rate by all other Shareholders was in the order of 80% of entitlement.

The new issue was fully underwritten by Paterson Ord Minnett Ltd, and the shortfall will be taken up by the underwriter such that the overall issue will raise approximately \$11.36 million.

As a result of the Rights Issue the Company will have access to sufficient capital to allow the letting of contracts for the development and operation of the Tallering Peak iron ore mine, with mine production and shipping of ore planned for the third quarter of this year.

Yours sincerely,
MOUNT GIBSON IRON LIMITED

Angela Dent
Company Secretary

Enquiries: Mr Brian Johnson
Managing Director
Telephone: 08-9485-2355
E-mail: brianjohnson@mtgibsoniron.com.au