MOUNT GISBON IRON LIMITED

QUARTERLY REPORT FOR THE PERIOD ENDING 31 MARCH 2003

ORE SALES AGREEMENTS

During the quarter negotiations continued with prospective purchasers of Tallering Peak hematite which resulted in the following notice to the Australian Stock Exchange on 30 April 2003.

> "The Company has signed an Ore Sales Agreement to supply a total of 550,000 tpa of both lump and fines iron ore from the Company's new mine at Tallering Peak in Western Australia, to Prosperity Minerals (Asia) Limited for use in the Prosperity Group's new steel mill at Li Yang City in China.
>
> The first blast furnace of the new mill, which is located near Nanjing on the Yangtze River, is expected to be commissioned in August 2003. The supply contract will extend from 31 October 2003 to 31 March 2009.
>
> Mount Gibson Iron Limited has now fully sold its planned 1.5Mtpa production from Tallering Peak, with life of mine contracts already signed to supply Glencore International AG 350,000tpa of ore for use in its steel mill, also located near Nanjing, and 600,000tpa to a subsidiary of Stemcor Limited."

RIGHTS ISSUE

On 14 February 2003 the Company completed its fully underwritten 1 for 1 Rights Issue at 9 cents, to raise $11.365M. Pursuant to the Rights Issue 126 million shares and 29 million options, exerciseable at 25 cents on or before 31 December 2003, were issued.

Some of the proceeds from the Rights Issue were utilized to retire existing debt, including $2.125M of Convertible Notes. The balance of funds will be used to develop the Tallering Peak mine and associated infrastructure.

TALLERING PEAK

Pre Development

Work at Tallering Peak focused on establishing a 1.5mtpa direct shipping grade hematite operation, scheduled to commence mining in the third quarter of 2003.

Mine planning is advancing with submissions received for all activities at the mine from drill & blast through to rail operations. The latest pit optimisations have developed preliminary pits that will provide the initial 5 years of hematite ore at 1.5 mtpa. Detailed mine scheduling is currently being undertaken.

Road and rail designs are progressing with detailed investigations for road building materials and water completed and a number of Miscellaneous and General Purpose leases pegged west of Mullewa to contain private haul roads and rail facilities.

The Addendum to the Notice of Intent to Mine Tallering peak has been submitted to the Department of Industry and Resources ("DoIR") as well as the Environmental Protection Authority ("EPA"). The company has received written advice that the Addendum is not to be reassessed by the EPA due to its reduced scale from the previously assessed project. The company is currently preparing environmental management plans for the mine and the transfer station as per the conditions of the Mining Tenements set by the DoIR prior to final mining approvals being granted.

A public information meeting was held in Mullewa to discuss the project with local residents, in particular the proposed road train haulage and the rail transfer facility to be located to the west of the town. Project approval was unanimously granted by the Mullewa Shire Council at a council meeting during mid March after public feedback was assessed and detailed road upgrading, maintenance and operating procedures were agreed to.

The contract for the design and construction of the ore storage shed at Geraldton has been awarded to Broad Constructions with contract negotiations for road and rail haulage nearing completion. Mining and drill and blast contracts will be awarded after the review of the mine design and schedule. The enhancement of the Port of Geraldton is currently on schedule.

Total expenditure for predevelopment at Tallering Peak during the quarter was $633,000.

Proposed Work

Work for the next quarter will focus on mine development.

MT GIBSON

Exploration & Pre Development

No exploration work was undertaken at the Mt Gibson deposit during the quarter. Work has been suspended whilst the Tallering Peak project is progressed.

Proposed Work

No work is proposed in the next quarter for Mt Gibson tenements whilst Tallering Peak is developed. Work will recommence in late 2003 with the aim of bringing the Extension Hill and Iron Hill deposits into production by mid 2004.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Mount Gibson Iron Limited

ABN	Quarter ended ("current quarter")
87 008 670 817	31 March 2003

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (12 months) $A'000
1.1	Receipts from product sales and related debtors	182	976
1.2	Payments for (a) exploration and evaluation	(1,430)	(2,176)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(486)	(789)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	94	182
1.5	Interest and other costs of finance paid	(289)	(1,140)
1.6	Income taxes paid	-	-
1.7	Other (inventory)	-	(345)
	Net Operating Cash Flows	(1,930)	(3,292)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a)prospects	-	(1,005)
	(b)equity investments	-	-
	(c) other fixed assets	-	(2)
1.9	Proceeds from sale of:		
	(a)prospects	-	-
	(b)equity investments	-	40
	(c)other fixed assets	11	36
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	11	(931)
1.13	Total operating and investing cash flows (carried forward)	(1,919)	(4,223)

+ See chapter 19 ASX Listing Rules for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,919)	(4,223)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	11,345	12,365
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	2,507
1.17	Repayment of borrowings	(2,506)	(2,515)
1.18	Dividends paid	-	-
1.19	Other (Convertible Notes)	-	650
	Other (Capital raising costs)	(731)	(933)
	Other (Redemption – Convertible Notes)	(2,125)	(2,125)
	Net financing cash flows	5,983	9,949
	Net increase (decrease) in cash held	4,064	5,726
1.20	Cash at beginning of quarter/year to date	5,065	3,403
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	9,129	9,129

Payments to directors of the entity and associates of the directors Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	105
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Sales revenue and inventory relate to a retail subsidiary of Mount Gibson Iron Limited (which has ceased operations), not mining.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	79	79
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	-
4.2	Development	3,623
	Total	**3,623**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	4,129	45
5.2	Deposits	5,000	5,000
5.3	Bank overdraft	-	-
5.4	Other (funds held in trust)	-	20
	Total: cash at end of quarter (item 1.22)	9,129	5,065

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	E59/1013	Exploration License held by Mount Gibson Mining Limited	100%	-
6.2	Interests in mining tenements acquired or increased	-	-	-	-

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*	-	-	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3	**+Ordinary securities**	252,562,032	236,282,532	-	-
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	126,282,024	126,282,024	-	-
7.5	**+Convertible debt securities** *(description)*	Convertible @ 30 cents 6 monthly to 30/6/05 Interest @ 10% pa 6 monthly in arrears Total on issue 12,631,555	-	-	-
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- 4,035,112 (Redeemed)	- -		
7.7	**Options** *(description and conversion factor)*	67,942,379 2,083,332	49,682,379	*Exercise price* 25 cents 15.84 cents	*Expiry date* 31/12/03 20/2/06
7.8	Issued during quarter	29,243,612	29,243,612	-	-
7.9	Exercised during quarter	16	16	-	-
7.10	Expired during quarter	-	-	-	-
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

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Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does ~~/does not~~* *(delete one)* give a true and fair view of the matters disclosed.

Sign here: Date: 30 April 2003
(~~Director~~/Company Secretary)

Print name: Angela Dent

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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