



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

Dear Sir,

MOUNT GIBSON IRON LIMITED HAS FINALISED SALES CONTRACTS FOR ALL OF THE PLANNED IRON ORE PRODUCTION FROM ITS TALLERING PEAK MINE

Mr Brian Johnson, Managing Director of Mount Gibson Iron Limited, announced today that the Company had 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.

Stemcor Limited, which is one of the largest steel traders in the world and a shareholder of Mount Gibson Iron Limited, will on sell the iron ore it will purchase as principal to one or two selected mills, probably in north east China, and offer finance and steel product offtake agreements to these mills. Stemcor will also act as agent for the Prosperity Group's purchases.

Mr Johnson said that the Company's marketing approach had been most successful for a start-up operation with its Tallering Peak production going to a small number of end users all of whom utilise ports which match the capacity of Geraldton, once its current dredging program is completed in the third quarter of 2003.

The Company is fortunate that there is strong and increasing demand for iron ore in China and the high quality of the Talling Peak ore is proving most attractive to steel makers.

Mount Gibson Iron Limited can be confident of receiving regular and guaranteed payment for the \$50 million of ore it will export each year.

Mr Johnson said that mining was expected to commence at Talling Peak in July 2003 with the first railings of iron ore to the port in early October 2003, followed by shipments later that month.

The Company will then look to commissioning its second mine at Mt Gibson by the end of 2004, which is planned to double ore sales to 3.0Mtpa.

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