



Mount Gibson Iron Limited

ABN 87 008 670 817



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QUARTERLY REPORT - PERIOD ENDING 30 SEPTEMBER 2003

TALLERING PEAK HEMATITE PROJECT

Development of the Tallering Peak Hematite Project progressed during the quarter with the letting of all contracts for the supply of mining equipment, mine and infrastructure development, and ongoing operations, and the commencement of site establishment and pioneering work.

The main contracts signed for the project are:

Rail Access- Westnet Pty Ltd

Rail Operations- Australia Western Rail Pty Ltd

Haul Road and Rail Terminal Construction- Central Earthmoving

Road Haulage- Patience Bulk Haulage

Drill and Blast- SynegeX Holdings

Crushing- Rapid Crushing and Screening Contractors

The Company has purchased a new Hitachi EX1900 excavator, commissioned on site mid October and four new Komatsu HD785-5 trucks, delivered October, D375-A dozer, delivered September and two WA 500 loaders for delivery in January 04. Support equipment consisting of a grader, water cart and service truck have also been purchased.

Site establishment commenced during the quarter with the majority of the camp accommodation facilities delivered to site, and the rail formation civil works and associated private haulroad in Mullewa being completed. Pioneering of the T4 west pit commenced at the end of September with the Company's dozer, and drill rigs supplied by the drill and blast contractor.

Mining commenced, subsequent to the end of the quarter, in mid-October.

Production of iron ore from two initial pits is planned to commence at the rate of 1.0Mtpa, ramping up over eight weeks to an average production of 1.65 Mtpa for the following five years. Thereafter it is planned to join and deepen the two pits, with the final mine life yet to be determined and subject to the results of a future infill drilling program.

Construction of the Company's iron ore storage facilities at Geraldton port is progressing, with completion expected in November 2003.

Railing of iron ore to stockpiles to Geraldton is expected to commence in January 2004 with the first shipment of ore scheduled for late January 2004.

EXPLORATION**Tallering Peak***Exploration During Quarter*

No additional exploration work was carried out during the quarter.

Proposed Work

The Company's objective is to establish sufficient economic reserves of magnetite to justify an operation to produce 1.0mtpa of magnetite concentrate for export. Further mapping will be carried out on the North Ridge and a drill program is scheduled to be completed before Christmas.

Mt Gibson

Discussions have been held with landowners who will be impacted by the proposed private haul road to be constructed between Mt Gibson and the rail terminal at Perenjori. The haul road will allow the use of heavy configuration road trains which will reduce the unit operating costs of road haulage.

Exploration During Quarter

Outcrop mapping of the range at Mt Gibson was carried out, identifying areas of hematite potential additional to the existing Extension Hill and Iron Hill resources.

Proposed Work

A targeted flora survey is to be carried out during the current quarter that will allow clearing permits for proposed drilling programs.

+ See chapter 19 ASX Listing Rules for defined terms.

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

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Quarter ended ("current quarter")

30 September 2003

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors	2	2
1.2	Payments for (a) exploration and evaluation	-	-
	(b) development	(1,386)	(1,386)
	(c) production	-	-
	(d) administration	(596)	(596)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	73	73
1.5	Interest and other costs of finance paid	(83)	(83)
1.6	Income taxes paid	-	-
1.7	Other (inventory)	-	-
	Net Operating Cash Flows	(1,990)	(1,990)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c) other fixed assets	(1,822)	(1,822)
1.9	Proceeds from sale of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(1,822)	(1,822)
1.13	Total operating and investing cash flows (carried forward)	(3,812)	(3,812)

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1.13	Total operating and investing cash flows (brought forward)	(3,812)	(3,812)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(26)	(26)
1.18	Dividends paid	-	-
1.19	Other (Capital raising costs)	(94)	(94)
	Other (Redemption – Convertible Notes)	-	-
	Net financing cash flows	(120)	(120)
	Net increase (decrease) in cash held	(3,932)	(3,932)
1.20	Cash at beginning of quarter/year to date	7,553	7,553
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	3,621	3,621

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	128
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Funds spent on development of Talling Peak Hematite Project and construction of iron ore storage facility in Geraldton.

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

Purchase of motor vehicle under Hire Purchase arrangements – total amount financed \$44,448.

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

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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	102	102
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development	8,574
Total	8,574

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	1,367	3,244
5.2 Deposits	2,254	4,630
5.3 Bank overdraft	-	-
5.4 Other (funds held in trust)	-	-
Total: cash at end of quarter (item 1.22)	3,621	7,874

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		
6.2	L70/69 L70/73 L70/74 G70/201 G70/202 G70/203 G70/204 G70/205	Mining tenements acquired	0	100%

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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 <i>(description)</i>	-	-	-	-
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	-	-	-	-
7.5 *Convertible debt securities <i>(description)</i>	Convertible @ 30 cents 6 monthly to 30/6/05 Interest @ 10% pa 6 monthly in arrears Total on issue 9,583,333	-	-	-
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7 Options <i>(description and conversion factor)</i>	67,942,379 2,083,332	49,682,379	<i>Exercise price</i> 25 cents 15.84 cents	<i>Expiry date</i> 31/12/03 20/2/06
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

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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: 31 October 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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