



Mount Gibson Iron Limited

ABN 87 008 670 817



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21 July 2004

No. Pages = 7

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

RE: SHARE PLACEMENT

Mount Gibson Iron Limited ("MGI") is pleased to announce that it has completed a placement of 9,000,000 ordinary shares at an issue price of \$0.20 each and 9,000,000 Options exercisable at 25 cents on or before 31 December 2004, under its share subscription agreement with Asia Iron Holdings Limited, to raise \$1,800,000.

MGI is not in possession of any information of the kind that would be required to be disclosed under subsection 713 (5) of the Corporations Act 2001 if a prospectus were to be issued in reliance on section 713, in relation to the offer of securities. The new ordinary shares will rank pari passu with all other ordinary shares on issue.

The funds raised will be used to advance Mount Gibson Iron Limited's Magnetite Projects as announced on 23 February 2004.

Accordingly an Appendix 3B is attached.

For further information, please contact Angela Dent, Company Secretary on (08) 9485 2355.

Yours sincerely,
MOUNT GIBSON IRON LIMITED

Angela Dent
Company Secretary

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002.

Name of entity

MOUNT GIBSON IRON LIMITED

ABN

87 008 670 817

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | A: Shares B: Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | A: 9 million B: 9 million |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | A: Ordinary Fully Paid B: Exercisable at 25 cents on or before 31 December 2004 |

Appendix 3B – Mount Gibson Iron Limited
New issue announcement – 21 July 2004

| <p>4 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | <p>A: Yes B: No – not to be quoted</p> | | | | | | | | | | |
|---|---|--------|--------------------|-------------|------------------------------|------------|-------------------------------|------------|-------------------------------|-----------|-------------------|
| <p>5 Issue price or consideration</p> | <p>A: \$0.20 B: \$Nil</p> | | | | | | | | | | |
| <p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p> | <p>To finance pre-development costs associated with the Magnetite Projects as announced on 23 February 2004.</p> | | | | | | | | | | |
| <p>7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates</p> | <p>A: 30 June 2004 B: 30 June 2004</p> | | | | | | | | | | |
| <p>8 Number and ⁺class of all ⁺securities quoted on ASX (including the securities in clause 2 if applicable)</p> | <table border="1"> <thead> <tr> <th data-bbox="686 1232 989 1276">Number</th> <th data-bbox="989 1232 1276 1276">⁺Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="686 1276 989 1411">291,565,822</td> <td data-bbox="989 1276 1276 1411">Ordinary Shares</td> </tr> </tbody> </table> | Number | ⁺ Class | 291,565,822 | Ordinary Shares | | | | | | |
| Number | ⁺ Class | | | | | | | | | | |
| 291,565,822 | Ordinary Shares | | | | | | | | | | |
| <p>9 Number and ⁺class of all ⁺securities not quoted on ASX (including the securities in clause 2 if applicable)</p> | <table border="1"> <thead> <tr> <th data-bbox="686 1433 861 1478">Number</th> <th data-bbox="861 1433 1276 1478">⁺Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="686 1478 861 1512">2,083,332</td> <td data-bbox="861 1478 1276 1512">Unlisted options Exp 28/2/06</td> </tr> <tr> <td data-bbox="686 1512 861 1545">30,800,000</td> <td data-bbox="861 1512 1276 1545">Unlisted options Exp 15/10/05</td> </tr> <tr> <td data-bbox="686 1545 861 1579">19,000,000</td> <td data-bbox="861 1545 1276 1579">Unlisted options Exp 31/12/04</td> </tr> <tr> <td data-bbox="686 1579 861 1702">7,916,667</td> <td data-bbox="861 1579 1276 1702">Convertible notes</td> </tr> </tbody> </table> | Number | ⁺ Class | 2,083,332 | Unlisted options Exp 28/2/06 | 30,800,000 | Unlisted options Exp 15/10/05 | 19,000,000 | Unlisted options Exp 31/12/04 | 7,916,667 | Convertible notes |
| Number | ⁺ Class | | | | | | | | | | |
| 2,083,332 | Unlisted options Exp 28/2/06 | | | | | | | | | | |
| 30,800,000 | Unlisted options Exp 15/10/05 | | | | | | | | | | |
| 19,000,000 | Unlisted options Exp 31/12/04 | | | | | | | | | | |
| 7,916,667 | Convertible notes | | | | | | | | | | |
| <p>10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)</p> | <p>N/A</p> | | | | | | | | | | |

Part 2 - Bonus issue or pro rata issue

| | | |
|----|---|-----|
| 11 | Is security holder approval required? | N/A |
| 12 | Is the issue renounceable or non-renounceable? | N/A |
| 13 | Ratio in which the *securities will be offered | N/A |
| 14 | *Class of *securities to which the offer relates | N/A |
| 15 | *Record date to determine entitlements | N/A |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | N/A |
| 17 | Policy for deciding entitlements in relation to fractions | N/A |
| 18 | Names of countries in which the entity has *security holders who will not be sent new issue documents. | N/A |
| 19 | Closing date for receipt of acceptances or renunciations | N/A |
| 20 | Names of any underwriters | N/A |
| 21 | Amount of any underwriting fee or commission | N/A |
| 22 | Names of any brokers to the issue | N/A |
| 23 | Fee or commission payable to the broker to the issue | N/A |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of *security holders | N/A |
| 25 | If the issue is contingent on *security holders' approval, the date of the meeting | N/A |

Appendix 3B – Mount Gibson Iron Limited
New issue announcement – 21 July 2004

| | | |
|----|---|-----|
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | N/A |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | N/A |
| 28 | Date rights trading will begin (if applicable) | N/A |
| 29 | Date rights trading will end (if applicable) | N/A |
| 30 | How do ⁺ security holders sell their entitlements <i>in full</i> through a broker? | N/A |
| 31 | How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | N/A |
| 32 | How do ⁺ security holders dispose of their entitlements (except by sale through a broker)? | N/A |
| 33 | ⁺ Despatch date | N/A |

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) Shares described in Part 1 (A)
- (b) All other securities
- Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

(If the additional securities do not form a new class, go to 43)

Tick to indicate you are providing the information or documents

- 35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by
-

those holders

- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
 1 - 1,000
 1,001 - 5,000
 5,001 - 10,000
 10,001 - 100,000
 100,001 and over
- 37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

39 Class of +securities for which quotation is sought

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?
 If the additional securities do not rank equally, please state:
 • the date from which they do
 • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

| | Number | +Class |
|---|--------|--------|
| 42 Number and +class of all +securities quoted on ASX (including the securities in clause 38) | | |

All entities

Fees

- 43 Payment method (tick one)
- Cheque attached
- Electronic payment made
- Periodic payment as agreed with the home branch has been arranged

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX’s absolute discretion. ASX may quote the +securities on any conditions it decides.

- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: Date: 22 July 2004
(~~Director~~/Company Secretary)

Print name: Angela M Dent

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