



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

QUARTERLY REPORT FOR THE PERIOD ENDING 31st DECEMBER 2003

Tallering Peak

Project Development

Pioneering of the western T4 orebody at Tallering Peak commenced during the quarter with the Company's mining fleet. A total of 299,229 BCM of waste material was mined during the quarter with ore mineralisation not expected until the start of the next quarter.

The majority of site works has been completed with the accommodation camp and offices commissioned, private haulroads completed and the crusher at commissioning phase. The rail terminal civil works have been completed whilst track work was completed within a fortnight of the end of the quarter. The widening and extension of the sealed section of the Mullewa-Carnarvon Road was 98% complete and was in use within a fortnight of the end of Quarter. Upgrading of the gravel section of road is scheduled to be completed by mid February 2004.

Construction of the ore storage facility at Geraldton has been completed with commissioning awaiting the tie in from the Geraldton Port Authorities transfer conveyors, to be carried out at the start of January.

Total expenditure for predevelopment at Tallering Peak was \$1,551,448.63.

Exploration

No additional exploration work was carried out on the Tallering Peak tenements.

Proposed Work

Work for the next quarter will focus on the completion of project infrastructure and bringing the T3 deposit (~3km from crusher) on line.

Mt Gibson

Exploration & Pre Development

No exploration work was undertaken at the Mt Gibson deposit during the quarter.

A targeted flora survey was carried out for Declared Rare and Priority Species within the mining area and along the proposed road train haulage route between the mine and Perenjori. Further discussions have been held between the Company and landholders along the haulage route and in the vicinity of the proposed loadout area as well as with the Shire of Perenjori.

Proposed Work

The development of the Extension Hill and Iron Hill deposits will become a focus in the next and following quarters. The development of the mine layout and infrastructure will be carried out as a preliminary step to developing the Notice of Intent to Mine and associated documents for the relevant state and federal government agencies.

+ 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

87 008 670 817

Quarter ended ("current quarter")

31 December 2003

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from product sales and related debtors	92	94
1.2	Payments for (a) exploration and evaluation	-	-
	(b) development	(1,326)	(2,712)
	(c) production	-	-
	(d) administration	(1,316)	(1,912)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	65	138
1.5	Interest and other costs of finance paid	(403)	(8486)
1.6	Income taxes paid	-	-
1.7	Other (inventory)	-	-
	Net Operating Cash Flows	(2,888)	(4,878)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c) other fixed assets	(6,433)	(8,255)
1.9	Proceeds from sale of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	12	12
1.10	Loans to other entities	(72)	(72)
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(6,493)	(8,315)
1.13	Total operating and investing cash flows (carried forward)	(9,381)	(13,193)

+ See chapter 19 ASX Listing Rules for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(9,381)	(13,193)
1.14	Proceeds from issues of shares, options, etc.	3,197	3,197
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	6,238	6,238
1.17	Repayment of borrowings	(685)	(711)
1.18	Dividends paid	-	-
1.19	Other (Capital raising costs) Other (Redemption – Convertible Notes)	(56) -	(150) -
	Net financing cash flows	(8,694)	(8,574)
	Net increase (decrease) in cash held	(687)	(4,619)
1.20	Cash at beginning of quarter/year to date	3,621	7,553
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,934	2,934

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	96
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

“Proceeds from Borrowings” are advance payments by Stemcor (S.E.A.) Pte Ltd for ore sales. Funds have been spent on the 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 vehicles and plants under Hire Purchase and Finance Lease arrangements – total amount financed \$8,439,823.

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	8,601	8,601
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	294
4.2 Development	529
Total	823

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	1,039	1,367
5.2 Deposits	1,895	2,254
5.3 Bank overdraft	-	-
5.4 Other (funds held in trust)	-	-
Total: cash at end of quarter (item 1.22)	2,934	3,621

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	Interests in mining tenements acquired or increased			

+ See chapter 19 ASX Listing Rules for defined terms.

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	271,365,822	236,282,532	-	-
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	18,800,000 3,790	18,800,000 3,790	17 cents 25 cents	17 cents 25 cents
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 7,916,667	-	-	-
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- -	- -		
7.7 Options <i>(description and conversion factor)</i>	18,800,000 2,083,332	-	<i>Exercise price</i> 22.00 cents 15.84 cents	<i>Expiry date</i> 15/10/04 28/2/06
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	3,790	-	-	-
7.10 Expired during quarter	67,938,589	-	-	-
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 ASX Listing Rules for defined terms.

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 ~~not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:



Date: 30 January 2004

(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.

====

+ See chapter 19 ASX Listing Rules for defined terms.