

Financial Results for FY2018-19



MGX

Investor Presentation
21 August 2019

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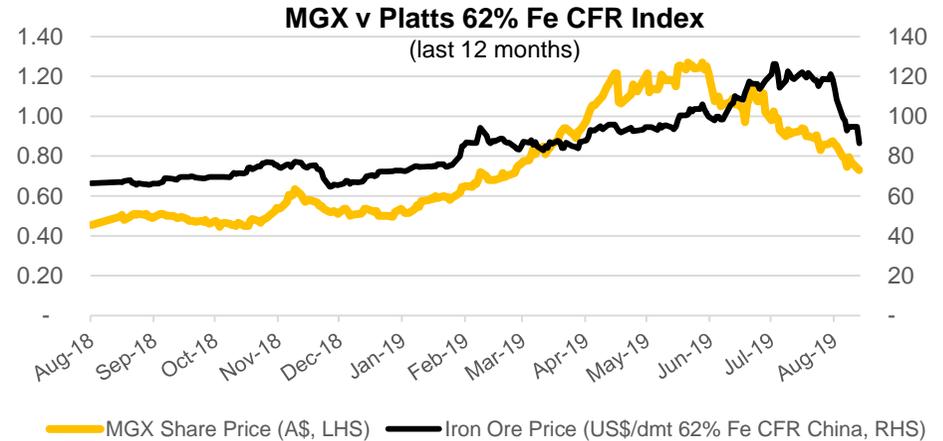
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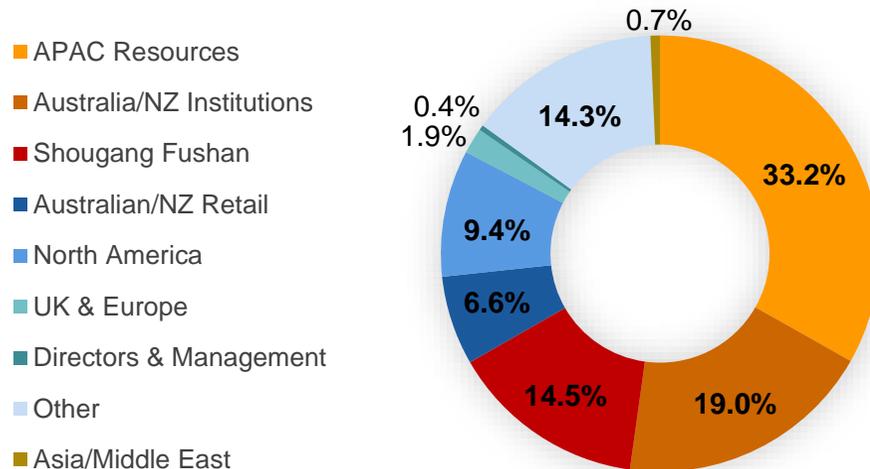
Mount Gibson Iron Corporate Overview



Issued capital	1,130.1 million shares
Market capitalisation	A\$825 million (\$0.73/share)
Cash/investments	A\$385 million (30 June 2019)
Bank Borrowings	Nil
Index	ASX-300 (admitted 18 March 2019)
Dividends	A\$274 million (fully franked) since 2011 (including 2018/19 final dividend of 4.0cps)



Shareholder Distribution (% issued shares)



Board and Management

- **Lee Seng Hui** – *Non-Executive Chairman*
- **Simon Bird** – *Independent Non-Executive Director*
- **Russell Barwick** – *Independent Non-Executive Director*
- **Paul Douglas** – *Independent Non-Executive Director*
- **Alan Jones** – *Independent Non-Executive Director*
- **Li Shaofeng** – *Non-Executive Director*
- **Peter Kerr** - *CEO*
- **Scott de Kruijff** - *COO*
- **Gill Dobson** - *CFO*
- **David Stokes** – *Co. Sec. & General Counsel*

Mount Gibson Iron

Business Overview – A long-standing mid-tier iron ore producer



Kimberley Region

Koolan Island

- Australia's highest grade direct shipping (DSO) hematite iron ore mine.
- Ore Reserves of 21.0Mt @ 65.5% Fe, for 6 year mine life.*
- Ore sales commenced late April 2019.
- High grade DSO sales of 0.4 Mwmt in June Quarter.
- Cashflow positive in June 2019.

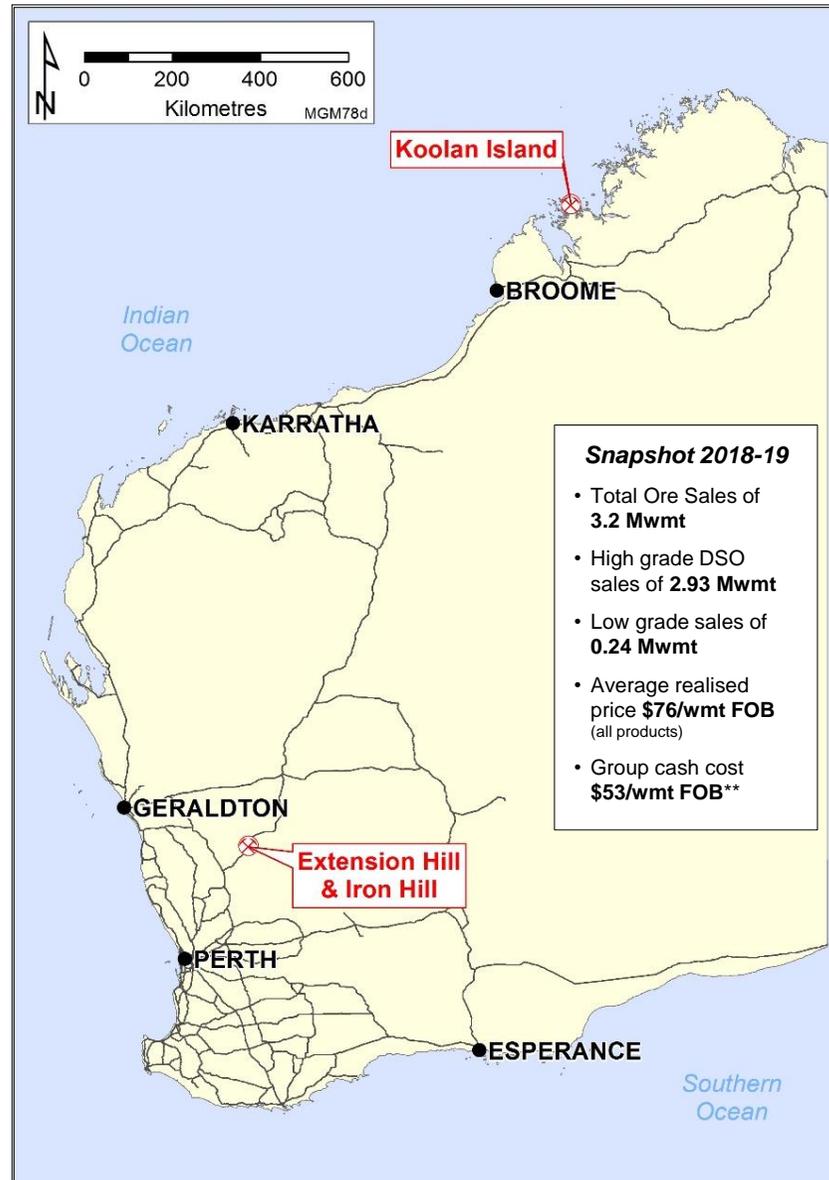
Mid-West Region

Extension Hill, Perenjori Siding, Geraldton Port

- DSO sales of 2.6 Mwmt in FY2019.
- Sales from low grade stockpiles commenced June 2019.
- Low grade sales program targeting ~1 Mwmt by end 2019, with further sales subject to market conditions.
- Right earned to a future income stream based on third party rail volumes, capped at ~\$35 million.

*Refer ASX release dated 20 April 2018, and slide at end of this presentation.

**Group cash costs are reported FOB and include all operating, capital, royalties and corporate costs, excluding development capital related to the Koolan Island restart project.



Financial Year 2018-19

Overview

(All figures are expressed in Australian dollars unless stated otherwise)



- Total iron ore sales of **3.2 million wet metric tonnes** (Mwmt), comprising 2.93 Mwmt of direct shipping ore (DSO) and 0.24 Mwmt of stockpiled low grade material (2017/18: 3.6 Mwmt).
- **Profit before tax from all operations of \$70.5 million** (2017/18: \$34.8 million before insurance settlement).
- **Net profit after tax of \$133.4 million** (2017/18: \$99.1m) after recognition of deferred tax assets totalling \$62.9 million.
- Cash, term deposits and liquid investments of **\$384.5 million** at 30 June 2019.
- **Operating cashflow of \$59.4 million** (2017/18: \$34.9 million before insurance settlement) and interest income of \$11.6 million.
- **Successful redevelopment of the Koolan Island high grade iron ore operation**, with commercial production achieved in the June quarter following development expenditure of \$109.1 million during the year, and \$17.1 million of associated plant and equipment purchases.
- Continuation of the Mid-West business through **opportunistic sales of stockpiled low grade material** from Extension Hill. In addition, the right has been earned to a **future income stream** based on third party Mid-West rail volumes, capped at approximately \$35 million.
- Declaration of a **fully franked final dividend for 2018/19 of 4.0 cents per share**, payable either in cash or shares to eligible shareholders through the Company's Dividend Reinvestment Plan.
- Sales guidance for 2019/20 of **3.7-4.0 Mwmt** at an all-in group cash cost* of **\$70-75/wmt FOB** (US\$49-53/wmt at A\$1.00/US\$0.70), providing attractive margins for the Company's high grade Koolan Island iron ore products. Koolan Island cash costs are projected to progressively decline over the mine life in line with the mine schedule.

Mwmt = million wet metric tonnes.

Site cash costs are reported as at the loading port (Free on Board, FOB) including royalties and capital expenditure, and Group cash costs are reported FOB and include all operating, capital, royalties and corporate costs, excluding development costs related to the Koolan Island restart project.

Financial Year 2018-19

A strong performance during operational transition



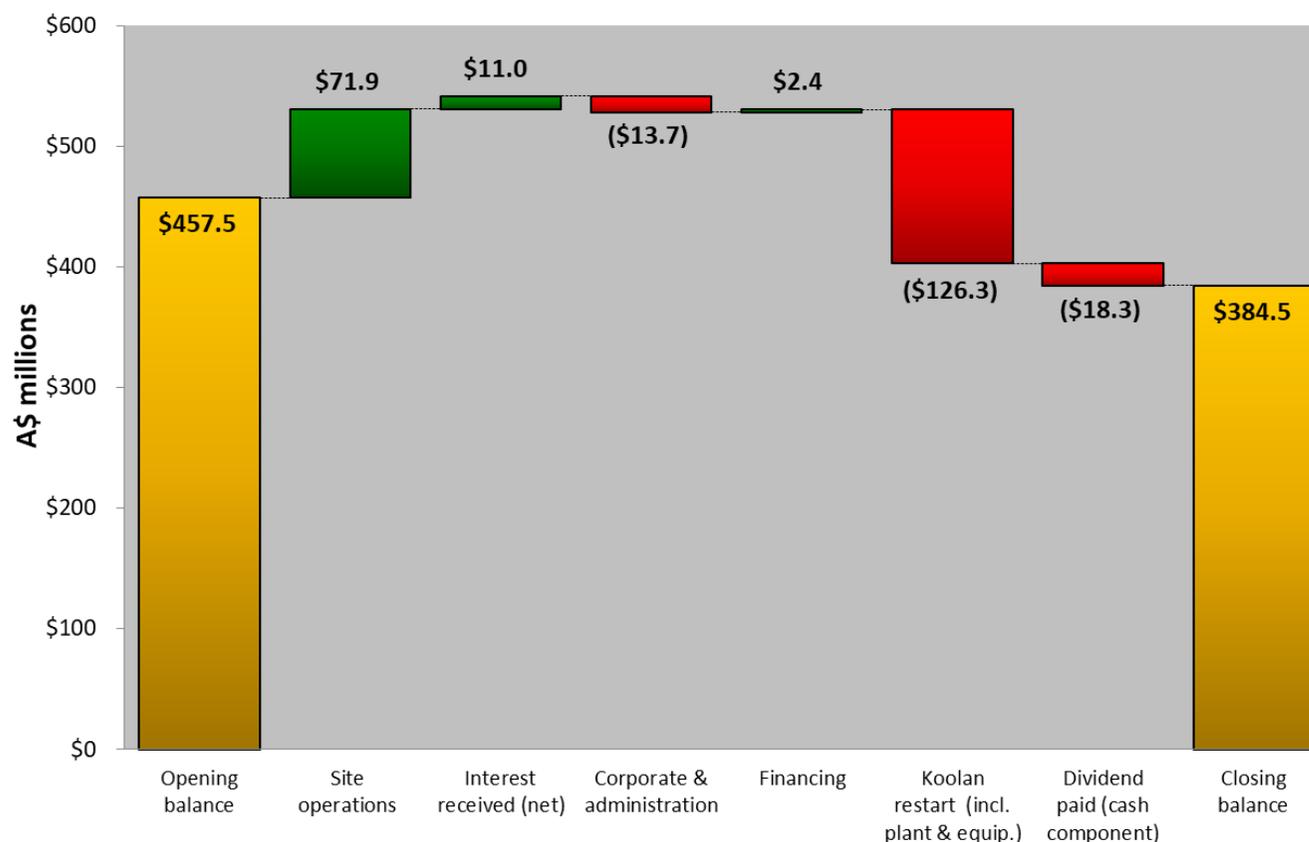
Group Summary Results (all currency expressed in Australian dollars)		Year ended 30 June 2019	Year ended 30 June 2018
Physicals:			
Ore mined	<i>M wmt</i>	2.4	4.1
Ore sold	<i>M wmt</i>	3.2	3.6
Realised Price:			
Average realised price, all products, after shipping freight (FOB)	<i>\$/wmt</i>	76	54
Continuing Operations (Extension Hill & Koolan Island):			
Sales revenue, before shipping freight	<i>\$m</i>	278.4	254.1
Interest income	<i>\$m</i>	11.1	12.1
Cost of sales, including shipping freight	<i>\$m</i>	(204.3)	(217.5)
Gross profit from continuing operations	<i>\$m</i>	85.2	48.7
Other income	<i>\$m</i>	4.7	2.2
Koolan Island business interruption insurance proceeds	<i>\$m</i>	-	64.3
Administration and other expenses	<i>\$m</i>	(18.1)	(14.8)
Finance costs	<i>\$m</i>	(1.5)	(1.3)
Profit before tax from continuing operations	<i>\$m</i>	70.3	99.1
Income tax benefit – recognition of deferred tax assets	<i>\$m</i>	62.9	-
Profit after tax from continuing operations	<i>\$m</i>	133.3	99.1
Profit after tax from discontinued operations (Tallering Peak)	<i>\$m</i>	0.1	-
Net profit after tax	<i>\$m</i>	133.4	99.1
Totals may not add due to rounding.			

Financial Year 2018-19

Cash, Term Deposits & Tradeable Investments



Movement in Cash, Term Deposits and Tradeable Investments Year ended 30 June 2019



*Figures are shown net of working capital movements.

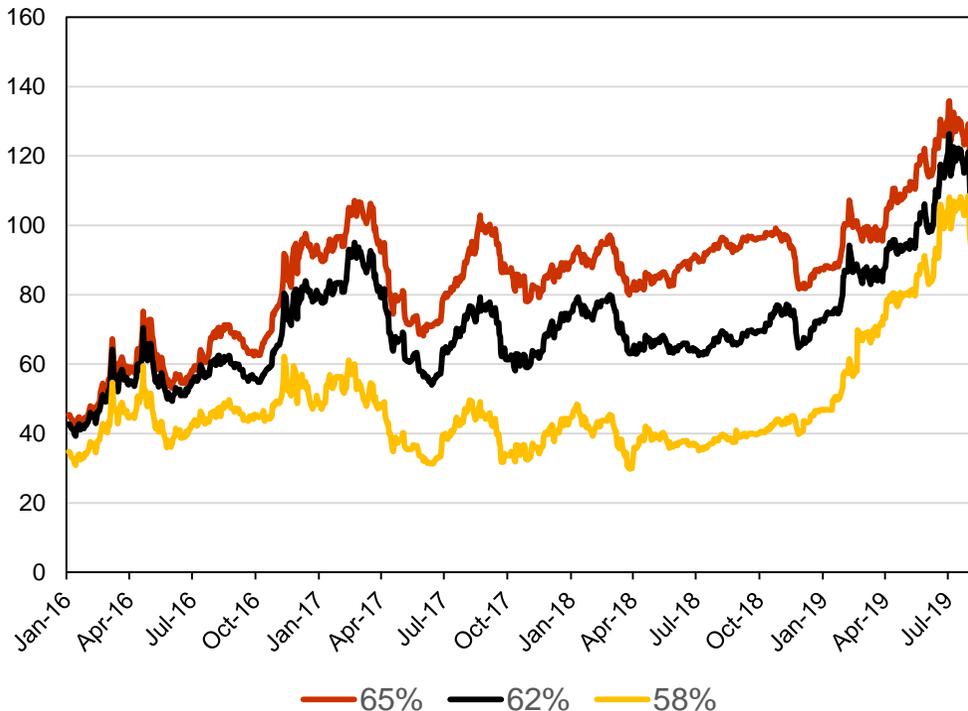
Iron Ore Market Outlook

Iron ore pricing remains well supported



Iron Ore Price

(US\$/dmt Fines CFR North China)



Koolan Island is Australia's highest grade DSO hematite iron ore mine with an Ore Reserve Grade of 65.5% Fe*:

- Prices across product types have risen sharply in 2019 following the curtailment of a significant proportion of Brazilian high grade production.
- Low grade discounts and high grade premiums have moderated since late 2018 in step with seasonal factors and Chinese economic conditions.
- 65% Fe premium currently ~3% per dry metric tonne unit (dmtu) of contained iron relative to the benchmark 62% Fe price.
- Higher quality steel feedstocks result in greater steel mill efficiency and reduced plant emissions intensity.

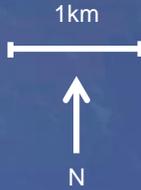
* Refer slide at end of presentation for Competent Person's information and ASX release dated 20 April 2018.

Koolan Island

A premier high grade iron ore producer



Koolan Island located in Yampi Sound in the Buccaneer Archipelago off the northern Kimberley coast of Western Australia approximately 140 kilometres north of Derby.



To China

Camp

Airstrip

Main Pit
Seawall

Crushing, conveying and
ship-loading facilities

Shipping channel

Western Australian
Mainland

- One of the world's premier **high grade hematite** production sources.
- Self-contained standalone site.
- Robust economics using conservative Fe prices and FX assumptions.*
- Ore sales commenced April 2019.

*Refer ASX release dated 20 April 2018 and slide at end of presentation.

Koolan Island

Mining and ore production ramping up



Main Pit, looking west August 2019.

WA Mainland

Shipping Channel

Seawall

Footwall

High Grade Orebody

Main Deposit - Ore Reserves					
Ore Reserves reported above 50% Fe					
Category	Mt	Fe %	SiO ₂ %	Al ₂ O ₃ %	Phos %
Proved	0.1	63.4	7.25	1.11	0.013
Probable	20.9	65.5	4.53	0.88	0.012
Total	21.0	65.5	4.54	0.88	0.012

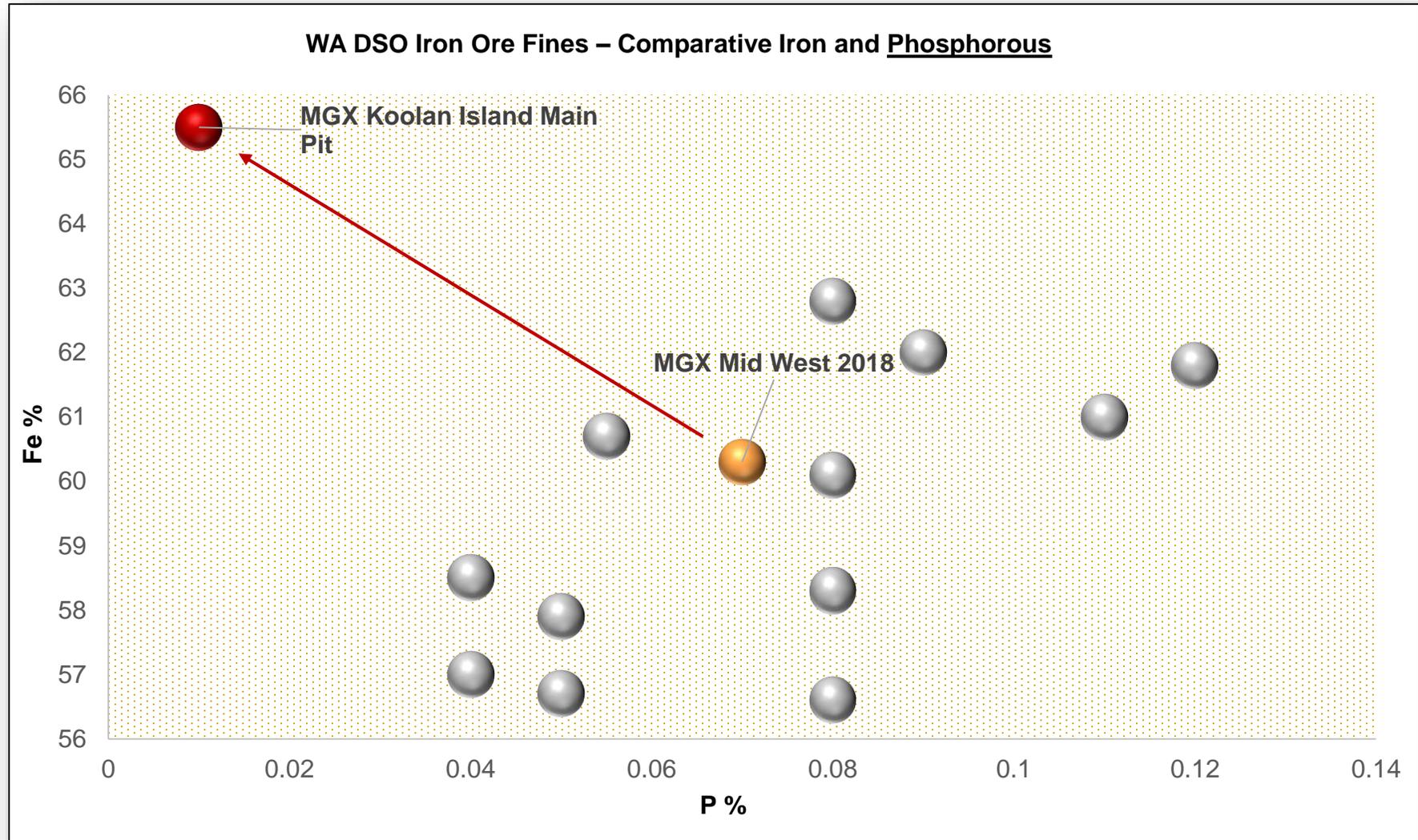
Discrepancies may appear due to rounding. Mineral Resources are reported inclusive of Ore Reserves. All tonnages have been estimated as dry tonnages.

- High grade hematite iron ore (65.5% Fe).
- Low contaminants (P, Al, Si).
- Well understood orebody, consistent grade and width.
- Well understood mining characteristics.
- Sought-after product.
- Life-of-Mine production committed under existing long term offtakes.

* Refer slide at end of presentation for Competent Person's information and ASX release dated 20 April 2018.

A premium product

Koolan Island moves MGX up the quality curve



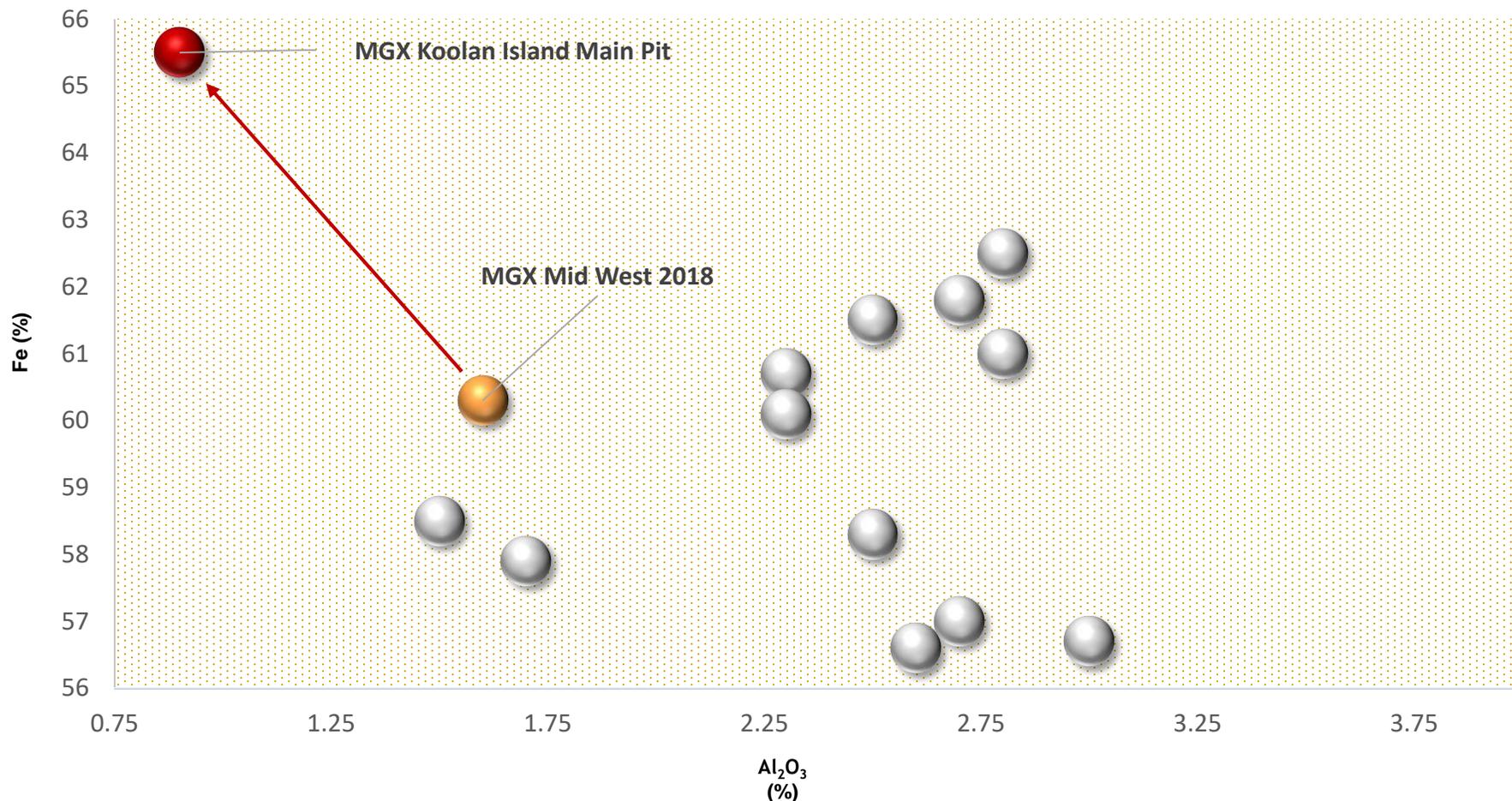
Sources: Mount Gibson Iron, public/company reports, Citi Research, Platts and Metals Market Index. MGX Mid West 2018 reflects average for FY2018. MGX Koolan Island reflects current Ore Reserves. Other ores depicted comprise major fines products from Rio Tinto, BHP, FMG, Roy Hill and Atlas (now Hancock). Refer slides at the end of this presentation for MGX Mineral Resources and Ore Reserves information.

A premium product

Koolan Island moves MGX up the quality curve



WA DSO Iron Ore Fines – Comparative Iron and Alumina



Sources: Mount Gibson Iron, public/company reports, Citi Research, Platts and Metals Market Index. MGX Mid West reflects average for FY2018. MGX Koolan Island reflects current Ore Reserves. Other ores depicted comprise major fines products from Rio Tinto, BHP, FMG, Roy Hill and Atlas (now Hancock). Refer slides at the end of this presentation for MGX Mineral Resources and Ore Reserves information.

Operating Year (from sales commencement)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
Ore Mined (Mt)	2.9	1.9	5.1	7.4	4.0	-	21.3 [#]
Waste Mined (Mt)	19.1	20.5	16.3	8.8	2.7	-	67.5
Total Movement (Mt)	22.0	22.4	21.4	16.3	6.7	-	88.8
Strip Ratio (waste:ore tonnes)	6.6	10.8	3.2	1.2	0.7	-	3.2
Ore Crushed (Mt)	2.5	2.3	4.6	5.4	5.4	1.1	21.3 [#]
Ore Shipped (Mt)	2.1	2.6	4.6	5.5	5.3	1.2	21.3 [#]
Fe Grade (%)	65.8%	65.6%	65.0%	65.8%	65.2%	65.8%	65.5%
A\$/wmt FOB cash operating cost*	76	68	41	34	28	17	41

*Discrepancies may appear due to rounding.
Schedule is indicative only, and subject to ongoing optimization, actual mine performance, and prevailing market conditions.
*Cash operating costs include operating expenditure, royalties, sustaining capital expenditure and corporate cost allocations.
#Includes approximately 0.3Mt of Inferred Resources within the pit shell, representing <1.5% of total anticipated production and which is not material to the viability of the Project.*

At base case feasibility study assumptions:

(Platts 62% Fe of **US\$55/dmt CFR**, USD:AUD FX rate of 0.75, 10% high grade premium)

- Life of Mine cash cost of **\$48/wmt FOB** (including development capex and closure) and **\$41/wmt FOB** (excluding capex and closure).
- Cash breakeven at **~US\$40/dmt CFR** (Platts 62% Fe), including capex and closure costs. Cash costs reduce in line with strip ratio.
- Estimated post-tax NPV of **~\$800 million** at current spot prices/FX rates*.

*Note: All figures expressed in Australian dollars unless stated otherwise. *Spot price of US\$88/dmt CFR (Platts 62% Fe) and exchange rate of A\$1.00/US\$0.676.
For supporting information, refer to ASX release dated 20 April 2018 and slide at end of presentation.*

Koolan Island

Mining and ore production ramping up



Main Pit, looking east August 2019.



Koolan Island

Mining and ore production ramping up



Koolan crushing and screening plant, and stockpile yard, August 2019

Mid-West Operations

Low grade sales extend life again



- Total DSO sales from Iron Hill of **2.6 Mwmmt** at average site cash cost* of **\$39/wmt** in the 2018-19 financial year.
- Full year operating EBIT of **\$60.8 million**.
- Higher iron ore prices enabled a program of low grade sales from Extension Hill in June 2019.
- Low grade program targeting **1.0 Mwmmt** in sales over the next six months, including 0.24 Mwmmt exported in June.
- Right earned to a future income stream based on third party rail volumes, capped at ~\$35 million, paid six monthly, commencing September 2019.



Reclaiming stockpiled low grade ore at Extension Hill



Loading low grade ore for trucking to rail siding



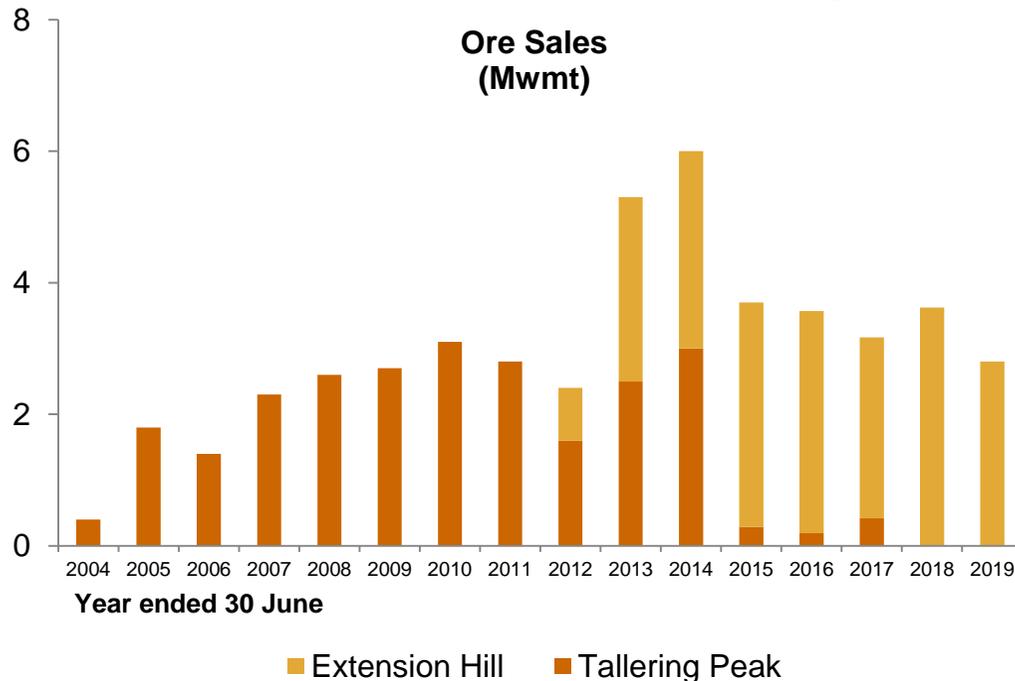
Railing to Geraldton Port

Mid West Operations

A successful 15 year presence



Mid-West Ore Sales History



- Total Mid-West ore sales of **+47Mt to date:**
 - Tallering Peak Feb 2004 to Sept 2014.
 - Extension Hill Nov 2011 to Feb 2019.
 - Low-grade sales from June 2019.
- Total Mid-West sales revenue **+A\$3.5 billion** FOB.
- Total payments to suppliers/service providers **+A\$2 billion**.
- Total employees **+1,500** over the business' life.
- Total wages/salaries paid **+A\$360 million**.
- Total state government royalties **+A\$350 million**.
- Direct shire/local community contributions **+A\$13 million**.



Mount Gibson Iron

FY2019-20 Business Objectives



- **Mid-West operations** – complete the current low-grade sales program and extend the program should favourable market prices continue. Thereafter, transition the site to final closure.
- **Koolan Island** – complete the ramp-up of ore production and sales in line with the mine plan to maximise cashflow and capitalise on favourable market conditions.
- **Cost reductions** - continue to drive for sustainable cost improvements.
- **Treasury returns** - maintain an appropriate yield on the Group's cash/investment reserves.
- **Growth projects** - continue the search for acquisition/growth opportunities.

Guidance for 2019/20 (currency in A\$)	
Total iron ore sales	3.7-4.0 Mwmt
Koolan Island DSO sales	2.7-3.0 Mwmt at cash cost of \$72-77/wmt*
Mid-West low grade sales	~1.0 Mwmt at cash cost of \$40-45/wmt
All-in group cash cost	\$70-75/wmt

Notes:

- Mwmt = million wet metric tonnes.
- Site cash costs are reported FOB and include all operating, capital, royalties and corporate cost allocations.
- Group cash costs are reported FOB and include all operating, capital, royalties and all corporate costs.
- * Koolan site cash costs include capitalised waste stripping and are projected to progressively decline over the mine life as the strip ratio reduces.

- MGX is the **only Australian producer** of direct shipping high grade (+65% Fe) and low impurity hematite iron ores.
- Koolan Island sales **ramping up** and Mid West low grade sales underway, **capitalising on buoyant iron ore market conditions**.
- Proven ability to generate **positive operating cashflows** in a volatile pricing environment.
- **Robust balance sheet** – significant cash/investment reserves and no borrowings, providing operational flexibility and the ability to pursue internal and external growth opportunities.
- Desired **growth focus** in steel sector bulks (iron ore & metallurgical coal) and base metals, with a preference for Australia and other lower risk jurisdictions.
- **Experienced management team** with a range of operating, commercial and corporate capabilities.

Financial Results for FY2018-19



MGX

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Supplementary Information

Mineral Resources and Ore Reserves Information at 30 June 2018



Koolan Island					
	Tonnes millions	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %
Mineral Resources, above 50% Fe					
Measured	3.71	60.2	13.29	0.30	0.007
Indicated	38.23	65.1	5.48	0.65	0.013
Inferred	9.97	60.6	12.21	0.59	0.013
Total at 30 June 2018	51.91	63.9	7.33	0.62	0.013
Ore Reserves, above 50% Fe					
Proved	0.1	63.4	7.25	1.11	0.013
Probable	20.9	65.5	4.53	0.88	0.012
Total at 30 June 2018	21.0	65.5	4.58	0.89	0.012
Extension Hill					
Mineral Resources, above 50% Fe					
Measured	1.27	55.3	9.16	2.76	0.077
Indicated	0.31	57.3	10.42	1.62	0.076
Inferred	0.20	56.6	10.49	1.66	0.055
Total at 30 June 2018	1.79	55.8	9.53	2.44	0.074
Iron Hill					
Mineral Resources, above 50% Fe					
Measured	-	-	-	-	-
Indicated	3.63	56.3	12.85	1.53	0.073
Inferred	1.54	56.1	9.08	2.42	0.081
Total at 30 June 2018	5.17	56.2	11.73	1.79	0.076
Tallering Peak					
Mineral Resources, above 50% Fe					
Measured	0.41	58.9	6.26	3.50	0.082
Indicated	1.03	58.1	11.70	1.66	0.066
Inferred	0.20	54.7	17.89	1.93	0.056
Total at 30 June 2018	1.65	57.9	11.10	2.15	0.069
Shine					
Mineral Resources, above 50% Fe					
Measured	5.73	58.9	9.04	1.81	0.076
Indicated	6.57	58.0	10.01	1.35	0.070
Inferred	3.59	56.8	9.61	1.18	0.063
Total at 30 June 2018	15.89	58.1	9.57	1.48	0.071
<i>Discrepancies may appear due to rounding. Mineral Resources are reported inclusive of Ore Reserves. All tonnages have been estimated as dry tonnages.</i>					

Total Group Mineral Resources and Ore Reserves at 30 June 2018 <i>(above 50% Fe)</i>					
	Tonnes millions	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %
Total Mineral Resources at 30 June 2018	76.4	61.8	8.23	0.95	0.032
Total Ore Reserves at 30 June 2018	21.0	65.5	4.58	0.89	0.012
<i>Total Mineral Resources at 30 June 2017</i>	<i>87.9</i>	<i>61.4</i>	<i>8.70</i>	<i>1.07</i>	<i>0.032</i>
<i>Total Ore Reserves at 30 June 2017</i>	<i>12.82</i>	<i>66.02</i>	<i>3.71</i>	<i>0.93</i>	<i>0.009</i>
<i>Discrepancies may appear due to rounding. Mineral Resources are reported inclusive of Ore Reserves. All tonnages have been estimated as dry tonnages.</i>					

Competent Persons Statements

Mount Gibson Iron Mineral Resources:

The information in this report relating to Mineral Resources is based on information compiled by Elizabeth Haren, a Competent Person who is a member and Chartered Professional of the Australasian Institute of Mining and Metallurgy and member of the Australian Institute of Geoscientists. Ms Haren was previously a full-time employee of, and is now a consultant to, Mount Gibson Iron Limited, and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ms Haren consents to the inclusion in this report of the matters based on her information in the form and context in which it appears.

Mount Gibson Iron Ore Reserves

The information in this report relating to Ore Reserves is based on information compiled by Brett Morey, a member of the Australasian Institute of Mining and Metallurgy. Mr Morey is a full-time employee of Mount Gibson Iron Limited and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Morey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

For more information, refer to Annual Statement of Mineral Resources and Ore Reserves released 11 October 2018.

An updated Mineral Resources and Ore Reserves statement will be released prior to publication of Mount Gibson's 2019 Annual Report in October 2019.