

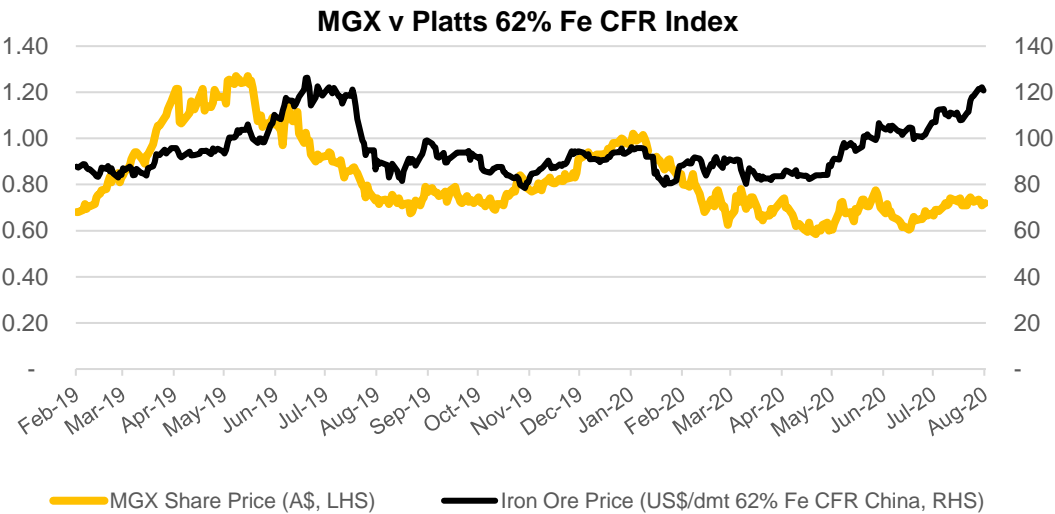
# MGX

Investor Presentation  
Financial Results 2019/20  
19 August 2020

# Corporate Overview

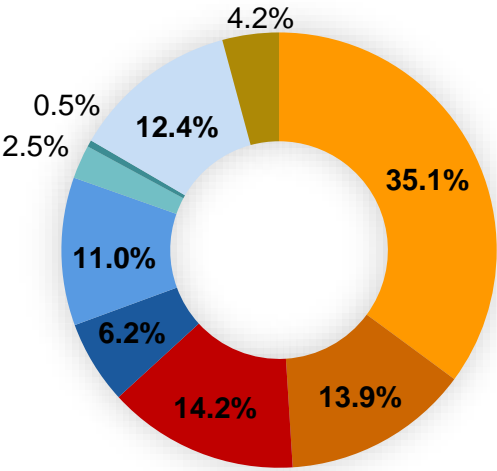


Issued shares	1,160.2 million shares
Market capitalisation	A\$856 million (\$0.74/share)
Cash/investments	A\$423 million (30 June 2020)
Bank Borrowings	Nil
Index	ASX-300
Dividends	A\$309 million (fully franked) since 2011



## Shareholder Distribution (% issued shares at 30 June 2020)

- APAC Resources
- Australia/NZ Institutions
- Shougang Fushan
- Australian/NZ Retail
- North America
- UK & Europe
- Directors & Management
- Other
- Asia/Middle East



## 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*
- Ding Rucai – *Non-Executive Director*
- Peter Kerr - *CEO*
- Mark Mitchell - *COO*
- Gill Dobson - *CFO*
- David Stokes – *Co. Sec. & General Counsel*



# Current Business Overview



## Kimberley Region

### *Koolan Island*

- Australia's highest grade direct shipping ore (DSO) hematite iron ore mine, with Ore Reserve grade of 65.5% Fe\*.
- Ore sales commenced in the June 2019 quarter and totalled 2.35 Mwmt in FY2020.
- Ore sales guidance of 1.8-2.1 Mwmt for FY2021.
- Elevated stripping phase to be completed over 12-18 months.
- Sales & cashflow expected to rise significantly in FY2022 onwards.

## Mid-West Region

### *Extension Hill, Shine Project, Geraldton Port*

- Sales from low grade stockpiles commenced June 2019, total sales of 2.6 Mwmt in FY2020.
- Program extended to late 2020 targeting 1.0-1.2 Mwmt with potential for further short term extension.
- Development planning for Shine Iron Ore Project advanced, decision targeted for current quarter.
- \$8.3 million earned from volume-based third party rail credit in FY2020. Right capped at ~\$35M, accruing at ~\$2M/quarter.

\* Refer slide at end of this presentation.

# Group Financial Results for 2019/20

(Year ended 30 June 2020; all currency in Australian dollars unless stated otherwise)



- Total iron ore sales of **4.9 million wet metric tonnes** (Mwmt), comprising 2.3 Mwmt of Koolan Island high grade fines and 2.6 Mwmt of Mid-West low grade material (2018/19: 3.2 Mwmt).
- Profit before tax from continuing operations of **\$121.1 million** (2018/19: \$70.3 million).
- Net profit after tax of **\$84.2 million** (2018/19: \$133.4m after the one-off recognition of deferred tax assets totalling \$62.9 million).
- Cash and liquid investments of **\$423.2 million** at 30 June 2020 (30 June 2019: \$384.5 million).
- Operating cashflow of **\$160.1 million** (2018/19: \$59.4 million), before mine development expenditure (\$64.3 million), purchases of plant & equipment (\$26.3 million), lease repayments and other financing activities (\$8.6 million), and interest income of \$8.0 million.
- **Positive first year of high-grade ore production and sales** from the restarted Koolan Island operation, with the focus now on completing the planned elevated waste mining phase over the next 12-18 months to deliver significantly increased production and cashflow from next financial year (2021/22) onwards.
- **Successful Mid-West low grade sales program extended towards the end of 2020**, with further extensions under consideration.
- **Development decision** for the **Shine Iron Ore Project** expected in the September 2020 quarter.
- **Final dividend** for 2018/19 of **3.0 cents per share fully franked**, payable either in cash or shares to eligible shareholders through the Company's Dividend Reinvestment Plan.
- Ore sales guidance for 2020/21 of **2.8-3.3 Mwmt** at a group cash cost\* of **\$60-65/wmt FOB** before waste stripping investment at Koolan Island of approximately \$100 million and other Koolan capital improvement projects of approximately \$20 million.

*\* Group cash costs are reported FOB and include all operating, sustaining capital, royalties and corporate costs, but exclude Koolan advance waste stripping and capital projects costs (as stated).*

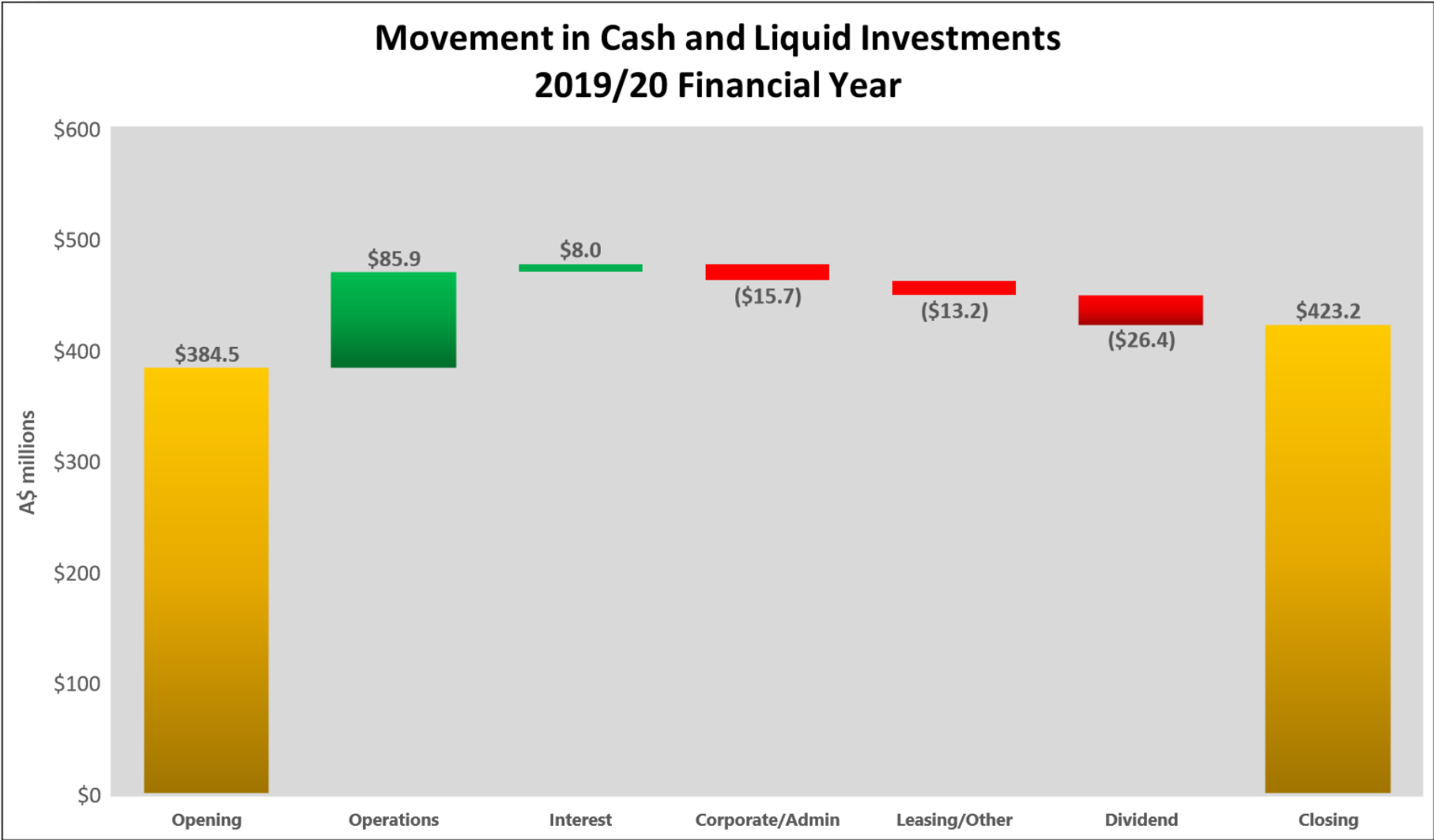
# Financial Results Summary



<b>Group Summary Results</b> (all currency expressed in Australian dollars)		<b>Year ended 30 June 2020</b>	<b>Year ended 30 June 2019</b>
<b>Physicals:</b>			
Ore mined	<i>M wmt</i>	2.8	2.4
Ore sold	<i>M wmt</i>	4.9	3.2
<b>Realised Price:</b>			
Average realised price, all products, after shipping freight (FOB)	<i>\$/wmt</i>	84	73
<b>Continuing Operations (Extension Hill &amp; Koolan Island):</b>			
Sales revenue	<i>\$m</i>	445.2	278.4
Interest income	<i>\$m</i>	7.1	11.1
Cost of sales, including shipping freight	<i>\$m</i>	(328.6)	(204.3)
<b>Gross profit from continuing operations</b>	<i>\$m</i>	<b>123.7</b>	85.2
Other income	<i>\$m</i>	17.7	4.7
Administration and other expenses	<i>\$m</i>	(18.8)	(18.1)
Finance costs	<i>\$m</i>	(1.5)	(1.5)
<b>Profit before tax from continuing operations</b>	<i>\$m</i>	<b>121.1</b>	70.3
Income tax benefit/(expense)	<i>\$m</i>	(36.6)	63.0
<b>Profit after tax from continuing operations</b>	<i>\$m</i>	<b>84.5</b>	133.3
Profit/(loss) after tax from discontinued operations (Tallering Peak)	<i>\$m</i>	(0.3)	0.1
<b>Net profit after tax</b>	<i>\$m</i>	<b>84.2</b>	133.4
<b>Dividend per share, fully franked</b>	<i>c/share</i>	<b>3.0</b>	4.0

Totals may not add due to rounding.

# Cash and Liquid Investments

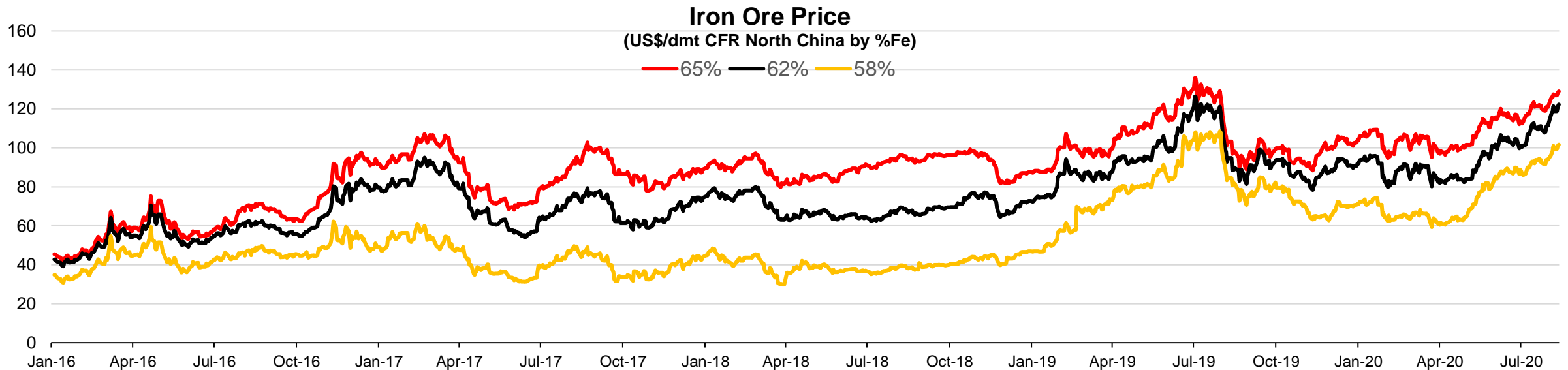
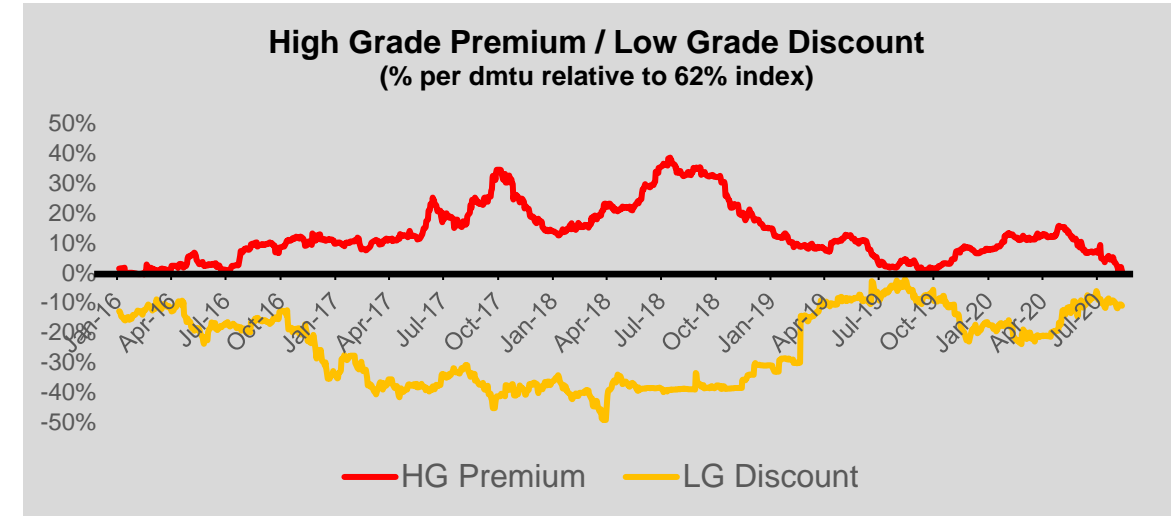


\*Figures are shown inclusive of working capital movements.

# Market Conditions - Iron Ore Pricing



- Prices across all product types have remained elevated on the back of strong Chinese demand for steel, and ongoing mine supply disruption.
- Brazilian supply remains impacted by the COVID-19 pandemic and regulatory restrictions related to tailings dam management.
- Premiums and discounts have narrowed as prices have risen above US\$100/dmt CFR (Platts 62% Fe Index).
- Market outlook remains positive heading into FY2021.





# Koolan Island Operation

## FY2020 Performance



- Ore sales of 2.35 Mwmt in first full year of production.
- June half production impacted by extreme rainfall, slow sediment removal in western end and COVID-19 related disruptions.
- Average site cash costs of \$99/wmt\* FOB for the year including elevated waste stripping and reflecting the above impacts.
- Koolan Island high-grade fines realised an average price of US\$87 per dry metric tonne (dmt) FOB for the year, net of provisional pricing and grade/quality adjustments.
- Site cashflow of \$50 million for the year, after \$41 million in advance waste stripping investment.
- Construction of new 2.1km airstrip commenced early 2020 and completed in July 2020. Final building/refuelling facilities and regulatory certification underway, with first flights targeted for October 2020.

*\*Site cash costs include all operating costs, sustaining capital, royalties and allocated corporate costs. All currency is in Australian dollars unless stated otherwise.*





# Koolan Island Operation



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





# Koolan Island – Main Pit Operations



Main Pit, looking west, August 2020



# Koolan Island - Main Pit Operations



Ore production in Main Pit western end cut-back, looking west, Main Pit August 2020





# Koolan Island – Crushing & Loading



ROM stockpiles, crushing plant and ship loader, June 2020





# Koolan Island Operation – New Airstrip



Completed airstrip, looking west, August 2020



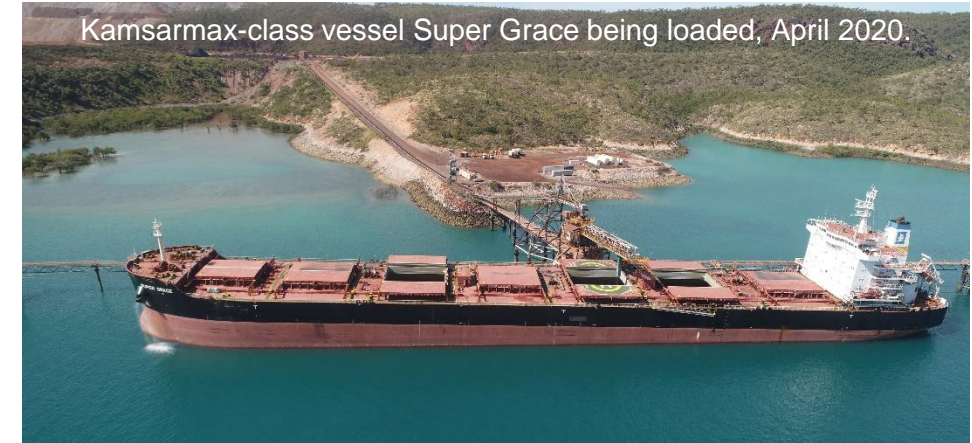
# Koolan Island Operation

## Outlook for FY2021



- Operational focus on increased mining movements to substantially complete the planned elevated waste stripping phase of the life-of-mine plan within the next 12-18 months.
- Costs are highest and production most variable during this phase, after which ore production, sales and cashflow rise significantly in FY2022 onwards.
- Total material movement targeted to increase 50% relative to FY2020 (with a waste to ore strip ratio of ~9.4x), and for mining/administration costs to reduce to ~\$9 per tonne (ore and waste) moved.
- Targeted 2-3 shipments/month, with the December 2020 quarter the lowest (waste cycle at its peak), and weighted to the second half of FY2021.
- Full year sales guidance of **1.8–2.1 Mwmt** at a cash cost\* of **\$60-65/wmt** FOB, before waste stripping investment (~\$100m) and capital improvement projects (~\$20m, mostly related to an upgrade of the existing crusher).
- KI Airstrip commissioning and first flights targeted for October 2020:
  - Total capital cost of \$20 million (\$14 million spent to 30 June 2020).
  - Significant safety, efficiency and productivity benefits.
  - Transit time to/from Perth reduced by circa 50%.
  - Key element in long term pandemic management response.

*\*Site cash costs include operating costs, sustaining capital and royalties, before Koolan advance waste stripping and capital projects costs (as stated). All currency in Australian dollars unless stated otherwise.*



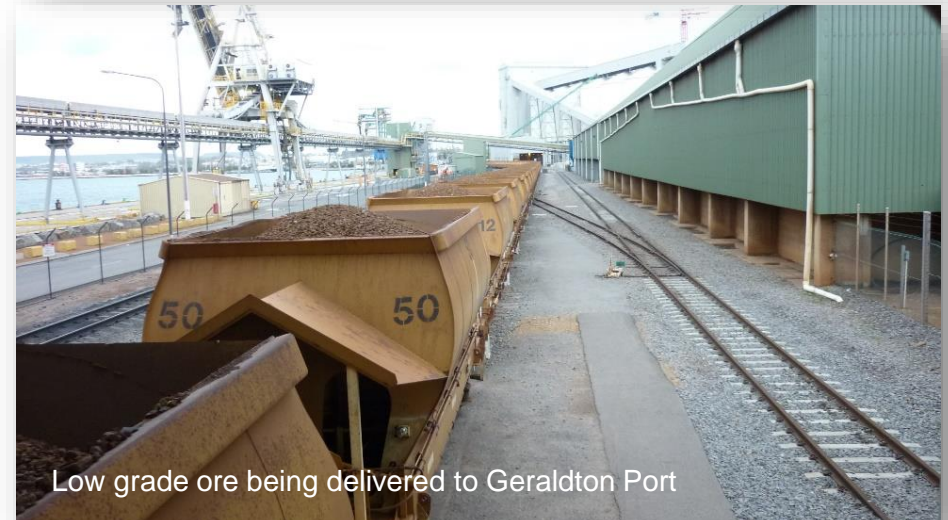
# Mid-West Operations

## FY2020 Performance



- Low-grade sales from Extension Hill of 2.6 Mwmt in the financial year versus the initial sales target of 1.0Mwmt.
- Average site cash cost of \$41/wmt FOB\* for the year.
- Average realised prices of US\$36/dmt FOB for lump and US\$27/dmt FOB for fines.
- Site operating cashflow of \$22 million for the year, including rail credit refund income of \$8.3 million.
- Low-grades sales program extended towards late 2020.
- Rail credit entitlement is accruing at ~\$2 million per quarter, capped at a cumulative total of \$35 million (indexed) and time limit of 2031.

*\*Site cash costs include operating costs, sustaining capital and royalties.  
All currency in Australian dollars unless stated otherwise.*





# Mid-West Operations

## Outlook for FY2021



- Low grade sales extended towards end-2020 based on remaining available low-grade material. Potential to recover some additional saleable low-grade material, subject to market conditions.
- Low-grade sales guidance of **1.0-1.2** Mwmt at a site cash cost of **\$40-45/wmt** FOB\* in 2020/21.
- Decision on **Shine Iron Ore Project** anticipated in the September 2020 quarter.
  - Potential near-term production opportunity with minimal start-up capital requirements.
  - Review of capital and operating estimates well advanced based on optimised mine planning and available transport options.
  - Reported Measured, Indicated and Inferred Hematite Resources of 10.8Mt grading 58.2% Fe\*.

\*Refer slide at end of presentation and Annual Statement of Mineral Resources and Ore Reserves at 30 June 2019, released 25 September 2019, for additional information and Competent Persons attributions.





# Business Objectives for FY2021



- **Koolan Island** - commission the new airstrip and substantially complete the elevated stripping phase of the life of mine plan in order to maximise sales and cashflow over the remainder of the mine life as the waste/ore stripping ratio and costs decline and ore shipments increase.
- **Extension Hill** - extend the current program of Extension Hill low-grade sales should favourable market prices continue and transition the site to final closure.
- **Shine** - complete development planning and, subject to a favourable assessment outcome, bring the project into production.
- **Cost reductions** - continue to drive for sustainable cost improvements across all business units.
- **Treasury returns** - maintain an appropriate yield on the Group's cash and investment reserves while preserving capital for future deployment.
- **Growth projects** - continue the search for acquisition opportunities in the resources sector.

## Guidance for 2020/21

Group iron ore sales and cash cost	2.8 – 3.3 Mwmt at A\$60-65/wmt Before Koolan waste stripping investment (~\$100m) and capital improvement projects (~\$20m)
Koolan Island sales and site cash cost	1.8 – 2.1 Mwmt at A\$60-65/wmt Before Koolan waste stripping investment (~\$100m) and capital improvement projects (~\$20m)
Mid-West low grade sales and site cash cost	1.0-1.2 Mwmt at A\$40-45/wmt

### Notes:

- Mwmt = million wet metric tonnes.
- Cash costs are reported FOB and include operating costs, sustaining capital expenditure, royalties and corporate costs.

- Mount Gibson is Australia's highest grade (+65% Fe) producer of direct shipping hematite iron ores.
- Disciplined pathway to generate significantly increased Koolan Island sales and cashflow.
- Mid-West low grade sales extended further, capitalising on favourable iron ore market conditions. Development of the Shine Project represents an opportunity to use existing and efficient infrastructure to generate additional operating cashflows from the Mid-West business.
- Robust balance sheet with significant cash/investment backing and no borrowings, providing protection, operational flexibility and the ability to pursue internal and external growth opportunities.
- Desired growth in bulk materials and base metals, with a strong preference for Australia.
- Experienced management team with a range of operating, commercial and corporate capabilities.

# MGX

Presentation authorised by Peter Kerr  
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# Supplementary Information

## Mineral Resources and Ore Reserves Information at 30 June 2019



Koolan Island					
	Tonnes millions	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %
<b>Mineral Resources, above 50% Fe</b>					
Measured	3.71	60.2	13.29	0.30	0.007
Indicated	37.51	65.1	5.48	0.65	0.013
Inferred	9.97	60.6	12.21	0.59	0.013
<b>Total at 30 June 2019</b>	<b>51.18</b>	<b>63.9</b>	<b>7.33</b>	<b>0.62</b>	<b>0.013</b>
<i>Total at 30 June 2018</i>					
<b>Ore Reserves, above 50% Fe</b>					
Proved	0.08	63.3	7.28	1.11	0.013
Probable	20.22	65.5	4.55	0.88	0.012
<b>Total at 30 June 2019</b>	<b>20.3</b>	<b>65.5</b>	<b>4.56</b>	<b>0.88</b>	<b>0.012</b>
<i>Total at 30 June 2018</i>	<i>21.0</i>	<i>65.5</i>	<i>4.58</i>	<i>0.89</i>	<i>0.012</i>
Extension Hill					
	Tonnes millions	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %
<b>Mineral Resources, above 50% Fe</b>					
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
<b>Total at 30 June 2019</b>	<b>1.79</b>	<b>55.8</b>	<b>9.53</b>	<b>2.44</b>	<b>0.074</b>
<i>Total at 30 June 2018</i>	<i>1.79</i>	<i>55.8</i>	<i>9.53</i>	<i>2.44</i>	<i>0.074</i>
Iron Hill					
	Tonnes millions	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %
<b>Mineral Resources, above 50% Fe</b>					
Measured					
Indicated	2.65	55.0	13.94	1.74	0.074
Inferred	1.07	55.0	9.86	2.61	0.081
<b>Total at 30 June 2019</b>	<b>3.72</b>	<b>55.0</b>	<b>12.76</b>	<b>1.99</b>	<b>0.076</b>
<i>Total at 30 June 2018</i>	<i>5.17</i>	<i>56.2</i>	<i>11.73</i>	<i>1.79</i>	<i>0.076</i>
Tallering Peak					
	Tonnes millions	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %
<b>Mineral Resources, above 50% Fe</b>					
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
<b>Total at 30 June 2019</b>	<b>1.65</b>	<b>57.9</b>	<b>11.10</b>	<b>2.15</b>	<b>0.069</b>
<i>Total at 30 June 2018</i>	<i>1.65</i>	<i>57.9</i>	<i>11.10</i>	<i>2.15</i>	<i>0.069</i>
Shine					
	Tonnes millions	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %
<b>Mineral Resources, above 50% Fe</b>					
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
<b>Total at 30 June 2019</b>	<b>15.89</b>	<b>58.1</b>	<b>9.57</b>	<b>1.48</b>	<b>0.071</b>
<i>Total at 30 June 2018</i>	<i>15.89</i>	<i>58.1</i>	<i>9.57</i>	<i>1.48</i>	<i>0.071</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>					

Total Group Mineral Resources and Ore Reserves at 30 June (above 50% Fe)					
	Tonnes millions	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %
<b>Total Mineral Resources at 30 June 2019</b>	<b>74.2</b>	<b>61.8</b>	<b>8.25</b>	<b>0.95</b>	<b>0.031</b>
<b>Total Ore Reserves at 30 June 2019</b>	<b>20.3</b>	<b>65.5</b>	<b>4.56</b>	<b>0.88</b>	<b>0.012</b>
<i>Total Mineral Resources at 30 June 2018</i>	<i>76.4</i>	<i>61.8</i>	<i>8.23</i>	<i>0.95</i>	<i>0.032</i>
<i>Total Ore Reserves at 30 June 2018</i>	<i>21.0</i>	<i>65.5</i>	<i>4.58</i>	<i>0.89</i>	<i>0.012</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

#### 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. Elizabeth Haren was a full-time employee of, and is a consultant to, Mount Gibson Iron Limited. Elizabeth Haren 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'. Elizabeth Haren consents to the inclusion in this report of the matters based on her information in the form and context in which it appears.

#### Ore Reserves:

The information in this report relating to Ore Reserves at Koolan Island is based on information compiled by Brett Morey, a member of the Australasian Institute of Mining and Metallurgy. Brett Morey is a full-time employee of Mount Gibson Iron Limited. Brett Morey 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'. Brett Morey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.