

Mount Gibson Iron Limited



MGX

**Diggers & Dealers Forum
13 October 2020**



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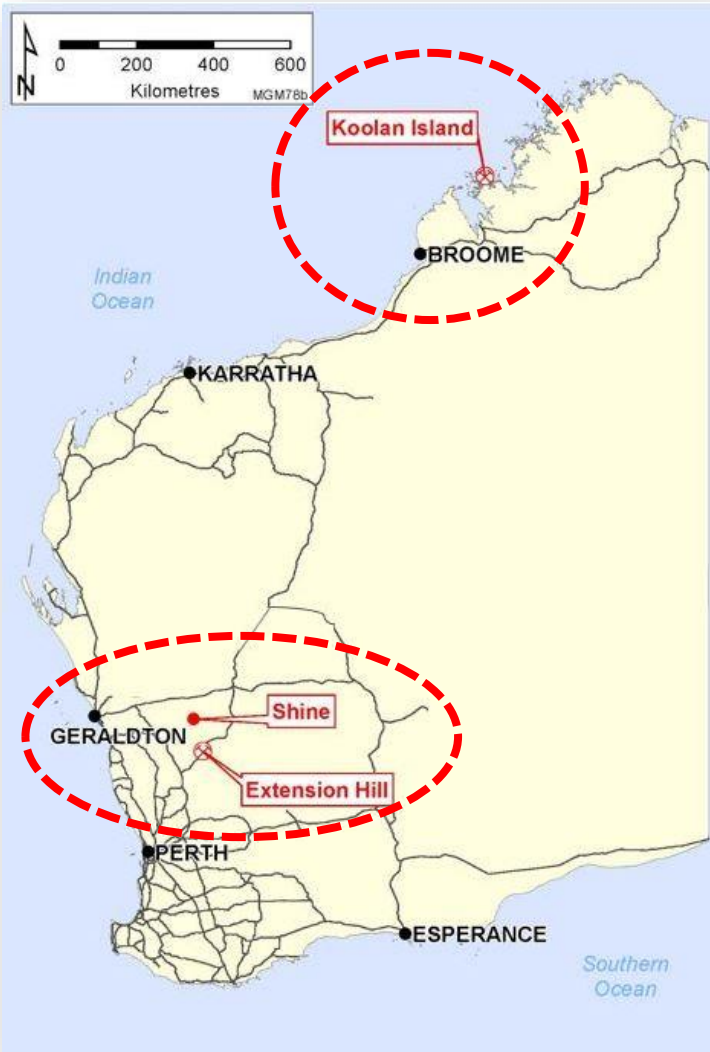
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Investments in shares in MGX are considered highly speculative.

Business Overview – Established Mid-Tier Iron Ore Producer



Kimberley Region

Koolan Island

- Australia's highest grade direct shipping ore (DSO) hematite iron ore mine, with Ore Reserves of **18.7 Mt grading 65.2% Fe***.
- Ore sales guidance of 1.8-2.1 Mwmt for FY2021.
- Waste stripping investment phase in next 12-18 months.
- Sales & cashflow to rise significantly from FY2022.

Mid-West Region

Shine Project, Extension Hill, Geraldton Port

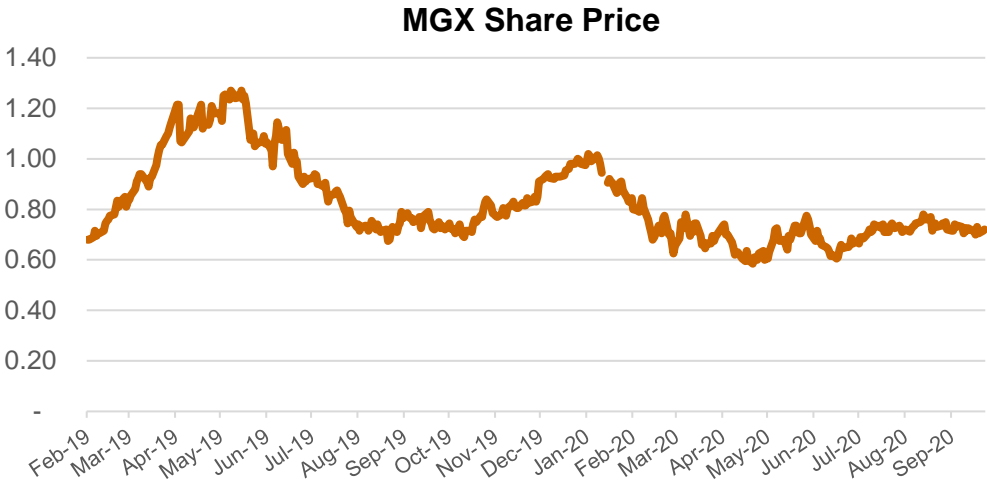
- Shine Iron Ore Project progressing to targeted first ore sales in mid-2021.
- Successful Extension Hill low grade sales program, extended to late 2020 targeting 1.0-1.2 Mwmt in FY2021.
- Mid-West rail refund stream accruing at ~\$2 million/quarter, based on third party rail volumes on segments of the Mid-West network. Capped at \$35M (indexed), with ~\$11 million earned to 30 June 2020.

* Refer slide at end of this presentation.

Corporate Overview

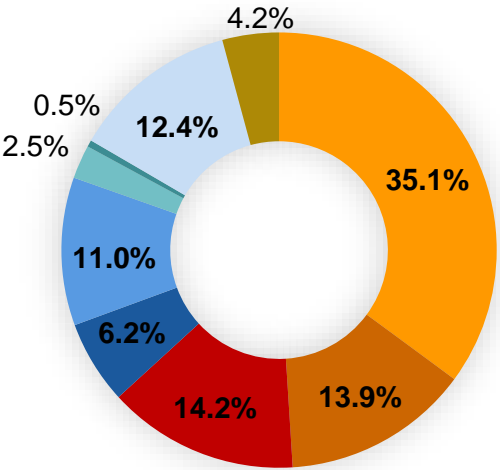


Issued shares	1,186 million shares
Market capitalisation	A\$866 million (\$0.73/share)
Cash/investments	A\$445 million (30 September 2020)
Bank Borrowings	Nil
Index	ASX-300
Dividends	A\$309 million (fully franked) paid since 2011



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 – *Lead 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*

2019/20 Financial Year

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



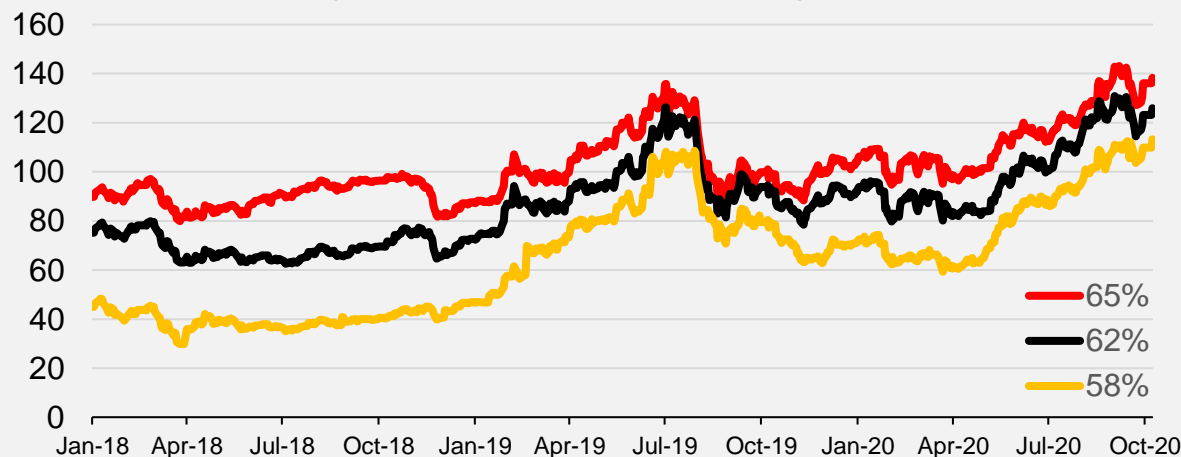
- Total iron ore sales of **4.9 million wet metric tonnes** (Mwmt), comprising 2.3 Mwmt of Koolan Island high grade fines and 2.6 Mwmt of Mid-West low grade material.
- **Positive first year of high-grade sales** (average **65.6% Fe**) from the restarted Koolan Island operation.
- Profit before tax from continuing operations of **\$121 million** and net profit after tax of **\$84 million**.
- Cash and liquid investments of **\$423 million** at 30 June 2020, and no borrowings.
- **Successful Mid-West low grade sales program extended** to late 2020.
- Commitment to the **Shine Project**.
- **Final dividend** for 2019/20 of **3.0 cents per share fully franked**, taking total fully franked dividends paid since late 2011 to **\$309 million**.



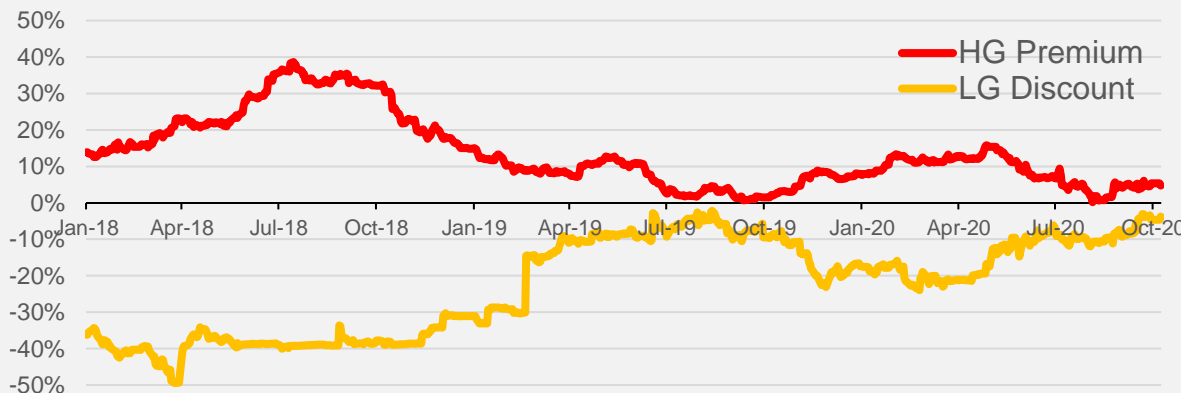
Market Conditions - Iron Ore Pricing



Iron Ore Prices
(Platts, US\$/dmt CFR North China)



HG Premium / LG Discount
(% per dmtu relative to 62% Fe index)



- 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.
- Iron ore prices look well supported.
- Koolan Island provides MGX with the ability to capture premium (+65% Fe) prices, at all price levels.

Positive start in September Quarter 2020



- Total iron ore sales of **1.4 Mwmt** comprising 0.7 Mwmt of Koolan Island high grade fines and 0.7 Mwmt of Mid-West low grade material.
- Group cashflow of **\$32 million**.
- Group unit cash costs of **\$56/wmt** before Koolan Island advanced waste stripping investment of \$24 million.
- Cash and liquid investments of **\$445 million** at 30 September 2020, and no borrowings.
- Koolan Island Airstrip operational with first passenger jet service scheduled for mid-October 2020.

** Group cash costs are reported FOB and include operating costs, royalties, sustaining capital expenditure and allocated corporate costs, but are before waste stripping investment and capital improvement projects.*



Koolan Island

Australia's highest-grade DSO iron ore mine



Main Pit looking west, August 2020

Koolan Island

A premium product



Koolan Main Pit - Mineral Resources and Ore Reserves					
	Tonnes millions	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %
Mineral Resources, reported above 50% Fe					
Measured	2.7	60.1	13.40	0.34	0.007
Indicated	30.0	65.6	4.83	0.67	0.012
Inferred	5.3	61.4	11.10	0.76	0.010
Total Resources	38.0	64.6	6.30	0.66	0.011
Ore Reserves, reported above 50% Fe					
Proved	0.2	58.5	15.61	0.45	0.006
Probable	18.5	65.3	4.86	0.88	0.013
Total Reserves	18.7	65.2	4.96	0.88	0.013
<i>Discrepancies may appear due to rounding. Mineral Resources are reported inclusive of Ore Reserves. All tonnages have been estimated as dry tonnages.</i>					

- High grade hematite iron ore (65.2% Fe).
- Low contaminants (particularly alumina and phosphorus).
- Well understood orebody, consistent grade and width.
- Sought-after product.
- Production sold under life-of-mine offtakes.

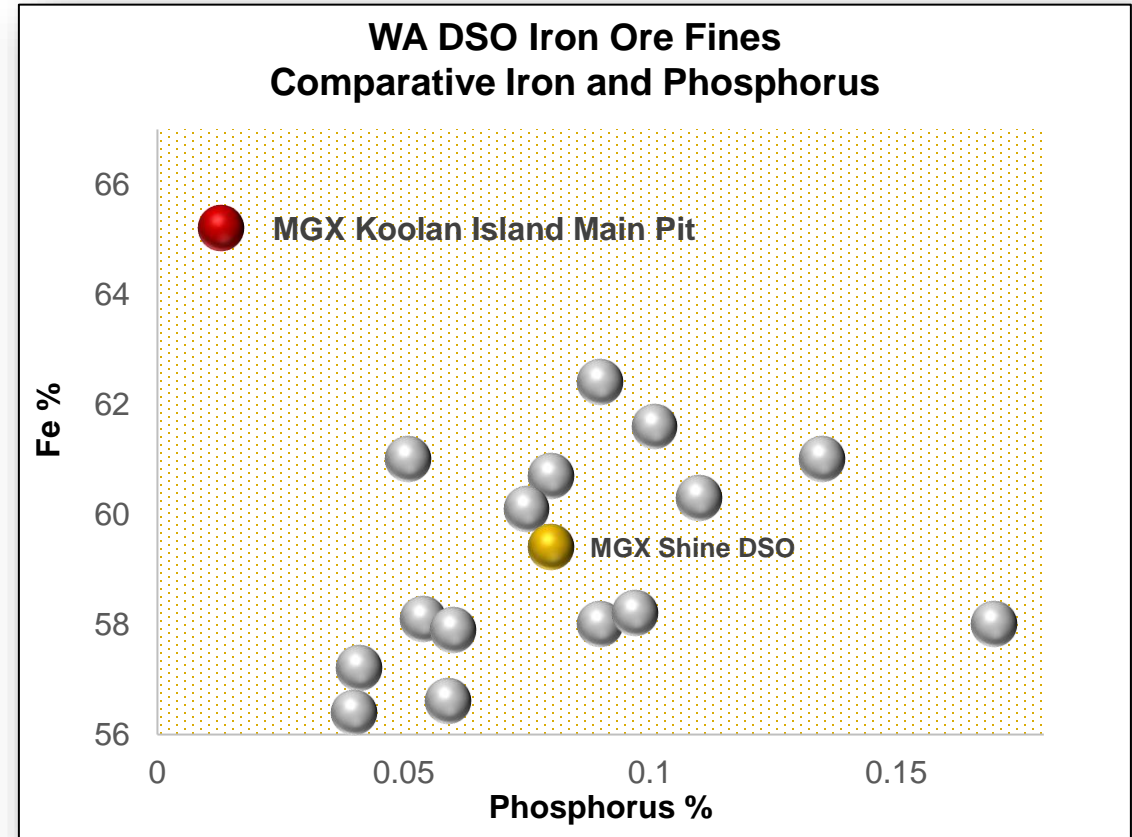


Chart sources: Mount Gibson Iron, public/company reports, Citi Research, Platts and Metals Market Index. MGX Koolan Island and Shine DSO reflects current Ore Reserves, Shine sales targeted from mid-2021. Other ores depicted represent fines products from other WA producers including Rio Tinto, BHP, FMG, Roy Hill, Atlas (now Hancock), and Mineral Resources. Refer slides at the end of this presentation for MGX Mineral Resources and Ore Reserves information.

Koolan Island

Site layout



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



Koolan Island

Main Pit Operations



Main Pit, looking west, September 2020.



Koolan Island

Main Pit Operations



Ore production in west end of Main Pit looking east, September 2020



Koolan Island

Crushing & Shiploading



ROM stockpiles, crushing plant and shiploader, September 2020



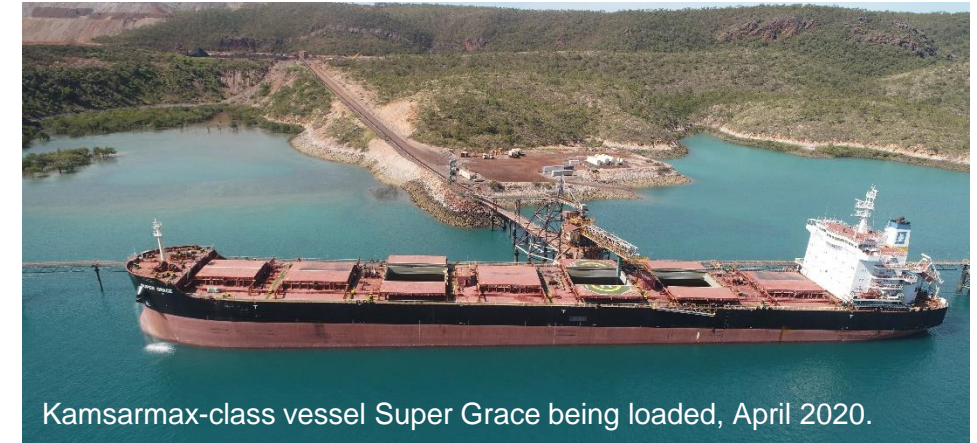
Koolan Island

Outlook for FY2021



- Waste stripping investment phase of the life-of-mine plan, with ore production and cashflow to rise significantly thereafter from FY2022.
- Guidance of **1.8–2.1 Mwmt** at cash cost* of **\$60-65/wmt** FOB.
- Advanced waste stripping investment (~\$100m) and capital improvement projects (~\$20m, mostly for crushing circuit upgrade).
- Positive start in September 2020 quarter – 9 shipments totalling **0.7 Mwmt** of high grade fines at a cash cost of **\$66/wmt** FOB, and advanced waste stripping of \$24 million.
- Shipments will reduce in the November-March period (peak waste cycle) and increase in June 2021 quarter.
- Crushing circuit upgrade will accommodate increased crushing needs from end-FY2021 as ore production accelerates.

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



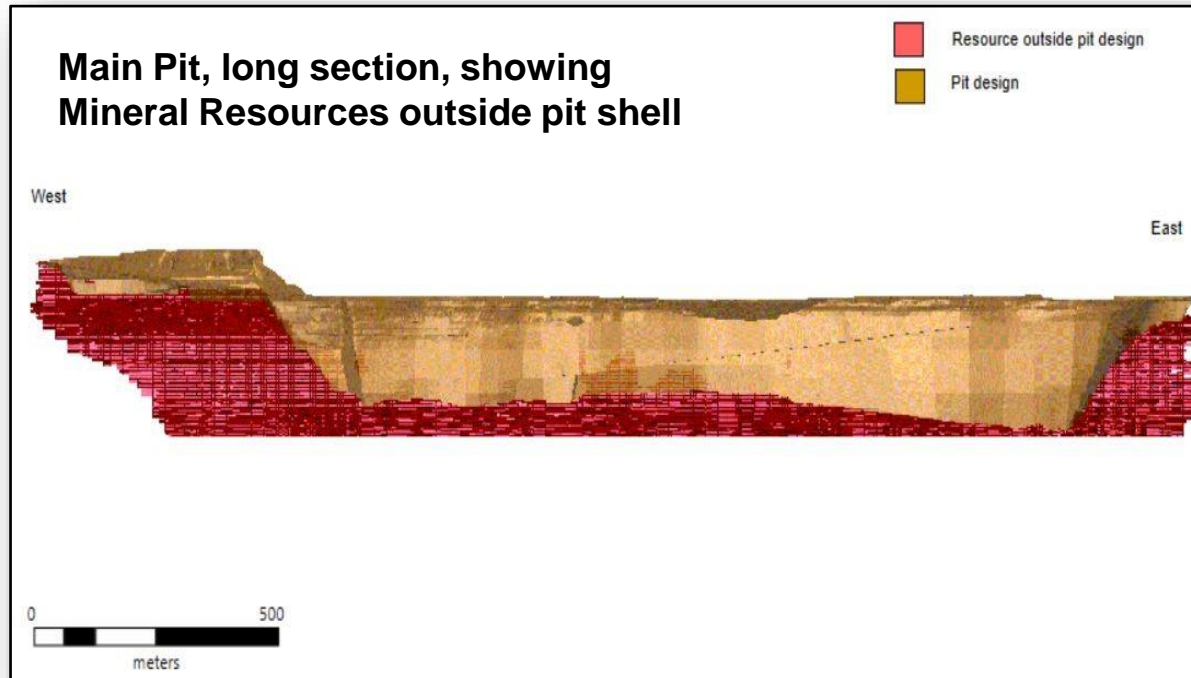
Waste mining in Main Pit, July 2020.

Koolan Island

Mine life extension targets



- Numerous opportunities for incremental life extension beyond the current 5 year mine life.
- Main Pit – existing resources and development potential along strike, to the west and east.
- Mangrove deposit, adjacent to crusher/ROM pad, under evaluation.
- Reviewing prospects adjacent to previously mined satellite pits.



Koolan Island

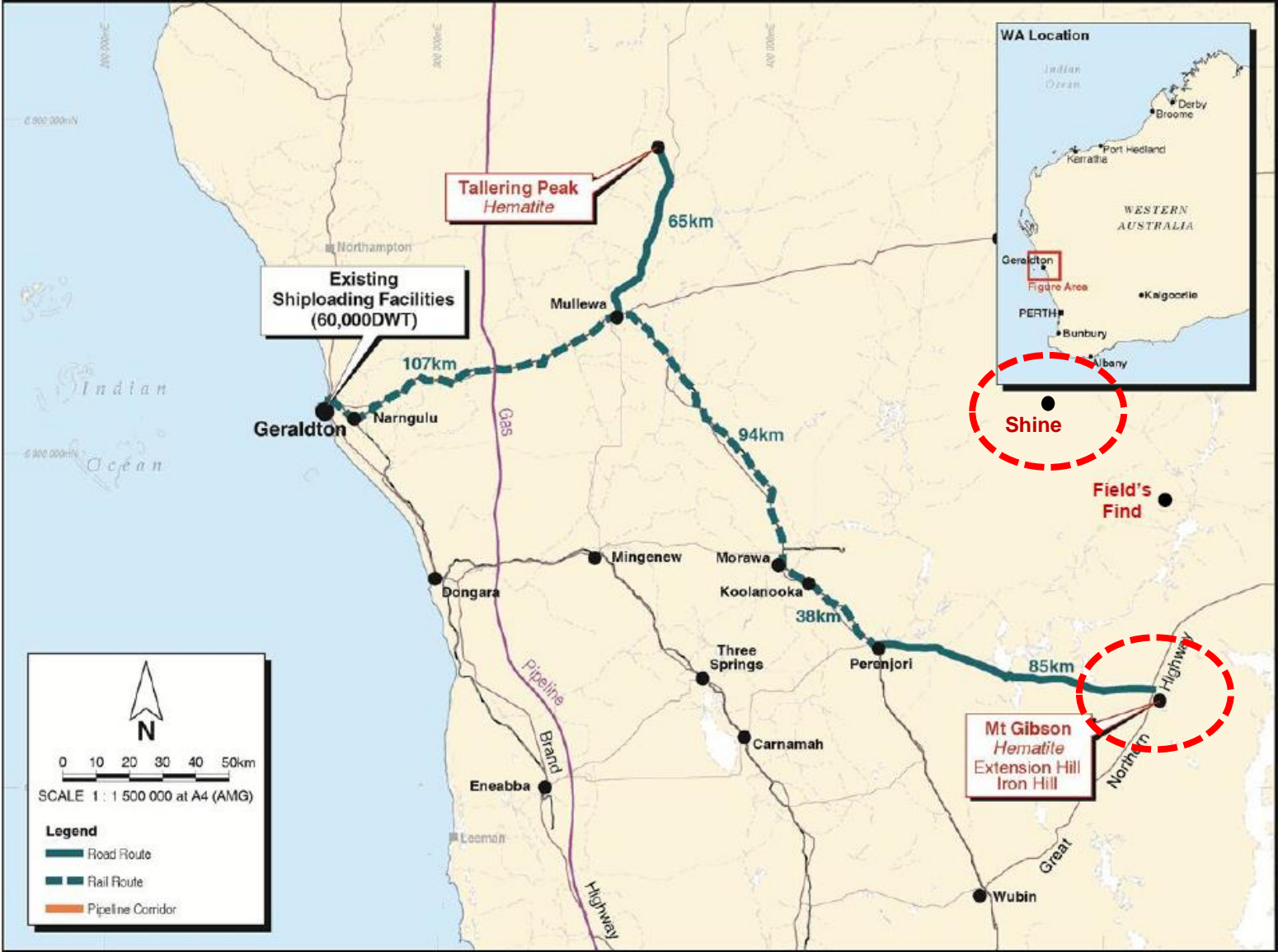
New Airstrip



Completed airstrip, looking west, August 2020

Mid-West Operations

Long-Standing Production Presence



Mid-West Operations

Extension Hill Low Grade Program



- FY2020 low grade sales totalled 2.6 Mwmt, versus initial sales target of 1.0Mwmt.
- Site operating cashflow of \$22 million for FY2020 including rail credit refund of \$8 million.
- Low grade sales now extended to late 2020.
- FY2021 guidance of **1.0-1.2 Mwmt** at a site cash cost of **\$40-45/wmt FOB***.
- September quarter sales of 0.7 Mwmt at cash cost of \$40/wmt FOB.
- 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.*



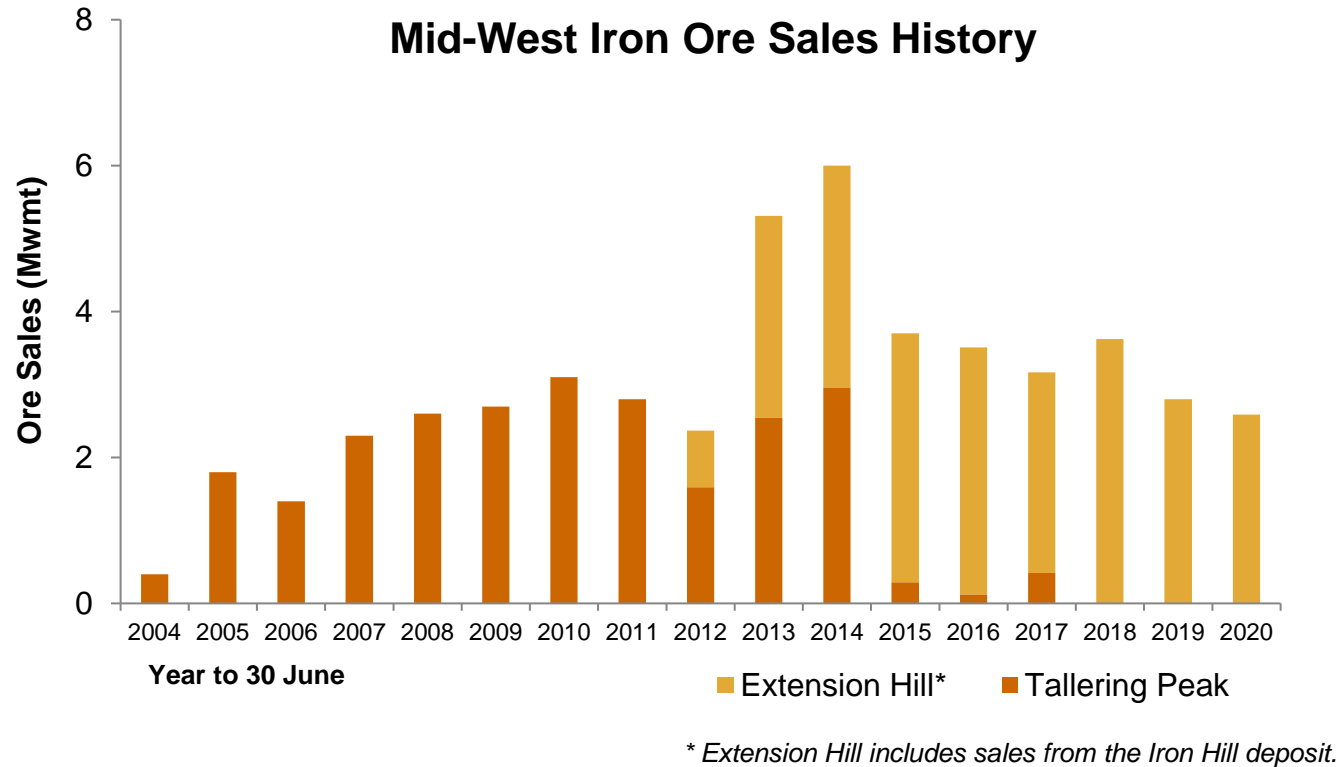
Reclamation of low-grade stockpiles



Mining of low-grade detrital gravels

Mid-West Operations

A successful presence since 2004...and continuing...



- First of the “new generation” Mid West producers, commencing exports from Geraldton in 2004.
- Ore sales to date of **+50Mt** through Talling Peak and Extension Hill.
- Significant State and community contributor.
- Sales revenue **+\$3.6 billion** FOB.
- Payments to suppliers/services **+\$2 billion**.
- Total employees **+1,500** over the business life.
- Total wages/salaries paid **+\$360 million**.
- Total state government royalties **+\$360 million**.
- Direct shire/local community contributions **+\$15 million**.



Mid-West Operations

Shine Iron Ore Project

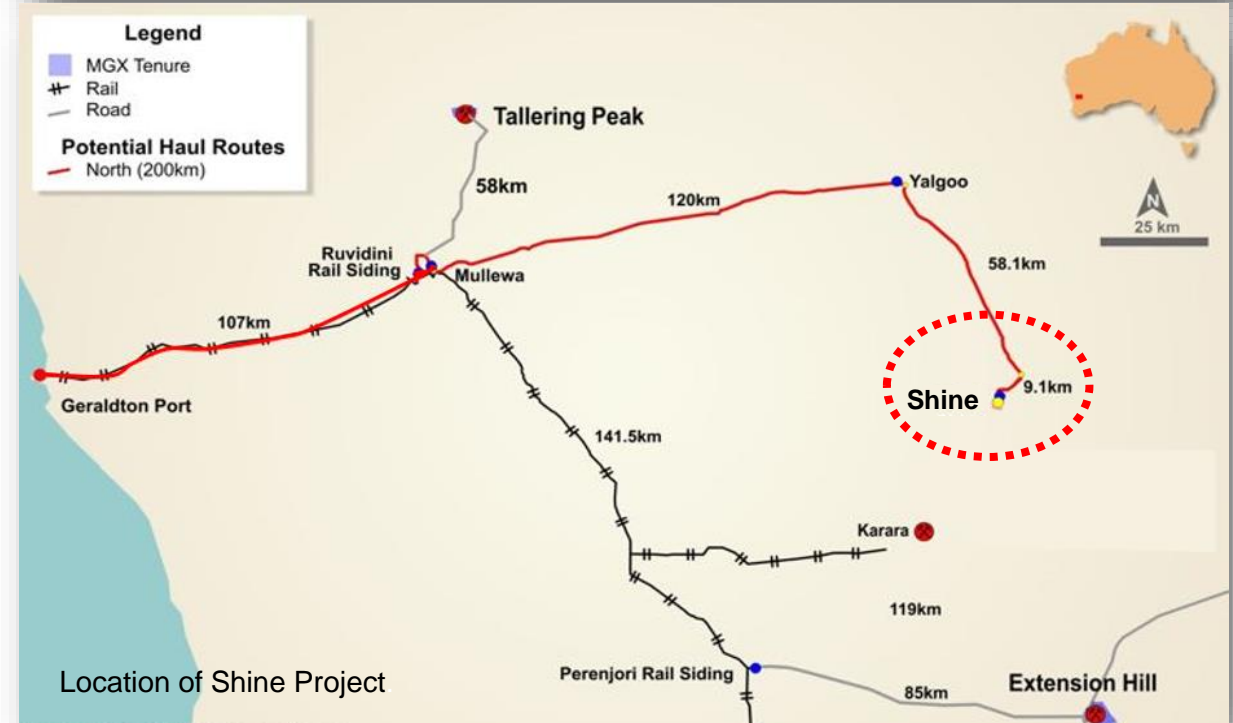


- Staged development plan to align with market conditions, targeting first shipments in mid-2021.
- Ore Reserves of **2.8Mt @ 59.4% Fe*** in **Stage 1** Pit for initial two-year mine life at circa 1.5Mtpa.
- Indicative development capex of **\$17-20 million**, and indicative average unit cash cost of **\$65-70/wmt FOB**.
- Base case assumes truck haulage from mine to Geraldton port, with potential cost-effective alternatives under discussion.
- Potential for **Stage 2** pit to extend life by a further ~2 years, subject to market conditions.
- Reported Measured, Indicated and Inferred Hematite Resources of **10.8Mt grading 58.2% Fe**.

* Refer slide at end of presentation for additional information and Competent Persons attributions, and ASX release dated 9 October 2020.



Shine Project area

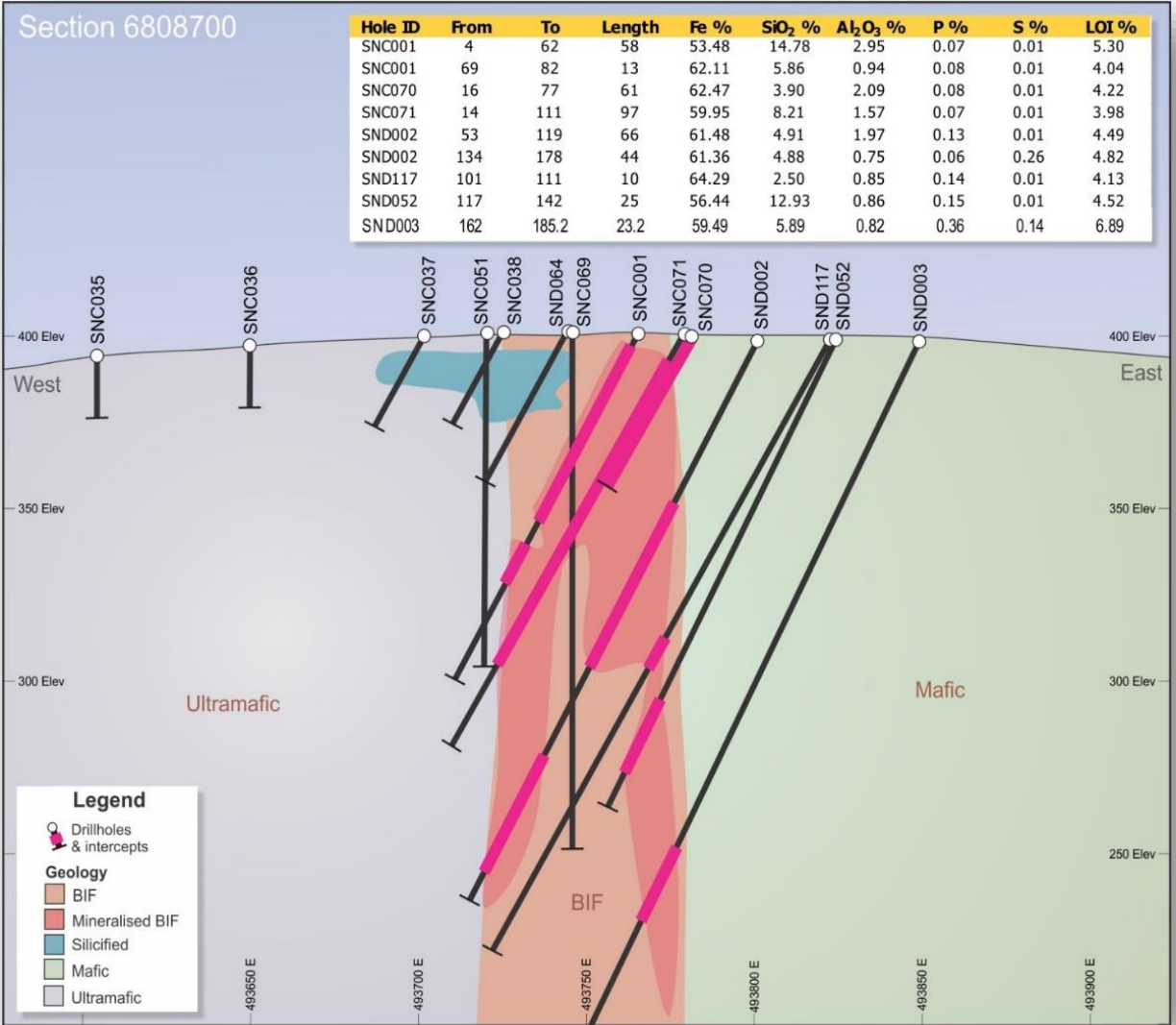


Mid-West Operations

Shine Iron Ore Project



Shine Project Site Layout



Shine Deposit – Cross-section 6808700, looking north.

- MGX is the **only Australian producer** of direct shipping **high grade** (+65% Fe) and low impurity hematite iron ores.
- **Profitable, with a disciplined** pathway to **significantly higher sales and cashflows** at Koolan.
- **Mid-West** low grade sales extended further, capitalising on favourable iron ore market conditions, and Shine Project to generate **additional life and cashflows** through the use of existing infrastructure.
- **Strong cash (and liquid investment) backing with 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 priority focus on Australia.
- **Lean, stable and experienced team** with a range of operating, commercial and corporate capabilities.

Mount Gibson Iron Limited



MGX

Presentation authorised by Peter Kerr
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Supplementary Information

Mineral Resources and Ore Reserves Information at 30 June 2020



Koolan Island					
	Tonnes millions	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %
Mineral Resources, above 50% Fe					
Measured	3.4	60.3	13.23	0.30	0.007
Indicated	34.8	64.9	5.76	0.65	0.013
Inferred	9.9	60.5	12.30	0.59	0.013
Total at 30 June 2020	48.0	63.7	7.63	0.61	0.013
<i>Total at 30 June 2019</i>	<i>51.2</i>	<i>63.9</i>	<i>7.33</i>	<i>0.62</i>	<i>0.013</i>
Ore Reserves, above 50% Fe					
Proved	0.2	58.5	15.61	0.45	0.006
Probable	18.5	65.3	4.86	0.88	0.013
Total at 30 June 2020	18.7	65.2	4.96	0.88	0.013
<i>Total at 30 June 2019</i>	<i>20.3</i>	<i>65.5</i>	<i>4.56</i>	<i>0.88</i>	<i>0.012</i>
Extension Hill					
	Tonnes millions	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %
Mineral Resources, above 50% Fe					
Measured	1.3	55.3	9.16	2.76	0.077
Indicated	0.3	57.3	10.42	1.62	0.076
Inferred	0.2	56.6	10.49	1.66	0.055
Total at 30 June 2020	1.8	55.8	9.53	2.44	0.074
<i>Total at 30 June 2019</i>	<i>1.8</i>	<i>55.8</i>	<i>9.53</i>	<i>2.44</i>	<i>0.074</i>
Iron Hill					
	Tonnes millions	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %
Mineral Resources, above 50% Fe					
Indicated	2.6	55.0	13.94	1.74	0.074
Inferred	1.1	55.0	9.86	2.61	0.081
Total at 30 June 2020	3.7	55.0	12.76	1.99	0.076
<i>Total at 30 June 2019</i>	<i>3.7</i>	<i>55.0</i>	<i>12.76</i>	<i>1.99</i>	<i>0.076</i>
Shine					
	Tonnes millions	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %
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 2020	15.89	58.1	9.57	1.48	0.071
<i>Total at 30 June 2019</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>					

Note: Subsequent to financial year end, on 9 October 2020, the Company declared “Stage 1” Ore Reserves for the Shine Project, as tabulated below:

Shine Hematite Ore Reserves – Stage 1					
	Tonnes millions	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %
Ore Reserves, above 55% Fe					
Proved	2.1	59.8	7.40	2.32	0.086
Probable	0.7	58.4	9.70	2.15	0.057
Total	2.8	59.4	8.01	2.27	0.079
<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 ₂ %	Al ₂ O ₃ %	P %
Total Mineral Resources at 30 June 2020	69.4	61.7	8.40	0.93	0.031
Total Ore Reserves at 30 June 2020	18.7	65.2	4.96	0.88	0.013
<i>Total Mineral Resources at 30 June 2019</i>	<i>74.2</i>	<i>61.8</i>	<i>8.25</i>	<i>0.95</i>	<i>0.031</i>
<i>Total Ore Reserves at 30 June 2019</i>	<i>20.3</i>	<i>65.5</i>	<i>4.56</i>	<i>0.88</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

Exploration Results:

The information in this report that relates to Exploration Results including sampling techniques and data management is based on information compiled by Mr Brett Morey, a Competent Person who is 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 relevant to the style of mineralisation and type of deposits 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 this report of the matters based on his information in the form and context in which it appears.

Mineral Resources:

The information in this report relating to Mineral Resources is based on information compiled by Ms 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 a full-time employee of, and is a consultant to, Mount Gibson Iron Limited. Ms 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’. 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.

Ore Reserves:

The information in this report relating to Ore Reserves is based on information compiled by Mr 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.