

# Annual General Meeting 2016



# MGX

CEO Jim Beyer  
9 November 2016

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*Investments in shares in MGX are considered highly speculative.*

# Key Outcomes of FY2016



- **Total Recordable Injury Rate** dropped by 28% to 6.8.
- **Extension Hill** achieved **1000 days LTI free**.
- **5.0 million wmt** sold for revenue of **\$240 million**.
- **Underlying \$19.4 million gross profit<sup>1</sup>**.
- **Reported statutory net profit after tax of \$86.3 million**.
- **Full year cashflow** from operations of **\$5.7 million**.
- **\$86 million cash** property damage insurance settlement for Koolan seawall claim.
- Progression of approvals for the Iron Hill Project, on target for production in early 2017.
- **\$20.6 million** paid in State mineral royalties.
- **Cash, term deposits and liquid investments of \$400 million** at 30 June 2016 up from prior year total of \$334 million.

1. The underlying basis is an unaudited non-IFRS measure that in the opinion of the Directors provides useful information to assess the Company's financial performance.

2. Inclusive of sales from the discontinued Talling Peak operation.

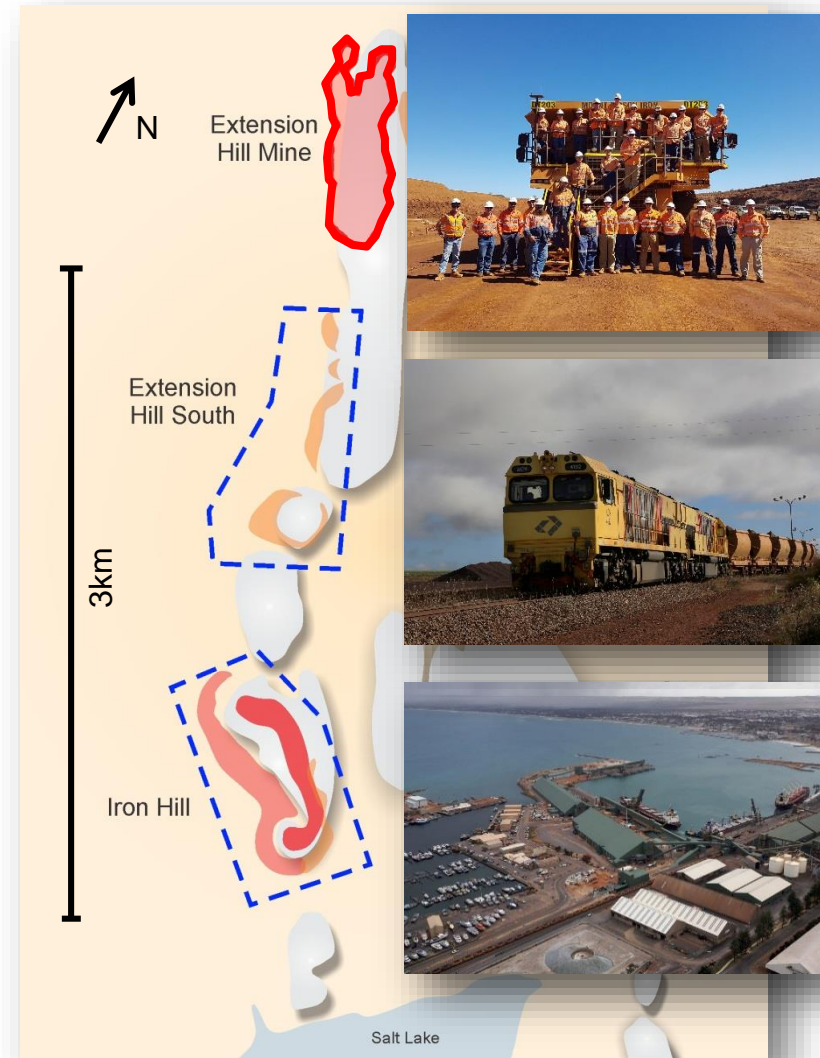
3. All figures in Australian dollars unless stated otherwise.

# Mid West

## Extension Hill and Iron Hill



- Extension Hill pit completed in November 2016.
- Sales from stockpiles to continue into 2017.
- Iron Hill Deposit, 3km south of Extension Hill pit, offers significant potential to extend production beyond 2017.
- Iron Hill Mineral Resource of **8.8 Mt @ 58.3% Fe\***.
- Minimal expected start-up capital costs of \$2-3 million.
- Positive EPA conditional recommendation received in July. Targeting final approvals in late 2016/early 2017.



*\*Refer slide 13 and ASX release dated 31 August 2016.*



# Koolan Island

## Continued value extraction in FY2016



- Acacia East mining completed February 2016.
- Total production of 2.2Mt achieved vs original target of 1.2Mt.
- Maintained positive site cashflow through transition to care and maintenance.
- Placed on care and maintenance in the June 2016 quarter.



- High grade Main Deposit\* offers significant future production potential.
- Targeting significant reduction in average strip ratio, and higher average product grade.
- Technical and financial evaluation of restart options expected to be completed in the March 2017 quarter.

\* Refer Slide 13 and ASX releases dated 17 and 31 August 2016

# Mount Gibson's Contribution

## Small mines make a big contribution



In its first 10 years to mid 2014 Mount Gibson had:

- Sold over **50 million tonnes** of iron ore for revenue of over \$4.6 billion.
- Paid State Government mineral **royalties of ~ \$255 million**.
- Paid corporate income **tax of over \$128 million**.
- Made local community contributions and Traditional Owner payments of over **\$38 million**.
- Employed over **2000 people**.
- Paid total salaries and wages of **~\$475 million**.
- Made total supplier and contractor payments of **over \$2.5 billion**.

Even modest size mines make a big contribution to the local economy

# Key Business Objectives



- **Extension Hill** – finalise regulatory approvals for the development of the Iron Hill deposit.
- **Koolan Island** – maintain the site on care and maintenance and assess the viability of restart.
- **Koolan Island seawall insurance** – progress and finalise the business interruption claim.
- **Cost Reduction** – continue to drive sustainable cost improvements.
- **Treasury Returns** - seek to further optimise the yield on the Group's cash reserves.
- **Growth Projects** – continue to seek business development opportunities in the resource sector.

# Looking to the future



## 2017

- Mid West/Extension Hill sales of 2.8 - 3.1 million tonnes in FY2017.
- Extension Hill to contribute ~2.0Mt of standard DSO, Iron Hill targeted to commence in 1H 2017.
- Continue the drive to reduce cash operating costs.
- Complete engineering design for Koolan Island seawall.
- Decision to develop or preserve Koolan Island resources.
- Continue progressing Business Interruption component of Koolan Island insurance claim.



# Looking to the future



## Longer Term

Continue to seek out opportunities that leverage our strengths to provide value creation for MGX shareholders:

*What strengths differentiate MGX?*

- A premier potential high-grade iron ore opportunity at Koolan Island, with Main Deposit total Mineral Resource of 41.9 Mt @ 64.8% Fe\*.
- Robust balance sheet provides leverage and flexibility.
- Proven cost reduction capability – Extension Hill all-in site cash costs<sup>^</sup> reduced 23% over last three years to \$46/wmt FOB in FY2016.
- Proven ability to generate positive operating cashflow in a low price environment.
- Broad range of operating experience in the team.

\*Refer Slide 13 and ASX release dated 31 August 2016

<sup>^</sup>All-in site cash costs are reported FOB and include royalties and capex but are before corporate cost allocations

# Key Business Objectives



- **Extension Hill** – finalise regulatory approvals for the development of the Iron Hill deposit.
- **Koolan Island** – maintain the site on care and maintenance and assess the viability of restart.
- **Koolan Island seawall insurance** – progress and finalise the business interruption claim.
- **Cost Reduction** – continue to drive sustainable cost improvements.
- **Treasury Returns** - seek to further optimise the yield on the Group's cash reserves.
- **Growth Projects** – continue to seek business development opportunities in the resource sector.

# Annual General Meeting 2016



# MGX

CEO Presentation  
9 November 2016

# Supplementary Information

## Business overview



### Koolan Island

- Acacia East satellite pit completed in February 2016.
- Placed on care and maintenance in the June 2016 quarter.
- Business Interruption component of insurance claim progressing.
- Main Pit seawall rebuild evaluation targeted for completion in March 2017 quarter.

### Mid West Region

#### Extension Hill and Iron Hill

- Mining in the current Extension Hill pit to be completed in November 2016, with stockpile sales to extend into 2017.
- Awaiting final approvals for Iron Hill to extend Mid West mine life beyond 2016.
- Iron Hill total Mineral Resource 8.8Mt @ 58.3%\*.
- Timing gap to be bridged with low grade sales from Extension Hill stockpiles.

*\*Refer slide 13 and ASX release dated 31 August 2016.*

# Supplementary information

## Mineral Resources and Ore Reserves at 30 June 2016\*

<b>Koolan Island</b> (includes Main Deposit)	<b>Tonnes</b> <b>millions</b>	<b>Fe</b> <b>%</b>	<b>SiO<sub>2</sub></b> <b>%</b>	<b>Al<sub>2</sub>O<sub>3</sub></b> <b>%</b>	<b>P</b> <b>%</b>
<b>Mineral Resources above 50% Fe</b>					
Measured	7.69	59.1	13.53	1.16	0.018
Indicated	41.93	64.4	6.36	0.76	0.014
Inferred	10.89	60.2	12.48	0.79	0.015
<b>Total</b>	<b>60.51</b>	<b>63.0</b>	<b>8.38</b>	<b>0.82</b>	<b>0.015</b>
<b>Extension Hill</b>	<b>Tonnes</b> <b>millions</b>	<b>Fe</b> <b>%</b>	<b>SiO<sub>2</sub></b> <b>%</b>	<b>Al<sub>2</sub>O<sub>3</sub></b> <b>%</b>	<b>P</b> <b>%</b>
<b>Mineral Resources above 50% Fe</b>					
Measured	2.10	56.7	8.13	2.41	0.077
Indicated	0.34	57.3	10.31	1.60	0.072
Inferred	0.20	56.6	10.49	1.66	0.055
<b>Total</b>	<b>2.64</b>	<b>56.8</b>	<b>8.59</b>	<b>2.25</b>	<b>0.076</b>
<b>Ore Reserves, above 50% Fe</b>					
Proved	1.10	58.0	7.09	2.10	0.088
Probable	0.05	56.8	9.87	1.91	0.087
<b>Total</b>	<b>1.15</b>	<b>58.0</b>	<b>7.21</b>	<b>2.09</b>	<b>0.088</b>
<b>Iron Hill</b>	<b>Tonnes</b> <b>millions</b>	<b>Fe</b> <b>%</b>	<b>SiO<sub>2</sub></b> <b>%</b>	<b>Al<sub>2</sub>O<sub>3</sub></b> <b>%</b>	<b>P</b> <b>%</b>
<b>Mineral Resources above 50% Fe</b>					
Indicated	1.47	60.5	8.35	1.02	0.047
Inferred	7.33	57.9	8.65	1.74	0.069
<b>Total</b>	<b>8.80</b>	<b>58.3</b>	<b>8.60</b>	<b>1.62</b>	<b>0.065</b>
<b>Tallering Peak</b>	<b>Tonnes</b> <b>millions</b>	<b>Fe</b> <b>%</b>	<b>SiO<sub>2</sub></b> <b>%</b>	<b>Al<sub>2</sub>O<sub>3</sub></b> <b>%</b>	<b>P</b> <b>%</b>
<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</b>	<b>1.65</b>	<b>57.9</b>	<b>11.10</b>	<b>2.15</b>	<b>0.069</b>
<b>Shine</b>	<b>Tonnes</b> <b>millions</b>	<b>Fe</b> <b>%</b>	<b>SiO<sub>2</sub></b> <b>%</b>	<b>Al<sub>2</sub>O<sub>3</sub></b> <b>%</b>	<b>P</b> <b>%</b>
<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</b>	<b>15.89</b>	<b>58.1</b>	<b>9.57</b>	<b>1.48</b>	<b>0.071</b>
NOTE: Discrepancies may appear due to rounding. Mineral Resources are reported inclusive of Ore Reserves. All tonnages are estimated as dry tonnages.					

<b>Koolan Island</b> <b>Main Deposit</b>	<b>Tonnes</b> <b>millions</b>	<b>Fe</b> <b>%</b>	<b>SiO<sub>2</sub></b> <b>%</b>	<b>Al<sub>2</sub>O<sub>3</sub></b> <b>%</b>	<b>P</b> <b>%</b>
<b>Mineral Resources, above 50% Fe</b>					
Measured	2.97	60.1	13.45	0.34	0.007
Indicated	33.51	65.7	4.61	0.67	0.011
Inferred	5.41	61.4	10.96	0.77	0.010
<b>Total</b>	<b>41.90</b>	<b>64.8</b>	<b>6.06</b>	<b>0.66</b>	<b>0.011</b>
Discrepancies may appear due to rounding. Mineral Resources are reported inclusive of Ore Reserves. All tonnages have been estimated as dry tonnages.					

<b>Total Group Mineral Resources and Ore Reserves at 30 June 2016</b>					
(above 50% Fe)	<b>Tonnes</b> <b>millions</b>	<b>Fe</b> <b>%</b>	<b>SiO<sub>2</sub></b> <b>%</b>	<b>Al<sub>2</sub>O<sub>3</sub></b> <b>%</b>	<b>P</b> <b>%</b>
<b>Mineral Resources</b>	<b>89.5</b>	<b>61.4</b>	<b>8.67</b>	<b>1.08</b>	<b>0.032</b>
<b>Ore Reserves</b>	<b>1.2</b>	<b>58.0</b>	<b>7.21</b>	<b>2.09</b>	<b>0.088</b>
NOTE: Discrepancies may appear due to rounding. Mineral Resources are reported inclusive of Ore Reserves. All tonnages have been estimated as dry tonnages.					

### Attributions

The information in this report relating to the Mineral Resources for the Koolan Island, Extension Hill (including Iron Hill), and Tallering Peak and Shine deposits 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. Ms Haren was a full-time employee of, and is now 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. The Mineral Resource estimates comply with recommendations in the Australasian Code for Reporting of Mineral Resources and Ore Reserves (2012) by the Joint Ore Reserves Committee (JORC). Therefore they are suitable for public reporting.

The information in this report relating to Ore Reserves at Extension Hill is based on information compiled by Paul Salmon, a Competent Person who is a member and a Chartered Professional of the Australasian Institute of Mining and Metallurgy. Mr Salmon is a full-time employee of Mount Gibson Iron Limited. Mr Salmon 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 Salmon consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. The Ore Reserve estimates comply with recommendations in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012) by the Joint Ore Reserves Committee (JORC). Therefore they are suitable for public reporting.

\*Refer ASX release dated 31 August 2016.