

MOUNT GIBSON IRON LIMITED

Interim Financial Results Presentation
19 February 2013



Mount Gibson Iron

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Investments in shares in MGI is considered highly speculative.

Company snapshot



A leading mid-tier iron ore exporter targeting sales of 8 – 8.5Mt in FY2013

- Issued capital 1090.6 million shares
- Index S&P/ASX 200
- Market cap¹ A\$976 million
- Cash @ 31 Dec 2012 A\$279 million
- Bank borrowings² nil
- Finance facilities A\$65m environmental bonds facility³, A\$37m equipment leases

Financials (year ended 30 June except where indicated)		2008	2009	2010	2011	2012	H12013
Sales volume	MWMT	5.5	5.4	6.5	5.2	5.2	4.4
Sales	A\$ m	433	425	536	672	648	416
NPAT	A\$ m	113	43	132	239	172.5	37.1
EPS	cps	14.1	4.6	12.3	22.1	15.9	3.4
DPS	cps	0.0	0.0	0.0	4.0	4.0	2.0

Shareholders

- APAC Resources ~26%
- Shougang Fushan ~15%
- Institutional investors ~34%

Notes:

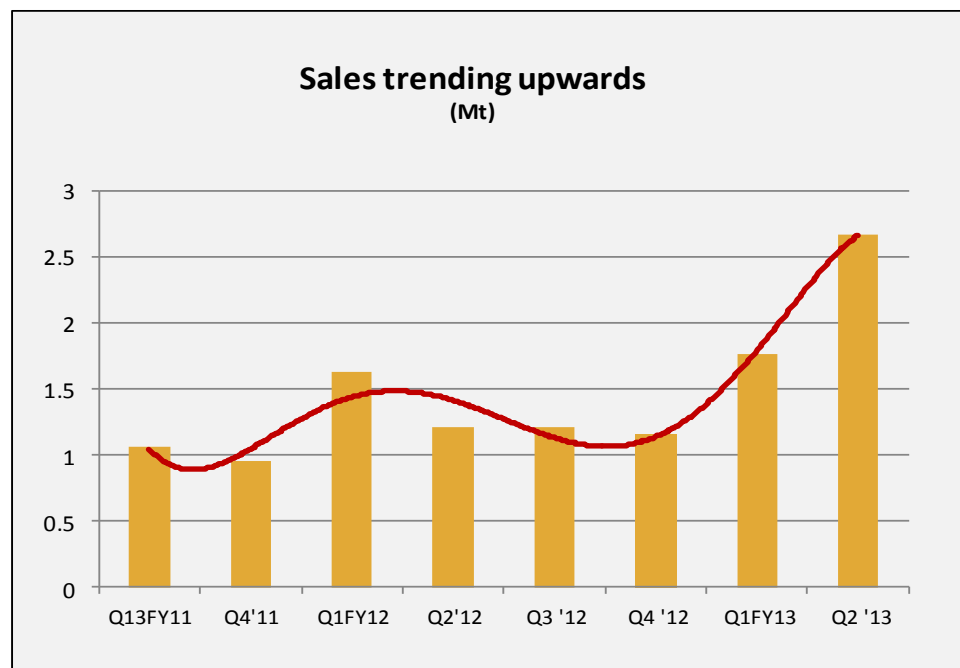
- 1 Share price of \$0.895 as at 18 February 2013
- 2 At 31 December 2012
- 3 At 31 December 2012, environmental bond facility was drawn to \$58.6m

Operations: Moving in the right direction



Operational performance has improved significantly in FY2013 to date

- H1 2013 shipments up 86% to 4.43 Mt on prior half
- Dec Q shipments increased to 2.67 Mt - up 52% on prior quarter
- Dec Q Koolan Island shipments increased 65% to 1.3Mt
- Dec Q Mid West shipments increased 41% to 1.37Mt
- Business-wide focus on cost reduction
- Koolan Island optimisation plan near completion
- T1 mine planning underway
- FIRB approval granted for proposed Field's Find acquisition and other exploration applications
- Sales outlook of 8 - 8.5 Mt in FY2013



H1 2013 results overview



- Sales revenue \$416.2 million (up 10.4% from pcp) on record 4.43 wmt sold
- Average realised price 29% lower, including low grade/mineralised waste
- Net profit after tax of \$37.1 million under new waste accounting requirements
- EPS of 3.4 cents
- Operating cash flow of \$43.1 million
- Total Cost of Goods Sold \$78.90/wmt under new waste accounting requirements
- Cash balance of \$279 million at 31 December 2012
- Interim dividend of 2.0 cents per share fully franked

Strong underlying business provides a sound platform for future growth.

Summary H1 2013 results



Six months ended:		31-Dec-11	31-Dec-12	% change pcp
Tonnes mined	<i>Mwmt</i>	3.55	3.57	0.6%
Tonnes sold	<i>Mwmt</i>	2.84	4.43	86%
Sales revenue	<i>\$ mill</i>	376.9	416.2	10.4%
Interest income	<i>\$ mill</i>	11.2	5.9	-47.3%
Cost of goods sold	<i>\$ mill</i>	-182.4	-349.3	91.5%
Gross profit	<i>\$ mill</i>	205.6	72.8	-64.6%
Admin and other expenses/income	<i>\$ mill</i>	-12.9	-15.8	22.5%
Finance costs	<i>\$ mill</i>	-4.3	-3.8	-11.6%
Profit before tax	<i>\$ mill</i>	188.5	53.2	-71.8%
Tax (expense)	<i>\$ mill</i>	-58.6	-16.1	-72.5%
Net profit after tax	<i>\$ mill</i>	129.9	37.1	-71.4%

Key financial indicators



Six months ended:		31-Dec-11	31-Dec-12	% change pcp
Realised selling price	<i>A\$ / wmt</i>	132.8	94.0	-29.2%
Cost of goods sold	<i>A\$ / wmt</i>	64.3	78.9	22.7%
Margin	<i>A\$ / wmt</i>	68.5	15.1	-78.0%
Earnings per share	<i>cps</i>	12.0	3.4	-71.7%
Dividend per share	<i>cps</i>	2.0	2.0	-

COGS vs underlying cash operating expenditure

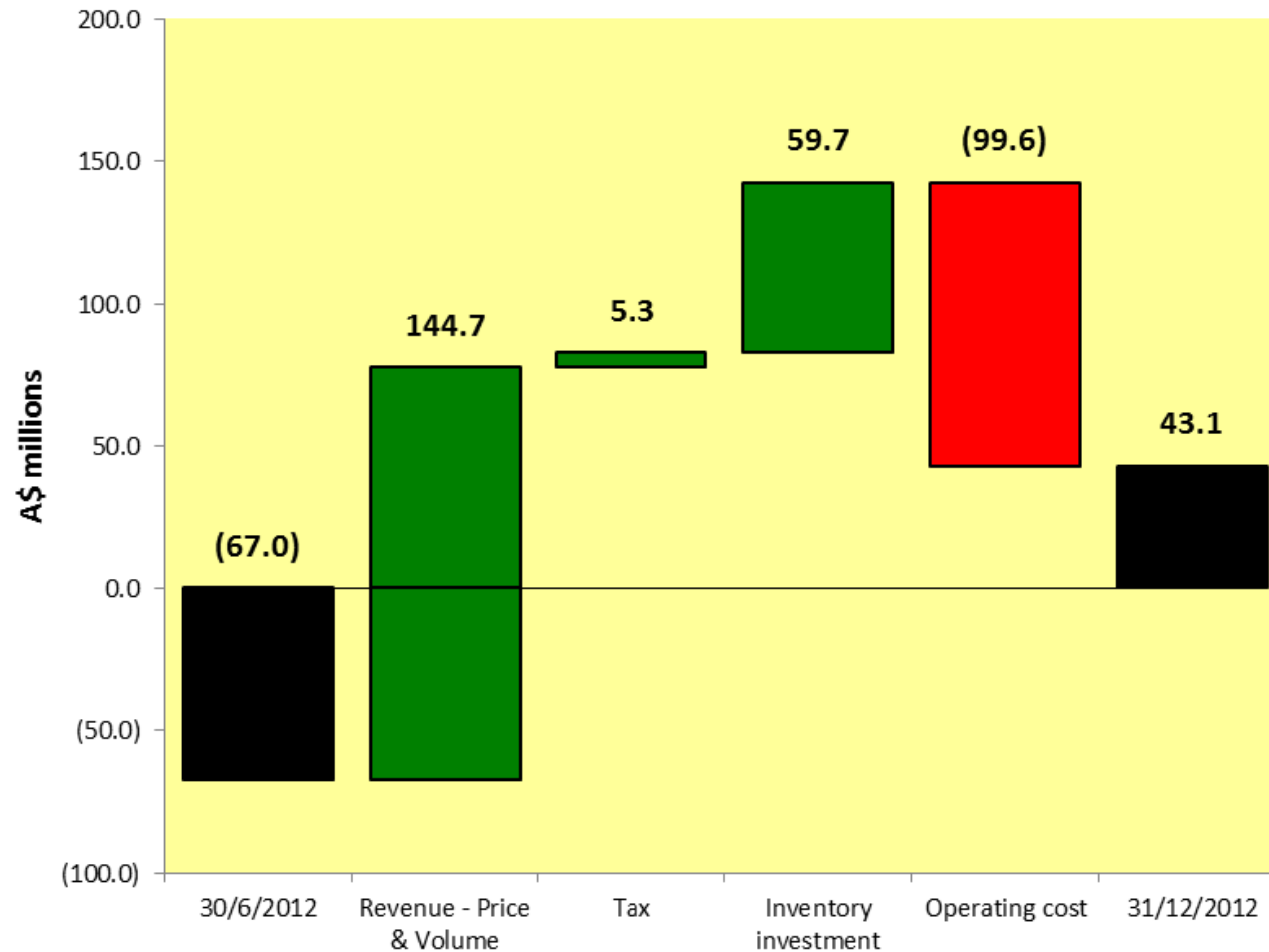


Six months ended 31 December:	2011		2012	
Sales Volume (Mwmt)	2.84		4.43	
Sales Revenue (A\$m)	376.9		416.2	
Cost breakdown	A\$m	A\$/wmt	A\$m	A\$/wmt
Total Cost of Goods Sold	182.4	64.27	349.3	78.90
Less: depreciation and amortisation	(49.5)	(17.40)	(122.6)	(27.68)
Add: deferred waste mining costs	101.5	35.76	48.8	11.02
Add: inventory movement	18.5	6.53	18.1	4.10
Add: Other	1.2	0.43	0	0.00
Cash operating expenditure including deferred waste mining	254.1	89.59	293.6	66.34
Less royalties	(28.0)	(9.87)	(31.8)	(7.18)
Cash operating expenditure excluding royalties	226.1	79.72	261.8	59.16

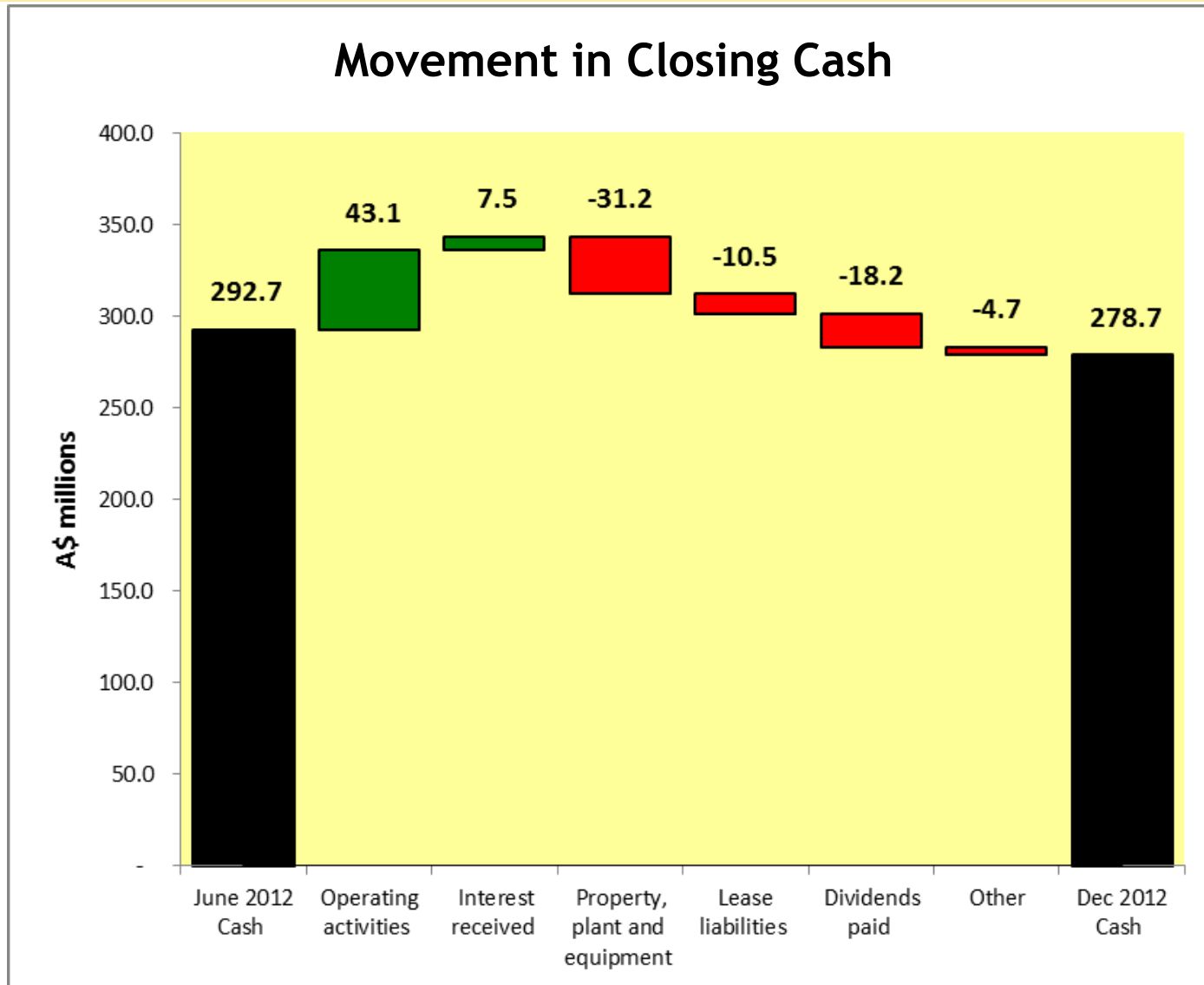
Operating cash flow movements



Comparison of Operating Cash flows



Cash balance



A leading WA mid-tier iron ore exporter



Koolan Island

- High quality DSO lump and fines (high grade, low contaminants)
- Commenced mining premium Main Pit ore in November 2011
- Operation restructured to reduce cash expenditure
- Production optimisation strategy being finalised

Mid West Region

Talling Peak, Extension Hill & Geraldton Port facilities

Talling Peak

- Mining scheduled for completion November 2013.
- Targeting ~2.5 Mt production in FY2013
- Strong cash generating asset in FY2013
- Sales from low grade stockpiles to continue into FY2014
- T1- potential for limited additional production

Extension Hill

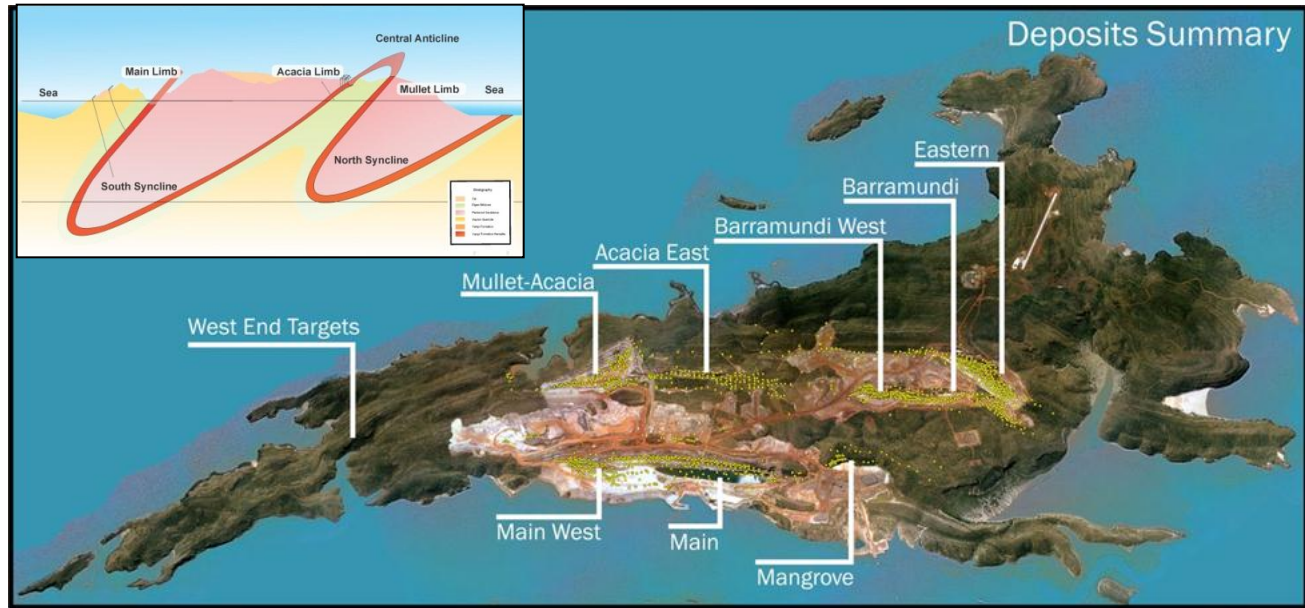
- New DSO operation
- First ore sales Dec 2011
- Nameplate capacity of 3Mtpa
- Low strip ratio ~ 1:1
- Robust low cost operation
- Strong cash generator
- FY2013 focus on maximising sales from stockpiles
- Diversified customer base
- Mt Gibson Range DSO upside

Upgrades to Geraldton port and rail infrastructure have doubled MGI's export capacity from the Mid West to 6Mtpa

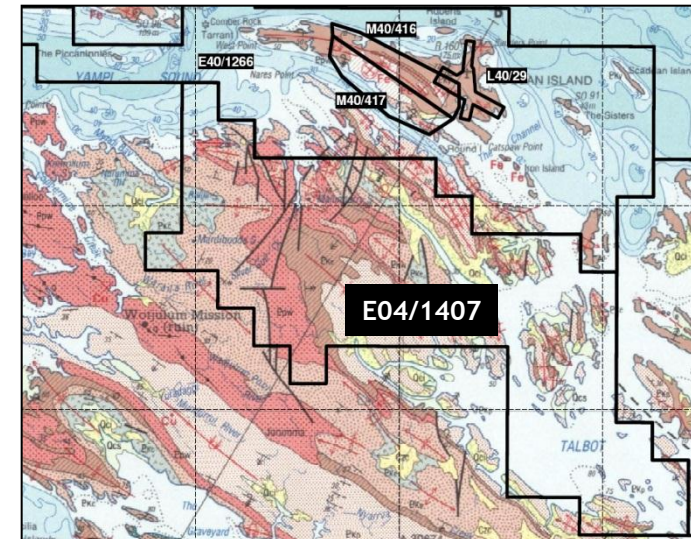
Koolan Island - optimising for the future



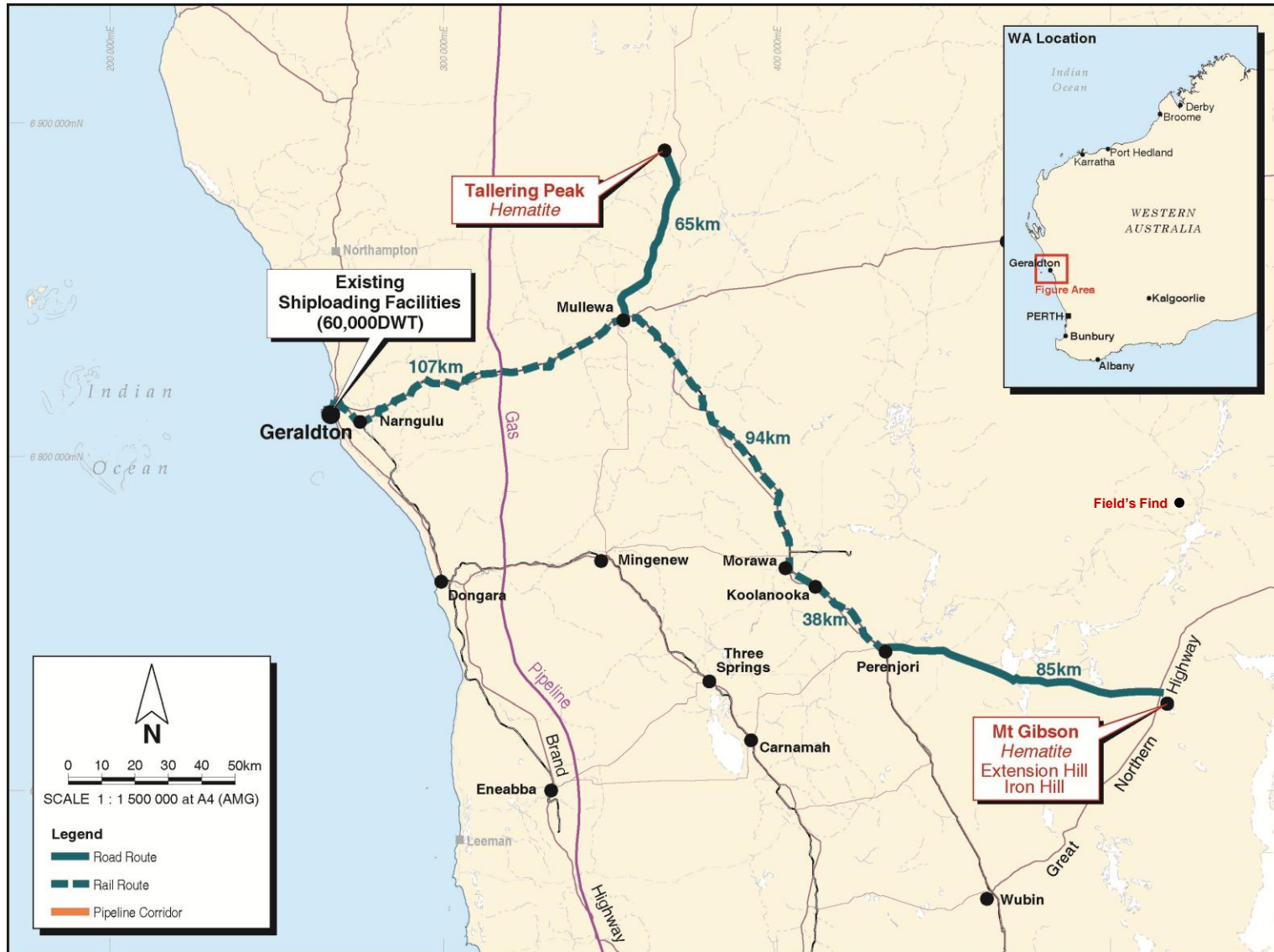
- Premium products – 63.5%Fe
- Simple logistics – no rail, standalone ship-loader
- Long life asset
 - +9 years @ 3Mtpa
 - +7 years @ 4 Mtpa
- Mineralised waste sales commenced
- Production optimisation plan being finalised – completion by end March Quarter
- Reviewing potential for early resumption of waste stripping and ramp-up in stronger market conditions
- Reviewing Main Deeps and other underground potential



- Planning exploration of Koolan South tenement (granted October 2012)
- Reviewing other potential long term opportunities to utilise existing ship-loading capacity



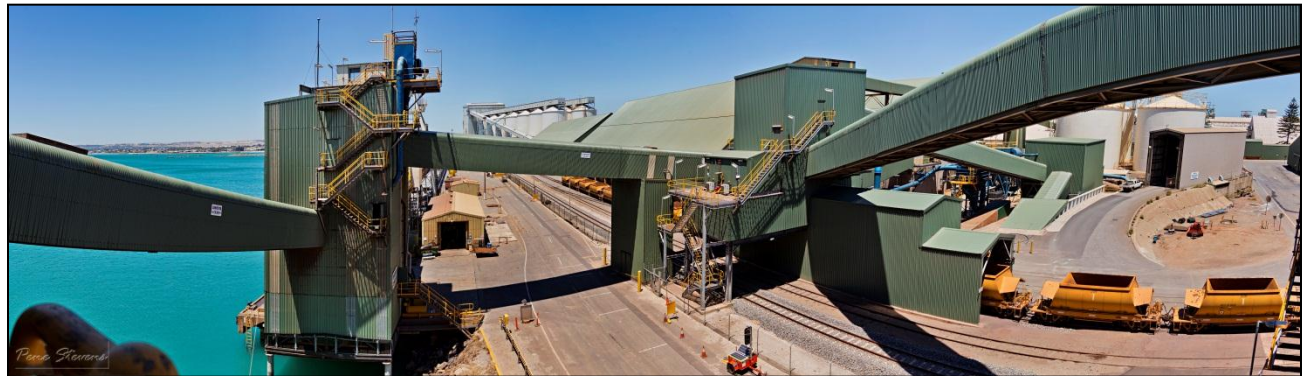
Mid West Operations



Geraldton Port - increased export capacity



- Infrastructure access a strategic asset - key barrier to entry for new producers
- MGI Mid West export capacity doubled to ~6Mtpa
- Total MGI port storage capacity trebled to 360,000t
- 50 year leases over port land (Berth 4 shed from 2002, Berth 5 shed from 2008)
- New rail unloader fully commissioned and ramp-up completed September 2012
- Regional rail upgrade completed October 2012
- Full rail availability from November 2012
- Discussions underway to secure additional train paths



A strategic asset, essential to get product to market

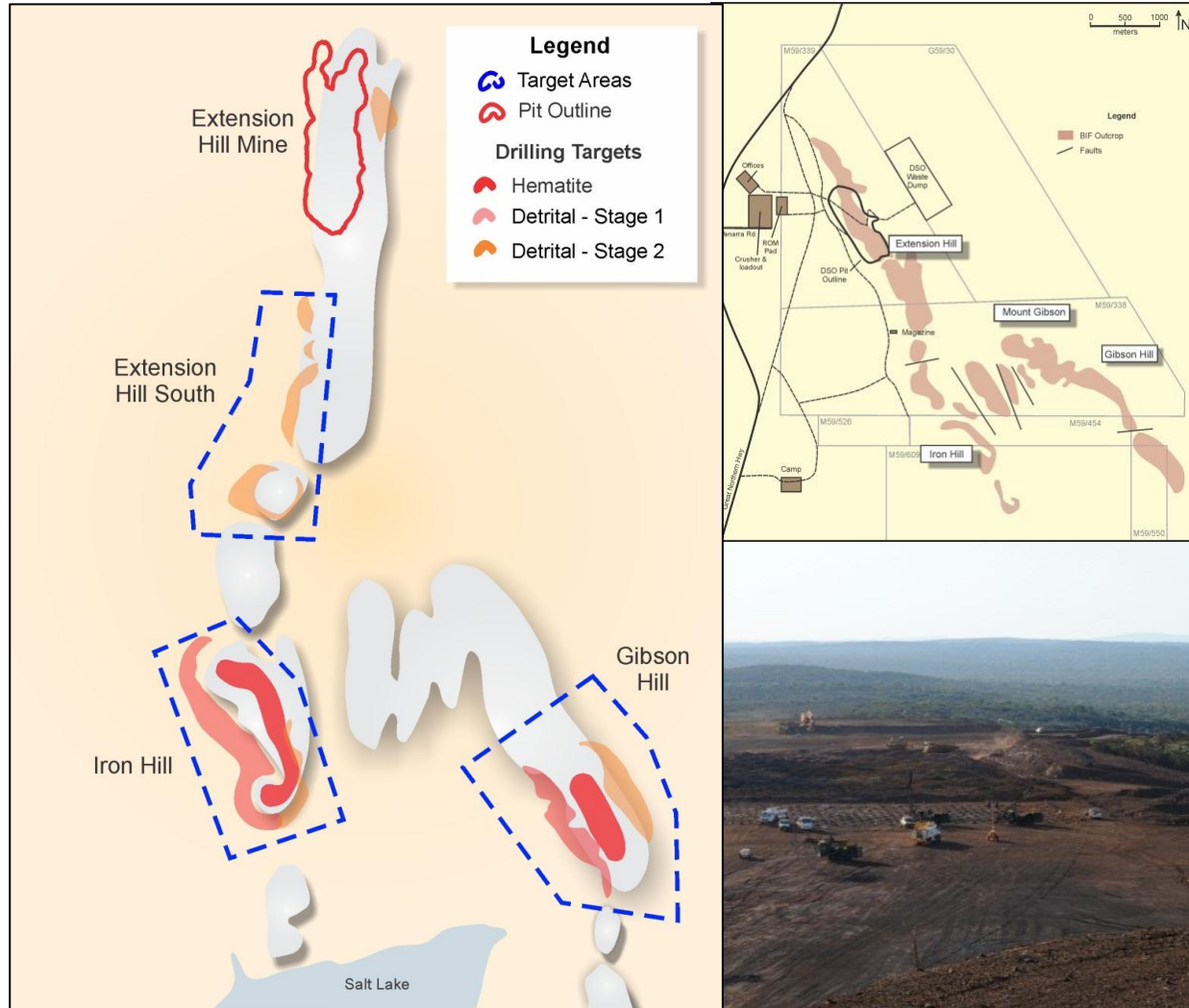
Extension Hill - exploration upside



- Simple, low cost operation, life of mine strip ratio ~1:1
- Nameplate capacity of 3Mtpa
- Diversified customer base
- Uncommitted volumes under discussion with prospective new customers
- First spot cargo sold November 2012

Growth Potential:

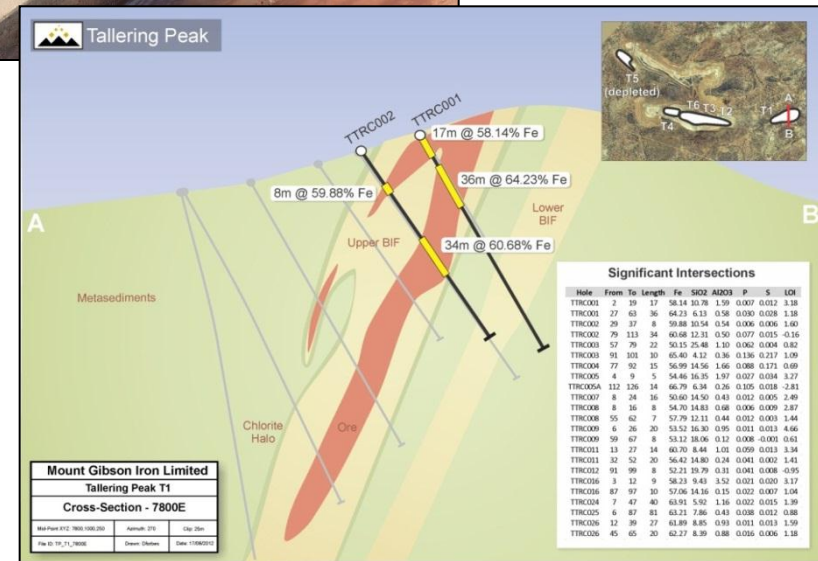
- Significant additional DSO potential in Mount Gibson Range
- DSO opportunities at Iron Hill and Gibson Hill
- Exploration access subject to regulatory approvals



Tallering Peak - finetuning in its final year



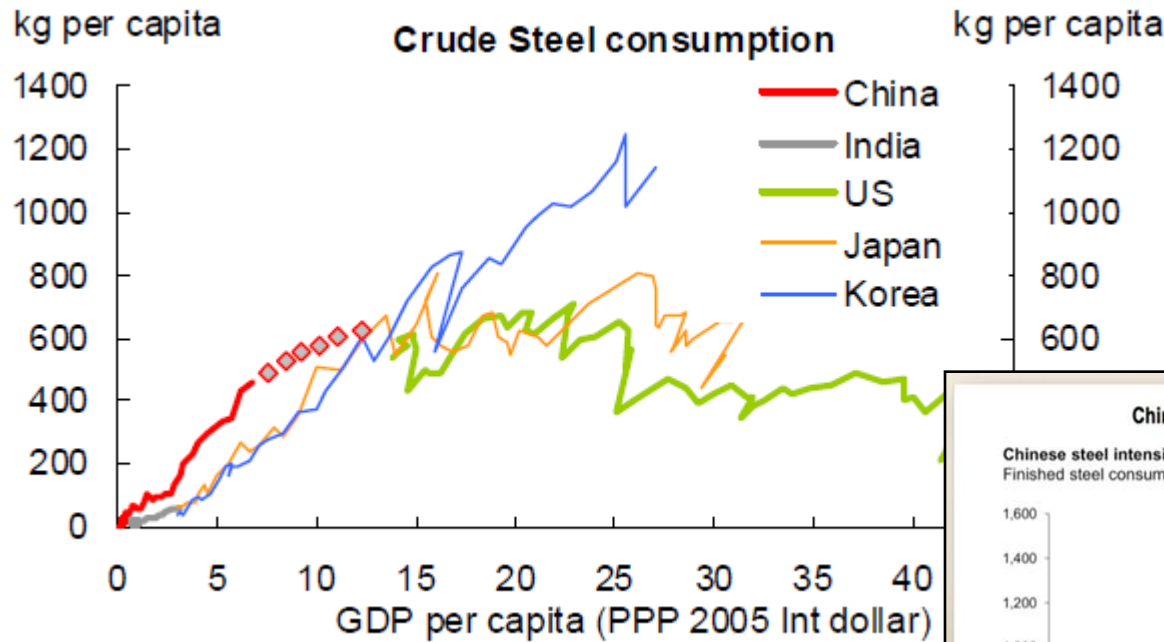
- Mining scheduled for completion in November 2013
- On track to yield ~2.5 Mt standard product in FY2013
- Commenced sales of low-grade product
- Sales from low-grade stockpiles (~1 Mt) to continue into FY2014
- Potential for short extension of DSO production
 - T1 resource/reserves being finalised
 - Detailed mine planning underway
 - Targeting commencement in late 2013, subject to timely approvals



Pursuing growth - hitched to Chinese steel



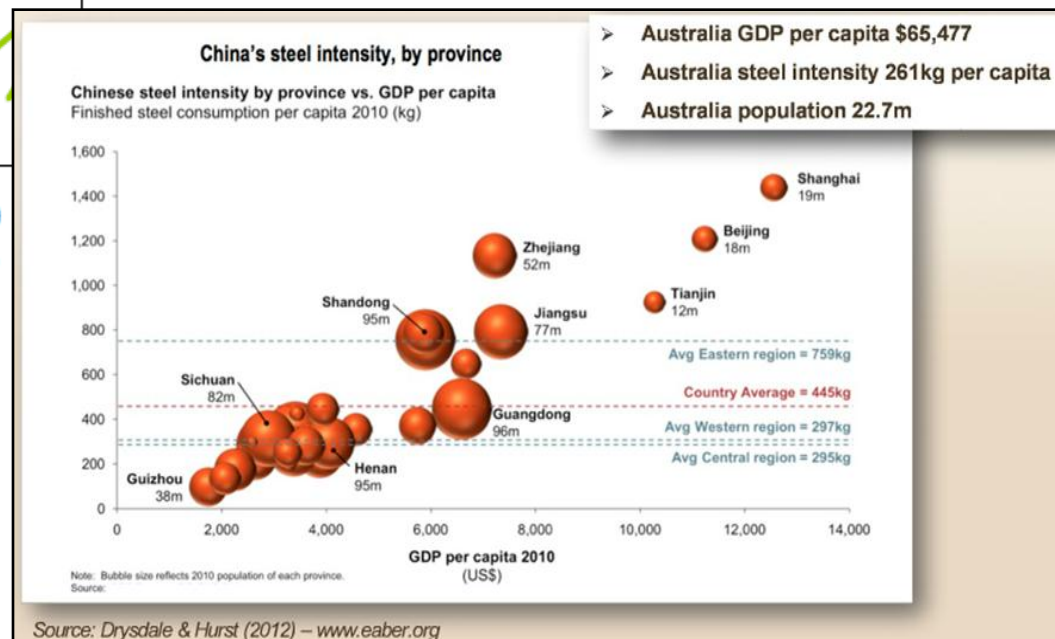
The long term outlook remains strong – Chinese steel consumption has a long way to run



Source: NBS, World Bank, Macquarie Research Nov 2012

Chinese steel intensity remains well down the curve compared with other developed economies.

Urbanisation remains a key driver of Chinese steel consumption, with regeneration of existing urban centres also becoming important to underlying demand.



- Australia GDP per capita \$65,477
- Australia steel intensity 261kg per capita
- Australia population 22.7m

Pursuing growth - the pathway



Optimising existing business, now pursuing M&A and exploration-driven growth

PRIORITIES

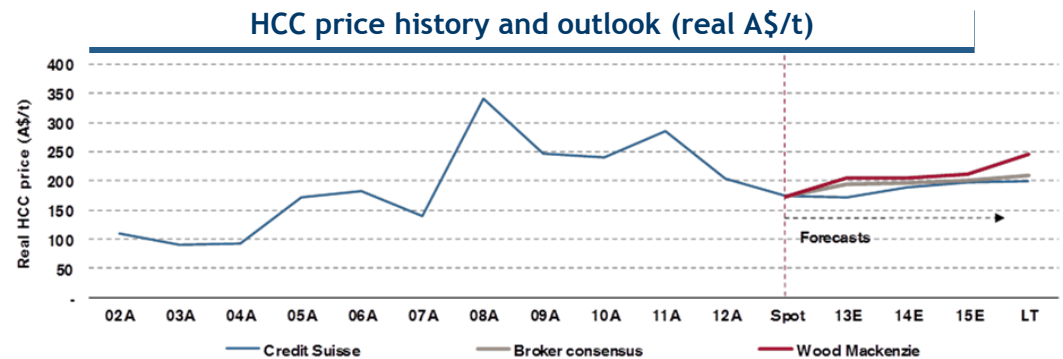
- Target further cost control and elimination of waste/inefficiencies
- Further broaden customer base
- Complete optimisation of Koolan mine plan
- Complete T1 development plan
- Continue to reinvigorate exploration strategy and expand footprint, particularly to capitalise on strategic export capacity in Mid West
- Continue to target opportunities in carbon steel materials that:
 - complement existing business
 - extend production profile and lower cost
 - produce quality sought-after products

Looking beyond Mid West “bolt-ons”



Disciplined approach:

- Targeting bulk carbon steel materials we know and have positive fundamentals
 - DSO iron ore
 - Coking coal
- Low capital intensity
 - Minimal processing
 - Conventional products
- Access to export infrastructure
 - existing or near-term
- “Australia-first” preference
- Digestible acquisition cost
 - Not betting the farm
- Digestible development costs
 - from cash flow and/or
 - modest project debt



Thank You



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Additional information



Total Group Mineral Resources and Reserves at 30 June 2012

	Tonnes millions	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %
Mineral Resources	95.2	61.6	8.29	1.19	0.03
Mineral Reserves	44.3	62.6	6.40	1.16	0.03

NOTE: All estimates quoted to three significant figures. Rounding errors may occur.

Attributions

The information in this report relating to Mineral Resources is based on information compiled by Rolf Forster, who is a member of the Australasian Institute of Mining and Metallurgy. Rolf Forster is a consultant to Mount Gibson Mining Limited, and has sufficient experience relevant to the styles of mineralisation and type of deposit under consideration and to the activity he is undertaking, to qualify as a Competent Person as defined in the December 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Rolf Forster has consented to the inclusion of the matters in this report based on his information in the form and context in which it appears. The information in this report relating to Mining Reserves is based on information compiled by Rolf Forster and Weifeng Li, who are both members of the Australasian Institute of Mining and Metallurgy. Rolf Forster and Weifeng Li are consultants to Mount Gibson Mining Limited, and have sufficient experience relevant to the styles of mineralisation and type of deposit under consideration and to the activity which they are undertaking, to each qualify as a Competent Person as defined in the December 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Rolf Forster and Weifeng Li have consented to the inclusion of the matters in this report based on their information in the form and context in which it appears.

Koolan Island

Mineral Resources, above 50% Fe

	Tonnes millions	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %
Measured	10.8	59.6	13.0	1.04	0.02
Indicated	44.3	64.1	6.70	0.77	0.01
Inferred	13.7	60.6	12.1	0.63	0.01
Total	68.9	62.7	8.77	0.78	0.01

Ore Reserves

Proved	5.46	60.0	13.2	0.50	0.01
Probable	23.8	65.0	5.26	0.87	0.01
Total	29.3	64.1	6.73	0.80	0.01

Extension Hill

Mineral Resources, above 50% Fe

Measured	12.0	58.0	6.69	2.16	0.06
Indicated	5.14	58.0	8.91	1.67	0.06
Inferred	2.26	62.6	5.13	1.25	0.05
Total	19.4	58.6	7.10	1.93	0.06

Ore Reserves

Proved	8.97	59.3	5.30	1.84	0.06
Probable	3.26	59.9	7.12	1.25	0.06
Total	12.2	59.5	5.78	1.68	0.06

Tallering Peak

Mineral Resources, above 50% Fe

Measured	3.48	61.5	4.76	2.65	0.04
Indicated	2.84	57.4	8.21	3.74	0.07
Inferred	0.61	55.8	12.8	2.90	0.06
Total	6.93	59.3	6.88	3.12	0.05

Ore Reserves

Proved	1.77	63.0	4.14	1.97	0.03
Probable	1.02	57.5	8.11	3.86	0.05
Total	2.80	61.0	5.59	2.66	0.04

NOTE: All estimates quoted to three significant figures. Rounding errors may occur.