

Financial Results FY2013

22 August 2013

MOUNT GIBSON IRON LIMITED



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FY2013

Significantly stronger operating performance



- Record ore sales of 8.8 Mwmt, up 68% yoy
- Record Mid West sales of 5.3 Mwmt, up 124%
- Koolan Island sales of 3.5 Mwmt, up 22%
- Koolan Island ramp-up to 4 Mtpa commenced
- Talling Peak mine life extended to mid 2014
- 9.0 to 9.5 Mwmt sales guidance in FY2014



Note: "Mwmt" means million wet metric tonnes, the standard unit of measurement for iron ore production and sales.

FY2013

Another strong financial performance delivered



- Record sales revenue of **\$852.9m**, up 32% yoy
- Net profit after tax of **\$157.3m**
- Underlying net profit after tax of **\$92.9m**, excluding MRRT tax credit*
- Net operating cash flow of **\$179.7m**, up 220%
- EBITDA of **\$330.7m**
- Cash up \$83m to **\$376m** at 30 June 2013
- Fully franked final dividend of **2.0 cps**, full year payout maintained at **4.0 cps**
- Nil bank debt, equipment leases of \$28.4m



**The underlying basis is a non-IFRS measure that in the opinion of the Directors provides useful information to assess the Company's financial performance. This non-IFRS measure is audited.*

Strong sales driven by stockpile drawdown



12 months ended:		30-Jun-13	30-Jun-12
Tonnes mined	<i>Mwmt</i>	5.8	7.3
Tonnes sold	<i>Mwmt</i>	8.8	5.2
Sales revenue	<i>\$ mill</i>	852.9	648.5
Interest income	<i>\$ mill</i>	11.9	20.4
Cost of goods sold	<i>\$ mill</i>	(698.3)	(413.5)
Gross profit	<i>\$ mill</i>	166.5	255.4
Admin and other expenses/income	<i>\$ mill</i>	(30.8)*	(23.4)
Finance costs	<i>\$ mill</i>	(7.3)	(7.3)
Profit before tax	<i>\$ mill</i>	128.4	224.6
Tax (expense)/benefit	<i>\$ mill</i>	28.9	(62.6)
Net profit after tax	<i>\$ mill</i>	157.3	162.0

*Includes centralised mine support services and one-off items related to dispute settlements

FY2013

Cash operating costs driven lower by stockpile drawdown



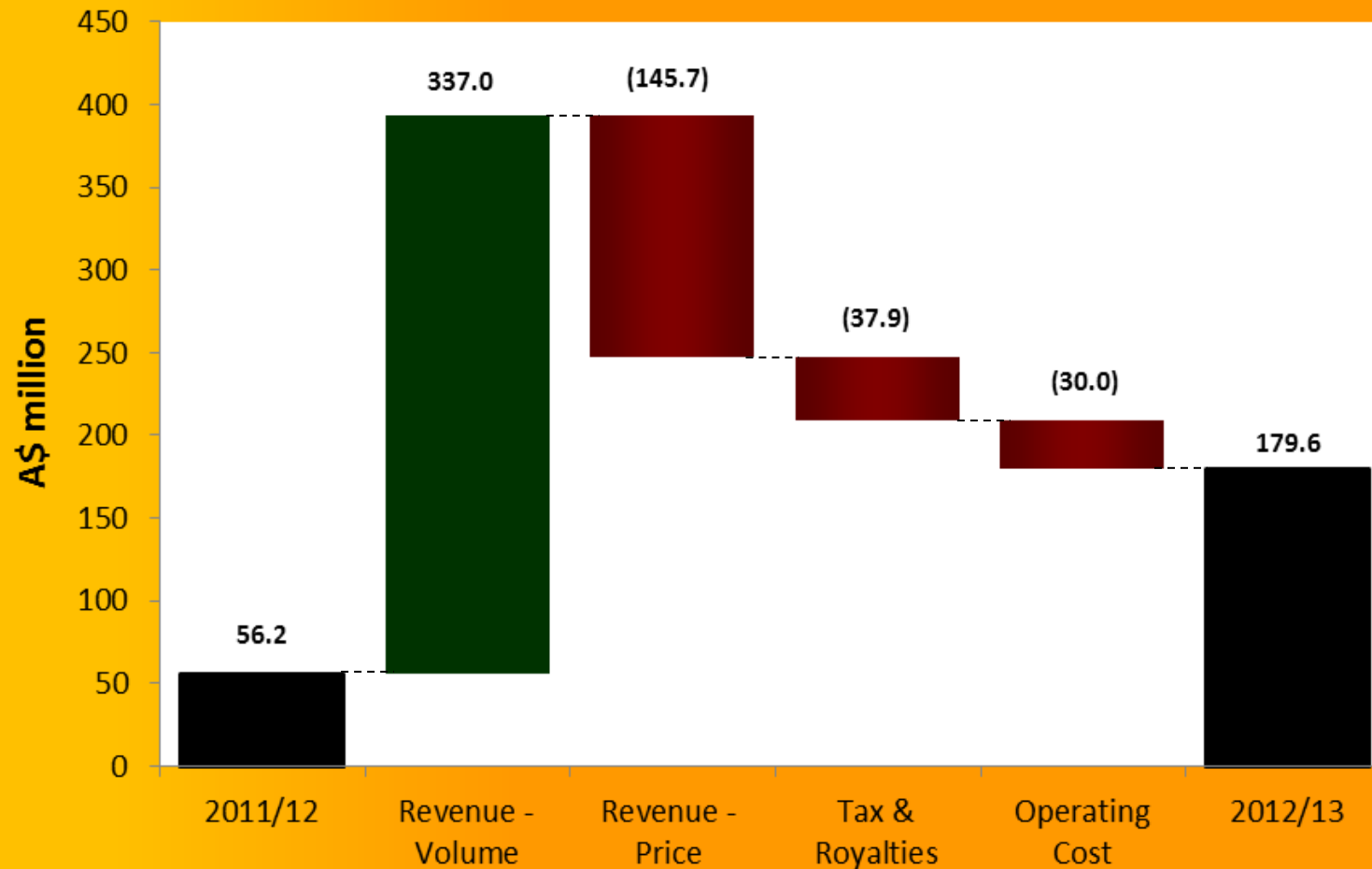
12 months ended 30 June:	2013		2012	
Sales Volume (Mwmt)	8.8		5.2	
Sales Revenue (A\$m)	852.9		648.5	
Realised Price (A\$/wmt sold)	97.24		124.42	
Cost breakdown	A\$m	A\$/wmt sold	A\$m	A\$/wmt sold
Total Cost of Goods Sold	698.3	79.61	413.5	79.34
Less: depreciation and amortisation	(194.4)	(22.16)	(119.7)	(22.97)
Add: deferred waste mining costs	100.9	11.50	209.6	40.21
Add: ore stockpiles inventory movement	(53.4)	(6.09)	41.2	7.90
Add: Other non-cash expenses	(4.6)	(0.53)	(3.2)	(0.60)
Cash operating expenditure including deferred waste mining and royalties	546.8	62.34	541.4	103.87
Less royalties	(64.8)	(7.39)	(47.0)	(9.01)
Cash operating expenditure excluding royalties	481.9	54.95	494.4	94.86

FY2013

Significantly increased operating cashflow

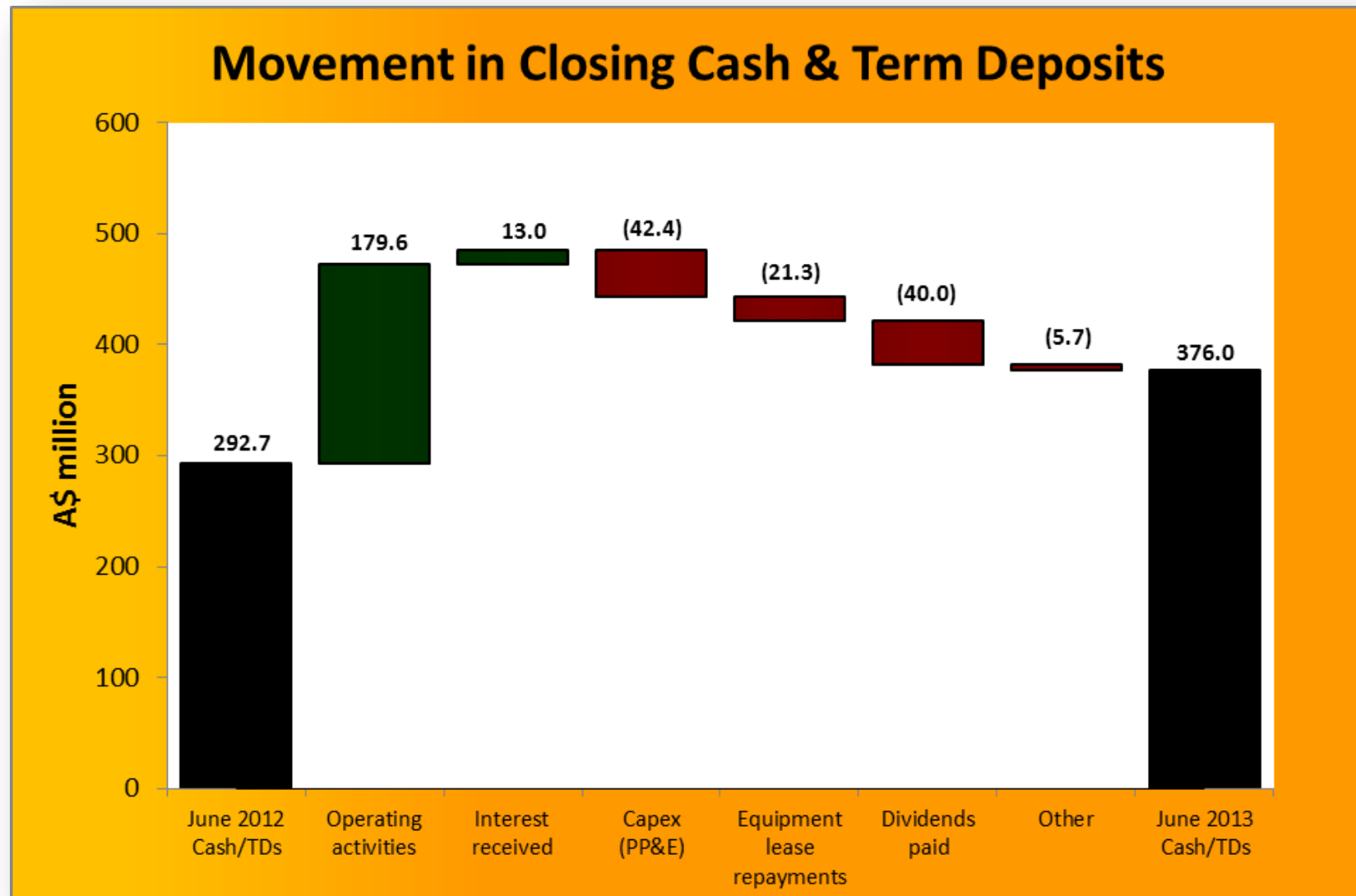


Comparison of Operating Cash Flows



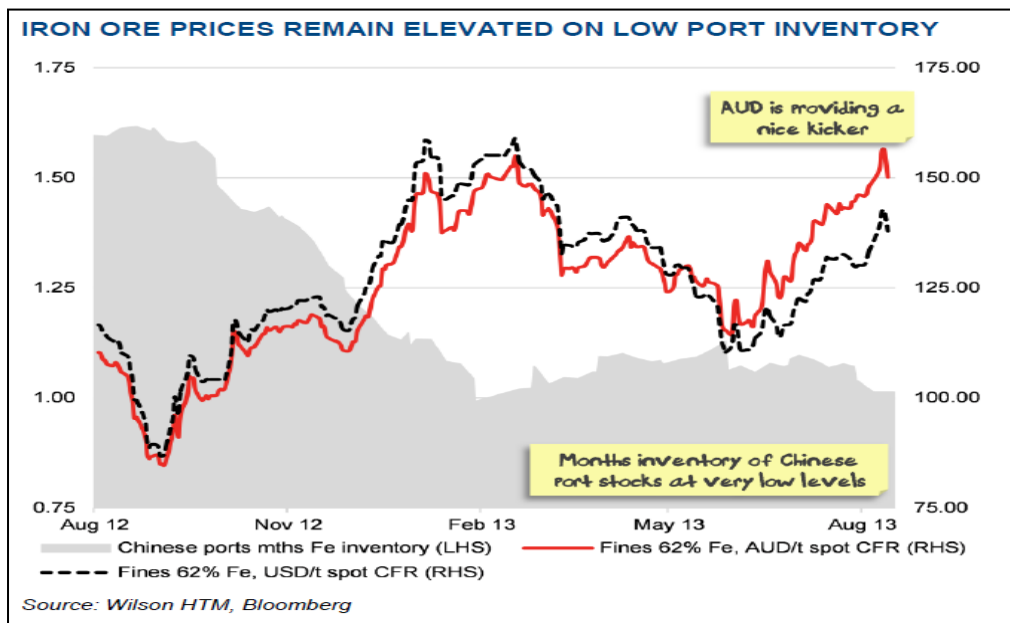
FY2013

Cash levels continue to build



- Total FY2013 cash expenditure reduced by \$140m in line with October 2012 guidance
- Permanent savings of at least \$50m in line with guidance, including:
 - Significant net workforce reduction (~130 positions)
 - Significant labour productivity improvement
 - Focus on waste elimination (e.g. 30+ light vehicles removed from Koolan Island, 60+ surplus equipment items taken off hire)
 - Centralisation of support services to Perth
- Further opportunities targeted in FY2014:
 - Labour productivity increasing to plan
 - Further elimination of waste, duplication and other inefficiencies

Iron ore outlook remains healthy for A\$ producers



In the short term...

- ore inventories at Chinese ports remain extremely low compared with H2 2012
- Chinese steel mill production remains at historic highs
- Chinese economic growth is forecast to remain healthy at ~7% pa on a larger base
- potential for substantial short term destocking is limited

And in the long term...

- the outlook for underlying iron ore demand growth remains healthy
- planned supply side increases historically take much longer and deliver smaller volume increases than originally proposed
- the Australian dollar is expected to continue to soften towards a long term average below US\$0.90
- AUD producers will benefit from comparatively stronger iron ore prices and lower costs

Five Year Performance Summary



12 months ended:		30 June 2009	30 June 2010	30 June 2011	30 June 2012*	30 June 2013
Mineral Resources	Mt	104.7	108.6	103.3	95.2	To be released
Mineral Reserves	Mt	56.7	56.4	52.0	44.3	To be released
Operating Mines	#	2	2	3	3	3
Sales	M wmt	5.4	6.5	5.2	5.2	8.8
Ore tonnes mined	M wmt	5.9	7.3	5.4	7.3	5.8
Total tonnes mined (ore & waste)	M wmt	33.7	36.8	26.8	48.3	28.1
Employees (excl. contractors)	#	275	327	464	694	599
Revenue	A\$m	431.7	555.3	693.2	668.9	864.8
Average realised price	A\$/wmt	78.80	82.67	128.36	124.42	97.24
Cost of Goods Sold	A\$m	(293.5)	(357.5)	(325.1)	(413.5)	(698.3)
Cost of Goods Sold	A\$/wmt	54.36	55.12	62.09	79.34	79.61
EBITDA	A\$m	309.6	484.8	575.6	352.0	330.7
EBIT	A\$m	78.7	206.5	355.9	231.9	135.8
Profit Before Tax	A\$m	61.7	188.3	342.9	224.6	128.4
Net Profit After Tax	A\$m	42.6	132.4	239.5	162.0	157.3
Earnings per Share	A\$/share	0.05	0.12	0.22	0.15	0.14
Dividend	A\$/share	-	-	0.04	0.04	0.04
Dividend Payout ratio	% NPAT	-	-	18%	27%	29%
Net Assets/Equity	A\$m	780.5	926.9	1,166.5	1,071.3	1,182.0
Return on Equity (NPAT/Equity)	%pa	5.5%	14.3%	20.5%	15.1%	13.3%
Operating Cashflow (after tax)	A\$m	99.5	169.1	222.4	56.2	179.7
Cash	A\$m	222.2	347.4	387.0	292.7	376.0

* Financial results restated in 2012/13 upon adoption of new accounting requirements for waste mining.

Supplementary information



Multiple sites provide operational flexibility



Koolan Island Mine

- Premium DSO lump and fines
- Ramping up to 4 Mtpa by end 2014
- Long life asset with dedicated shiploader

Mid West Region

Talling Peak, Extension Hill & Geraldton Port facilities

Talling Peak Mine

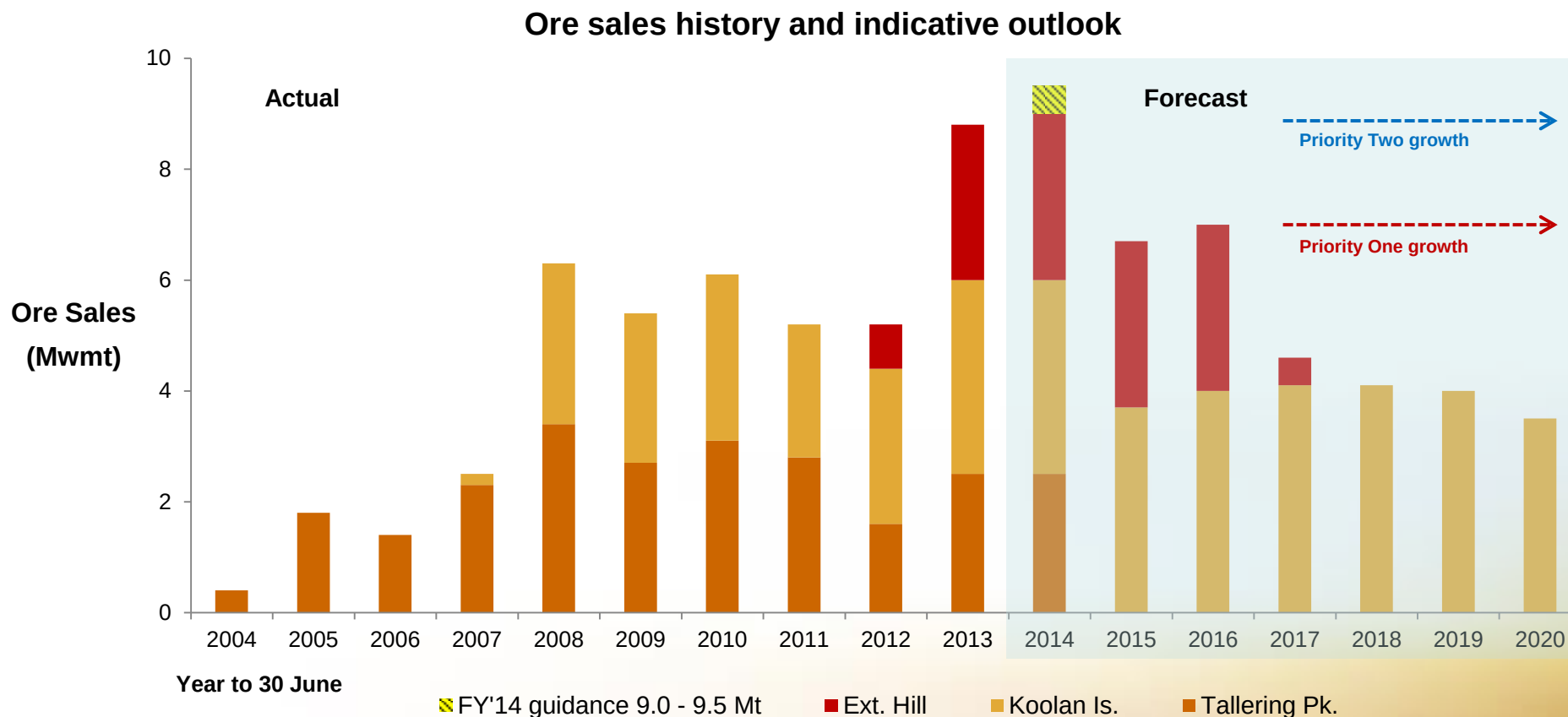
- Mine life extended to mid 2014
- Targeting ~2.5 Mt DSO sales in FY2014

Extension Hill Mine

- Low cost 3 Mtpa operation
- High potential near-mine and regional exploration targets

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

Strong sales profile and credible growth strategy



- > Priority One growth: targeting replacement tonnes in the Mid West via near-mine exploration, stockpile sales, regional M&A
- > Priority Two growth: targeting new production through broader exploration, development and M&A opportunities

**Forecast ore sales are indicative only, and include all products except lower grade ore from Extension Hill stockpiles, which totalled 1.8Mt at 30 June 2013 with a further 2.5Mt to be stockpiled over the mine life. Actual future sales remain subject to future mine performance, continuous optimisation, exploration success and general market factors.*

Koolan Island – optimising a quality long life asset



Long life asset

- 7 years at 4Mtpa

Simple logistics

- No road/rail, dedicated ship-loader

High value products

- DSO lump and fines, plus Rizhao Special Product

Optimised ramp up to 4 Mtpa

- Reducing unit mining costs and increasing productivity

Value-add opportunities

- Resource:reserve conversion upside
- Koolan South exploration commenced



Tallering Peak – a prime example of extracting extra value



- An extra year of high value production
- Total ore sales of 2.5Mt targeted for FY2014
- T6 pit life extended to January 2014
- T1 development underway, first ore expected September 2013
- Mining operations to conclude mid 2014
- Stockpile sales of ~700kt in FY2014
- Stockpile sales generate strong cash margins at current prices
- Final ore sales in September Qtr 2014



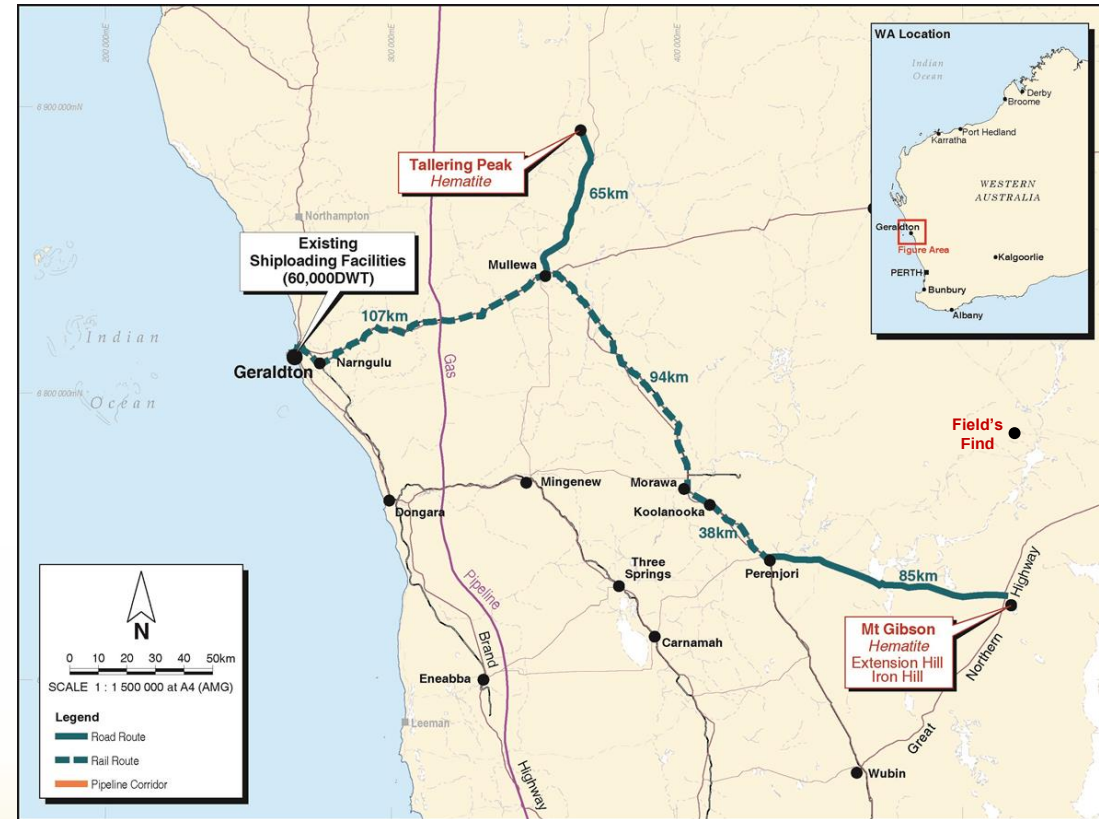
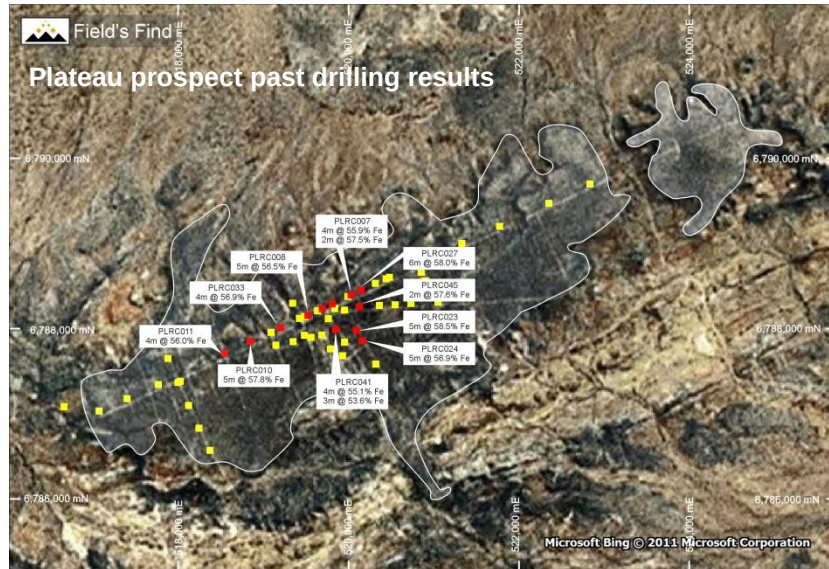
Extension Hill – the jewel of the Mid West



- Simple, low cost operation
- Initial five year mine life at 3Mtpa
- First sales achieved December 2011
- Total sales of 2.8 Mt in FY2013
- Established rail and port access
- Rail constrained to 3Mtpa, potential to secure additional train paths
- High potential near-mine DSO targets with known mineralisation
- Exploration access subject to regulatory approvals



Field's Find – greenfields potential near Extension Hill



- Low cost entry to 250 sqkm land package ~65km from Extension Hill
- Confirmed hematite targets from past drilling
- Permitting well advanced
- Drilling approvals expected in current quarter

Geraldton Port – established port access is priceless



- Infrastructure access - key barrier to entry for new producers
- Provides MGX leverage to regional opportunities
- MGX Mid West export capacity doubled to ~6Mtpa
- Total MGX port storage capacity trebled to 360,000t
- +40 year leases over port land (Berth 4 and Berth 5 sheds)
- Rail unloader upgraded
- Regional rail link upgraded



A disciplined approach to longer term growth



What are we looking for?

- Iron Ore
- Other bulk carbon steel materials
- Low capital intensity
- “Australia-first” preference
- Digestible acquisition and development cost

What is our competitive strength?

- Robust balance sheet, supportive major shareholders
- Experienced in project delivery
- Demonstrated operational improvement capability
- Record of disciplined application of capital

- Shareholders can expect continued application of our disciplined operational and project delivery capabilities to any new opportunities

Summary



Mount Gibson Iron has:

- Established and profitable iron ore operations
- Strong cash reserves
- Record of strong financial performance
- Credible management
- Demonstrated capability to deliver business improvement and manage market volatility
- Cost focused
- High potential organic resource growth opportunities
- Disciplined long-term growth strategy



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Appendix – Mineral Resources and Ore Reserves

(at 30 June 2012, except for T1 as stated)



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.

Total Group Mineral Resources and Ore Reserves as 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
Ore Reserves	44.3	62.6	6.40	1.16	0.03

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

T1 Mineral Resources and Ore Reserves at 16 July 2013

Mineral Resources above 50% Fe	Tonnes (Mt)	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %
Indicated	1.33	60.6	10.8	0.60	0.04
Inferred	0.08	56.9	19.2	0.32	0.07
Total	1.40	60.4	11.3	0.58	0.04

Ore Reserves

Probable	0.801	61.0	10.0	0.70	0.03
Total	0.801	61.0	10.0	0.70	0.03

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

Mineral Resources are reported inclusive of Ore Reserves.
Updated Mineral Resource and Ore Reserve estimates will be published in September 2013.

Appendix - Attributions



Attributions

The information in this report that relates to Exploration Results is based on information compiled by Gregory Hudson, who is a member of the Australian Institute of Geoscientists. Gregory Hudson is an employee of Mount Gibson Iron Limited group, 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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Gregory Hudson 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 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 Weifeng Li, who is a member of the Australasian Institute of Mining and Metallurgy. Weifeng Li 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 which is being undertaking, to qualify as a Competent Person as defined in the December 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Weifeng Li has consented to the inclusion of the matters in this report based on their information in the form and context in which it appears.

The information in this report relating to T1 Mineral Resources is based on information compiled by John Graindorge, who is a member of the Australasian Institute of Mining and Metallurgy (MAusIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking 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". John Graindorge is a full-time employee of Snowden Mining Industry Consultants Pty Ltd, and has consented to the inclusion of the matters in this report based on his information in the form and context in which it appears.