

October Investor Presentation



Built on quality **MGX**

14 October 2014

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Investments in shares in MGX are considered highly speculative.

JORC COMPLIANCE STATEMENT – Iron Hill Exploration Target, Extension Hill South Project

The Iron Hill Prospect at the Extension Hill South Project has an Exploration Target of 5 - 7 million tonnes grading 58-61% Fe (refer ASX release 13 February 2014 for full details). The potential quantity and grade of this Exploration Target is conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource. It is uncertain if further exploration will result in a Mineral Resource. The information in this report that relates to Exploration Targets and 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.

Company snapshot – strong fundamentals



A leading mid-tier iron ore exporter

- Issued capital 1090.8 million shares
- Index S&P/ASX 200
- Market cap¹ A\$500 million
- Cash and term deposits² A\$465 million
- Debt³ A\$9.5m equipment leases

Financials (year ended 30 June)		2009	2010	2011	2012	2013	2014
Sales volumes	Mwmt	5.4	6.5	5.2	5.2	8.8	9.7
Sales	A\$m	425	536	672	648	853	898
NPAT	A\$m	42.6	132.4	239.5	172.5	157.3	96.4
<i>Underlying NPAT*</i>	<i>A\$m</i>	<i>42.6</i>	<i>132.4</i>	<i>239.5</i>	<i>172.5</i>	<i>92.9</i>	<i>117.7</i>
EPS	cps	4.6	12.3	22.1	15.0	14.5	8.8
<i>Underlying EPS*</i>	<i>cps</i>	<i>4.6</i>	<i>12.3</i>	<i>22.1</i>	<i>15.0</i>	<i>8.5</i>	<i>10.8</i>
DPS	cps	0	0	4.0	4.0	4.0	4.0
Payout ratio	%	0	0	18	27	28	45

Shareholders

- APAC Resources ~26.6%
- Shougang Fushan ~15%
- Institutional investors ~36%

Notes:

1. Share price of \$0.46/share as at 10 October 2014.

2. At 30 September 2014.

3. At 30 June 2014, excluding performance bond contingent facility drawn to \$57.2m.

*Underlying NPAT excludes non-cash accounting adjustments related to MRRT. 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.

Business overview



Koolan Island

- Premium DSO lump and fines
- Ramping up to 4 Mtpa run rate
- Long life asset with extension potential
- Simple logistics, remaining LOM strip ratio ~4.5:1

Mid West Region

Tallering Peak, Extension Hill, Shine & Geraldton Port facilities

Tallering Peak

- Site closed in Sept 2014 after Q1 sales of 234 kwmt

Extension Hill

- 3 Mtpa, remaining LOM strip ratio 0.6:1
- Excellent life extension potential – Iron Hill, Gibson Hill

Shine Project

- Potential ~1.6Mtpa DSO project, option for rapid low-capex development

Geraldton Port

- MGX Mid West export capacity of 6 Mtpa

Maximising value – a simple strategy

Leverage off
existing asset
base to extract
maximum value

- Cost reduction and elimination of waste
- Operational optimisation and business improvement
- Extension of production profile:
 - Optimise resources and reserves inventory
 - Brownfields exploration
 - Expand footprint within operational halo
 - Leverage off existing operations, logistics footprint, and customer relationships
- Capitalise on balance sheet strength to secure value creation opportunities



Maximising value – a solid start to FY2015

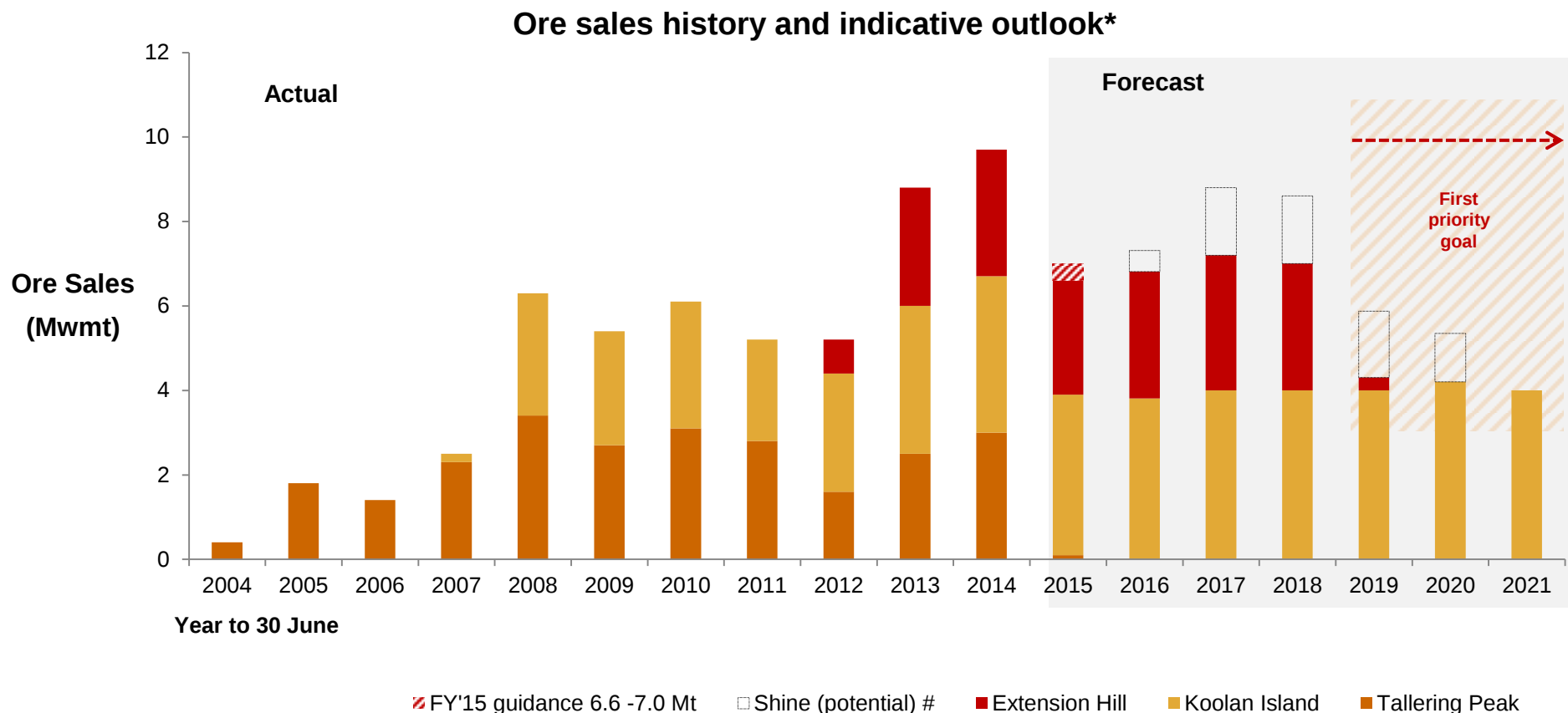


Strong
operating
performance in
September Qtr

- Cash of \$465m at 30 Sept, minimal debt
- Group ore sales 1.9 Mwmt
- Ore sales revenue of \$117m FOB
- On track to achieve 6.6 to 7.0 Mwmt in FY15
- Koolan Island unit cash mining and admin costs reduced to bottom end of guidance of \$7-9/t moved
- Further productivity improvement expected following delivery of replacement mining fleet



Optimising the sales profile



Projected ore sales shown are indicative only, and include all iron ore products. Actual future sales remain subject to future mine performance, continuous optimisation, exploration success and general market factors. FY2015 sales guidance is 6.6 to 7.0 Mt as indicated

#Shine development deferred and potential future sales subject to decision to proceed. Indicative Shine sales reflect current Ore Reserves and in-pit Inferred Resources. Refer ASX release dated 7 March and slides at the end of this presentation for Mineral Resources and Ore Reserves information.

MGX – ore grade and quality set us apart



High quality ores:

- **Average Group Ore Reserves grade 62.0% Fe***
 - Koolan Island **63.9% Fe**
 - Extension Hill **58.4% Fe**
 - Shine **59.3% Fe**
 - Low moisture content (MGX average ~3%)
- **Low in contaminants**
 - Low Alumina - average 1.20% (Group Ore Reserves)*
 - Low Phosphorous – average 0.03% (Group Ore Reserves)*
- **Rising average sales grade:**
 - **~61% Fe** forecast group average ore sales grade in FY15



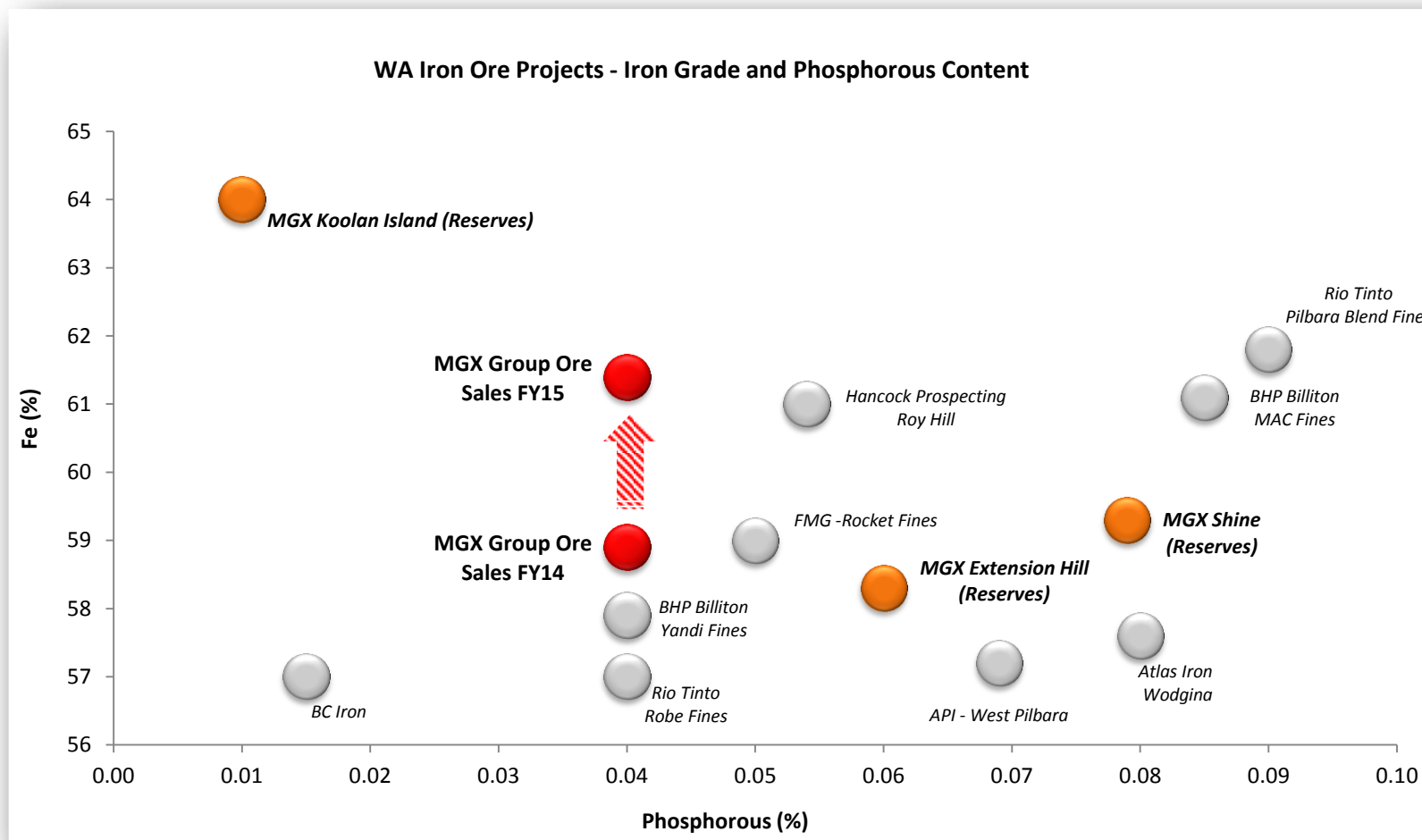
Note: Average MGX FY15 ore sales grade is projected to average ~61% Fe excluding any contribution from Shine, and subject to there being no sales of low grade material during the year.

*Refer slide at the end of this presentation for Mineral Resources and Ore Reserves information.

MGX – moving further up the quality curve



Mount Gibson's superior grade product mix protects it against increasing discounts for low grade products



Source: Mount Gibson Iron and public/company reports of Ore Reserves information and/or product specifications. MGX Group Ore Sales grades shown above reflect actual group average delivered grade in FY2014, and expected group average delivered grade for FY2015 based on current mine plans and expected product mix, MGX FY2015 sales grade is projected to average ~61% Fe excluding any contribution from Shine and subject to there being no sales of low grade material in the year. Refer slide at the end of this presentation for MGX Mineral Resources and Ore Reserves information.

Koolan Island – a unique high quality asset



Koolan Island – a unique high quality asset



- Long life asset: ~7 years*
- High quality DSO product
- 3.7 Mt sold in FY14, including RSP
- Ramping up to 4 Mtpa
- Ramp-up reducing unit mining costs and increasing productivity
- Sept Qtr unit mining costs at bottom end of \$7-9/t guidance range for total material moved in FY2015
- Mobile fleet replacement estimated at ~\$60m over two years:
 - ~\$45m to be incurred in FY2015
 - includes \$23m spent to end Sept Qtr
- Cash operating costs targeted to be in lowest cost quartile after Main Pit cutback completed



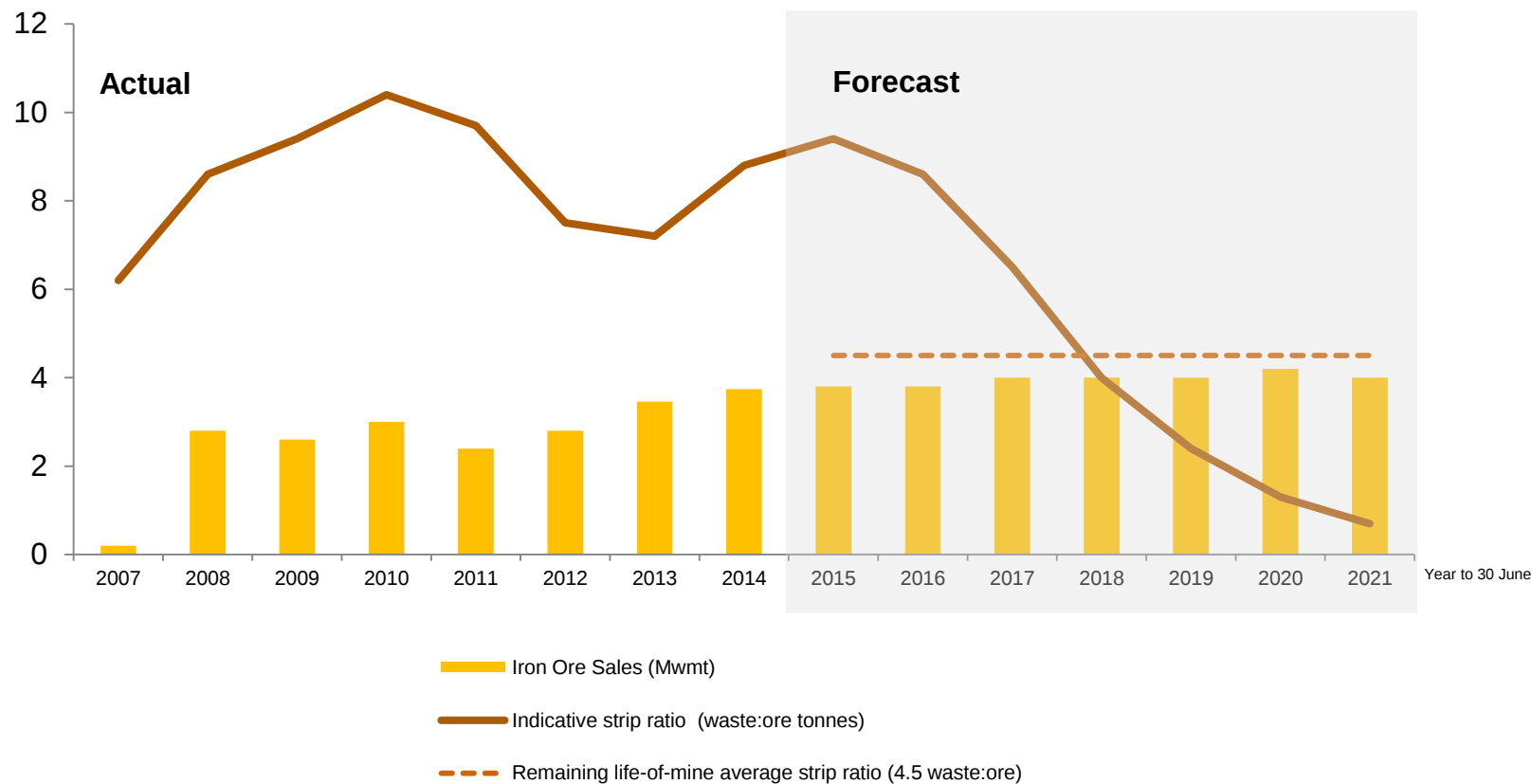
- Value-add opportunities:
 - Resource: Reserve conversion potential
 - West End targets

**Refer slides at end of presentation for Mineral Resource and Ore Reserve information.*

Koolan Island – recapitalising for strong future cashflow

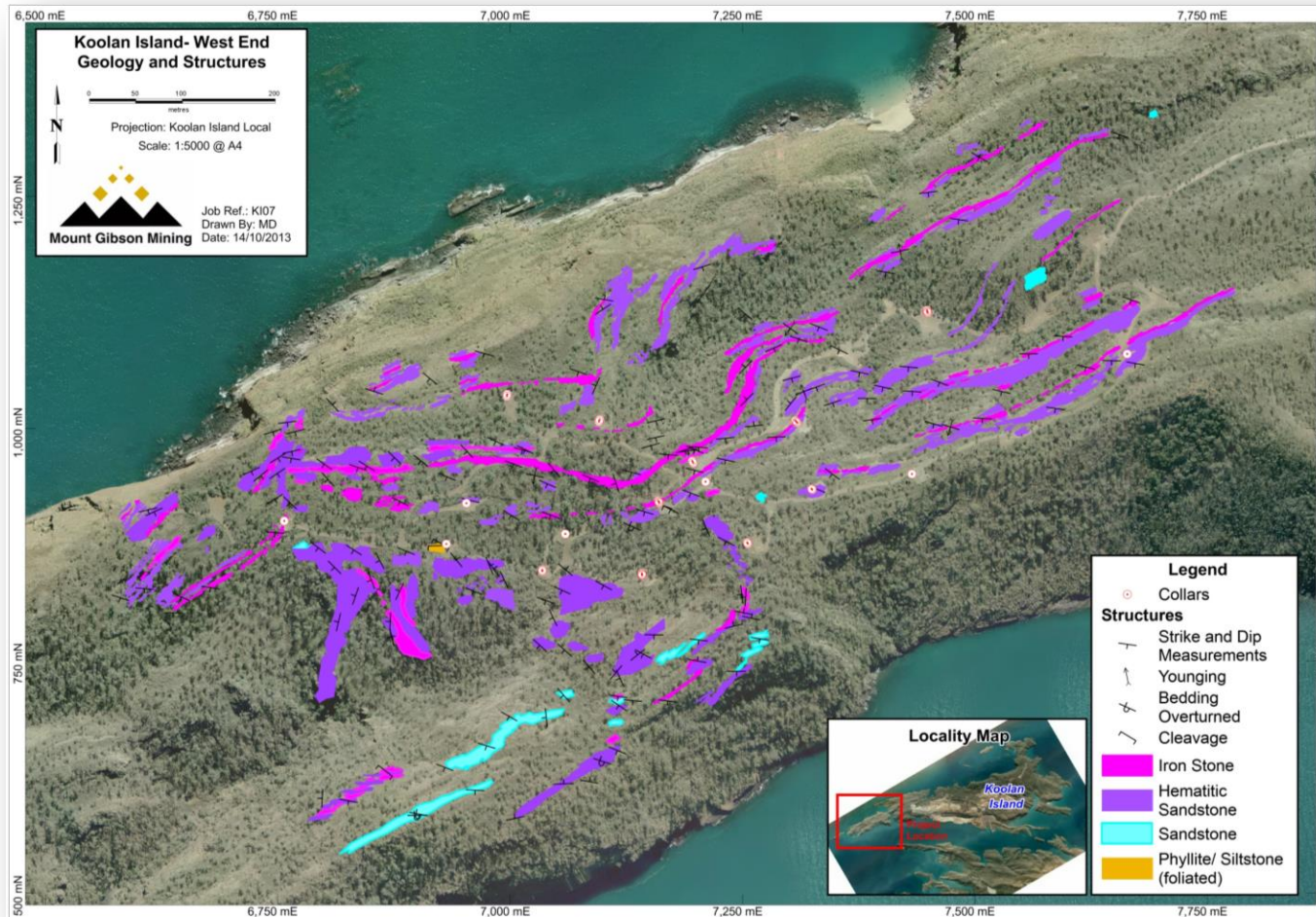


Indicative Koolan Island waste stripping and iron ore sales profile



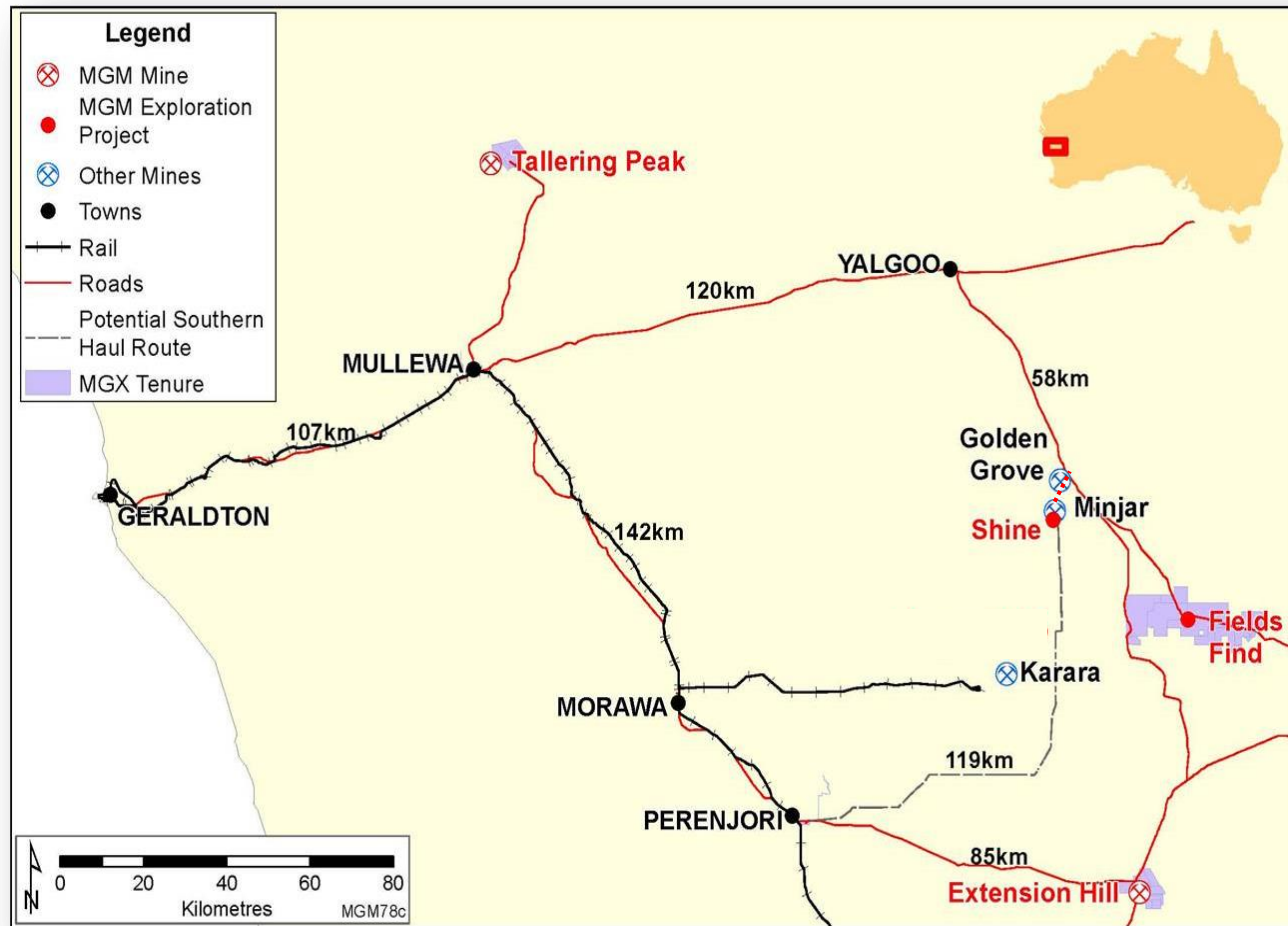
* Forecast ore sales shown are indicative only, and include all iron ore products. Actual future sales remain subject to future mine performance, continuous optimisation, exploration success and general market factors. Refer slide at end of presentation for Mineral Resources and Ore Reserves information.

Koolan Island – West End exploration



- Program of Works (PoW) approved for 33 hole RC programme
- Contractor engagement and mobilisation underway
- Work planned to commence in October
- Drilling to test for extensions of hematite sandstone mineralisation from 2013 mapping
- Reconfirm mineralisation intercepted in 2011 drilling

Mid West – established infrastructure and potential to grow resources



- Established infrastructure footprint gives MGX a competitive edge
- Extension Hill region shaping as a potential resources hub
- Shine Hematite Project – Low-capex DSO opportunity
- Positive results from initial RC drilling at Extension Hill South
- Positive initial results from Plateau Prospect at Fields Find Project

Geraldton Port – a competitive advantage



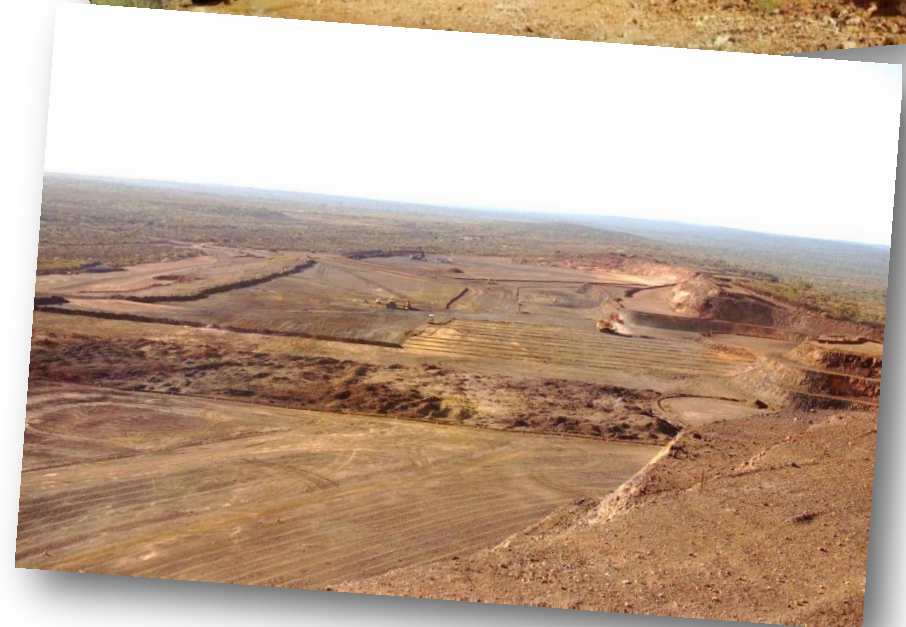
Extension Hill – a low cost growth platform



- Established road, rail and port solutions
- ~0.6:1 remaining LOM strip ratio
- +3 years life at 3Mtpa*
- High potential near-mine exploration targets with known mineralisation
- Potential regional operations hub



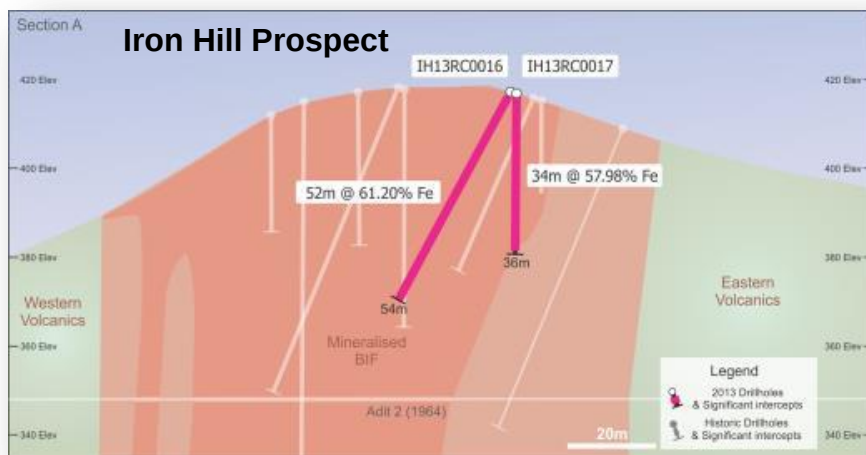
**Refer Slide at end of presentation for Mineral Resource and Ore Reserve information.*



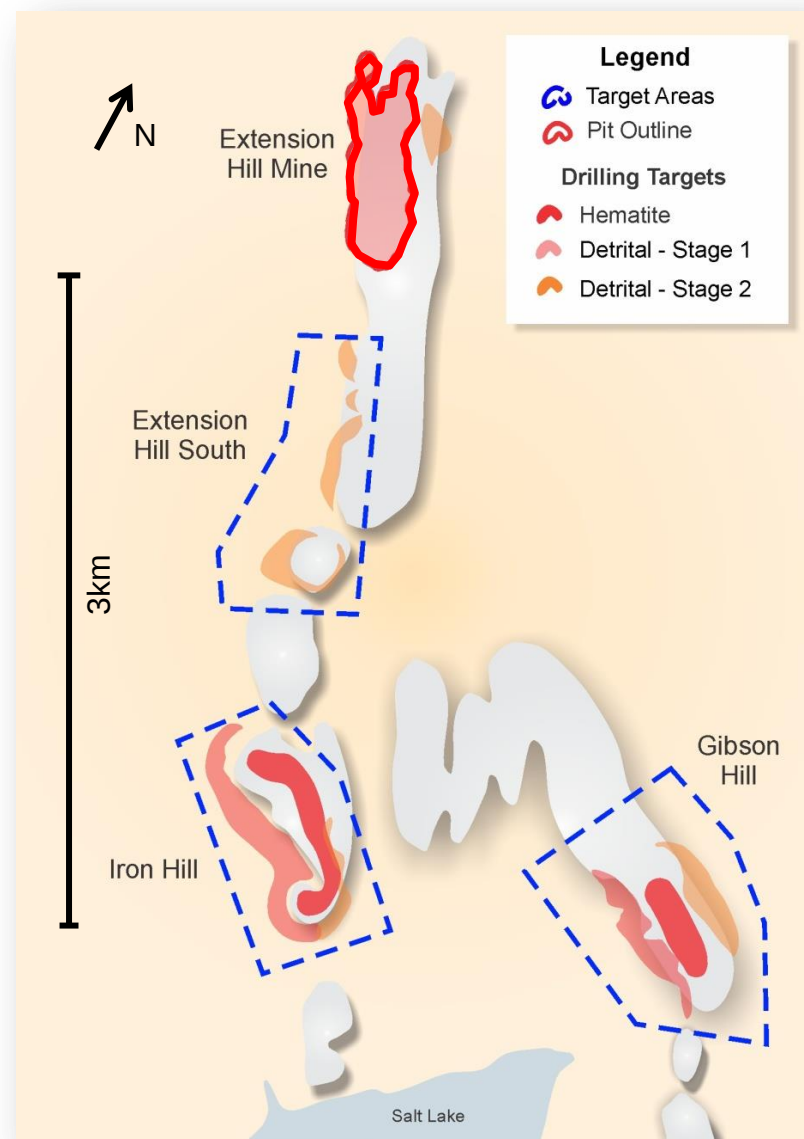
Extension Hill South – high potential target



- **Multiple known hematite targets** located 1-3km from crusher
- **Iron Hill Prospect Exploration Target of 5-7 Mt @ 58-61% Fe.***
- **Significant intercepts in 15 of 16 holes targeting primary Iron Hill hematite, including:**
 - 22m @ 63.8% Fe from 18m downhole
 - 53m @ 61.8% Fe from surface
 - 52m @ 61.2% Fe from 2m
- **2nd round drilling commenced**
 - 4 DD hole programme at Iron Hill completed in Sept Qtr
 - Final approvals for 72 infill RC programme at Iron Hill received in late September
 - Drilling scheduled to commence in October 2014



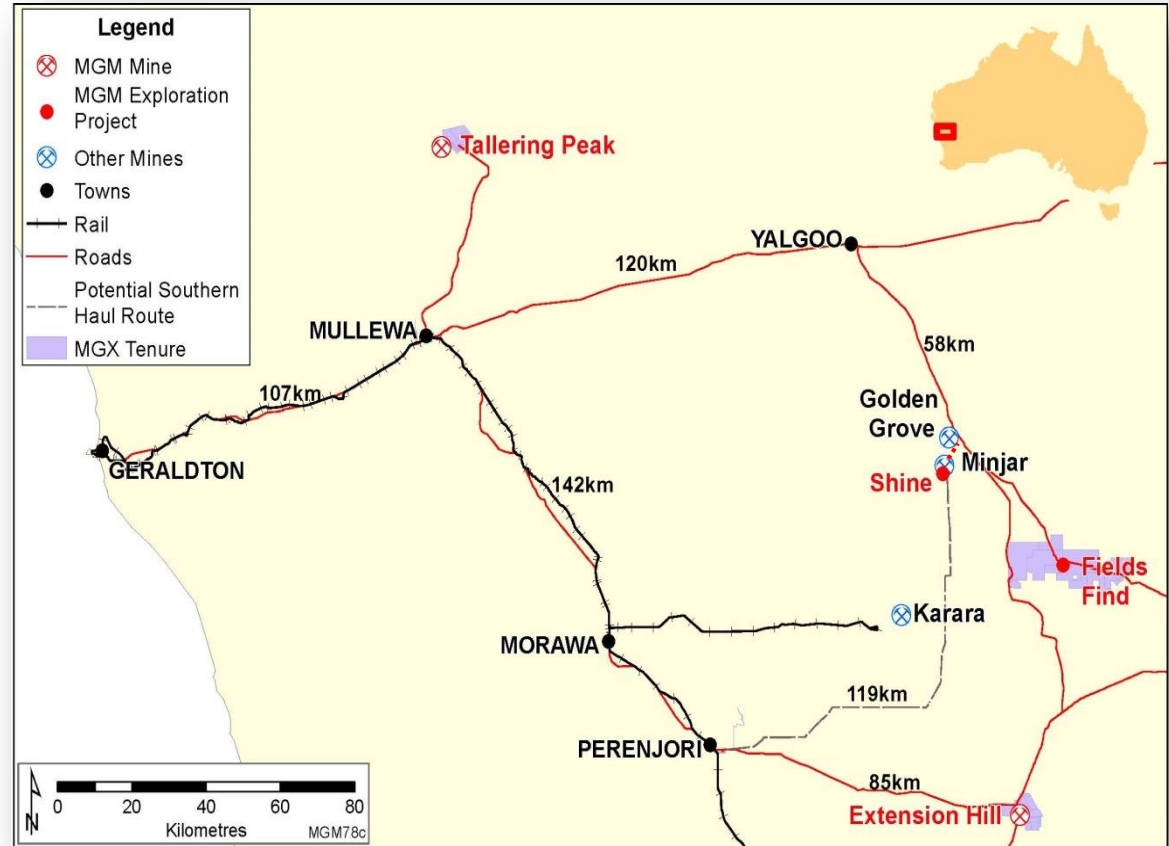
* Refer ASX release 13 February 2014, JORC compliance statement on Slide 2



Shine – low-capex DSO option



- Hematite Mineral Resource of **7.8 Mt @ 59.0% Fe***
- Ore Reserves of **5.6Mt @ 59.3% Fe***
- Advanced approvals/permitting
- Indicative ore production target of **1.6 Mtpa**
- Indicative **\$9-11m** development cost (**<\$7/t** installed capacity)
- Close to existing MGX/3rd party infrastructure
- Development deferred to allow incorporation of updated geological information
- Opportunities to optimise mining and logistics under evaluation
- Potential for rapid development



**Refer ASX announcement 7 March 2014 for project details, and slide at end of presentation for Mineral Resource and Ore Reserve information. Acquisition cost \$12m plus price participation royalty. Royalty includes \$3m non-refundable pre-payment of royalty obligations, payable on commencement of ore sales.*

Tallering Peak – a final year of adding value



- Tenth anniversary of sales February 2014
- Life of mine ore sales +25 Mt
- FY14 ore sales of 3 Mt vs 2.5 Mt forecast
- LG stockpile sales generated strong cash margins while market window was open
- Final year contribution from T6 extension, T1 development and LG stockpile sales demonstrate MGX value-add capability



- Unit costs reduced during FY14 despite progressive decline in mining volumes
- Record site safety performance, 760 consecutive days LTI-free at 30 September 2014
- Rehabilitation well advanced
- Effective site closure achieved in September 2014

Summary

- An established mid-cap iron ore producer
- Strong balance sheet
- Increasing ore grade and quality profile
- Established transport infrastructure and long term customer contracts
- Exploration upside and disciplined value-focused growth strategy is delivering
- Experienced management team with demonstrated capacity to:
 - Optimise and drive operations to extract maximum value
 - Reduce costs and eliminate inefficiencies
 - Bring on new deposits in quick time



Thank You



MGX

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Supplementary information

Mineral Resources and Ore Reserves



Mineral Resources and Ore Reserves at 30 June 2014

Koolan Island					
	Tonnes millions	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %
Mineral Resources, above 50% Fe					
Measured	8.62	59.2	13.48	1.06	0.017
Indicated	43.14	64.3	6.42	0.75	0.014
Inferred	10.90	60.2	12.48	0.79	0.015
Total	62.66	62.9	8.44	0.80	0.014
Ore Reserves, above 50% Fe					
Proved	4.16	59.3	14.52	0.33	0.008
Probable	24.08	64.7	5.88	0.79	0.011
Total	28.24	63.9	7.16	0.72	0.011
Extension Hill					
	Tonnes millions	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %
Mineral Resources, above 50% Fe					
Measured	10.25	58.5	6.46	2.07	0.073
Indicated	0.70	57.9	9.99	1.36	0.068
Inferred	0.24	56.6	10.17	1.83	0.060
Total	11.19	58.4	6.76	2.02	0.072
Ore Reserves, above 50% Fe					
Proved	9.90	58.4	6.66	2.07	0.072
Probable	0.55	57.3	11.33	1.21	0.063
Total	10.45	58.3	6.90	2.02	0.072
Talling Peak					
	Tonnes millions	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %
Mineral Resources, above 50% Fe					
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
Total	1.65	57.9	11.10	2.15	0.069
Shine					
	Tonnes millions	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %
Mineral Resources, above 55% Fe					
Measured	2.65	59.7	7.58	2.18	0.085
Indicated	4.17	58.7	9.14	1.72	0.078
Inferred	0.95	58.0	9.80	1.50	0.079
Total	7.76	59.0	8.69	1.85	0.080
Ore Reserves, above 55% Fe					
Proved	2.20	60.0	6.88	2.33	0.080
Probable	3.40	58.9	8.92	1.79	0.077
Total	5.60	59.3	8.12	2.00	0.079
Discrepancies may appear due to rounding. Mineral Resources are reported inclusive of Ore Reserves. All tonnages have been estimated as dry tonnages.					

Total Group Mineral Resources and Ore Reserves at 30 June 2014

Total Group Mineral Resources and Ore Reserves at 30 June (above 50% Fe and above 55% Fe for Shine Project)					
	Tonnes millions	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %
Mineral Resources	83.27	61.8	8.29	1.09	0.029
Ore Reserves	44.29	62.0	7.22	1.19	0.034
NOTE: Discrepancies may appear due to rounding. Mineral Resources are reported inclusive of Ore Reserves. All tonnages have been estimated as dry tonnages.					

Attributions

Mount Gibson Iron Exploration Results

The information in this report that relates to Exploration Targets and Exploration Results including sampling techniques and data is based on information compiled by Gregory Hudson, a Competent Person who is a member of the Australian Institute of Geoscientists. Gregory Hudson is an employee of Mount Gibson Iron Limited, and he has sufficient experience 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 December 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Gregory Hudson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Mount Gibson Iron Mineral Resources (excluding the Shine and Koolan Island Main deposits)

The information in this report relating to the Mineral Resources of Main Deposit and Koolan Island Main Deposit, 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. 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. The Mineral Resource estimate complies 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.

Mount Gibson Iron Mineral Resource (Main Deposit at Koolan Island)

The information in this report relating to the Mineral Resources of Main Deposit at Koolan Island is based on information compiled by Jani Kalla, a Competent Person who is a member and Chartered Professional of the Australasian Institute of Mining and Metallurgy. Jani Kalla is a full-time employee of Mount Gibson Iron Limited. Jani Kalla 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'. Jani Kalla consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. The Koolan Island Main Deposit Mineral Resource estimate complies 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 it is suitable for public reporting.

Shine Deposit Mineral Resource

The information in this report that relates to Mineral Resources at the Shine Deposit is based on information compiled by John Graindorge, a Competent Person who is a member of the Australasian Institute of Mining and Metallurgy. John Graindorge is a full-time employee of Snowden Mining Industry Consultants Pty Ltd 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'. John Graindorge consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. The Mineral Resource estimate complies 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 it is suitable for public reporting.

Talling Peak, Koolan Island and Extension Hill Ore Reserves

The information in this report relating to Ore Reserves at Talling Peak, Koolan Island and 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. Paul Salmon is a full-time employee of Mount Gibson Iron Limited. Paul 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'. Paul 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 estimate complies 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.

Shine Ore Reserve

The information in this report that relates to Ore Reserves at the Shine Deposit is based on information compiled by Steve O'Dea, a Competent Person who is a member of the Australasian Institute of Mining and Metallurgy. Steve O'Dea is a full-time employee of Coffey Mining Pty Ltd 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'. Steve O'Dea consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. The Ore Reserve estimate complies 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 it is suitable for public reporting.

Five Year Performance Summary



12 months ended:		30 June 2010	30 June 2011	30 June 2012*	30 June 2013	30 June 2014
Mineral Resources	Mt	108.6	103.3	95.2	88.6	83.3
Mineral Reserves	Mt	56.4	52.0	44.3	45.2	44.3
Operating Mines	#	2	3	3	3	2
Sales	M wmt	6.5	5.2	5.2	8.8	9.7
Ore tonnes mined	M wmt	7.3	5.4	7.3	5.8	7.9
Total tonnes mined (ore & waste)	M wmt	36.8	26.8	48.3	28.1	38.8
Employees (excl. contractors)	#	327	464	694	599	668
Revenue	A\$m	555.3	693.2	668.9	864.8	898.0
Average realised price	A\$/wmt	82.67	128.36	124.42	97.24	92.55
Cost of Goods Sold	A\$m	(357.5)	(325.1)	(413.5)	(698.3)	(724.2)
Cost of Goods Sold	A\$/wmt	55.12	62.09	79.34	79.61	74.64
EBITDA	A\$m	484.8	575.6	352.0	330.7	366.7
EBIT	A\$m	206.5	355.9	231.9	135.8	169.4
Profit Before Tax	A\$m	188.3	342.9	224.6	128.4	163.7
Net Profit After Tax	A\$m	132.4	239.5	162.0	157.3	96.4
Earnings per Share	A\$/share	0.12	0.22	0.15	0.14	0.09
Dividend	A\$/share	-	0.04	0.04	0.04	0.04
Dividend Payout ratio	% NPAT	-	18%	27%	28%	45%
Net Assets/Equity	A\$m	926.9	1,166.5	1,071.3	1,182.0	1,262.0
Return on Equity (NPAT/Equity)	%pa	14.3%	20.5%	15.1%	13.3%	7.6%
Operating Cashflow (after tax)	A\$m	169.1	222.4	56.2	179.7	238.0
Cash	A\$m	347.4	387.0	292.7	376.0	519.8

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