

# Mount Gibson Iron

Exporting Australia's highest grade direct shipping iron ore



# MGX

Global Iron Ore & Steel Forecast Conference  
20 March 2019

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*All currency is expressed in Australian Dollars unless otherwise specified.*

# Mount Gibson Iron

## Business Overview – Long-standing mid-tier iron ore producer



### Koolan Island

- Australia's highest grade direct shipping (DSO) hematite mining operation.
- Ore Reserves of 21.0Mt @ 65.5% Fe.\*
- Seawall seepage barrier completed mid-2018, dewatering nearing completion and initial mining proceeding well.
- First ore sales expected in April 2019.
- Projected FY2019 ore sales of 0.7-1.0 Mwmt.

### Mid-West Region

Extension Hill & Iron Hill, Perenjori Siding, Geraldton Port

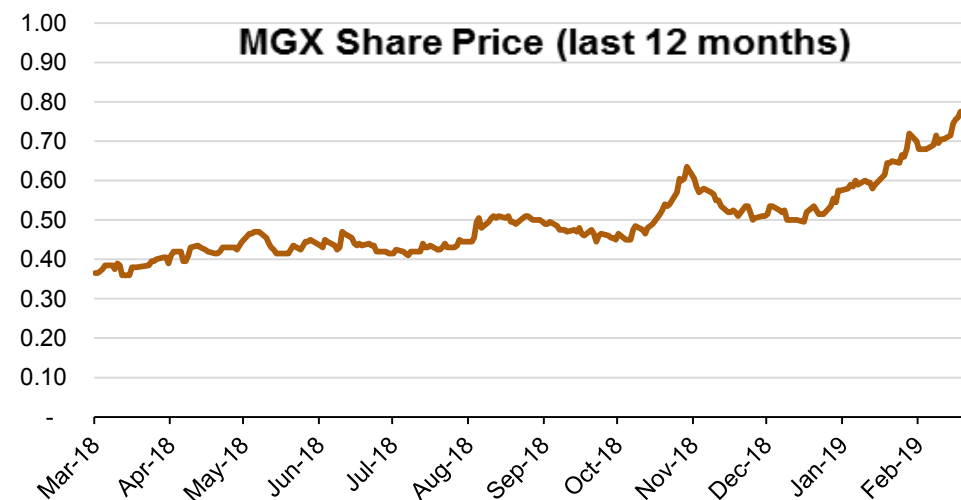
- FY2019 guidance for DSO sales of 2.0-2.3 Mwmt at an average site cash cost of \$38-42/wmt FOB.
- Mining completed in December 2018, with final DSO shipments made in February 2019.
- Total site closure costs provisioned at ~\$15m, of which ~\$7m is anticipated to be spent in FY2019.
- Right earned to a future income stream based on third party rail volumes, capped at ~\$35 million.

\*Refer ASX release dated 20 April 2018, and slide at end of this presentation.

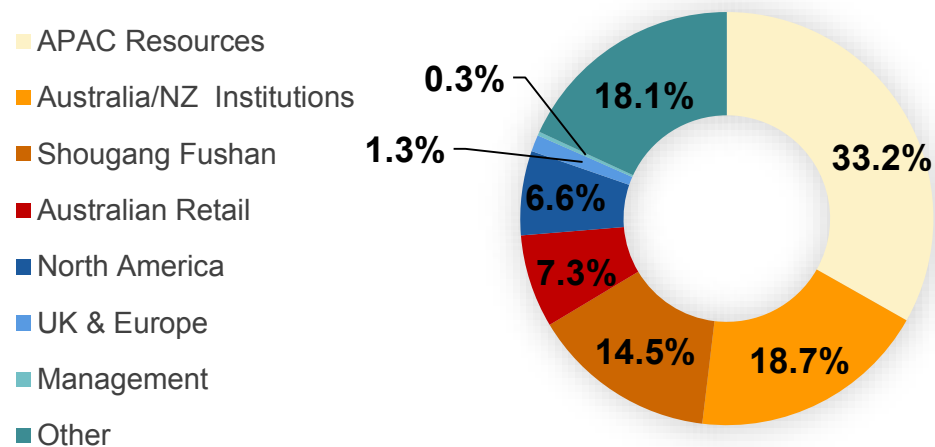
# Mount Gibson Iron Corporate Overview



Market capitalisation	A\$1.0 billion (at \$0.91/share, 19 March 2019)
Issued capital	1,128.4 million shares
Shareholders	10,300
Cash and investments	A\$431 million (31 December 2018)
Borrowings	Nil
Index	ASX-300 (admitted from 18 March 2019)



## Shareholder Distribution (% issued shares)



## Board and Management

- Lee Seng Hui – *Non-Executive Chairman*
- Simon Bird – *Independent Non-Executive Director*
- Russell Barwick – *Independent Non-Executive Director*
- Paul Douglas – *Independent Non-Executive Director*
- Alan Jones – *Independent Non-Executive Director*
- Li Shaofeng – *Non-Executive Director*
- Peter Kerr - *CEO*
- Scott de Kruijff - *COO*
- Gill Dobson - *CFO*
- David Stokes – *Co. Sec. & General Counsel*

## Mid West

### Successful business now transitioning to closure



- Total ore sales from Extension Hill/Iron Hill in the Dec-18 half year of **2.2 Mwmt.**
- Mining finished in December 2018, railing ended in late January 2019, and final DSO cargoes completed in February 2019.
- Investigating the possible sale of low grade stockpiles.
- Now transitioning to closure after 15 years of continuous production and total sales of +45Mt.
- Total closure and rehabilitation costs of \$15 million, including redundancy costs, of which ~\$7m is anticipated to be spent in FY2019.
- Right earned to a future income stream based on third party rail volumes, capped at ~\$35 million.

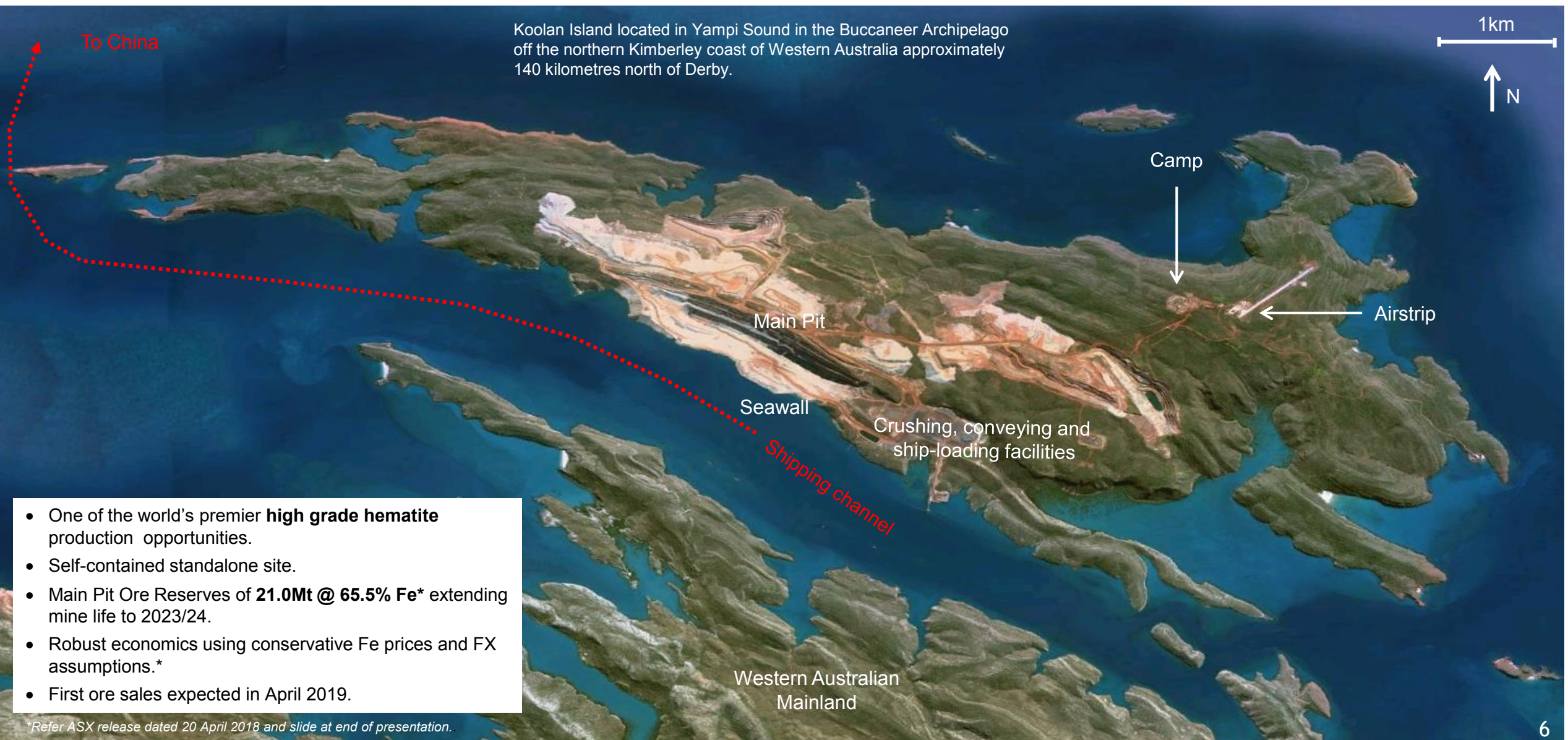


# Koolan Island

A premier high grade iron ore opportunity



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



- One of the world's premier **high grade hematite** production opportunities.
- Self-contained standalone site.
- Main Pit Ore Reserves of **21.0Mt @ 65.5% Fe\*** extending mine life to 2023/24.
- Robust economics using conservative Fe prices and FX assumptions.\*
- First ore sales expected in April 2019.

\*Refer ASX release dated 20 April 2018 and slide at end of presentation.

# Koolan Island

The birthplace of Western Australia's iron ore industry



- “Iron Islands” of Yampi Sound a source of ships’ ballast in 19<sup>th</sup> Century.
- 1907 - first commercial mining operation attempted on Koolan Island.
- 1938 – mine closed due to Commonwealth embargo on iron ore exports.
- 1945 – mine re-opened to supply the domestic steel industry.
- Late 1940’s - acquired by BHP and expanded.
- 1963 – visit by HRH Queen Elizabeth II and Prince Philip, Duke of Edinburgh.
- 1965 - export embargo lifted over Yampi Sound deposits enabling exports from Koolan and Cockatoo Islands to Japan.
- 1993 - BHP closes mine having produced 68Mt from 1965.
- 2007 - MGX acquires Koolan Island and restarts exports. MGX has exported 25Mt to date.

*Photographs courtesy: State Library of Western Australia*

# Koolan Island

A unique high-grade hematite deposit



Main Pit, looking west, March 2019.



## Main Deposit - Ore Reserves

*Ore Reserves reported above 50% Fe*

Category	Mt	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	Phos %
Proved	0.1	63.4	7.25	1.11	0.013
Probable	20.9	65.5	4.53	0.88	0.012
<b>Total</b>	<b>21.0</b>	<b>65.5</b>	<b>4.54</b>	<b>0.88</b>	<b>0.012</b>

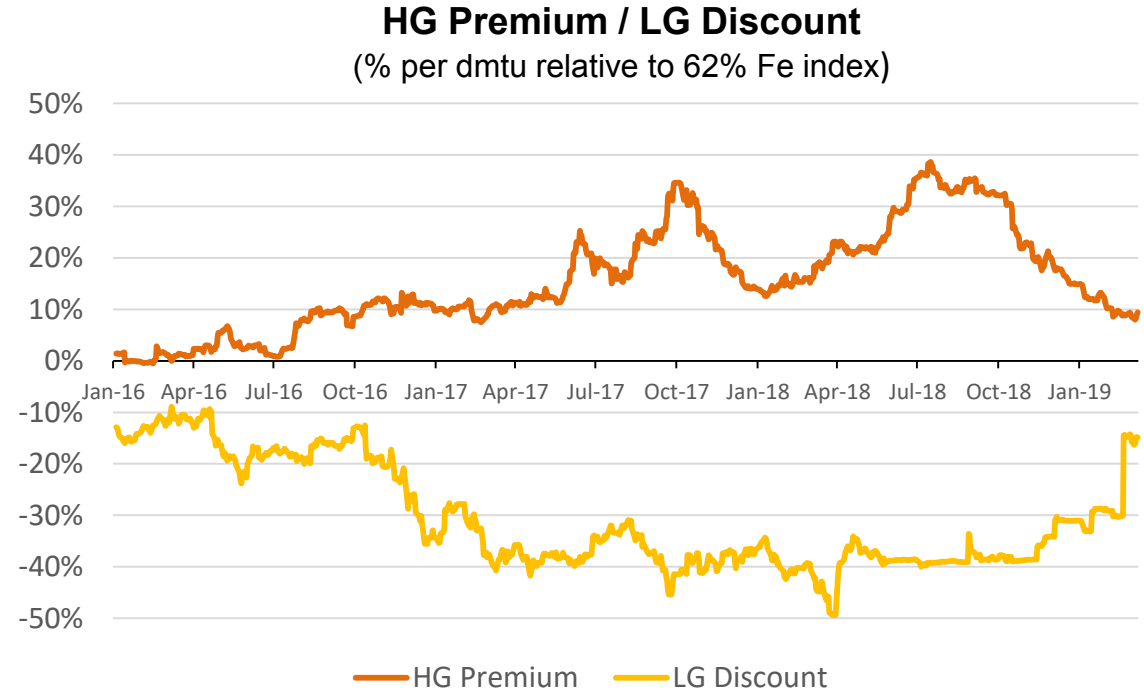
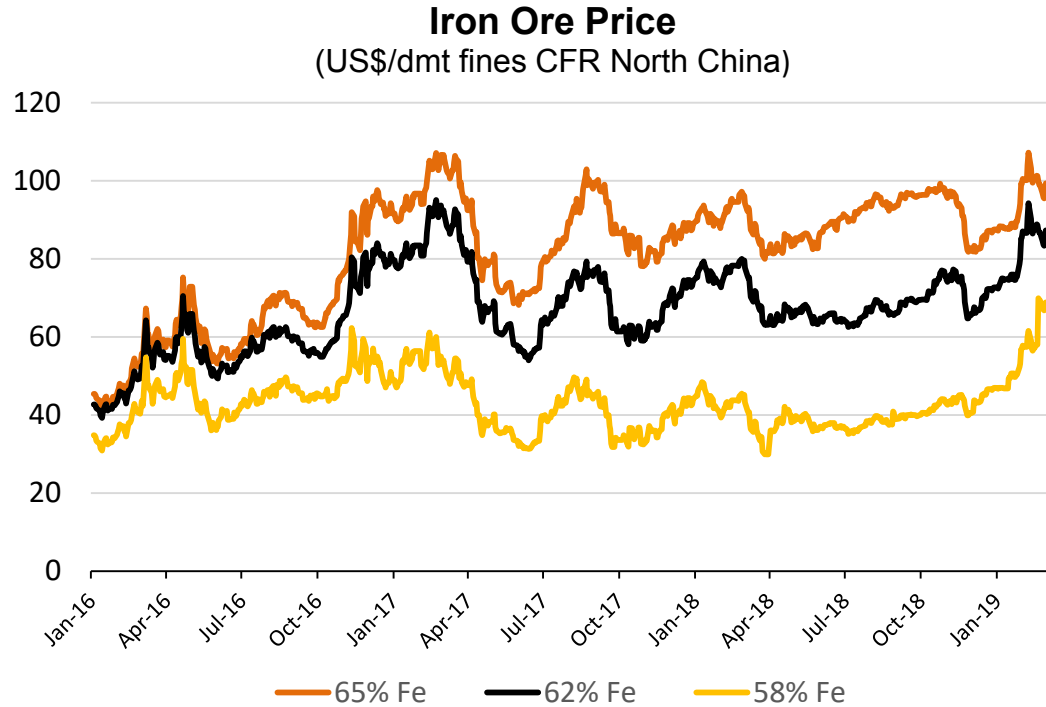
*Discrepancies may appear due to rounding. Mineral Resources are reported inclusive of Ore Reserves. All tonnages have been estimated as dry tonnages.*

- High grade hematite (65.5% Fe).
- Low contaminants (P, Al, Si).
- Well understood orebody, consistent grade and width.
- Well understood mining characteristics.
- High grade premium for ores grading 65% Fe currently ~10%.
- Highly sought-after product.
- Life-of-Mine production committed under existing long term offtakes.

*\* Refer slide at end of presentation for Competent Person's information and ASX release dated 20 April 2018.*

# Market outlook

## Iron ore pricing remains well supported



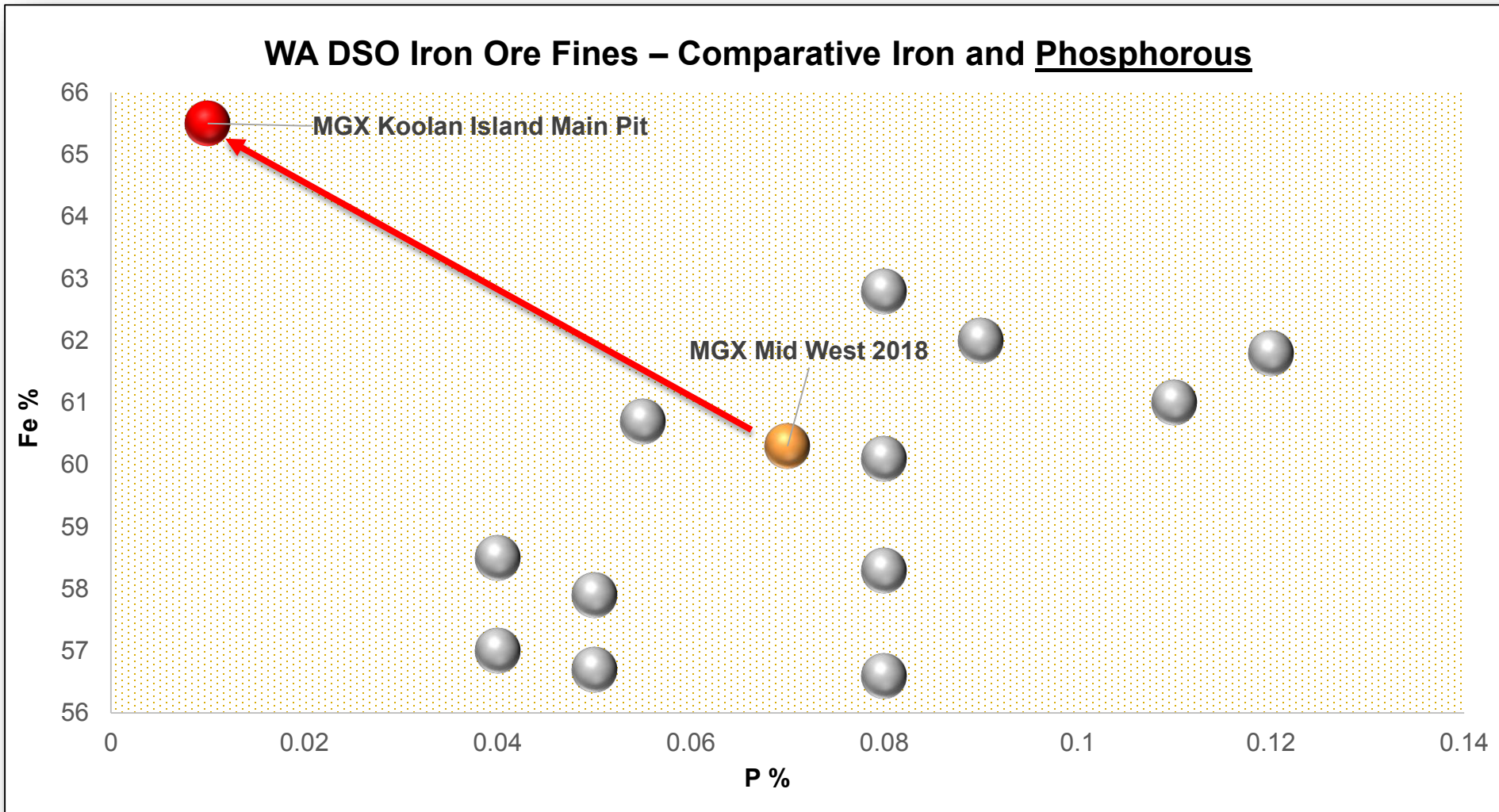
### Koolan Island will be Australia's highest grade DSO hematite iron ore producer at an Ore Reserve Grade of 65.5% Fe\*:

- Prices have increased in 2019 following the indefinite curtailment of a significant proportion of Brazilian high grade production.
- Low grade discounts and high grade premiums have recently moderated in step with seasonal factors and Chinese economic conditions.
- Higher quality steel feedstocks result in greater steel mill efficiency and reduced plant emissions intensity.
- 65% Fe premium currently 8-10% per dry metric tonne unit (dmtu) of contained iron relative to the benchmark 62% Fe price.

\* For Ore Reserves information refer to slide at end of presentation and ASX release dated 20 April 2018.

# A premium product

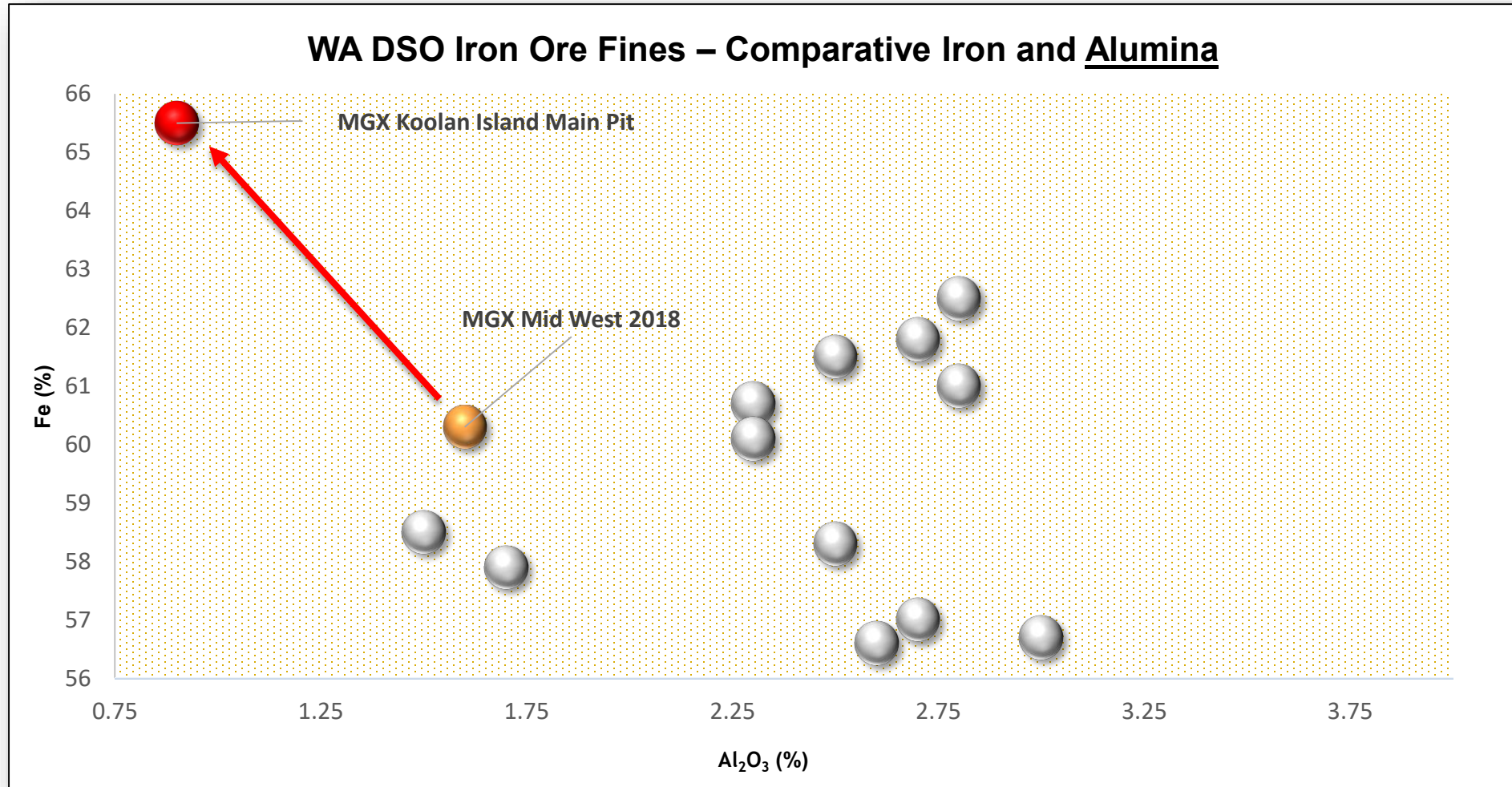
## Koolan Island moves MGX up the quality curve



Sources: Mount Gibson Iron, public/company reports, Citi Research, Platts and Metals Market Index. MGX Mid West 2018 reflects average for FY2018. MGX Koolan Island reflects current Ore Reserves. Other ores depicted comprise major fines products from Rio Tinto, BHP, FMG, Roy Hill and Atlas (now Hancock). Refer slides at the end of this presentation for MGX Mineral Resources and Ore Reserves information.

# A premium product

## Koolan Island moves MGX up the quality curve



Sources: Mount Gibson Iron, public/company reports, Citi Research, Platts and Metals Market Index. MGX Mid West reflects average for FY2018. MGX Koolan Island reflects current Ore Reserves. Other ores depicted comprise major fines products from Rio Tinto, BHP, FMG, Roy Hill and Atlas (now Hancock). Refer slides at the end of this presentation for MGX Mineral Resources and Ore Reserves information.

# Koolan Island

## Operational Profile – Feasibility Study Mine Plan



Operating Year (from sales commencement)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
<b>Ore Mined (Mt)</b>	2.9	1.9	5.1	7.4	4.0	-	<b>21.3<sup>#</sup></b>
<b>Waste Mined (Mt)</b>	19.1	20.5	16.3	8.8	2.7	-	<b>67.5</b>
<b>Total Movement (Mt)</b>	22.0	22.4	21.4	16.3	6.7	-	<b>88.8</b>
<b>Strip Ratio</b>	6.6	10.8	3.2	1.2	0.7	-	<b>3.2</b>
<b>Ore Crushed (Mt)</b>	2.5	2.3	4.6	5.4	5.4	1.1	<b>21.3<sup>#</sup></b>
<b>Ore Shipped (Mt)</b>	<b>2.1</b>	<b>2.6</b>	<b>4.6</b>	<b>5.5</b>	<b>5.3</b>	<b>1.2</b>	<b>21.3<sup>#</sup></b>
<b>Fe Grade (%)</b>	<b>65.8%</b>	<b>65.6%</b>	<b>65.0%</b>	<b>65.8%</b>	<b>65.2%</b>	<b>65.8%</b>	<b>65.5%</b>
<b>A\$/wmt FOB cash operating cost*</b>	76	68	41	34	28	17	<b>41</b>

Discrepancies may appear due to rounding.  
Schedule is indicative only, and subject to ongoing optimization, actual mine performance, and prevailing market conditions.  
\*Cash operating costs include operating expenditure, royalties, sustaining capital expenditure and corporate cost allocations.  
#Includes approximately 0.3Mt of Inferred Resources within the pit shell, representing <1.5% of total anticipated production and which is not material to the viability of the Project.

**At base case feasibility study assumptions:** (Platts 62% Fe of US\$55/dmt CFR, USD:AUD FX rate of 0.75, 10% HG premium).

- Life of Mine cash cost of **\$48/wmt FOB** (including development capex and closure) and **\$41/wmt FOB** (excluding capex and closure).
- Cash breakeven at **~US\$40/dmt CFR** (Platts 62% Fe), including capex and closure costs. Cash costs reduce in line with strip ratio.
- Estimated pre-tax NPV of **\$252m** and IRR of **37%**. NPV and IRR both **increase significantly** at current spot prices.

# Koolan Island

## Approaching first ore sales



Waste mining in central Main Pit, looking west, March 2019

- Pre-production activities nearing completion:
  - Seawall embankment construction completed in 2017 and seepage barrier within the seawall completed in July 2018.
  - Dewatering and footwall refurbishment well progressed.
  - Processing/site infrastructure recommissioning nearly complete.
  - Mining commenced in November 2018.
  - First high grade ore zones to be accessed in March 2019.
- High grade ore sales to commence in April 2019.

# Koolan Island

## Site infrastructure recommissioning underway



Crushing plant recommissioning, February 2019



Jetty and  
Ship-loader

Ore conveyor  
to ship-loader

Primary and secondary  
crushing circuits

# Mount Gibson Iron

A high grade hematite iron ore exporter



- Koolan is a **compelling investment opportunity** delivering high grade and low-impurity iron ores.
- MGX is the **only Australian producer** of direct shipping high grade hematite (+65% Fe).
- Koolan Island sales expected to commence in April 2019.
- Ability to generate **positive operating cashflows** in a volatile pricing environment, providing **delivery surety for customers**.
- **Capable management team** with a range of operating, commercial and corporate experience.
- **Robust balance sheet** provides operational flexibility and growth opportunities.

# Mount Gibson Iron

Exporting Australia's highest grade direct shipping iron ore



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# Supplementary Information

## Mineral Resources and Ore Reserves Information at 30 June 2018



Koolan Island					
	Tonnes millions	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %
<b>Mineral Resources, above 50% Fe</b>					
Measured	3.71	60.2	13.29	0.30	0.007
Indicated	38.23	65.1	5.48	0.65	0.013
Inferred	9.97	60.6	12.21	0.59	0.013
<b>Total at 30 June 2018</b>	<b>51.91</b>	<b>63.9</b>	<b>7.33</b>	<b>0.62</b>	<b>0.013</b>
<b>Ore Reserves, above 50% Fe</b>					
Proved	0.1	63.4	7.25	1.11	0.013
Probable	20.9	65.5	4.53	0.88	0.012
<b>Total at 30 June 2018</b>	<b>21.0</b>	<b>65.5</b>	<b>4.58</b>	<b>0.89</b>	<b>0.012</b>
<b>Extension Hill</b>					
<b>Mineral Resources, above 50% Fe</b>					
Measured	1.27	55.3	9.16	2.76	0.077
Indicated	0.31	57.3	10.42	1.62	0.076
Inferred	0.20	56.6	10.49	1.66	0.055
<b>Total at 30 June 2018</b>	<b>1.79</b>	<b>55.8</b>	<b>9.53</b>	<b>2.44</b>	<b>0.074</b>
<b>Iron Hill</b>					
<b>Mineral Resources, above 50% Fe</b>					
Measured	-	-	-	-	-
Indicated	3.63	56.3	12.85	1.53	0.073
Inferred	1.54	56.1	9.08	2.42	0.081
<b>Total at 30 June 2018</b>	<b>5.17</b>	<b>56.2</b>	<b>11.73</b>	<b>1.79</b>	<b>0.076</b>
<b>Tallering Peak</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 at 30 June 2018</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>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 at 30 June 2018</b>	<b>15.89</b>	<b>58.1</b>	<b>9.57</b>	<b>1.48</b>	<b>0.071</b>
<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 2018					
<i>(above 50% Fe)</i>					
	Tonnes millions	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %
<b>Total Mineral Resources at 30 June 2018</b>	<b>76.4</b>	<b>61.8</b>	<b>8.23</b>	<b>0.95</b>	<b>0.032</b>
<b>Total Ore Reserves at 30 June 2018</b>	<b>21.0</b>	<b>65.5</b>	<b>4.58</b>	<b>0.89</b>	<b>0.012</b>
<i>Total Mineral Resources at 30 June 2017</i>	<i>87.9</i>	<i>61.4</i>	<i>8.70</i>	<i>1.07</i>	<i>0.032</i>
<i>Total Ore Reserves at 30 June 2017</i>	<i>12.82</i>	<i>66.02</i>	<i>3.71</i>	<i>0.93</i>	<i>0.009</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

#### Mount Gibson Iron Mineral Resources:

The information in this report relating to Mineral Resources 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 and member of the Australian Institute of Geoscientists. Ms Haren was previously a full-time employee of, and is now a consultant to, 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'. 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.

#### Mount Gibson Iron Ore Reserves

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

For more information, refer to Annual Statement of Mineral Resources and Ore Reserves released 11 October 2018