

QUARTERLY REPORT



MOUNT GIBSON IRON LIMITED REPORT FOR THE QUARTER ENDED 31 DECEMBER 2024 23 January 2025

- **Improved operational quarter** with **increased shipments and cashflow generation.**
- **Iron ore sales of 0.7 million wet metric tonnes (Mwmt)** at an average grade of 65.2% Fe for sales revenue of \$99 million Free on Board (FOB).
- **Group cashflow of \$16 million** reflecting increased sales volumes and ore grades.
- **Group cash and investment reserves of \$431 million** at 31 December 2024, with no bank debt, in addition to the Company's \$20 million investment in Fenix Resources Limited. Including the Fenix investment, total cash and investment reserves of \$451 million equate to approximately \$0.37 per share.
- Koolan Island **cash operating costs of \$94/wmt FOB, down 5% on the prior quarter.**
- **Operations tracking in line with FY25 shipping guidance** of 2.7-3.0 Mwmt at a targeted cash operating cost of \$95-100/wmt FOB, subject to wet season impacts.
- **Capital management underway via an on-market share buyback** of up to 5% of the Company's issued shares, with 15.3 million shares having been bought back at 31 December 2024 at an average price of 31.3 cents per share.
- Financial results for the **December 2024 half-year period** are scheduled for release to the market on 19 February 2025. Notwithstanding that the Koolan Island operation is commercially robust, recent volatility in iron ore prices will necessitate a review of the Koolan Island book carrying values and a potential non-cash accounting impairment, which would effectively bring forward future depreciation and amortisation charges.

Note: All currency is stated in Australian dollars unless noted otherwise. Results are unaudited and remain subject to period-end review adjustments. Cash operating costs are reported before capitalised waste mining costs, capital projects and mineral royalties.

Comment

"Mount Gibson Chief Executive Officer Peter Kerr said: "Mount Gibson delivered an improved operational and financial performance in the December quarter following the successful reconfiguration of the Koolan Island Main Pit haul ramp which allowed production to step up in the eastern half of the pit. Grades averaged over 65% Fe and shipments lifted as planned.

"The Company generated \$16 million in the quarter despite continued pricing volatility, increasing its total cash and investments balance to \$451 million.

"At prevailing prices, and subject to the extent of any interruptions from the northern wet season now underway, we continue to anticipate positive cashflow generation over the remainder of the financial year. We remain focused on maximising production and cashflows from the high-grade Koolan Island operation over its remaining two year mine life, which together with our robust financial position, places the Company in a good position for investments and opportunistic acquisitions."

SUMMARY STATISTICS

	Unit	Dec-23 Quarter	Mar-24 Quarter	Jun-24 Quarter	Sep-24 Quarter	Dec-24 Quarter	YTD FY25
Waste mined (incl. rehandle)	kwmt	736	425	339	2,129	1,878	<i>4,007</i>
Ore mined	kwmt	904	1,081	716	454	643	<i>1,097</i>
Total material moved	kwmt	1,640	1,506	1,055	2,583	2,521	<i>5,104</i>
Strip ratio	Waste:Ore	0.8	0.4	0.5	4.7	2.9	<i>3.7</i>
Processing throughput	kwmt	1,096	878	869	380	732	<i>1,112</i>
Fines ore sales	kwmt	1,113	711	872	559	709	<i>1,268</i>
Lump ore sales	kwmt	81	-	-	-	-	<i>-</i>
Total iron ore sales	kwmt	1,193	711	872	559	709	<i>1,268</i>
Average grade of iron ore sold	% Fe	65.3	65.4	65.2	63.7	65.2	<i>64.6</i>
Platts 62% Fe CFR price, average	US\$/dmt	128	124	112	100	103	<i>102</i>
Platts 65% Fe CFR price, average	US\$/dmt	139	136	126	114	118	<i>116</i>
Koolan fines FOB price, pre adjustment	US\$/dmt	109	123	103	81	90	<i>86</i>
Provisional pricing adjustments*	US\$/dmt	19	1	(22)	(7)	1	<i>(2)</i>
Koolan fines FOB price, after adjustment	US\$/dmt	128	124	81	74	91	<i>84</i>

Minor discrepancies may occur due to rounding.

kwmt = thousand wet metric tonnes.

US\$/dmt = USD per dry metric tonne.

CFR = cost and shipping freight included; FOB = free on board (i.e. shipping freight deducted).

* Koolan iron ore prices are shown on a FOB basis after shipping freight and specification penalties. Provisional pricing adjustments reflect realised (in-period) adjustments and, for half-year and annual reporting periods, estimates (if material) of unrealised adjustments for those shipment cargoes with future pricing periods, based on post-balance date observed prices.

Final pricing ultimately reflects monthly iron ore price averages up to two months after the shipment date.

For the purpose of wet to dry tonnage conversion, moisture content typically averages ~2-3% for Koolan Island iron ore products.

OPERATIONS

Safety

Safety is a key behavioural value for Mount Gibson with continued improvements having been achieved by the site operating teams over the last two years. The Lost Time Injury Frequency Rate remained at zero incidents per one million manhours worked as at 31 December 2024 (rolling 12 months basis), and the rolling 12-month Total Recordable Injury Frequency Rate¹ declined further to 1.5 injuries per one million manhours worked, compared with 2.9 at the end of the prior quarter and 4.4 at the end of June 2024. These results are favourable when compared with applicable industry standards, and Mount Gibson continues to maintain its focus on managing safety risks.

Koolan Island

Mining

Mining during the December quarter focused on ramping up ore production in the eastern half of the Main Pit following reconfiguration of the central haul ramp during the prior quarter. The eastern half of the pit will be the source of high-grade ore over the remaining two year life of the operation.

Mining in the quarter involved increased production from the upper eastern benches and ongoing extraction of the former eastern haul ramp. This latter work is necessary to widen the pit to provide future access to the lower levels of the high grade orebody and is on track for completion in the September 2025 quarter.

¹ Mount Gibson's definition of the Total Recordable Injury Frequency Rate (TRIFR) includes Lost Time Injuries, Restricted Work Injuries and Medically Treated Injuries. Using TRIFR provides a useful tool for safety conversations and active communication with the entire workforce to help prevent injury to Mount Gibson's personnel in their workplaces.



Figure 1: Koolan Island Main Pit, looking east over the central switchback, January 2025.



Figure 2: Koolan Island Main pit, eastern half, showing ongoing excavation of the former eastern mine haul ramp (centre) and high grade iron ore mining along the footwall (right hand side), as a loaded bulk ore vessel departs, January 2025.

Total material movement of 2.5 Mwmt of ore and waste was consistent with the prior quarter but with iron ore extraction up 42% to 643,000 wmt compared with 454,000 wmt in the preceding quarter. Accordingly, the waste-to-ore stripping ratio reduced significantly to average 2.9:1 in the quarter compared with 4.7:1 in the preceding quarter. For the half-year period, ore production totalled approximately 1.1 Mwmt at an average strip ratio of 3.7:1. While the strip ratio, which is a key cost driver for the operation, will vary in line with waste extraction cycles in the Main Pit, it is expected to average less than 2:1 for the remaining mine life.

Parallel with mining activities, ground support remediation work also progressed as scheduled in the central footwall area. This work involves a program of on-wall anchor drilling, grouting and installation of protective

mesh and a safety barrier fence, which are necessary for safe access to the high grade ore zones directly beneath this area. The on-wall drilling program is now over 80% complete and is anticipated to be finished by mid-2025 assuming no unforeseen major disruptions arising from the northern Australian wet season.

Weather-related interruptions have to date been in line with internal allowances, however increased lighting interruptions and rainfall associated with tropical low pressure and cyclonic systems is expected from January onwards.

Processing

Processing was aligned with ore availability from the Main Pit, totalling 0.7 Mwmt in the quarter and 1.1 Mwmt in the half-year period. The tertiary crushing circuit, which was commissioned in the prior quarter, has improved the processing efficiency, reduced rehandling requirements and enabled more cost-effective processing of harder material sourced from eastern sections of the Main Pit orebody. The focus of work in the processing area is on increasing throughput, optimal maintenance and unit cost reductions.

Shipping

The Company completed nine Kamsarmax (large Panamax) shipments totalling approximately 0.7 Mwmt in the quarter, at an average shipped grade of 65.2% Fe, reflecting the ramp-up of high grade ore production in the eastern end of the pit. Run-of-mine grades are anticipated to remain around 65% Fe over the remaining two year mine life, although the Company may periodically adjust the sales grade based on market conditions. Shipments for the December half-year period totalled 1.3 Mwmt at an average shipped grade of 64.6% Fe.

Cashflow and operating costs

Koolan Island's cashflow for the December quarter totalled \$15 million. This comprised ore sales revenue of \$99 million (including positive provisional pricing adjustments of \$1 million) less cash operating costs of \$66 million (equating to a unit cash operating cost of \$94/wmt sold), capitalised mining costs for in-pit works of \$6 million, capital projects of \$2 million (essentially the footwall remediation ground support works) and Government and third party mineral royalties of \$10 million.

For the December 2024 half-year period, Koolan Island's cashflow totalled \$19 million comprising ore sales of \$160 million and the receipt of insurance claim proceeds of \$27 million, less cash operating costs of \$122 million (equating to a unit cash operating cost of \$96/wmt sold), capitalised mining costs of \$24 million (largely attributable to reconfiguration of the Main Pit haul ramp in accordance with the mine plan), capital projects of \$6 million and Government and third party mineral royalties of \$16 million.

Further comments regarding revenue and realised pricing are contained in the Corporate section of this report.

Business Development and Exploration

Mount Gibson continues to examine and invest in opportunities within the bulk materials (iron ore, steel-making coal and bauxite) and base metals (copper, lead, zinc) sectors, focused predominantly in Australia. Equity positions are held in a number of junior resources companies where it is considered that future financing and strategic opportunities may arise.

The market value of these holdings totalled approximately \$17 million at 31 December 2024. These holdings are in addition to the Company's \$20 million investment in Mid-West iron ore producer Fenix Resources Limited (9.8% of Fenix's issued shares and 12.5 million options exercisable at 30 cents each at any time up until July 2028).

Mount Gibson also continues to assess regional exploration opportunities for base metals deposits particularly in Western Australia and Queensland. Limited field work was undertaken on the Company's Tallering Peak exploration tenements in the Mid-West with activity focused on data reviews to assist preparation of the exploration and drilling plan for 2025, and to aid new project generation. Negotiations also continued for potential farm-in and joint venture arrangements for prospective exploration projects. In addition, Mount

Gibson undertook field reconnaissance and applied for several new tenements considered prospective for base metals in the Gascoyne region of Western Australia.

CORPORATE

Realised Pricing

The benchmark Platts 62% Fe CFR fines price (including shipping freight) averaged US\$103/dmt in the December quarter compared with US\$100/dmt in the preceding quarter. The price traded in a range between US\$98-109/dmt, including brief dips below US\$100/dmt in October and December, and is currently trading at around US\$103/dmt.

Importantly for Mount Gibson, the price for high grade 65% Fe fines products continues to trade at a healthy premium to the benchmark 62% Fe price. During the quarter the 65% Fe CFR fines price averaged US\$118/dmt compared with US\$114/dmt in the prior quarter. The average grade-adjusted premium between the 65% and 62% Fe prices was approximately 9% for both the quarter and the half-year period.

The average realised price for Koolan Island high grade fines was US\$91/dmt FOB (after shipping freight) in the December quarter, up 23% on the prior quarter due to higher shipped grades and favourable provisional pricing adjustments.

Shipping freight rates for Panamax/Kamsarmax vessel journeys from Koolan Island to China averaged US\$12/tonne in the December quarter, down from US\$13/tonne in the prior quarter.

Sales from Koolan Island are made under long term offtake agreements on FOB terms, with pricing referencing high-grade (65% Fe) market indices and Panamax shipping freight rates, specification adjustments and penalties for impurities. Provisional prices reflect pricing averages prior to shipment departure, with the final pricing ultimately reflecting monthly iron ore price averages up to two months after shipment. For shipments which remain subject to provisional pricing adjustments in half-year and annual reporting periods, accrual estimates are recorded based on post-balance date observed prices, with adjustments made in subsequent periods once final prices are ascertained.

Group Cashflow and Cash Position

The Group's cashflow for the December quarter totalled \$16 million, comprising \$15 million from Koolan Island as noted earlier, plus interest and other income of \$6 million, less corporate, administration and exploration costs totalling \$5 million.

After a positive working capital movement of \$7 million and share buyback purchases totalling \$4 million, the Company's cash and investments balance increased to \$431 million at 31 December 2024, in addition to the share and option holdings in Fenix which had a market value of approximately \$20 million at quarter end. Including the Fenix investment, the total cash and investment backing of \$451 million equates to approximately \$0.37 per share.

For the December half-year period, cashflow totalled \$21 million, comprising \$19 million from Koolan Island as noted earlier, plus interest and other income of \$11 million, less corporate, administration and exploration costs totalling \$9 million.

Commodity and Foreign Exchange Hedging

Mount Gibson monitors the iron ore market for opportunities to protect the pricing of future iron ore deliveries via suitable hedge instruments. With the A\$/US\$ exchange rate weakening towards the end of the quarter, Mount Gibson took the opportunity to add to its hedge book and protect 290,000 tonnes over January to June 2025 at prices between A\$156-163 per tonne (62% Fe CFR equivalent).

Since quarter end, a further 298,000 tonnes have been hedged over the February to June 2025 period at prices of A\$157-163 per tonne (62% Fe CFR equivalent).

The Company also holds various foreign exchange hedging contracts protecting the conversion of US\$24 million into Australian dollars over the January to June 2025 period, with cap prices ranging from US\$0.66-0.675 and floor prices ranging from US\$0.58-0.63.

FY25 Shipping and Cost Guidance

Mount Gibson remains on track to achieve its iron ore sales guidance of 2.7-3.0 Mwmt in FY25 at a targeted cash operating cost of \$95-100/wmt FOB, subject to wet season impacts.

Capital Management - On-market Share Buyback

An on-market share buyback of up to 5% of the Company's issued shares was commenced in mid-September 2024 as part of the Company's capital management strategy. As of 31 December 2024, a total of 15.3 million shares had been bought back under the program for \$4.8 million, equating to an average price of \$0.313 per share.

Annual Report and Annual General Meeting

The Company published its 2024 Annual Report on 18 October 2024 and held its Annual General Meeting on 20 November 2024. All resolutions were approved.

Half-year Financial Results and Anticipated Impairment

Mount Gibson expects to release its financial results for the December 2024 half-year period on 19 February 2025.

Notwithstanding that the Koolan Island operation is commercially robust, recent volatility in iron ore prices will necessitate a review of the Koolan Island carrying values and a potential non-cash accounting impairment, which would effectively bring forward future depreciation and amortisation charges.

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Mount Gibson will host an analysts/institutions teleconference at **12.30pm AEDT (9.30am AWST) today, Thursday 23 January 2025**. Investors will be able to listen to the teleconference by dialling **1800 896 323** immediately prior to the scheduled start time and entering the access code **76122632#** at the prompts. A recording of the teleconference will be available via the Mount Gibson website after completion of the teleconference. In case of difficulties, operator assistance can be reached on +61 2 8088 0900.

Competent Person Statements

Mineral Resources:

The information in this report relating to Mineral Resources is based on information compiled by Ms Elizabeth Haren, a Competent Person who is a Fellow and Chartered Professional of the Australasian Institute of Mining and Metallurgy and member of the Australian Institute of Geoscientists. Ms Haren is employed by Haren Consulting and is 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.

Ore Reserves:

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