

# General Meeting 2017



# MGX

CEO Presentation  
5 April 2017

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*Investments in MGX shares are considered highly speculative.*



## Koolan Island

- Site placed on care and maintenance in the June 2016 quarter.
- Business Interruption component of insurance claim progressing.
- Outcome of Main Pit seawall rebuild and restart evaluation expected shortly.

## Mid-West Region

Extension Hill and Iron Hill

- Mining completed in the Extension Hill pit in November 2016, with stockpile sales to extend into mid 2017.
- Iron Hill development approved and underway to extend the life of the Mid-West operations to late 2018.
- Total Iron Hill life-of-mine sales of 5.5-6.0 Mwmt projected until planned end of production in late 2018.
- Iron Hill total Mineral Resource 8.8Mt @ 58.3%\*.

*\*Refer slide 10 and ASX release dated 31 August 2016.*



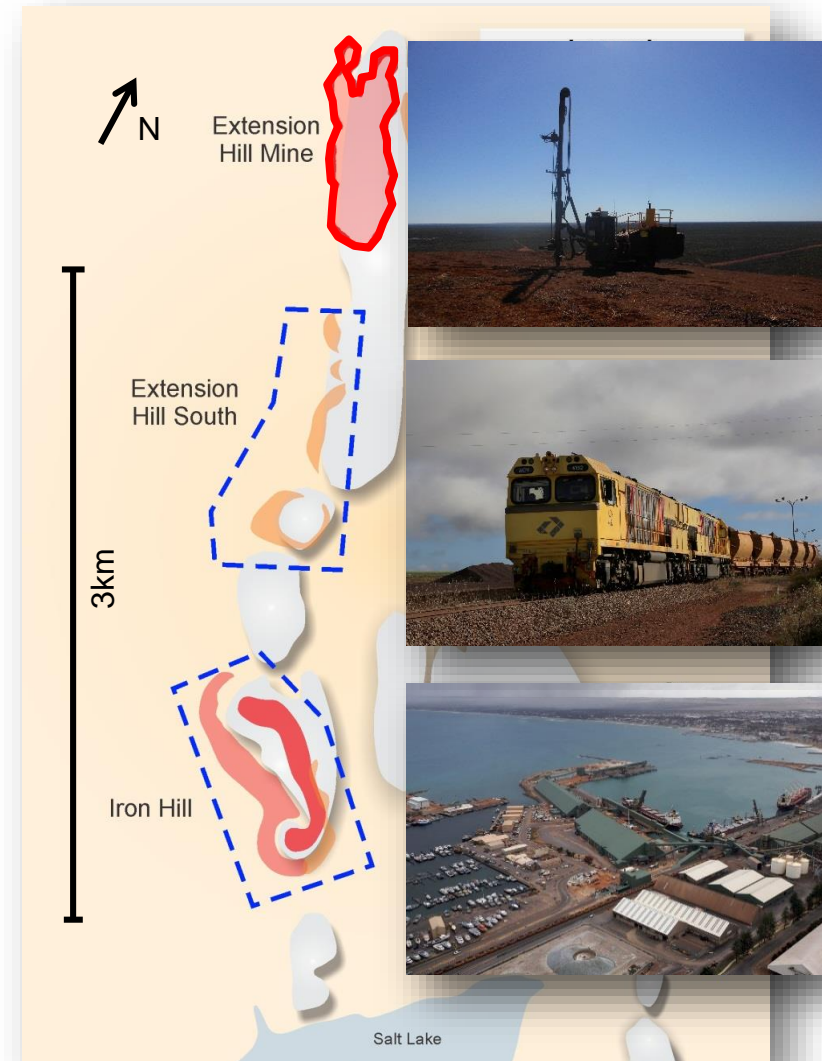
# Mid West

## Extension Hill and Iron Hill



- Extension Hill pit completed in November 2016, sales from stockpiles to continue into mid 2017.
- Development of Iron Hill Deposit, 3km south of Extension Hill pit, approved and site works commenced in February 2017.
- Negligible capital to be spent, utilises existing Extension Hill workforce, camp, mining, processing and transport infrastructure.
- Total Iron Hill life-of-mine sales of **5.5-6.0 Mwmt** until scheduled end of production in late 2018.
- Iron Hill sales to commence May 2017.
- Site cash costs<sup>^</sup> similar to Extension Hill's at **\$46-48/wmt** FOB.
- Sales guidance of **3.2-3.5 Mwmt** in FY2016-17:
  - Approximately 2.4 Mwmt of standard Extension Hill/Iron Hill material.
  - Remainder from low-margin sales from existing low grade stockpiles at Extension Hill and Talling Peak.
- Iron Hill total Mineral Resource of **8.8 Mt @ 58.3% Fe\***.

<sup>^</sup>Site cash costs are reported FOB and include royalties and capex but are before corporate costs.



\*Refer slide 10 and ASX releases dated 31 August 2016 and 9 February 2017.

# Koolan Island

A high quality asset



- Operation placed on care and maintenance in June 2016 quarter.
- Seawall insurance claim progressing:
  - \$86m property damage settlement agreed, all funds received by end-July 2016.
  - No restrictions on deployment of settlement proceeds.
  - Business interruption component of claim progressing with the insurers.
- Advanced detailed evaluation of the potential to rebuild seawall and restart Main Pit operations.
- High grade Main Deposit\* offers significant future production potential.
- Targeting significant reduction in average strip ratio (3:1 or less), and higher average product grade (+62% Fe).
- Referral documents submitted to Commonwealth Department of Energy and Environment January 2017.



- Technical and financial evaluation of restart options being finalised with outcome expected shortly.

Koolan Island Main Deposit	Tonnes millions	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %
<b>Mineral Resources, above 50% Fe</b>					
Measured	2.97	60.1	13.45	0.34	0.007
Indicated	33.51	65.7	4.61	0.67	0.011
Inferred	5.41	61.4	10.96	0.77	0.010
<b>Total</b>	<b>41.90</b>	<b>64.8</b>	<b>6.06</b>	<b>0.66</b>	<b>0.011</b>
Discrepancies may appear due to rounding. Mineral Resources are reported inclusive of Ore Reserves. All tonnages have been estimated as dry tonnages.					

\* Refer Slide 10 and ASX releases dated 17 and 31 August 2016.

# Key Business Objectives



- **Mid West** – complete development of the Iron Hill deposit to commence sales in the June 2017 quarter, and maximise sales/cashflow from operations and low grade stockpiles.
- **Koolan Island** – maintain the site on care and maintenance and complete assessment of the viability of a production restart.
- **Koolan Island seawall insurance** – progress and finalise the business interruption claim.
- **Cost Reduction** – continue to drive sustainable cost improvements.
- **Treasury Returns** – seek to further optimise the yield on cash reserves.
- **Growth Projects** – continue to seek business development opportunities in the resource sector.

### Sales Guidance:

- Group sales guidance of **3.2 - 3.5 Mwmt** in FY2016-17.
- Extension Hill and Iron Hill to contribute approximately **2.4 Mwmt** of standard product.
- Remainder to comprise mix of low margin sales of stockpiled low grade material.

### Cost Guidance:

- Average all-in group cash cost\* target reduced to **\$47-51/wmt** FOB, including all operating, capital, royalties and head office costs.
- Iron Hill site cash costs^ to be consistent with Extension Hill at **\$46-48/wmt** FOB.

\*All-in group cash costs are unaudited and reported FOB including all operating, capital, royalties and corporate costs.

^Site cash costs are reported FOB and include royalties and capex but are before corporate costs.

# Looking to the future



## Longer Term:

Continue to seek out opportunities that leverage our strengths to provide value creation for MGX shareholders:

### *What strengths differentiate MGX?*

- Iron Hill mine extends life of the Mid-West operations to late 2018.
- A premier potential high-grade iron ore opportunity at Koolan Island\*.
- Robust balance sheet provides leverage and flexibility.
- Proven cost reduction capability.
- Proven ability to generate positive operating cashflow in a volatile price environment.
- Focused team with a broad range of operating and corporate experience.

\*Refer slide 10 and ASX release dated 31 August 2016.



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# Supplementary Information

## Mineral Resources & Ore Reserves at 30 June 2016



<b>Koolan Island</b> (includes Main Deposit)	Tonnes millions	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %
<b>Mineral Resources above 50% Fe</b>					
Measured	7.69	59.1	13.53	1.16	0.018
Indicated	41.93	64.4	6.36	0.76	0.014
Inferred	10.89	60.2	12.48	0.79	0.015
<b>Total</b>	<b>60.51</b>	<b>63.0</b>	<b>8.38</b>	<b>0.82</b>	<b>0.015</b>
<b>Extension Hill</b>	Tonnes millions	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %
<b>Mineral Resources above 50% Fe</b>					
Measured	2.10	56.7	8.13	2.41	0.077
Indicated	0.34	57.3	10.31	1.60	0.072
Inferred	0.20	56.6	10.49	1.66	0.055
<b>Total</b>	<b>2.64</b>	<b>56.8</b>	<b>8.59</b>	<b>2.25</b>	<b>0.076</b>
<b>Ore Reserves, above 50% Fe</b>					
Proved	1.10	58.0	7.09	2.10	0.088
Probable	0.05	56.8	9.87	1.91	0.087
<b>Total</b>	<b>1.15</b>	<b>58.0</b>	<b>7.21</b>	<b>2.09</b>	<b>0.088</b>
<b>Iron Hill</b>	Tonnes millions	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %
<b>Mineral Resources above 50% Fe</b>					
Indicated	1.47	60.5	8.35	1.02	0.047
Inferred	7.33	57.9	8.65	1.74	0.069
<b>Total</b>	<b>8.80</b>	<b>58.3</b>	<b>8.60</b>	<b>1.62</b>	<b>0.065</b>
<b>Tallering Peak</b>	Tonnes millions	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %
<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</b>	<b>1.65</b>	<b>57.9</b>	<b>11.10</b>	<b>2.15</b>	<b>0.069</b>
<b>Shine</b>	Tonnes millions	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %
<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</b>	<b>15.89</b>	<b>58.1</b>	<b>9.57</b>	<b>1.48</b>	<b>0.071</b>
NOTE: Discrepancies may appear due to rounding. Mineral Resources are reported inclusive of Ore Reserves. All tonnages are estimated as dry tonnages.					

<b>Koolan Island</b> <b>Main Deposit</b>	Tonnes millions	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %
<b>Mineral Resources, above 50% Fe</b>					
Measured	2.97	60.1	13.45	0.34	0.007
Indicated	33.51	65.7	4.61	0.67	0.011
Inferred	5.41	61.4	10.96	0.77	0.010
<b>Total</b>	<b>41.90</b>	<b>64.8</b>	<b>6.06</b>	<b>0.66</b>	<b>0.011</b>
Discrepancies may appear due to rounding. Mineral Resources are reported inclusive of Ore Reserves. All tonnages have been estimated as dry tonnages.					

<b>Total Group Mineral Resources and Ore Reserves at 30 June 2016</b>					
(above 50% Fe)	Tonnes millions	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %
<b>Mineral Resources</b>	<b>89.5</b>	<b>61.4</b>	<b>8.67</b>	<b>1.08</b>	<b>0.032</b>
<b>Ore Reserves</b>	<b>1.2</b>	<b>58.0</b>	<b>7.21</b>	<b>2.09</b>	<b>0.088</b>
NOTE: Discrepancies may appear due to rounding. Mineral Resources are reported inclusive of Ore Reserves. All tonnages have been estimated as dry tonnages.					

### Attributions

The information in this report relating to the Mineral Resources for the Koolan Island, Extension Hill, Iron Hill, and Tallering Peak and Shine deposits 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 a 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.

The information in this report relating to Ore Reserves at 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. Mr Salmon was a full-time employee of Mount Gibson Iron Limited. Mr 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'. Mr 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 estimates comply 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.

\*Refer ASX release dated 31 August 2016.