

Restarting Koolan Island



MGX

A Premier High Grade Iron Ore Opportunity
Investor Presentation
27 April 2017

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Koolan Island Mine Restart

A premier high grade iron ore opportunity



- One of the world's premier high grade hematite production opportunities
- Stage 1 Main Pit Ore Reserves of 12.8Mt @ 66.0% Fe* and initial mine life of 3.5 years
- Initial capex of \$97m including \$10m contingency
- Robust economics using conservative Fe prices and FX assumptions*
- 28 month payback from first ore sales
- First ore sales targeted to commence in early 2019
- Potential Stage 2 Pit extension at east end of Main Pit, subject to further geotechnical work



Koolan Island location and site layout showing Main Pit relative to existing site infrastructure, including crushing and port facilities, operations centre, accommodation camp and airstrip.

*Refer slides 5, 7 and 12

Koolan Island Mine Restart Feasibility Study Overview



- Safe and viable Main Pit seawall design and construction method confirmed
- Initial Main Deposit Ore Reserves of **12.8 Million tonnes grading 66.0% Fe** and initial mine life of **3.5 years**
- Seawall construction and dewatering capital costs of **\$97 million including contingencies**, total peak cash draw prior to cashflow of \$145 million, including pre-stripping and other working capital
- Projected **all-in cash costs of \$53/wmt Free on Board (FOB)***, including development capex and \$30.6 million in final closure costs
- Estimated **pre-tax Internal Rate of Return of 34% and Net Present Value of \$106 million[#]**, and 28 month payback from first ore sales (assuming average Platts 62% Fe price of US\$55/dmt and USD:AUD FX rate of 0.75). At a price of US\$65/dmt, NPV increases to **\$233 million** and IRR increases to **58%**.
- Estimated **breakeven at Platts 62% Fe Index price of US\$46/dmt CFR** (Life-of-Mine, using above assumptions, including capital and closure costs)
- Anticipated 24 month period from approval to ore production, utilising existing mine infrastructure and mining fleet
- First ore sales targeted to commence in early 2019
- Potential Stage 2 Pit extension under assessment to convert 7Mt of Mineral Resources to Ore Reserves at east end of Main Deposit
- Anticipated site-based workforce of up to 80 during construction, rising to approximately 315 employees and contractors during production

All figures are expressed in Australian dollars unless stated otherwise. Refer Slide 12 for Competent Persons attributions

*All-in cash costs are reported FOB and include royalties and capex, corporate cost allocations and closure costs.

[#]Based on real pre-tax discount rate of 8%, broadly equivalent to nominal pre-tax discount rate of 10% and annual inflation of 2.5%.

Koolan Island Mine Restart

An unrivalled high grade hematite deposit



Main Pit in 2014 showing consistency and width of high grade Main Deposit



Main Deposit Mineral Resources					
	Tonnes millions	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %
Mineral Resources, above 50% Fe					
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
Total	41.90	64.8	6.06	0.66	0.011
Main Deposit Ore Reserves					
Mineral Reserves, above 50% Fe					
Proved	0.04	63.49	6.68	1.31	0.014
Probable	12.77	66.03	3.70	0.92	0.009
Total	12.82	66.02	3.71	0.93	0.009
<i>Discrepancies may appear due to rounding. Mineral Resources are reported inclusive of Ore Reserves. All tonnages have been estimated as dry tonnages.</i>					

- High grade hematite (66% Fe)
- Very low contaminants (P, Al)
- Well understood orebody, consistent grade and width
- Well understood mining characteristics
- High grade attracts a price premium – currently +10% for ores grading 65% Fe
- Highly sought-after product
- Life-of-Mine production committed under existing long term offtakes
- Potential for Stage 2 Pit extension (~7Mt) subject to further geotechnical evaluation

*Refer slide 12 for Competent Persons information

Koolan Island Mine Restart

Seawall construction and dewatering capital costs



Item	Cost (\$M)
Seawall rebuild cost	54.1
Island costs	2.8
Dewatering	6.8
Pit rehabilitation	11.7
Contingency	9.8
Seawall Capex Subtotal	85.2
Mining and ancillary equipment	6.5
Other, including insurance	5.0
Total Capex	96.7

**All figures are expressed in Australian dollars unless stated otherwise*

Koolan Island Mine Restart

Robust financial metrics and low unit costs



Koolan Island	Stage One Pit	
62%Fe Iron Ore Price & FX Assumption	US\$55/dmt & A\$1.00/US\$0.75	US\$65/dmt & A\$1.00/US\$0.75 (Spot)
Pre-Tax NPV (8% real pre-tax)*	\$106 million	\$233 million
Pre-Tax IRR	34%	58%
Seawall and Other Start-Up Capital	\$96.7 million	\$96.7 million
Peak Cash Draw	\$145 million	\$142 million
Payback Period	28 months (from first ore sales)	22 months (from first ore sales)
Life of Mine Ore	12.8Mt	12.8Mt
Economic Life (to completion of sales)	41 months	41 months

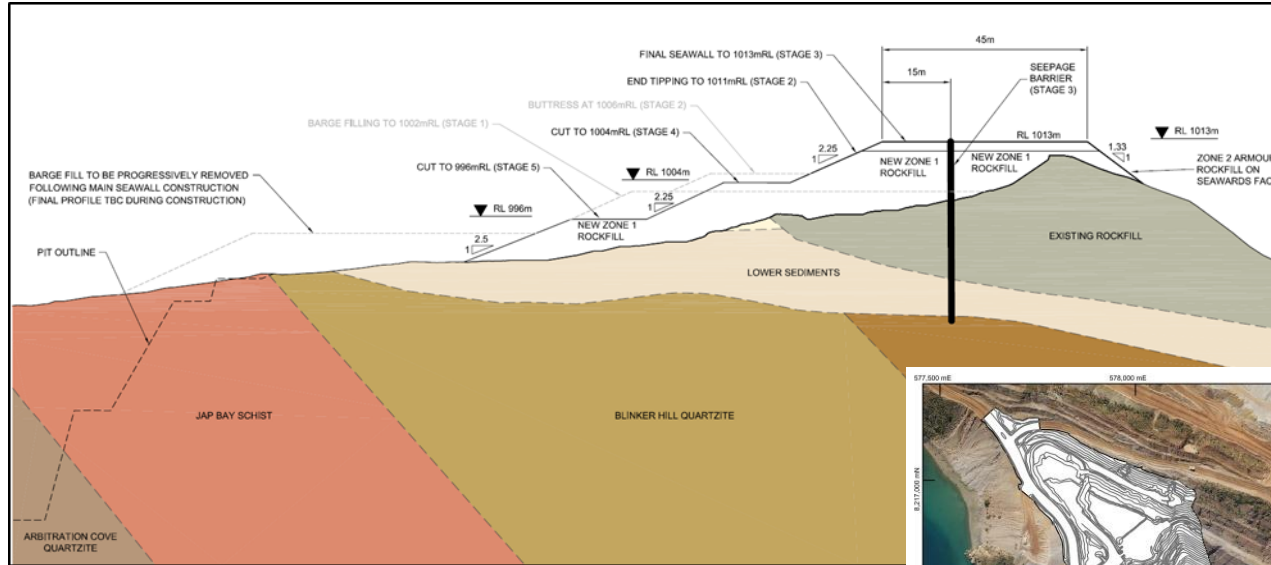
	Year 1	Year 2	Year 3	Year 4	Total
Ore Mined (Mt)	2.4	3.4	7.1		12.8
Waste Mined (Mt)	15.2	14.3	8.8		38.3
Total Material Movement (Mt)	17.6	17.7	15.9		51.2
Strip Ratio	6.3	4.2	1.2		3.0
Ore Crushed (Mt)	2.4	3.0	5.4	2.1	12.8
Ore Shipped (Mt)	2.3	3.0	5.5	2.1	12.8
Fe Grade (%)	66.2	65.9	65.9	66.4	66.1
Average cash operating cost (excluding initial capex and closure) (A\$/wmt FOB)	67	54	33	19	42

Item	Unit	Unit Rate
Mining	Wmt of TMM	\$6.95
Crushing	Wmt crushed	\$4.17
Port	Wmt shipped	\$0.96

Robust IRR and NPV using conservative base case assumptions:*

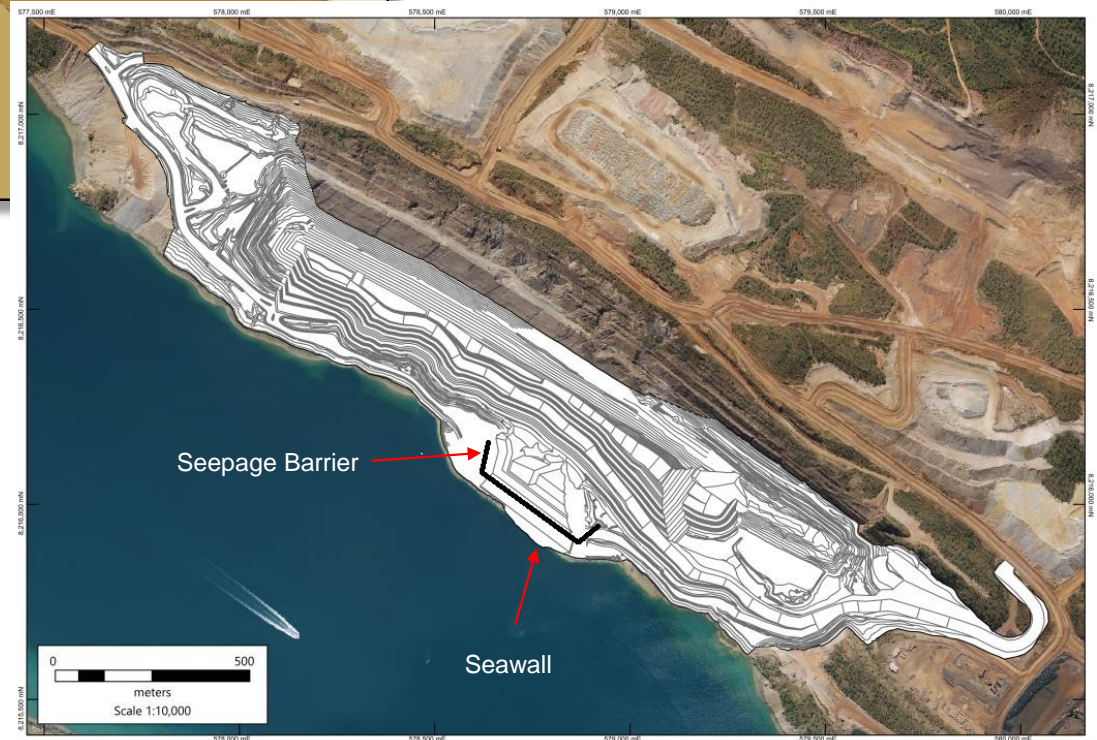
- Est. **NPV of \$106m** and pre-tax **IRR of 34%** @ Platts 62% Fe of US\$55/dmt CFR, USD:AUD FX rate of 0.75
- LOM all-in cash cost of **\$53/wmt FOB** (including capex and closure)
- LOM cash cost of **\$42/wmt FOB** (excluding capex and closure)
- Est. cash breakeven at **US\$46/dmt CFR** (Platts 62% Fe), including capex and closure costs
- Est. NPV rises to **\$233m** with **IRR of 58%** at US\$65/dmt CFR (Platts 62% Fe)
- Every US\$1.00/dmt change in the Platts 62% Fe iron ore index impacts the NPV by approximately \$12m.

Koolan Island Mine Restart Seawall Design and Construction



- Safe and viable seawall design and construction method confirmed and peer reviewed by independent engineering experts
- Factor of Safety of 1.3 during operations
- Seawall incorporates 467m cement bentonite seepage barrier

- 3 stage construction program:
 - Embankment construction
 - Construction of seepage barrier
 - Pit dewatering
- 24 months from approval to ore production



Koolan Island Mine Restart Project Schedule



- All necessary approvals in place to proceed
- Embankment construction to commence June quarter 2017
- Dewatering targeted to commence in mid 2018
- Mining targeted to commence December quarter 2018
- 24 months from approval to production, first ore sales targeted for early 2019
- Estimated payback 28 months from first ore sales
- Stage 2 Pit evaluation targeted for completion within 12 months



Task Name	2017			2018				2019
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Rock Fill Embankment Construction	█							
Seepage Barrier construction			█					
Dewatering & Footwall Rehabilitation					█			
Mining								█
First Sales Commencement								◆

Koolan Island Mine Restart Summary



- One of the world's premier high grade hematite production opportunities
- Stage 1 Pit Ore Reserves of 12.8Mt @ 66.0% Fe*
- Initial production of 12.8Mt over 3.5 years
- Initial capex of \$97m including \$10m contingency
- Robust economics using conservative Fe prices and FX assumptions*
- 28 month payback from first ore sales
- First ore sales targeted to commence in early 2019
- Potential Stage 2 Pit extension at east end of Main Pit, subject to further geotechnical work



**Refer slides 5, 7 and 12*

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Competent Person Attributions

Main Deposit Mineral Resources

The information in this report relating to the Mineral Resources of Main Deposit at Koolan Island 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 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.

Main Deposit Ore Reserves

The information in this report relating to Ore Reserves at Koolan Island is based on information compiled by Brett Morey, a Competent Person who is a member of the Australasian Institute of Mining and Metallurgy. Brett Morey is a full-time employee of Mount Gibson Iron Limited. Brett Morey 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'. Brett Morey 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.

**For more information refer ASX release dated 27 April 2017.*