

# MGX

December 2020 Half-Year Financial Results  
24 February 2021

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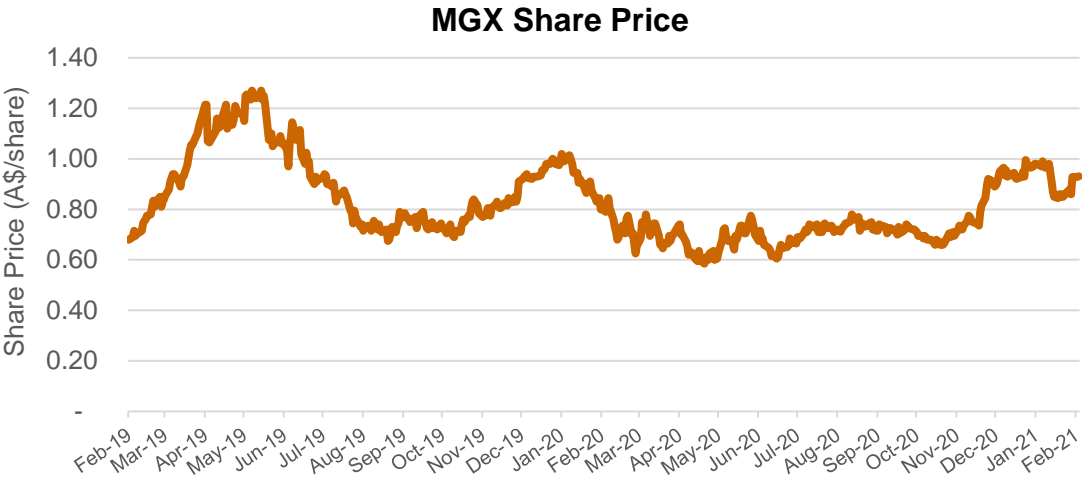
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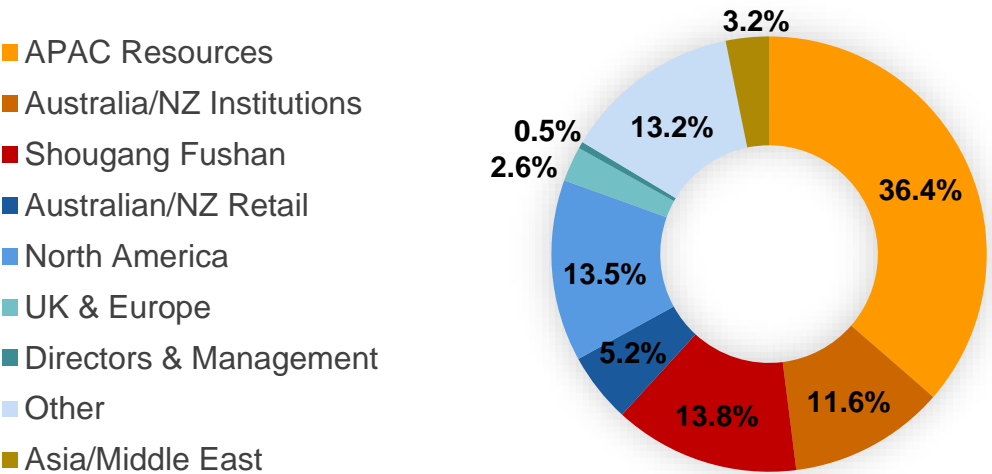
# Corporate Overview



Issued shares	1,186 million shares
Market capitalisation	A\$1.1 billion (\$0.92/share)
Cash/investments	A\$436 million (31 December 2020)
Bank Borrowings	Nil
Index	ASX-300
Dividends	A\$309 million (fully franked) paid since 2011



Shareholder Distribution (% issued shares at 31 Dec 2020)



Board and Management

- Lee Seng Hui – *Non-Executive Chairman*
- Simon Bird – *Lead Independent Non-Executive Director*
- Russell Barwick – *Independent Non-Executive Director*
- Paul Douglas – *Independent Non-Executive Director*
- Alan Jones – *Independent Non-Executive Director*
- Ding Rucai – *Non-Executive Director*
- Peter Kerr - *CEO*
- Mark Mitchell - *COO*
- Gillian Dobson - *CFO*
- David Stokes - *Co. Sec. & General Counsel*

# Business Overview



## Kimberley Region

### *Koolan Island*

- High-grade direct shipping ore (DSO) hematite iron ore mine, with Ore Reserves of **18.7 million tonnes grading 65.2% Fe\***.
- Ore sales **1.1 Mwmt\*\*** in December 2020 half-year.
- Elevated waste stripping phase targeted for completion in September 2021 quarter.
- Sales and cashflow to rise from 2021/22 onwards.

## Mid-West Region

### *Shine Project, Extension Hill, Geraldton Port*

- **Shine Iron Ore Project** progressing to targeted first ore sales early in September 2021 quarter.
- Successful completion of **Extension Hill** low grade sales program, total sales of **1.2 Mwmt** in the half-year.
- Mid-West **rail refund** stream accruing at ~\$2 million/quarter, based on third party rail volumes on segments of the Mid-West network. Capped at \$35M (indexed), with \$12.1 million earned to 31 December 2020.

\* As at 30 June 2020. Refer Mineral Resources and Ore Reserves slide at the end of this presentation. \*\* Mwmt = million wet metric tonnes.

# December 2020 Half-Year Group Highlights

(all currency in Australian dollars unless stated otherwise)



- **Total iron ore sales of 2.3 million wet metric tonnes (Mwmt)** (1H 2019/20: 2.8 Mwmt), comprising 1.1 Mwmt of high-grade direct shipping ore (**DSO**) and 1.2 Mwmt of low-grade material.
- **Iron ore sales revenue of \$240.7 million Free on Board (FOB)** (1H 2019/20: \$230.1 million).
- **Net profit after tax of \$74.5 million** (1H 2019/20: \$44.6 million).
- **Cashflow from operations of \$113.8 million** (1H 2019/20: \$66.4 million) before capitalised waste stripping and mine development activities (totalling \$72.0 million) and plant and equipment purchases (\$14.4 million).
- **Cash, term deposits and liquid investments of \$435.7 million** at 31 December 2020.
- **Koolan Island's major waste stripping phase is well underway and planned for completion later this year**, following which high grade iron ore sales are forecast to materially increase in line with the life of mine plan.
- **Successful completion of the Mid-West low-grade sales program** at Extension Hill, which generated over \$30 million in cashflow since mid-2019 on sales of 4.1 Mwmt.
- **New Shine Iron Ore Project** construction progressing on track to commence sales in the September quarter.
- **Group ore sales guidance for 2020/21 unchanged at 2.8-3.3 Mwmt**, including circa 1.8 Mwmt from Koolan Island. Group cash cost guidance for the full financial year has increased to **\$65-70/wmt FOB** before Shine Project development and pre-production costs (\$30 million), Koolan capitalised waste stripping (\$130 million) and other capital improvement projects (\$25-30 million).

*Note: Group cash costs are reported FOB and include all operating, sustaining capital, royalties and corporate costs.*

# Financial Results Summary – December 2020 Half-Year



Summary Results (all currency expressed in Australian dollars)		Half-Year ended 31-Dec-2020	Half-Year ended 31-Dec-2019
<b>Physicals:</b>			
Ore mined	<i>M wmt</i>	1.4	1.4
Ore sold, including previously mined low grade stockpiles	<i>M wmt</i>	2.3	2.8
<b>Realised Price:</b>			
Average realised price, all products, after shipping freight (FOB)	<i>\$/wmt</i>	105	83
<b>Financials:</b>			
Sales revenue, including shipping freight (CFR basis)	<i>\$m</i>	258.8	254.1
Interest income	<i>\$m</i>	3.5	3.9
Cost of sales, including shipping freight (CFR basis)	<i>\$m</i>	146.9	(189.5)
<b>Gross profit from continuing operations</b>	<i>\$m</i>	<b>115.4</b>	<b>68.5</b>
Other income, including Mid-West rail credit	<i>\$m</i>	5.1	4.8
Administration and other expenses	<i>\$m</i>	(6.6)	(5.8)
Finance expenses and marked-to-market movements*	<i>\$m</i>	(7.0)	(3.3)
<b>Profit before tax from continuing operations</b>	<i>\$m</i>	<b>106.9</b>	<b>64.2</b>
Tax expense	<i>\$m</i>	(32.3)	(19.4)
<b>Profit after tax from continuing operations</b>	<i>\$m</i>	<b>74.6</b>	<b>44.8</b>
Loss after tax from discontinued operations	<i>\$m</i>	(0.1)	(0.1)
<b>Net profit after tax</b>	<i>\$m</i>	<b>74.5</b>	<b>44.6</b>

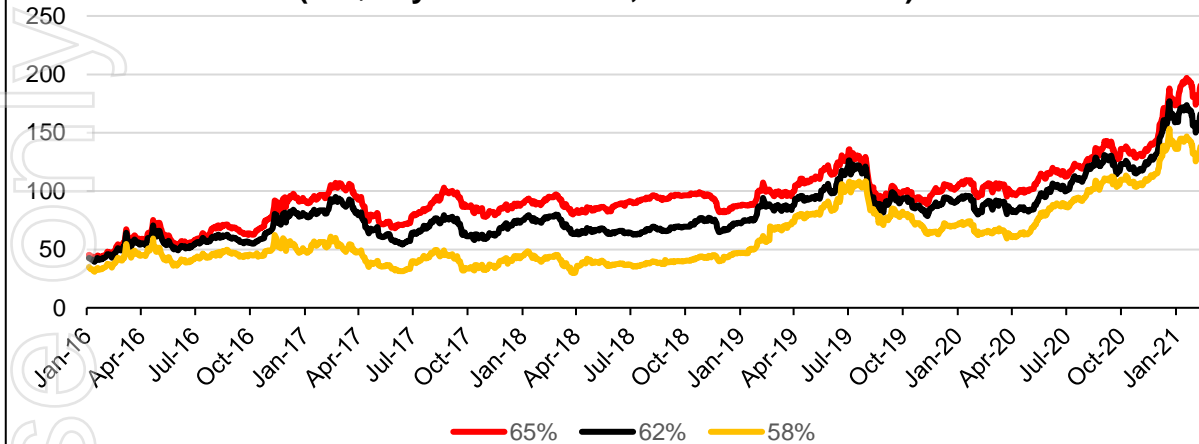
Totals may not add due to rounding.

\* Marked-to-market movements include realised and unrealised foreign exchange, commodity hedging and financial asset movements.

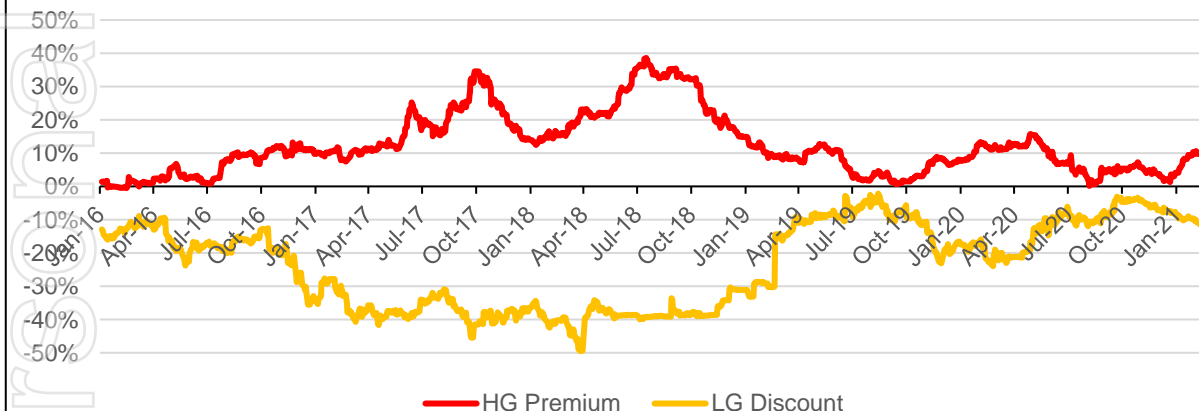
# Iron Ore Pricing



**Iron Ore Price**  
(US\$/dry metric tonne, CFR North China)



**High Grade Premium / Low Grade Discount**  
(% per dry metric tonne unit, relative to 62% index)



- Prices across all product types have remained elevated on the back of strong Chinese demand for steel and ongoing mine supply disruptions.
- Brazilian supply has been adversely impacted by the COVID-19 pandemic and regulatory restrictions related to tailings dam construction and management.
- Premiums and discounts remain variable but have narrowed since peaking in 2018 as prices have risen above US\$100/dmt CFR, in line with historical trends.
- Iron ore prices continue to look well supported.
- Koolan Island provides MGX with the ability to capture premium (+65% Fe) prices, at all price levels.
- High grade ores make steel mills more efficient, and reduce steel mill emission intensity.
- Demand for lower and medium grade products remains strong, supporting the outlook for Shine.

# Koolan Island

Site layout



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



# Koolan Island

## Steady performance in the December 2020 half-year



- Ore sales on plan at **1.1 Mwmt** in the half-year.
- Half-yearly operating cashflow of **\$106 million** before capitalised waste stripping of \$63 million and capital improvement projects of \$5 million.
- Average unit cash costs of **\$64/wmt FOB** in the half-year before waste stripping and capital improvement projects.
- Unit mining, administration and logistics cash costs reduced to **\$8.20 per tonne moved (ore and waste)** in the December quarter.
- Average realised price of **US\$121/dmt** achieved for December half-year.
- **Average shipped product grade of 63.3% Fe in the half-year**, with lower grade ore from the upper west end of the Main Pit being the primary ore source in the December quarter.
- Mining interrupted in the December quarter by a localised rockfall on the upper western footwall and heavy wet season rains.
- Footwall remedial works and geotechnical support is being assessed (estimated at \$15 million in 2021) to safely resume mining in the lower west end in the September quarter.



Koolan wharf shiploading



Ore mining in the upper western end of the Main Pit, looking east, January 2021

# Koolan Island

## Outlook for 2020/21 Financial Year



- Sales in the March and June 2021 quarters are expected to remain similar to the December 2020 quarter, before rising from the September 2021 quarter onwards.
- Koolan ore sales for the 2020/21 financial year will be at the lower end of guidance (~**1.8 Mwmt**).
- Annual 2020/21 cost guidance revised to **\$70-75/wmt FOB** reflecting the impacts of recent weather interruptions and footwall remedial geotechnical works, before capitalised waste mining (\$130 million) and other improvement projects (\$25-30 million), primarily the crusher upgrade.
- Product grades temporarily to average 58-61% Fe during June half-year, with access to high grade ore (~65%Fe) to resume from the September 2021 quarter onwards.
- Strong pricing and modest high grade premium supports blending to achieve optimum value mix.
- Elevated waste stripping targeted for **completion in September 2021 quarter**, enabling **materially increased** ore sales and cashflow thereafter.
- Planning underway to commence life extension drilling in the 2021 dry season, targeting extensions to known **satellite deposits** on the Island.



# Koolan Island

## Main Pit Operations

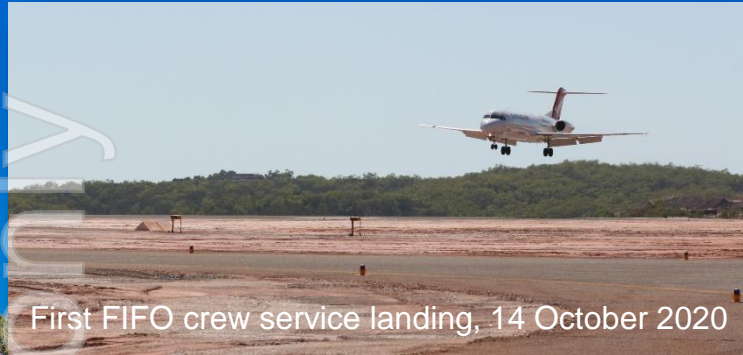


Main Pit, looking west, February 2021.



# Koolan Island

## New airstrip operational



Official opening of Laawun Airport, 26 November 2020

# Koolan Island

A premium quality high grade orebody



**Koolan Main Pit - Mineral Resources and Ore Reserves @ 30/6/2020**

	Tonnes millions	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %
<b>Mineral Resources, reported above 50% Fe</b>					
Measured	2.7	60.1	13.40	0.34	0.007
Indicated	30.0	65.6	4.83	0.67	0.012
Inferred	5.3	61.4	11.10	0.76	0.010
<b>Total Resources</b>	<b>38.0</b>	<b>64.6</b>	<b>6.30</b>	<b>0.66</b>	<b>0.011</b>
<b>Ore Reserves, reported above 50% Fe</b>					
Proved	0.2	58.5	15.61	0.45	0.006
Probable	18.5	65.3	4.86	0.88	0.013
<b>Total Reserves</b>	<b>18.7</b>	<b>65.2</b>	<b>4.96</b>	<b>0.88</b>	<b>0.013</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 iron ore (~65% Fe).
- Low contaminants (particularly alumina and phosphorus).
- Well understood orebody, consistent grade and width.
- Sought-after product.
- Production sold under life-of-mine offtakes.

**WA DSO Iron Ore Fines  
Comparative Iron and Phosphorus**

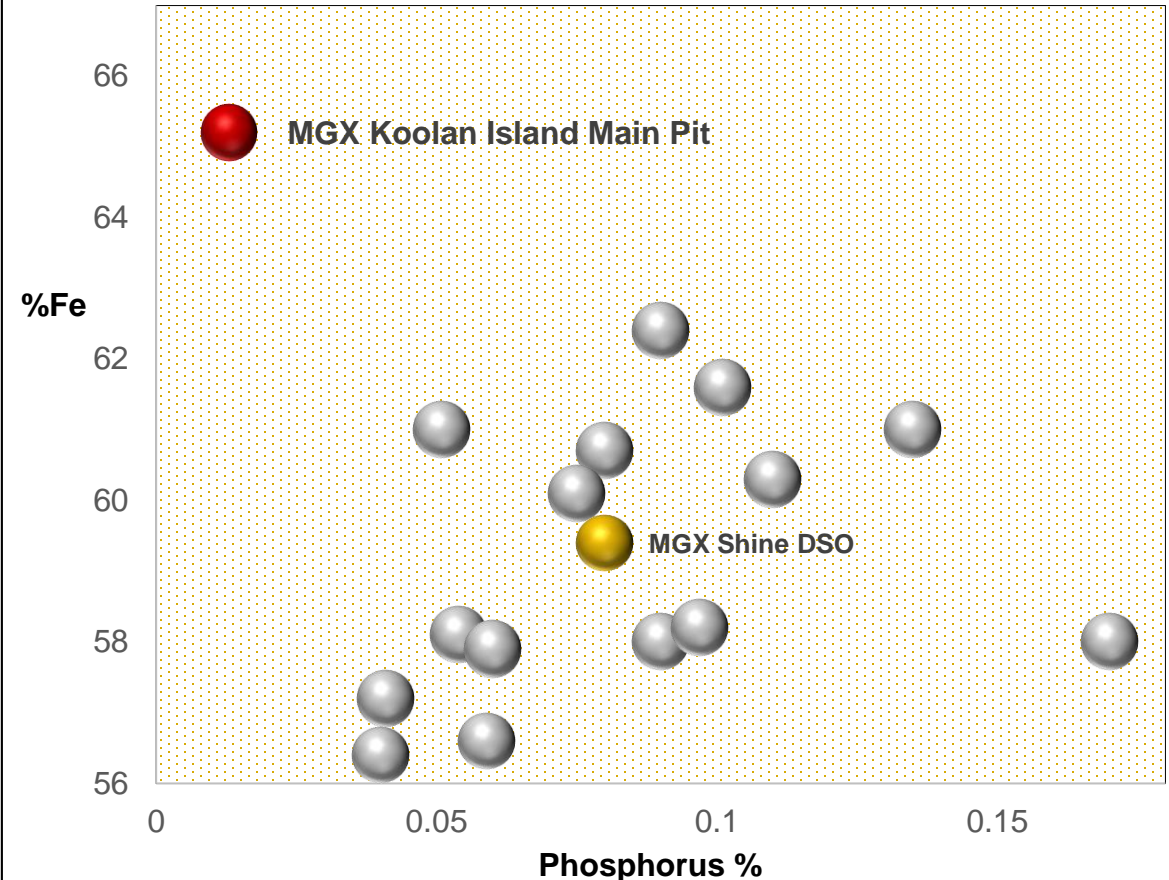


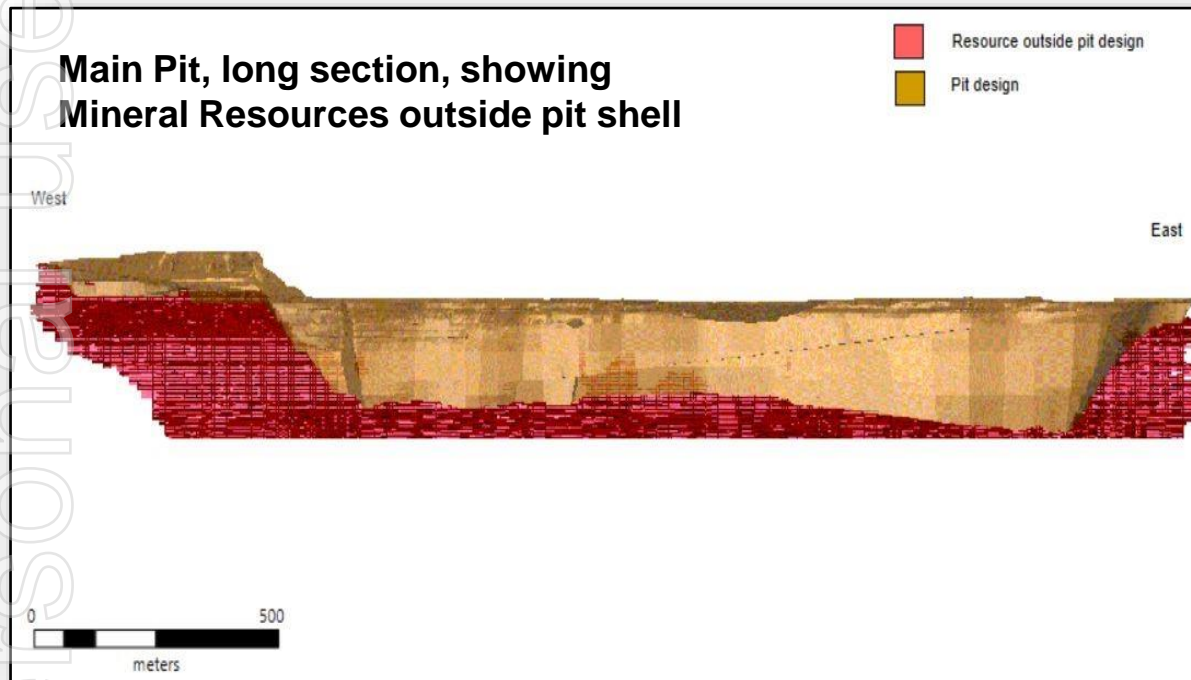
Chart sources: Mount Gibson Iron, public/company reports, Citi Research, Platts and Metals Market Index. MGX Koolan Island and Shine DSO reflects current Ore Reserves, Shine sales targeted from mid-2021. Other ores depicted represent fines products from other WA producers including Rio Tinto, BHP, FMG, Roy Hill, Atlas (Hancock), and Mineral Resources. Refer slides at the end of this presentation for MGX Mineral Resources and Ore Reserves information.

# Koolan Island

## Mine life extension targets



- Opportunities for incremental extensions beyond the current 5 year mine life.
- Main Pit – existing resources and development potential along strike, to the west and east.
- Mangrove deposit, adjacent to crusher/ROM pad, under evaluation.
- Reviewing prospects adjacent to previously mined satellite pits.



# Mid-West Operations

## Extension Hill Low Grade Program



- Low grade sales program **successfully completed** in December 2020 as planned.
- Sales for the December half-year of **1.2 Mwmt**, at the top end of guidance, and cash costs of **\$40/wmt FOB**, at the lower end of guidance.
- Site operating cashflow of **\$20 million** for the half-year, including the Mid-West rail credit refund of \$4 million.
- Total low-grade sales since commencement in June 2019 of **4.1 Mwmt**, versus an initial target of 1.0 Mwmt, for cumulative **cashflow of \$30 million** during the program.
- **Extension Hill site is now transitioning to final closure**, with much of the \$9 million provision for rehabilitation to be incurred over the next 12 months. Surplus asset sales have the potential to offset some of this obligation.

Reclamation of low-grade stockpiles



Mining of low-grade detrital gravels



# Shine Iron Ore Project



Shine open pit area, looking north, February 2021



Turkey's nest dam embankment construction, February 2021



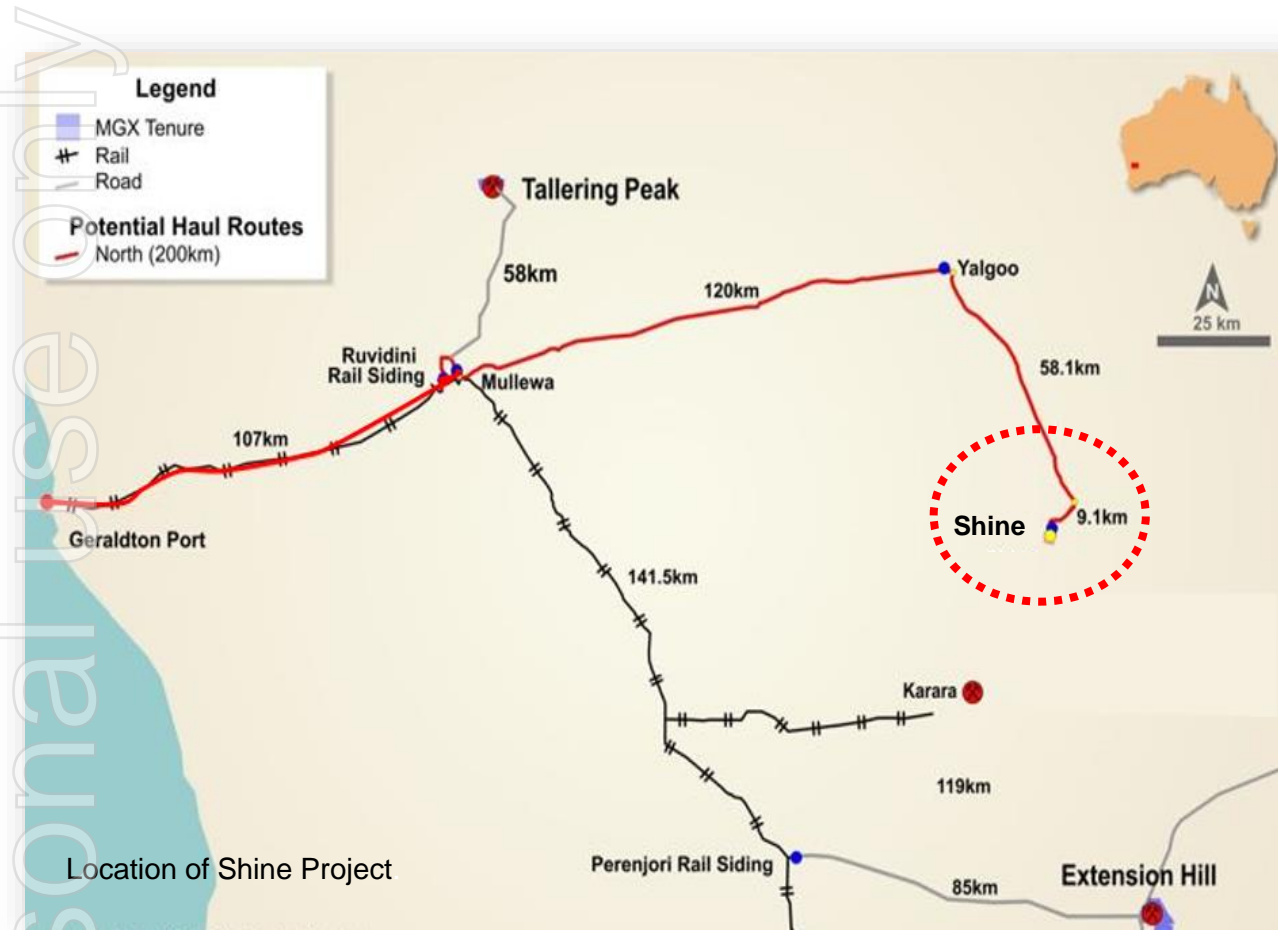
Site water supply, January 2021



Bore installation, February 2021

# Mid-West Operations

## Shine Iron Ore Project



- Ore Reserves of **2.8Mt @ 59.4% Fe\*** in **Stage 1** Pit, for initial two-year mine life at circa 1.5 Mtpa.
- Potential to extend life by a further ~2 years, subject to market conditions, sourced from total Mineral Resources of **10.8 Mt grading 58.2% Fe**.
- Indicative development capital of **\$17-20 million**, initial pre-production mining of **\$15 million**, and an expected average unit cash cost of **\$65-70/wmt** FOB before royalties.
- Transport via road to Geraldton Port, with potential cost-effective alternatives under advanced discussion.
- Development accelerated in the December 2020 quarter:
  - ✓ Mobile mining fleet secured, now being mobilised.
  - ✓ Key personnel recruited, and EH personnel redeployed where possible.
  - ✓ Site water supply established.
  - ✓ Mining approvals received after half-year end.
  - ✓ Site works now well underway.
- Mining (waste pre-stripping) on track to commence in April.
- Targeting first ore sales early in the September quarter.

# Mount Gibson Iron (MGX)

## Summary



- **MGX is an established successful independent iron ore producer** with Koolan Island offering attractive high grade (~65% Fe) and low impurity hematite iron ores.
- **Profitable, with a disciplined pathway to materially higher sales and cashflows** at Koolan Island.
- **Development of the Shine Iron Ore Project** is underway, quickly capitalising on favourable iron ore market conditions to generate **additional life and cashflows from our Mid-West business.**
- **Strong cash (and liquid investments) backing with no borrowings**, providing protection, operational flexibility and the ability to pursue internal and external growth opportunities.
- **Desired growth** in bulk materials and base metals, with a priority focus on Australia.
- **Lean, stable and experienced team** with a range of operating, commercial and corporate capabilities.

# MGX

Presentation authorised by Peter Kerr  
Chief Executive Officer  
Mount Gibson Iron Limited  
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# Supplementary Information

## Mineral Resources and Ore Reserves Information at 30 June 2020



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	3.4	60.3	13.23	0.30	0.007
Indicated	34.8	64.9	5.76	0.65	0.013
Inferred	9.9	60.5	12.30	0.59	0.013
<b>Total at 30 June 2020</b>	<b>48.0</b>	<b>63.7</b>	<b>7.63</b>	<b>0.61</b>	<b>0.013</b>
<i>Total at 30 June 2019</i>	<i>51.2</i>	<i>63.9</i>	<i>7.33</i>	<i>0.62</i>	<i>0.013</i>
<b>Ore Reserves, above 50% Fe</b>					
Proved	0.2	58.5	15.61	0.45	0.006
Probable	18.5	65.3	4.86	0.88	0.013
<b>Total at 30 June 2020</b>	<b>18.7</b>	<b>65.2</b>	<b>4.96</b>	<b>0.88</b>	<b>0.013</b>
<i>Total at 30 June 2019</i>	<i>20.3</i>	<i>65.5</i>	<i>4.56</i>	<i>0.88</i>	<i>0.012</i>
Extension Hill					
	Tonnes millions	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %
<b>Mineral Resources, above 50% Fe</b>					
Measured	1.3	55.3	9.16	2.76	0.077
Indicated	0.3	57.3	10.42	1.62	0.076
Inferred	0.2	56.6	10.49	1.66	0.055
<b>Total at 30 June 2020</b>	<b>1.8</b>	<b>55.8</b>	<b>9.53</b>	<b>2.44</b>	<b>0.074</b>
<i>Total at 30 June 2019</i>	<i>1.8</i>	<i>55.8</i>	<i>9.53</i>	<i>2.44</i>	<i>0.074</i>
Iron Hill					
	Tonnes millions	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %
<b>Mineral Resources, above 50% Fe</b>					
Indicated	2.6	55.0	13.94	1.74	0.074
Inferred	1.1	55.0	9.86	2.61	0.081
<b>Total at 30 June 2020</b>	<b>3.7</b>	<b>55.0</b>	<b>12.76</b>	<b>1.99</b>	<b>0.076</b>
<i>Total at 30 June 2019</i>	<i>3.7</i>	<i>55.0</i>	<i>12.76</i>	<i>1.99</i>	<i>0.076</i>
Shine					
	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 at 30 June 2020</b>	<b>15.89</b>	<b>58.1</b>	<b>9.57</b>	<b>1.48</b>	<b>0.071</b>
<i>Total at 30 June 2019</i>	<i>15.89</i>	<i>58.1</i>	<i>9.57</i>	<i>1.48</i>	<i>0.071</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>					

Note: Subsequent to financial year end, on 9 October 2020, the Company declared "Stage 1" Ore Reserves for the Shine Project, as tabulated below:

Shine Hematite Ore Reserves – Stage 1					
	Tonnes millions	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %
<b>Ore Reserves, above 55% Fe</b>					
Proved	2.1	59.8	7.40	2.32	0.086
Probable	0.7	58.4	9.70	2.15	0.057
<b>Total</b>	<b>2.8</b>	<b>59.4</b>	<b>8.01</b>	<b>2.27</b>	<b>0.079</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 (above 50% Fe)					
	Tonnes millions	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %
<b>Total Mineral Resources at 30 June 2020</b>	<b>69.4</b>	<b>61.7</b>	<b>8.40</b>	<b>0.93</b>	<b>0.031</b>
<b>Total Ore Reserves at 30 June 2020</b>	<b>18.7</b>	<b>65.2</b>	<b>4.96</b>	<b>0.88</b>	<b>0.013</b>
<i>Total Mineral Resources at 30 June 2019</i>	<i>74.2</i>	<i>61.8</i>	<i>8.25</i>	<i>0.95</i>	<i>0.031</i>
<i>Total Ore Reserves at 30 June 2019</i>	<i>20.3</i>	<i>65.5</i>	<i>4.56</i>	<i>0.88</i>	<i>0.012</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

#### Exploration Results:

The information in this report that relates to Exploration Results including sampling techniques and data management is based on information compiled by Mr Brett Morey, a Competent Person who is 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 relevant to the style of mineralisation and type of deposits 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 this report of the matters based on his information in the form and context in which it appears.

#### 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 member and Chartered Professional of the Australasian Institute of Mining and Metallurgy and member of the Australian Institute of Geoscientists. Ms Haren was a full-time employee of, 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.