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## **2008 ANNUAL GENERAL MEETING 18 NOVEMBER 2008**

**MOUNT GIBSON IRON LIMITED**

**CHAIRMAN'S ADDRESS TO SHAREHOLDERS**

Ladies and Gentlemen I would like to make a few introductory comments after which I propose to handover to our Managing Director, Mr Luke Tonkin, who will make a detailed presentation. The Annual Report and Accounts for the Year Ended 30 June 2008 are with all Shareholders and set out in detail the highlights of what was a very successful year for the Company. I don't propose today to add further comment on that year's performance as in these rapidly changing times I am sure peoples interest is more focused on that has transpired since the balance date. That will be the main thrust of Luke's presentation and I thought it would be useful, however, just to make some preliminary comments. When we met here last year I said, in a response to a shareholder questions about likelihood future dividends, that we were committed to a strategy to see the development of two major assets in the Company's portfolio. They were completion of the reopening of the main pit on Koolan Island and the opening of our new Extension Hill mine. Both projects were advanced

during the financial year just ended and significant capital expenditure has been incurred. These projects were undertaken to maximize the earning potential of the Company and were supported by well researched detailed plans, financing arrangements from banks, and off-take agreements in the case of Koolan Island securing the sale of all projected production. The Company's plan anticipated the first sales of all production from Extension Hill in the June Quarter of 2009 and access to the main pit at Koolan and the high-grade ore therein in approximately October 2010. The plan contemplated that the proceeds of sales of other production would, during the construction phase, provide funds to support the capital expenditure on these two projects and significantly retire financing incurred in support of the projects.

The Financial Year ended June 2008 left us in a very strong position and indeed the first quarter of the current financial year was a very strong period for the Company. The Company earned an after tax profit of approximately \$60 million for that period. As all shareholders are now aware things have changed quite dramatically since the end of the September Quarter and Luke will outline the details of those changes and the Company's response. As an introduction I think it is very important that shareholders understand that the position the Company found itself in in October 2008 was directly as a result of the default by a number of its customers under binding off-take agreements. The Company's plans for

the development of Extension Hill and Koolan Island had been well researched, carefully prepared and very professionally executed and were supported by the security of those off-take agreements. Likewise the Company's financiers had advanced money in anticipation of the Company receiving proceeds from the sales of ore under the off-take agreements that would support the developments the financing and ultimately retire the debt. The plans developed by management over many years were very sound, enjoyed the strong support of the Board and, I believe, the whole investment community.

It is also worth noting that at an operational level the Company has at all times performed to a very satisfactory level and the people in the Company should be congratulated for their endeavour and hard work.

I will now ask Luke to make a presentation that will identify what has occurred in recent times and an outline of the proposals that are being developed to be submitted to shareholders in late December this year.