



Mount Gibson Iron Limited
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Pages = 4

VIA: WWW.ASXONLINE.COM

16 November 2011

The Manager
Company Announcements
ASX Limited
Level 10, 20 Bond Street
SYDNEY NSW 2000

Dear Sir

Chairman's address to shareholders at AGM

Please find attached a copy of the Chairman's address to shareholders to be given at today's Annual General Meeting.

Yours sincerely

MOUNT GIBSON IRON LIMITED

David Berg
Company Secretary

Chairmen's Address

Annual General Meeting, 16 November 2011

The year ended June 2011 was clearly a good one for Mount Gibson and has left the company in a sound financial position to face the future.

One of the first things I did on becoming chairman of your company was to consult with a number of our shareholders, both small and large, to gain an understanding of their views and desires for Mount Gibson.

The results were both illuminating and confronting.

Firstly, they were concerned to know about the circumstances of my joining the board.

That is straightforward. I was asked by our major shareholders to consider joining the board as an independent director, which I did. I am aligned to no-one and I signed a statutory declaration confirming my independence.

Secondly, they were concerned about our corporate governance.

Thirdly, they emphasised the need to speed up the recruitment of 2 or more independent directors.

Fourthly, they were concerned about our future strategy and our declining production profile.

Finally, I was asked about our management and our engagement with the market.

I think the best way to answer these questions is to describe what has been achieved in the last six months and update you on where we are today:

- Firstly, and perhaps most importantly in terms of rewarding our shareholders, is the payment of our maiden dividend of 4 cents a share.
- Secondly, I can advise that we have completed a thorough review of our corporate governance policy. We are now looking at the best means of administering this policy on an ongoing basis. As part of this process we have re-examined the important area of risk and have appointed KPMG to handle our internal audit program.
- Thirdly, we have completed the first round of our search for additional independent directors - something I will say more about in a moment. We have been assisted by our consultants, Heidrick and Struggles, in this important area.
- Fourthly, our management team has been strengthened by the appointment of a very capable mining engineer, Jim Beyer, to the role of chief operating officer. We have also appointed an Investor Relations and Business Development manager.

We will be introducing an executive performance appraisal program in 2012 which will assist in developing our management talent.

- Yesterday, we held our long awaited strategy session which I will comment on in a moment.

- I have also had very constructive meetings with our major customer and shareholder, Shougang, and I am confident of their ongoing support and assistance in growing Mt Gibson for all shareholders.

We live in difficult times, with global economic events outside our control having an impact on the iron ore market, on our investment standing and on our ability to achieve our targeted profitability.

Your board and management are acutely aware that in the global financial crisis in 2008, the company nearly failed and is only here today as a result of the rescue efforts and financial support of APAC Resources and Shougang. These shareholders backed the company when there was no-one else.

Fortunately our corporate circumstances are considerably different today, and we should be able to weather the storms comfortably.

Today we have:

- a market capitalisation of \$1.7 billion
- virtually no debt
- over \$400 million in cash
- and long term off-take agreements for a large proportion of our production

Trading conditions are, however, challenging both in the market and at the mines. I will leave this to our managing director in his presentation later in the meeting to update you.

I would now like to inform you about the board's recent strategy session.

As they say in the classics, "it's hard to focus on draining the swamp when you're up to your arse in alligators", and this perhaps explains why strategic planning may not have been top of mind in the recent past.

However, I am pleased to say that as a board we agreed the following:

The Company is in a strong financial position and will look to leverage off its strong balance sheet and cash flow in order to grow the Company.

The Company's strategy is to:

1. Maximise its returns from its existing assets;
2. Remain disciplined in its application of capital; and
3. Focus on opportunities in steel industry feeds, particularly iron and coking coal and potentially copper, in Australia and internationally.

The Company will look to expand market opportunities in relation to its growth in commodities into emerging markets, particularly Asia.

The Company will be open to growth through exploration, joint ventures, asset purchases, or mergers and acquisitions.

We will continue to meet our regulatory and governance obligations.

Clearly both your board and management have considerable work to do.

We will give you, our shareholders, regular updates as we define and implement our strategy.

Independent Director Appointments

As I alluded to a few minutes ago, I am pleased to report to this meeting that we have reached agreement with Mr Russell Barwick to join the board of Mount Gibson as an independent director from our next board meeting.

Russell is one of Australia's most experienced mining professionals with an outstanding management and corporate track record. He brings to us 37 years of skills and knowledge.

His global expertise and practical mining know-how will be of enormous assistance to your company as we continue to grow and develop.

Russell is with us today, so I would ask him to stand and for you to welcome him to the team.

Thanks Russell for your contribution even to-date

Our second new appointment will be Mr Paul Douglas.

We will finalise Paul's appointment later today. Paul is from Melbourne and most recently served as managing director of Consulting Engineers Sinclair Knight Merz after an outstanding career.

Paul is an engineer by training but his knowledge of project management and the involvement of his firm in major iron ore projects in Australia and in China will be of great assistance.

These new independent directors will bring necessary new skills to your board and are an important step towards meeting our independence requirements.

I would like to pay tribute to Ian MacIver who leaves us today. Ian has been a director for over 10 years and has seen the transformation of Mount Gibson from Whittakers to what it is today. Thank you Ian for your contribution. You will be hard to replace.

We are continuing the search for a further independent director.

Finally but not least, I would like to thank all our employees for their outstanding efforts on your behalf; particularly our workers at Talling Peak; Koolan Island and Extension Hill who work in demanding conditions and who are ultimately responsible for the production of our iron ore.

I would now like to turn to the formal matters before the meeting.

At the conclusion of the meeting I would be pleased to answer your questions.

GG Hill