

# AGM Presentation

16 November 2011



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*Investments in shares in MGI is considered highly speculative.*

# Agenda

- 1 Chairman's address
- 2 Shareholder Resolutions
- 3 Managing Director Presentation

## Geoffrey Hill

# Agenda

- 1 Chairman address
- 2 Shareholder Resolutions
- 3 Managing Director Presentation

# Proxies

- 797,277,171 valid available proxy votes received, representing 73.65% of total shares on issue
- Details of proxies will be provided for each resolution

# Financial Reports

*“To receive and consider the financial report, the Directors’ report and auditors’ report for the year ended 30 June 2011”*

# Resolution 1

## Re-election of Director - Alan Jones

*“That Alan Jones, being a Director who retires by rotation in accordance with Rule 8.1(e) of the Company’s Constitution, and being eligible, is re-elected as a Director of the Company.”*

### Proxy summary

For:	511,916,420
Against:	282,589,340
Abstain:	11,531,285
Proxy’s discretion	2,771,411



# Resolution 2

## Election of Director - Geoffrey Hill

*“That Geoffrey Hill, having been appointed as a Director since the last annual general meeting and who retires in accordance with Rule 8.1(c) of the Company’s Constitution, and being eligible, is elected as a Director of the Company.”*

### Proxy summary

For:	683,232,778
Against:	121,396,001
Abstain:	1,392,133
Proxy’s discretion	2,787,544

# Resolution 3

## Adoption of Remuneration Report

*“That the Remuneration Report for the Company for the year ended 30 June 2011 is adopted.”*

### Proxy summary

For:	799,719,062
Against:	4,905,989
Abstain:	917,627
Proxy's discretion	687,899

# Resolution 4

## Increase in the maximum aggregate remuneration of Non-Executive Directors

*“That the maximum aggregate remuneration payable by the Company to Non-Executive Directors as Directors’ fees be increased by \$500,000 from \$750,000 per annum to \$1,250,000 per annum.”*

### Proxy summary

For:	776,587,957
Against:	28,415,932
Abstain:	772,007
Proxy’s discretion	1,172,090

# Resolution 5

## Renewal of Proportional Takeover Plebiscite

*“That Rules 6.1 to 6.3 of the Constitution of the Company, as set out in Schedule 1 of the Notice of Meeting, are renewed for a period of three years commencing on the day this resolution is passed.”*

### Proxy summary

For:	803,335,414
Against:	1,893,868
Abstain:	825,263
Proxy's discretion	2,783,911

# Agenda

- 1 Chairman's address
- 2 Shareholder resolutions
- 3 **Managing Director Presentation**

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<b>1</b>	<b>Market and Global Environment</b>
2	Strategy – Objective - Delivery
3	Results
4	Outlook

# Market and global environment

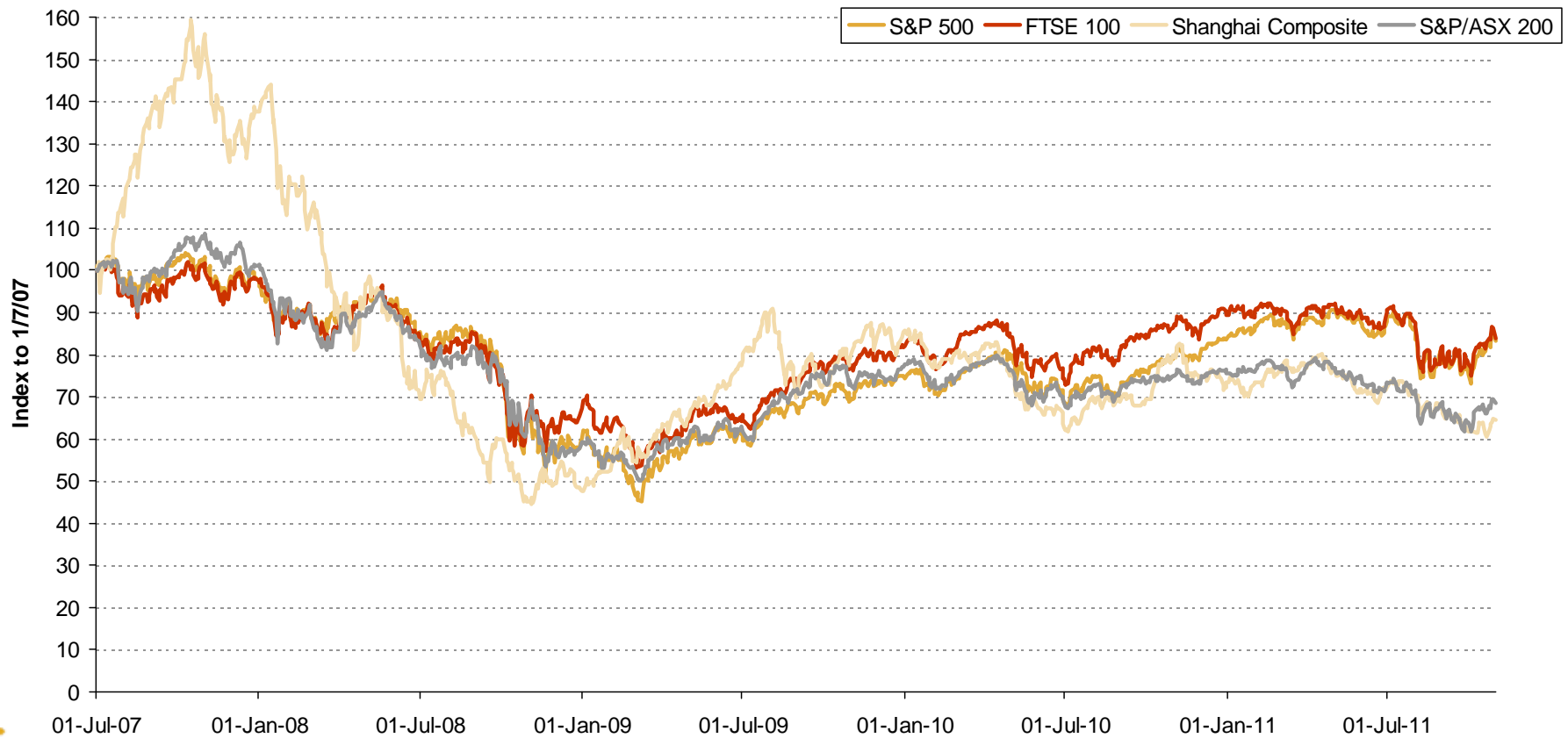
Near term volatility will persist whilst long term growth is driven by emerging regions ...

- World markets have remained uncertain since 2008 as Eurozone, Japan and the USA struggle to recover from the GFC
- Emerging regions which include China and India stimulate the resources industry as these nations relentlessly pursue industrialisation and urbanisation with China's and India's GDP growth at 8%
- Growth of developing regions is exceeding the rate of developed regions
- Incomes of developing regions is growing which stimulates consumption of commodities driving growth in long term demand for minerals, resources and energy
- Demand from developing nations has continued, however, supply has lagged analysts forecasts
- Movement to transparent market clearing pricing mechanisms
- Underlying strength in the iron ore price with recent softness reflecting inventory build during global market uncertainty
- Restocking and cost of Chinese domestic iron ore production likely to place a floor on the decline in prices

# Capital markets

There has been recent volatility in global markets...

## Major equity market indices 2007 – 2011

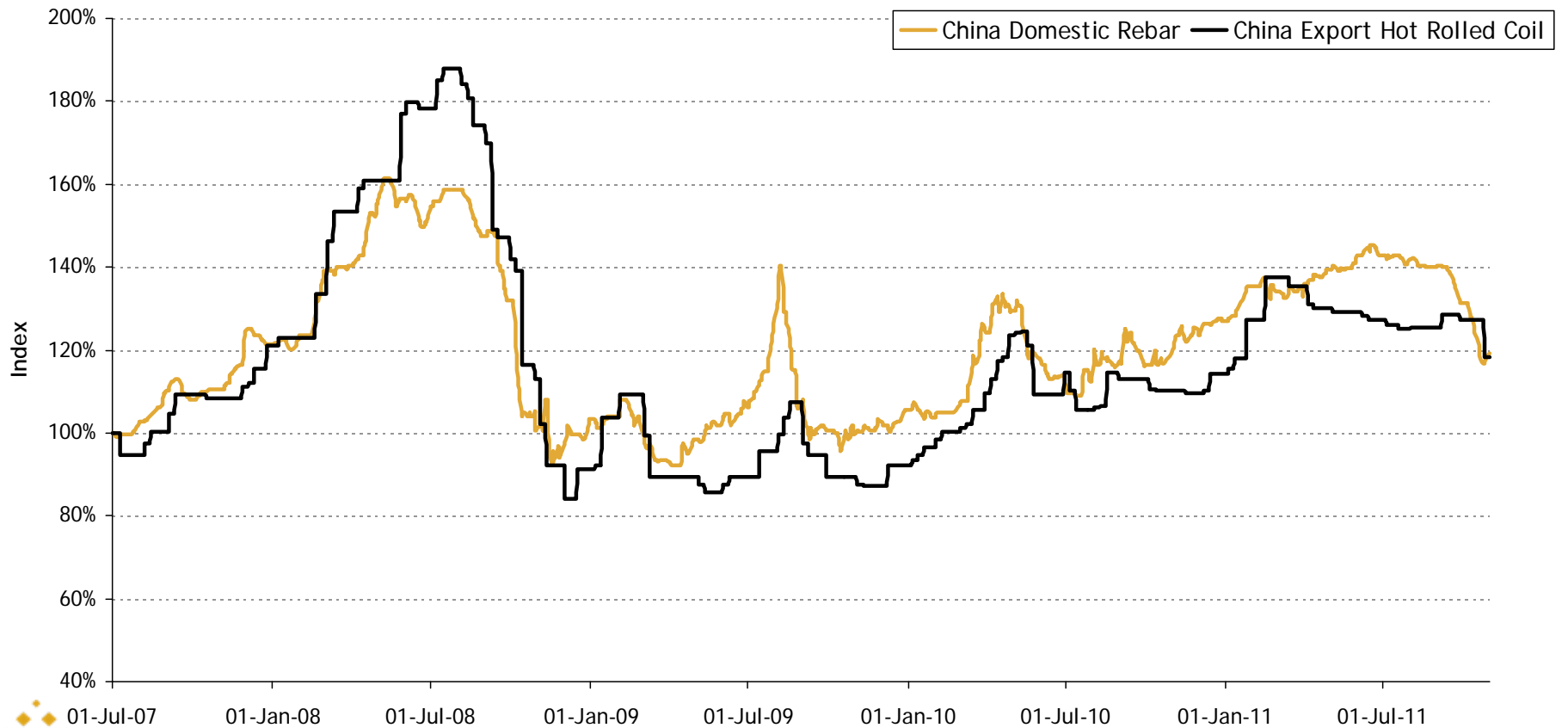




# Steel prices

Steel prices have declined in recent months...

## Steel prices 2007 – 2011



# Iron ore Fines price CFR China

The spot price has fallen dramatically recently and stabilised...

**Iron ore Fines price – CFR China (62% Fe)  
2008 – 2011**

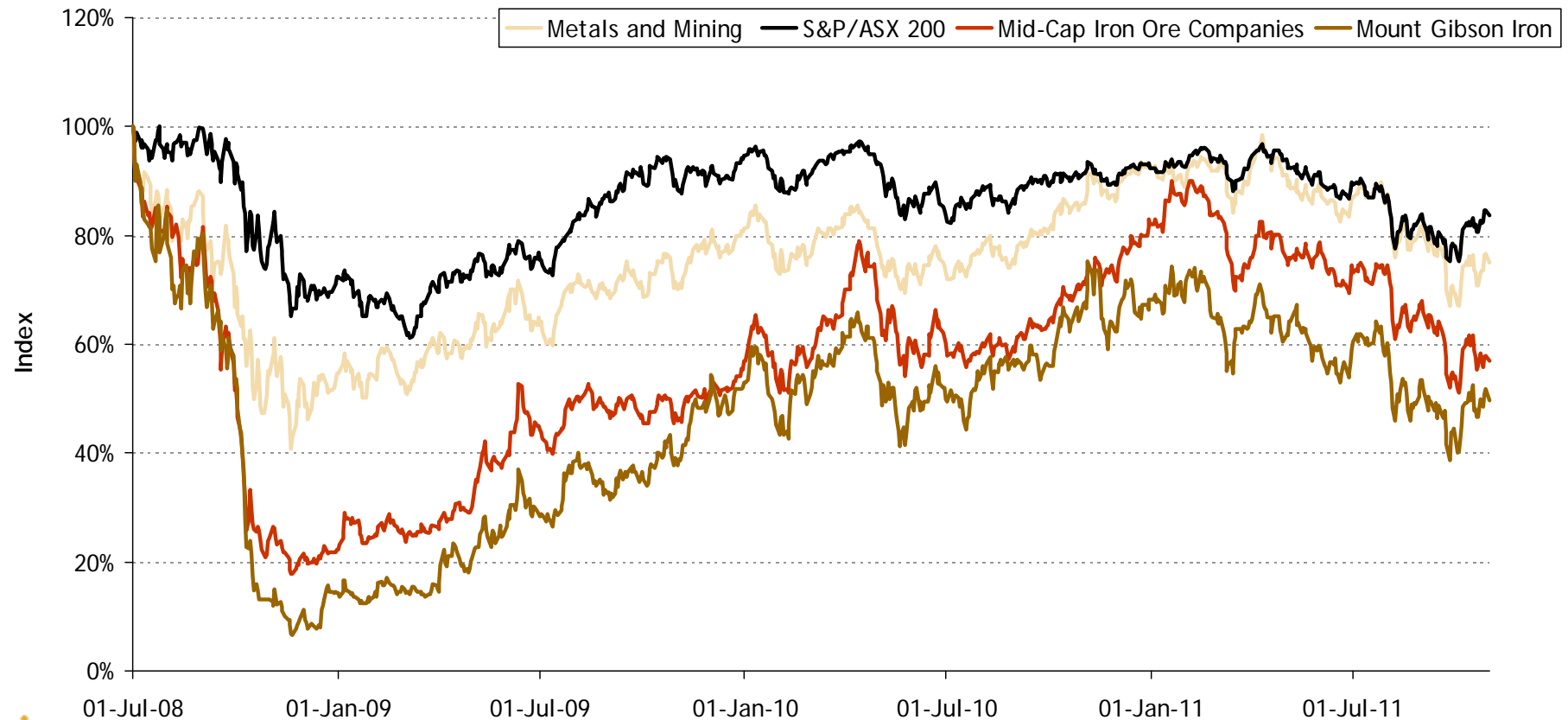


Source: Bloomberg (31/10/11)

# Impact on share prices

Mid cap iron ore producer/developer share prices have fallen since the beginning of 2011...

## Indices of Australian mining companies – majors vs. midcaps 2008 – 2011

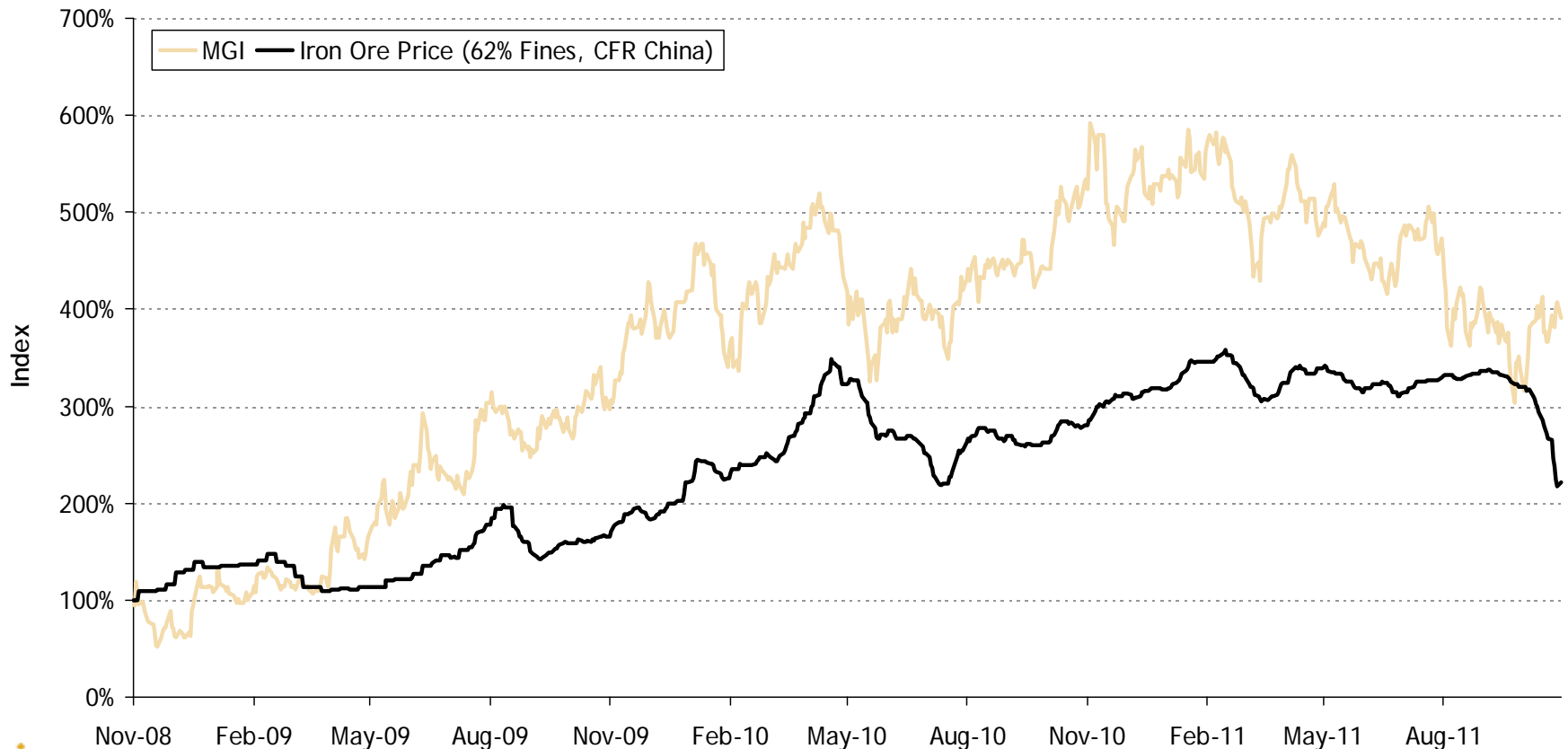


Source: Bloomberg (31/10/11); Mid Cap Iron Ore companies – FMG, AGO, AQA, GBG, GRR, NFE, BCI, MMX.

# MGI Share Price vs. Iron Ore Price

MGI share price has outperformed the spot iron ore price since the lows experienced in November 2008...

## MGI Share Price Performance Since Rights Issue in 2008 2008 – 2011



Source: Bloomberg (31/10/11)

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1	Market and Global Environment
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# Strategy

Objectives clearly established in 2006...

- Build internal capability and control
- Divest high risk dilutive assets
- Organically grow production base from existing operation
- Acquire accretive asset that is longer life, lower cost and larger
- Deliver production growth from existing scalable assets

Mount Gibson has ...

- Built appropriate internal capability and control
  - Introduced planning discipline and internal controls
  - Introduced required infrastructure, fleet and people to grow production base
  - Adopted safety as a core value
- Divested high risk dilutive assets
  - Extension Hill magnetite project exposed balance sheet to excessive risk for a company of Mount Gibson's size
  - Utilised sale funds to build internal capacity and grow existing production base

# Strategy

Mount Gibson has ...

- Organically grown production base at existing operation
  - Funds invested in Tallering Peak taking production from 1.3 Mtpa to 3 Mtpa
- Acquired accretive asset that is longer life, lower cost and larger
  - Koolan Island acquired as part of the Aztec transaction
  - Larger, lower cost, longer life asset – set to produce premium Fe product
  - Scalable 4 Mtpa production rate
- Delivered production growth from existing scalable assets
  - Investment in Extension Hill Hematite ready to deliver a further 3 Mtpa
  - Converted Resource to Reserve growing our Reserve base at Koolan Island and Extension Hill
  - Expanded Mount Gibson's strategic infrastructure assets at the Geraldton Port



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# Results

Disciplined execution of the plan over the last 5 years results in ...

- LTIFR reduced from 11 to 0.86 (Metalliferous surface 3.0)
- DIFR reduced from 6.7 to 4.0 (Metalliferous surface 4.6)
- Prudent divestment of magnetite asset reinvesting funds in organic growth
- An increase in market capitalisation from \$325 million to \$1.7 billion
- Reserve base has increased 60%, whilst shipping 25 million tonnes
- Product sales increased 278%
- Revenue increased 820%
- Operating profit after tax increase of 920%
- EPS increased 276% from 5.88 cps to 22.13 cps
- Record operating profit after tax of \$239.5 million up 80% on the previous year
- Strong balance sheet with net assets to the end of September of \$1.2 billion
- \$105 million of debt extinguished
- Cash position at the end of October of \$403 million
- Maiden fully franked dividend of 4 cps

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# Outlook

Your company is exceptionally well placed to withstand expected volatility and seize opportunities...

- Outstanding financial strength
- Anticipated near term production growth from Extension Hill and Koolan Island
- Transparent iron ore market clearing pricing mechanism reduces customer risk
- Long term sale agreements account for +90% of production base
- Settlement of Rizhao dispute can deliver further upside
- Key factor influencing industry productivity is labour skills dilution driven by supply and demand of human capital
- Our people have delivered value accretive transactions for shareholders and have the skill set to assess and execute opportunities to deliver the next phase of growth