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ASX ANNOUNCEMENT

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Dewatering underway at high grade Koolan Island Mine

Mount Gibson Iron Limited (**Mount Gibson**) is pleased to advise that high volume dewatering of the Main Pit at the Company's flagship high-grade Koolan Island Restart Project is underway and performing as planned.

Large capacity submersible pumps are currently pumping seawater out of the Main Pit at a rate of over 1500 litres per second (refer Figures 1-3). Dewatering of the Main Pit is scheduled to be complete by the end of December 2018.

The commencement of high-volume dewatering in the Main Pit follows the successful completion of the concrete seepage barrier at the seawall in mid-July. As indicated in the June Quarterly Activities Report¹, high-volume pumping commenced following a necessary waiting period for curing of the final seepage barrier panels.

Mount Gibson has now entered the final stage of the Koolan Island restart program, which is on track to achieve first ore sales in the March quarter of 2019.

Once sales commence, Koolan Island will be the highest grade direct ship hematite mine in Australia, with total Ore Reserves of 21Mt grading 65.5% Fe, enabling it to fully benefit from the significant widening premium for high grade ores increasingly preferred by Chinese steel makers.

Mount Gibson Iron Chief Executive Officer Jim Beyer said: "Having successfully completed the critical seepage barrier construction stage of the project last month, it is extremely satisfying to have commenced the final key phase in our program to bring the high grade Koolan Island mine back into production.

"We are now dewatering at a rate equivalent to emptying an Olympic-sized swimming pool every half hour, keeping us on track to complete dewatering by the end of this year, in line with our plan to commence sales in the March quarter.

"Given the structural change in pricing favouring high grade ores - material over 65% Fe is currently attracting a premium in excess of 33% relative to the 62% Fe benchmark - our high-grade Koolan Island Restart Project represents an outstanding investment that positions Mount Gibson to generate strong cashflow well into the next decade."

For further information:

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¹ Refer ASX release dated 20 July 2018.

Figure 1: Location of dewatering pumps in Main Pit

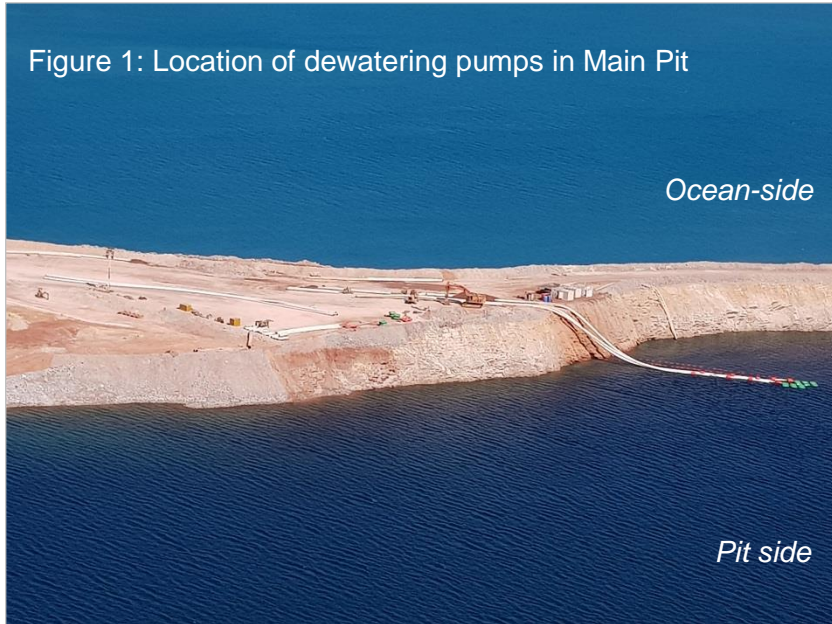


Figure 2: In-pit extraction point

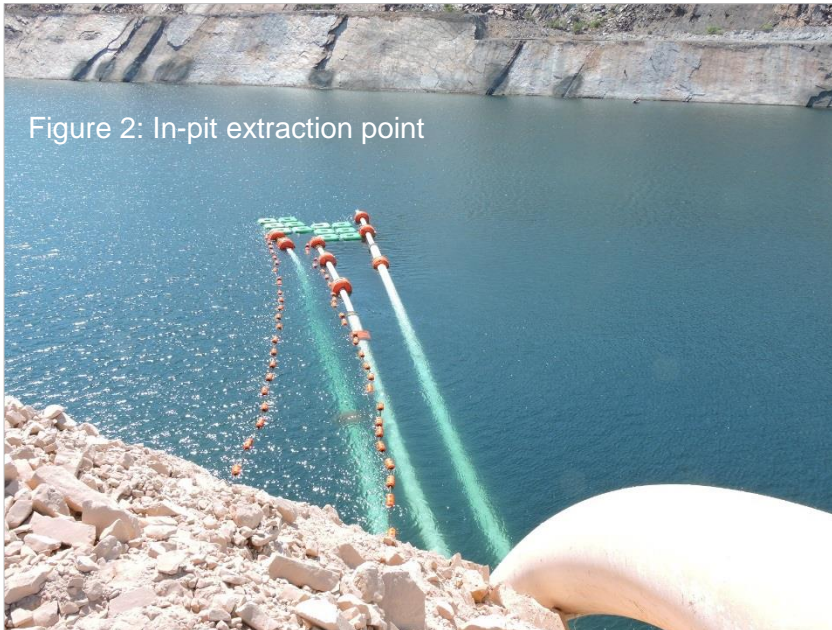


Figure 3: Dewatering ocean-side outfall



Competent Person Statement

Koolan Island 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 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.

For full details of Koolan Island Main Pit Ore Reserves, refer ASX release dated 20 April 2018.