



Mount Gibson Iron Limited

ABN 87 008 670 817



Level 1, 2 Kings Park Road
West Perth 6005, Western Australia
PO Box 55, West Perth WA 6872
Telephone: 61-8-9426-7500
Facsimile: 61-8-9485 2305
E-mail: admin@mtgibsoniron.com.au

VIA: WWW.ASXONLINE.COM

ASX ANNOUNCEMENT

ASX Code : **MGX**

13 November 2019

Chairman's Address – 2019 Annual General Meeting

Good morning ladies and gentlemen, and welcome to Mount Gibson Iron's 2019 Annual General Meeting.

It was satisfying to report further improvement in profitability by our core operating business during the 2018/19 financial year, as our operational focus transitioned from the Extension Hill operation in the Mid-West to our high grade Koolan Island operation in the Kimberley region. Net profit after tax totalled \$133.4 million, compared with \$99.1 million in the prior year. This comprised pre-tax profit from all sites of \$70.5 million, and the recognition of deferred tax assets totalling \$62.9 million. This result was a significant improvement compared with the corresponding profit before tax from continuing operations of \$34.8 million reported in 2017/18, excluding the proceeds of that year's Koolan Island business interruption insurance settlement.

Cash and liquid investments totalled \$384.5 million at year-end, a reduction of \$73.0 million over the year, as operating cashflow helped to offset the investment incurred while bringing our Koolan Island mine back into production.

In light of the good underlying performance by our existing business in 2018/19, the Board declared a fully franked final dividend of 4.0 cents per share for the year, which was distributed in late September. Mount Gibson has now distributed approximately \$274 million in fully franked dividends since paying its first dividend in late 2011, whilst retaining substantial capital for reinvestment in our existing business and new resources investment opportunities.

The successful restart of high-grade ore sales from Koolan Island in April 2019 was a significant milestone for the Company which provides us with a strong foundation for generating cashflow for Mount Gibson into the next decade.

In the Mid-West, we concluded mining operations at the Iron Hill deposit as planned in late 2018 and completed the sale of our final direct shipping grade ores in February 2019 after fifteen years of continuous production in the region. The subsequent rise in iron ore prices then enabled the Company to implement an opportunistic program to sell remnant low grade material stockpiled at the Extension Hill mine site, commencing in June. This program, together with income from our entitlement to a partial refund of historical rail access charges triggered during the year, will see our Mid-West business continue to contribute into the future.

Looking to the year ahead, management and the Board have determined the following key business objectives for the 2019/20 financial year:

- at Koolan Island, our focus is to complete the ramp-up of ore production and sales in line with the mine plan to maximise cashflow and capitalise on favourable market conditions;
- in the Mid-West, our priority is to complete the current program of low grade sales and extend the program should favourable market prices continue, and thereafter prepare for final site closure;
- at the same time, we will continue to drive for sustainable cost improvements across the existing business, and maintain an appropriate yield on the Group's cash and investment reserves; and
- we will continue the search for acquisition opportunities in the resources sector.

By focusing on these priorities, we are confident that Mount Gibson will continue to navigate fluid market conditions and capitalise on its financial strength to deliver strong returns for its shareholders.

In summary, I would like to thank my fellow Directors and the Mount Gibson management team and workforce for their hard work over the year.

We look forward to reporting another successful year in 2020.

Lee Seng Hui

Chairman
Mount Gibson Iron Limited

For further information:

Peter Kerr

Chief Executive Officer
Mount Gibson Iron Limited
+61-8-9426-7500

John Phaceas

External Relations Advisor
Empeiros Advisory
+61-(0)-411-449-621

www.mtgibsoniron.com.au