

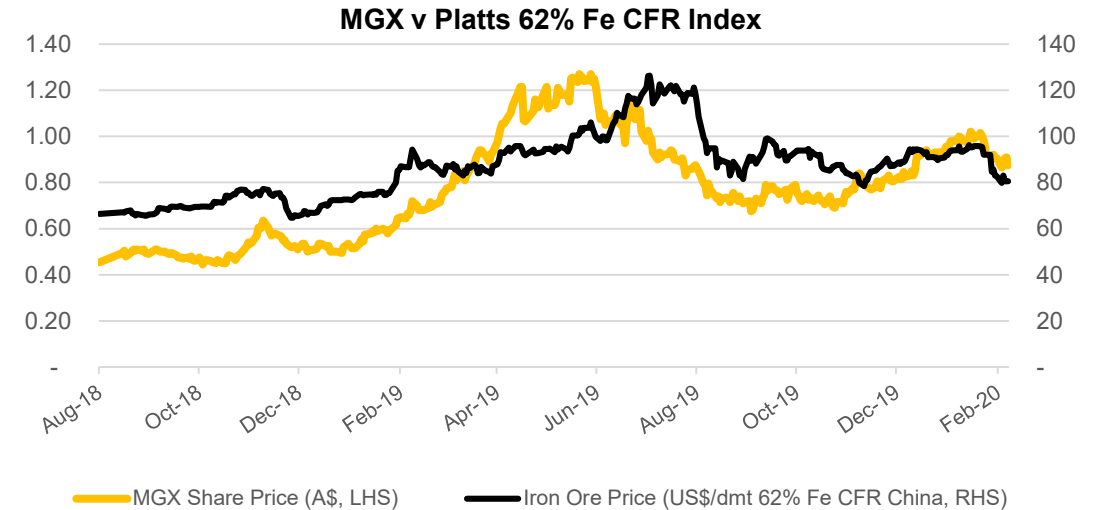
MGX

Financial Results - December 2019 Half Year
19 February 2020

Corporate Overview

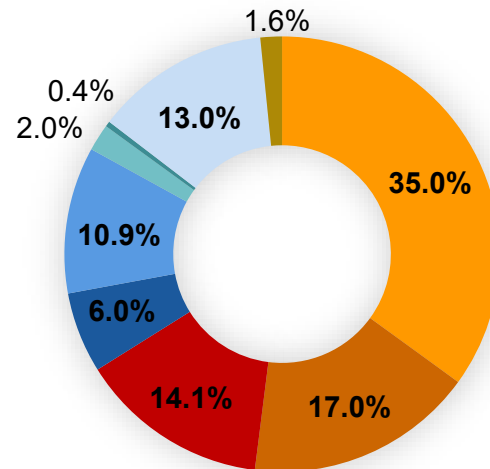


Issued shares	1,157.6 million shares
Market capitalisation	A\$926 million (\$0.80/share)
Cash/investments	A\$398 million (31 December 2019)
Bank Borrowings	Nil
Index	ASX-300
Dividends	A\$274 million (fully franked) since 2011



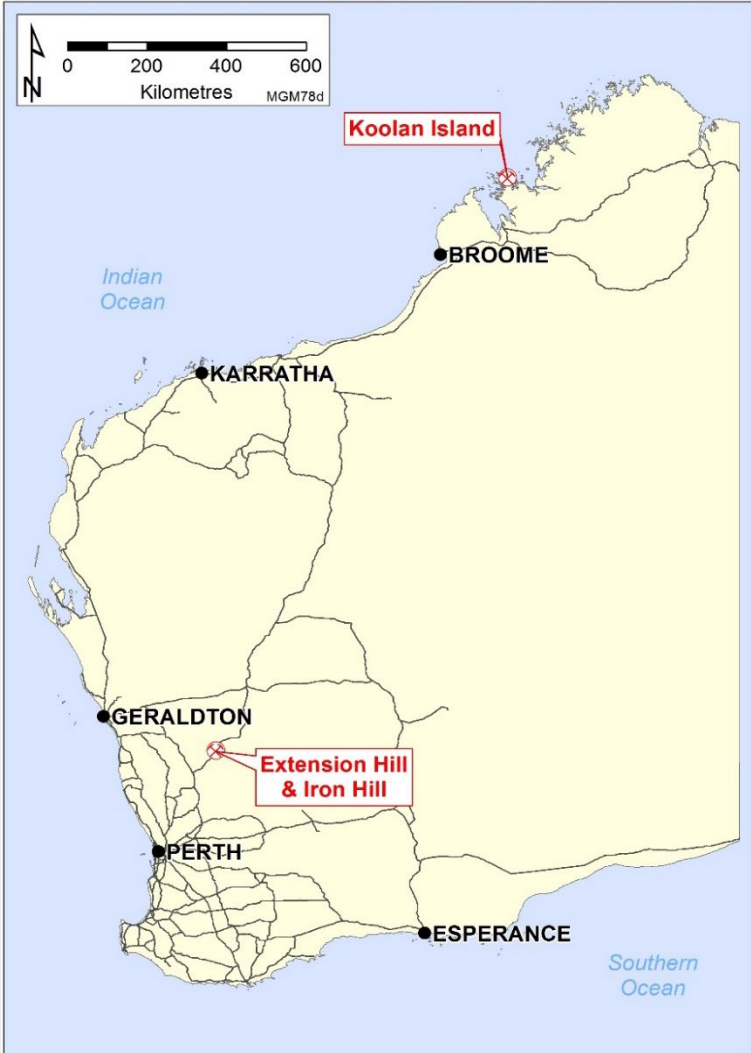
Shareholder Distribution (% issued shares)

- APAC Resources
- Australia/NZ Institutions
- Shougang Fushan
- Australian/NZ Retail
- North America
- UK & Europe
- Directors & Management
- Other
- Asia/Middle East



Board and Management

- Lee Seng Hui – *Non-Executive Chairman*
- Simon Bird – *Independent Non-Executive Director*
- Russell Barwick – *Independent Non-Executive Director*
- Paul Douglas – *Independent Non-Executive Director*
- Alan Jones – *Independent Non-Executive Director*
- Ding Rucai – *Non-Executive Director*
- Peter Kerr - *CEO*
- Mark Mitchell - *COO*
- Gill Dobson - *CFO*
- David Stokes – *Co. Sec. & General Counsel*



Kimberley Region

Koolan Island

- Australia's highest grade direct shipping ore (DSO) hematite iron ore mine.
- Ore Reserves of 20.3Mt @ 65.5% Fe* at 30 June 2019 for +5 year mine life.
- Ore sales commenced in the June 2019 quarter.
- High grade DSO sales of 1.4 Mwmt in Dec-19 half-year.
- Ore sales guidance of 2.7–3.0 Mwmt for 2019/20.

Mid-West Region

Extension Hill, Perenjori Siding, Geraldton Port

- Sales from low grade stockpiles commenced June 2019, initially targeting 1.0 Mwmt.
- Low grade sales of 1.4Mwmt in Dec-19 half-year, with the program now targeting 2.1-2.3 Mwmt in 2019/20.
- Potential for further sales subject to market conditions.
- Right earned to income stream based on third party rail volumes, capped at ~\$35M, accruing at ~\$2M per quarter.

* Refer slide at end of this presentation.

December 2019 Half-Year Group Highlights

(all currency in Australian dollars unless stated otherwise):



- Total iron ore sales of **2.8 million wet metric tonnes** (Mwmt) (1H 2018/19: 2.2 Mwmt), comprising 1.4 Mwmt of high grade direct shipping ore (DSO) and 1.4 Mwmt of low grade material.
- Total iron ore **sales revenue of \$230.1 million** Free on Board (FOB) (1H 2018/19: \$138.6 million), including net gains from foreign exchange and commodity hedging contracts.
- Profit before tax from continuing operations of **\$64.2 million** (1H 2018/19: \$45.2 million).
- **Net profit after tax of \$44.6 million** (1H 2018/19: \$45.1 million).
- **Cashflow from operations of \$66.5 million** (1H 2018/19: \$54.8 million) before interest receipts of \$4.6 million and capitalised mine development and equipment purchases of \$23.8 million.
- Cash, term deposits and liquid investments of **\$397.9 million** at 31 December 2019.
- Production ramping-up at the high grade Koolan Island mine, with sales volumes having increased progressively over the half-year period and initiatives underway to improve mining productivity and unit operating costs.
- Further extension of the Mid-West business through additional opportunistic sales of low grade material from Extension Hill.
- Increased full year sales guidance for 2019/20 of **4.8-5.3 Mwmt** at an all-in group **cash cost of \$70-75/wmt FOB**, comprising 2.7-3.0 Mwmt of high-grade DSO from Koolan Island at \$77-82/wmt FOB and 2.1-2.3 Mwmt of low-grade material from Extension Hill at \$40-45/wmt FOB.

Note: Group cash costs are reported FOB and include all operating, capital, royalties and corporate costs. Site cash costs are reported FOB and include all operating, sustaining capital and allocated corporate costs.

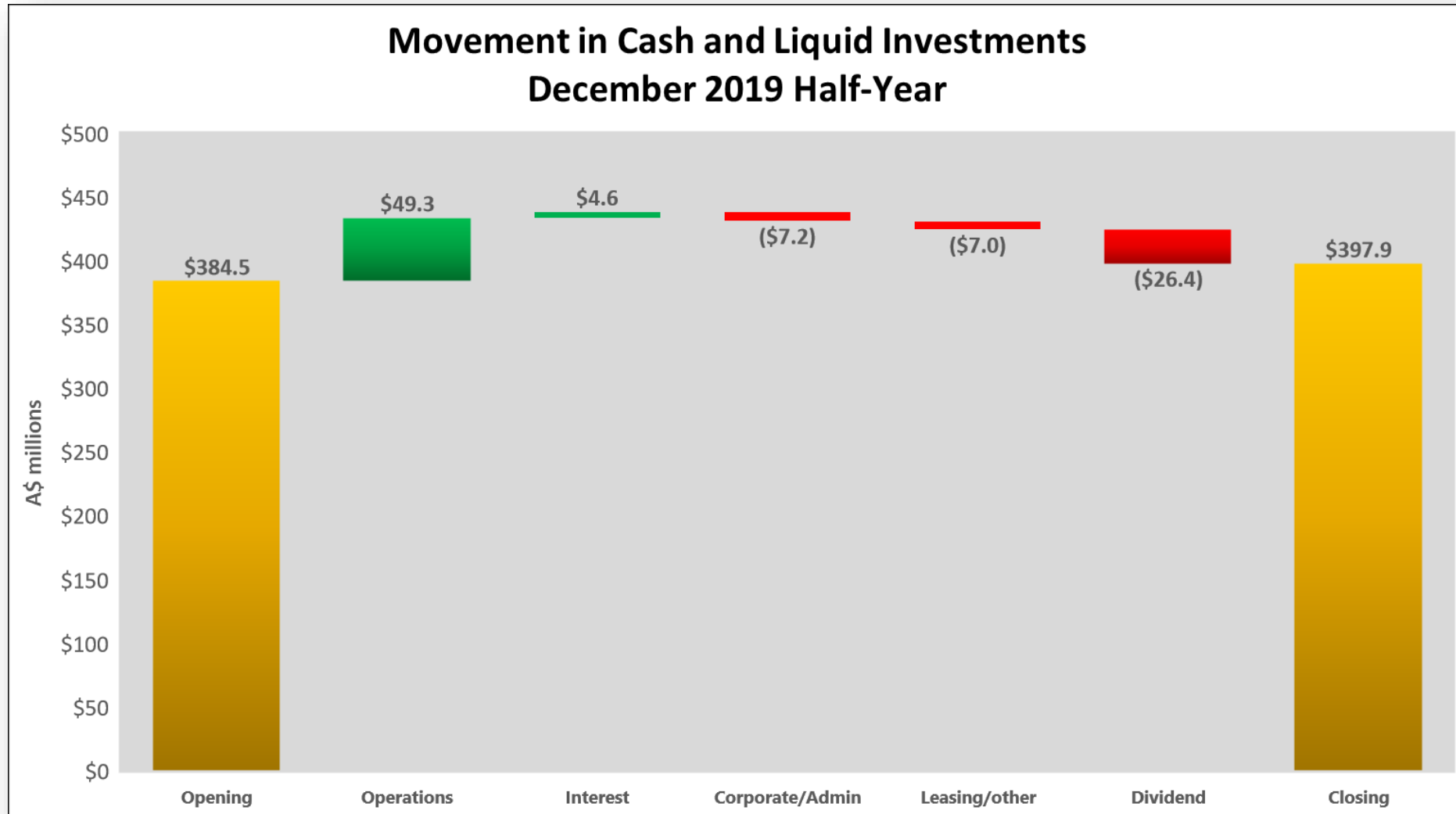
Financial Results Summary



Summary Results (all currency expressed in Australian dollars)		Half-Year ended 31-Dec-2019	Half-Year ended 31-Dec-2018
Physicals:			
Ore mined	<i>M wmt</i>	1.4	1.9
Ore sold	<i>M wmt</i>	2.8	2.2
Realised Price:			
Average realised price, all products, after shipping freight (FOB)	<i>\$/wmt</i>	83	64
Continuing Operations (Extension Hill & Koolan Island):			
Sales revenue, including shipping freight (CFR basis)	<i>\$m</i>	254.1	177.4
Interest income	<i>\$m</i>	3.9	5.9
Cost of sales, including shipping freight (CFR basis)	<i>\$m</i>	(189.5)	(132.1)
Gross profit from continuing operations	<i>\$m</i>	68.5	51.1
Other income, including rail credit	<i>\$m</i>	4.8	1.4
Administration, including unrealised FX/financial asset movements	<i>\$m</i>	(8.3)	(6.5)
Finance costs	<i>\$m</i>	(0.8)	(0.8)
Profit before tax from continuing operations	<i>\$m</i>	64.2	45.2
Tax expense	<i>\$m</i>	(19.4)	-
Profit after tax from continuing operations	<i>\$m</i>	44.8	45.2
Loss after tax from discontinued operations	<i>\$m</i>	(0.1)	(0.2)
Net profit after tax	<i>\$m</i>	44.6	45.1

* Figures may not sum due to rounding.

Cash and Liquid Investments

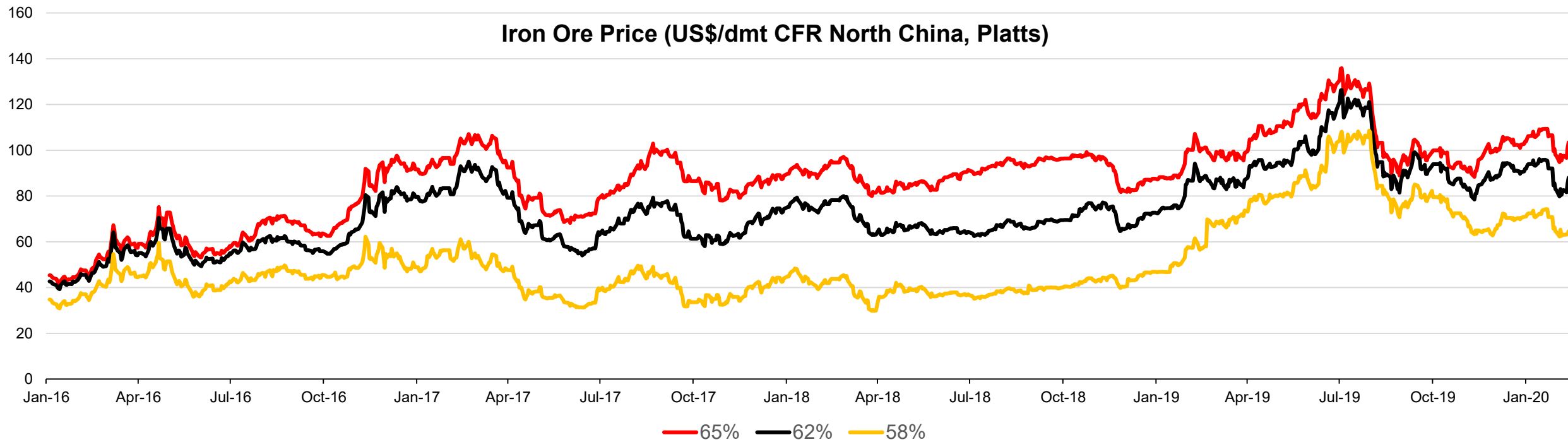
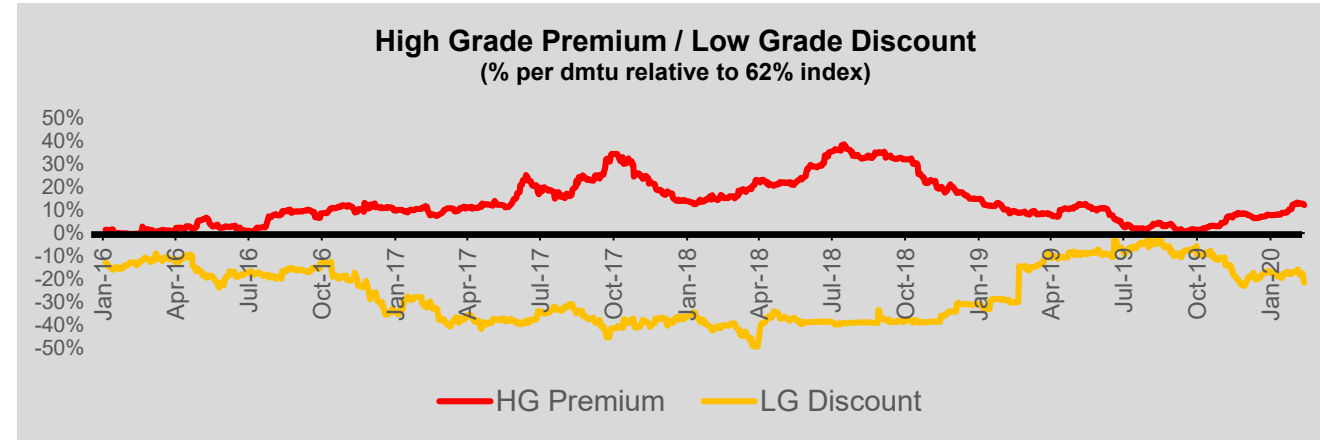


*Figures are shown net of working capital movements.

Market conditions - iron ore pricing



- Prices across all product types remain healthy but have moderated since peaking in mid-2019 following supply disruptions in Brazil.
- Current sentiment and pricing are being affected by Coronavirus concerns.
- Premiums and discounts are widening, with the 65% Fe premium (per 1% Fe) currently 12% higher than the 62% Fe index.
- Higher quality steel feedstocks help improve steel mill efficiency and reduce emissions intensity.



Koolan Island Operation



Koolan Island Operation



Koolan Island located in Yampi Sound in the Buccaneer Archipelago off the northern Kimberley coast of Western Australia approximately 140 kilometres north of Derby.



*As at 30 June 2019.

Koolan Island Operation

December 2019 Half-Year



- Half year ore sales of 1.4 Mwmt, with December 2019 Quarter sales rising +10% over prior quarter.
- Ore production rising (17% increase in the December quarter).
- Nine shipments completed in November and December – in line with 4 ships/quarter target rate – after only one shipment completed in October due to the conveyor belt tear/replacement.
- Average site cash costs of \$86/wmt* FOB in half-year reflecting conveyor breakdown impacts, but December quarter site costs were reduced by \$5/wmt relative to the prior quarter.
- Koolan Island high-grade DSO fines realised an average price of US\$83/dmt FOB for the half-year, net of provisional pricing and grade/quality adjustments.
- Site operating cashflow of \$35 million for the half-year.

**Site cash costs include all operating costs, sustaining capital, royalties and allocated corporate costs. All currency is in Australian dollars unless stated otherwise.*



Koolan Island Operation Performance and Guidance for 2019/20



- Operations in the first half of January 2020 were interrupted by extreme weather (Tropical Cyclones Blake and Claudia).
- Ore production and shipping resumed by mid-January.
- No significant further disruption from subsequent rainfall.
- March quarter shipments to be at similar levels as for the December quarter.
- Volume guidance for 2019/20 unchanged at **2.7-3.0 Mwmt**, with site cash cost guidance raised by \$5/wmt to **\$77-82/wmt FOB***.
- Costs to decline and ore production to increase once the “high-stripping” phase completed over the next 18-24 months.
- KI Airstrip works commenced – completion targeted for the end of the September 2020 quarter:
 - Capital cost of \$20 million, regulatory approvals in place.
 - Significant safety, efficiency and productivity benefits.
 - Transit time to/from Perth reduced by circa 50%.

**Site cash costs include all operating costs, sustaining capital, royalties and allocated corporate costs. All currency in Australian dollars unless stated otherwise.*



Cyclonic rain from TC Blake in Main Pit, early January 2020



Main Pit one week after TC Blake, mid-January 2020.

Koolan Island - Main Pit Operations



Main Pit looking north-west
January 2020



New airstrip location

Footwall

Seawall

Koolan Island – Main Pit Operations



Main Pit looking west
February 2020



Seawall

Ore Zone

Footwall

Koolan Island – Crushing & Loading



Crushing plant, February 2020



Mid-West Operations

December 2019 Half-Year



- Low-grade sales from Extension Hill of 1.4 Mwmt in the December 2019 half-year versus the initial target of 1.0Mwmt.
- Average site cash cost of \$42/wmt FOB* for the half-year.
- Average realised prices of US\$35/dmt FOB for lump and US\$28/dmt FOB for fines.
- Sales extended to April, with potential for further extensions.
- Low-grade sales guidance doubled to 2.1-2.3 Mwmt at a site cash cost of \$40-45/wmt FOB* in 2019/20.
- Rail credit refund is accruing at ~\$2 million per quarter, capped at a cumulative total of \$35 million (indexed) and time limit of 2031.

**Site cash costs include all operating costs, sustaining capital, royalties and allocated corporate costs. All currency in Australian dollars unless stated otherwise.*



Reclaiming from the sub-grade stockpile, Extension Hill



Loading of road trains, Extension Hill

Business Objectives for 2019/20



- **Koolan Island** – complete the ramp-up of ore production and sales in line with the mine plan to maximise cashflow and capitalise on favourable market conditions.
- **Mid-West operations** – complete the current low-grade sales program and extend the program should favourable market prices continue. Thereafter, transition the site to final closure.
- **Operating Improvements** - continue to drive for sustainable productivity and cost improvements.
- **Growth projects** - continue the search for acquisition/growth opportunities.
- **Treasury returns** - maintain an appropriate yield on the Group's cash/investment reserves.

Guidance for 2019/20	
Total iron ore sales	4.8 – 5.3 Mwmt
Koolan Island DSO sales and site cash cost	2.7-3.0 Mwmt at cash cost of A\$77-82/wmt
Mid-West low grade sales and site cash cost	2.1-2.3 Mwmt at cash cost of A\$40-45/wmt
Group cash cost	A\$70-75/wmt

Notes:

- Mwmt = million wet metric tonnes.
- Site cash costs are reported FOB and comprise operating costs, sustaining capital expenditure (including capitalised waste stripping), royalties and corporate cost allocations.
- Group cash costs are reported FOB and include all operating costs, sustaining capital expenditure, royalties and corporate costs.

- Mount Gibson is Australia's highest grade (+65% Fe) producer of direct shipping hematite iron ores.
- Koolan Island sales are ramping up and the Mid-West's low grade sales are continuing, capitalising on iron ore market conditions.
- Ability to generate positive operating cashflows in a volatile pricing environment.
- Robust balance sheet with significant cash/investment reserves and no borrowings, providing operational flexibility and the ability to pursue internal and external growth opportunities.
- Desired growth in bulk materials and base metals, with a preference for Australia and other lower risk jurisdictions.
- Experienced management team with a range of operating, commercial and corporate capabilities.

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Supplementary Information

Mineral Resources and Ore Reserves Information at 30 June 2019



Koolan Island					
	Tonnes millions	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %
Mineral Resources, above 50% Fe					
Measured	3.71	60.2	13.29	0.30	0.007
Indicated	37.51	65.1	5.48	0.65	0.013
Inferred	9.97	60.6	12.21	0.59	0.013
Total at 30 June 2019	51.18	63.9	7.33	0.62	0.013
<i>Total at 30 June 2018</i>					
Ore Reserves, above 50% Fe					
Proved	0.08	63.3	7.28	1.11	0.013
Probable	20.22	65.5	4.55	0.88	0.012
Total at 30 June 2019	20.3	65.5	4.56	0.88	0.012
<i>Total at 30 June 2018</i>	<i>21.0</i>	<i>65.5</i>	<i>4.58</i>	<i>0.89</i>	<i>0.012</i>
Extension Hill					
	Tonnes millions	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %
Mineral Resources, above 50% Fe					
Measured	1.27	55.3	9.16	2.76	0.077
Indicated	0.31	57.3	10.42	1.62	0.076
Inferred	0.20	56.6	10.49	1.66	0.055
Total at 30 June 2019	1.79	55.8	9.53	2.44	0.074
<i>Total at 30 June 2018</i>	<i>1.79</i>	<i>55.8</i>	<i>9.53</i>	<i>2.44</i>	<i>0.074</i>
Iron Hill					
	Tonnes millions	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %
Mineral Resources, above 50% Fe					
Measured					
Indicated	2.65	55.0	13.94	1.74	0.074
Inferred	1.07	55.0	9.86	2.61	0.081
Total at 30 June 2019	3.72	55.0	12.76	1.99	0.076
<i>Total at 30 June 2018</i>	<i>5.17</i>	<i>56.2</i>	<i>11.73</i>	<i>1.79</i>	<i>0.076</i>
Tallering Peak					
	Tonnes millions	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %
Mineral Resources, above 50% Fe					
Measured	0.41	58.9	6.26	3.50	0.082
Indicated	1.03	58.1	11.70	1.66	0.066
Inferred	0.20	54.7	17.89	1.93	0.056
Total at 30 June 2019	1.65	57.9	11.10	2.15	0.069
<i>Total at 30 June 2018</i>	<i>1.65</i>	<i>57.9</i>	<i>11.10</i>	<i>2.15</i>	<i>0.069</i>
Shine					
	Tonnes millions	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %
Mineral Resources, above 50% Fe					
Measured	5.73	58.9	9.04	1.81	0.076
Indicated	6.57	58.0	10.01	1.35	0.070
Inferred	3.59	56.8	9.61	1.18	0.063
Total at 30 June 2019	15.89	58.1	9.57	1.48	0.071
<i>Total at 30 June 2018</i>	<i>15.89</i>	<i>58.1</i>	<i>9.57</i>	<i>1.48</i>	<i>0.071</i>

Discrepancies may appear due to rounding. Mineral Resources are reported inclusive of Ore Reserves. All tonnages have been estimated as dry tonnages.

Total Group Mineral Resources and Ore Reserves at 30 June (above 50% Fe)					
	Tonnes millions	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %
Total Mineral Resources at 30 June 2019	74.2	61.8	8.25	0.95	0.031
Total Ore Reserves at 30 June 2019	20.3	65.5	4.56	0.88	0.012
<i>Total Mineral Resources at 30 June 2018</i>	<i>76.4</i>	<i>61.8</i>	<i>8.23</i>	<i>0.95</i>	<i>0.032</i>
<i>Total Ore Reserves at 30 June 2018</i>	<i>21.0</i>	<i>65.5</i>	<i>4.58</i>	<i>0.89</i>	<i>0.012</i>

Discrepancies may appear due to rounding. Mineral Resources are reported inclusive of Ore Reserves. All tonnages have been estimated as dry tonnages.

Competent Persons Statements

Mineral Resources:

The information in this report relating to Mineral Resources is based on information compiled by Elizabeth Haren, a Competent Person who is a member and Chartered Professional of the Australasian Institute of Mining and Metallurgy and member of the Australian Institute of Geoscientists. Elizabeth Haren was a full-time employee of, and is a consultant to, Mount Gibson Iron Limited. Elizabeth Haren 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'. Elizabeth Haren consents to the inclusion in this report of the matters based on her information in the form and context in which it appears.

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. Brett Morey is a full-time employee of Mount Gibson Iron Limited. Brett Morey 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'. Brett Morey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.