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ASX ANNOUNCEMENT

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Operational and Coronavirus (COVID-19) Update

Mount Gibson Iron Limited (**Mount Gibson** or the **Company**) provides the following update on its mining operations in Western Australia following recent government restrictions to combat the spread of the COVID-19 coronavirus.

Coronavirus (COVID-19)

The wellbeing of employees, contractors and communities is Mount Gibson's primary consideration. The Company understands and supports the urgency of Government measures to stem the transmission of the COVID-19 virus and protect vulnerable communities.

Mount Gibson has already implemented a range of protocols to prevent the spread of the virus, consistent with prevailing advice from Western Australian (**WA**) and Federal health authorities. Mount Gibson's iron ore operations on Koolan Island in the Kimberley region, and at Extension Hill and the Geraldton Port in the Mid-West region, have continued albeit with increasing travel and operating constraints.

The WA Government announced on 26 March 2020 that the Commonwealth Government had exercised its powers under the Biosecurity Act 2015 to implement specific travel restrictions to the Kimberley region in order to protect the wellbeing of residents and remote Aboriginal communities from the spread of the virus. It is now prohibited for individuals to enter the Kimberley region unless they satisfy specific exceptions and are involved in essential activities. Mount Gibson has confirmed with the relevant authorities that these exceptions extend to those individuals connected to mining operations where prior approval is obtained from the relevant Government biosecurity authority.

Consequently, Mount Gibson has worked closely with the WA Government and Police to obtain the relevant biosecurity approval for its personnel to travel to Koolan Island. This ensures that the Koolan Island operation can continue for the foreseeable future. Mount Gibson must adhere to strict travel protocols designed to further reduce the risk of transmission to the regional communities. In addition, Mount Gibson is continuing its existing "social distancing" travel and operating protocols and will also pursue further travel and workforce roster changes.

The development decision made in the December quarter to construct a sealed airstrip on Koolan Island capable of taking direct jet flights from Perth now forms part of Mount Gibson's longer term COVID-19 management plan. Construction of the airstrip is proceeding well, with initial flights presently anticipated for October this year. Opportunities to expedite this project are under consideration.

Operational Update

Mount Gibson is pleased to report that its customers have all continued to perform their obligations under its various offtake agreements, for both its Koolan Island and Mid-West operations.

However, the travel restrictions and protocols that are now in place in Western Australia are anticipated to cause some production disruptions and operating cost increases for Mount Gibson's operations. New restrictions on travel within WA come into effect on 1 April 2020 and additional interstate travel restrictions

are anticipated. Approximately 90% of Mount Gibson's employee and contractor workforce resides in WA and the Company is working with its personnel to respond to these changes.

As the Koolan Island mining operation enters its second year since the 2019 restart, the waste stripping requirement increases and planned ore production levels vary from quarter to quarter, before the scheduled waste stripping ratio significantly reduces from the third year onwards. Production at Koolan Island in the March 2020 quarter has been lower than the previous quarter as it was also impacted by difficult mining conditions arising from a number of cyclonic wet weather events in the period. Mining movement rates have increased in March and are expected to improve further in the June 2020 quarter.

Given the current uncertain business environment and related operating challenges, it is presently difficult to provide reliable sales and cost predictions for the medium term. Accordingly, Mount Gibson has decided to withdraw its sales and cost guidance for the 2019/20 financial year.

With respect to the March 2020 quarter, Group ore sales are expected to total approximately 1.0 million wet metric tonnes (**Mwmt**), comprising 0.6 Mwmt of low-grade material from the Mid-West and 0.4 Mwmt of high grade fines ore from Koolan Island.

While Mount Gibson currently expects improved ore production and sales from Koolan Island in the June 2020 quarter, it is likely that Koolan Island's sales for the 2019/20 financial year will be below the previous annual guidance for the operation. Consequently, in conjunction with the additional costs expected as part of the Company's COVID-19 response, Koolan Island's costs are anticipated to exceed the now-withdrawn guidance.

In the Mid-West, sales of low-grade material are proceeding well with costs presently in line with plan. The incoming regional travel restrictions are not at this stage anticipated to significantly impact the Mid-West operations, however this will be further assessed as travel restrictions are clarified.

Mount Gibson will provide further updates as appropriate. The Company's March Quarter Activities Report is scheduled for release in mid-April.

Mount Gibson remains well placed to weather the current uncertainty given its strong balance sheet and high-quality Koolan Island iron ore product.

Trading Halt

Following the release of this announcement, Mount Gibson requests the trading halt currently in place be lifted and normal trading resume on Monday, 30 March 2020.

Authorised by:

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