



Mount Gibson Iron Limited

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ASX ANNOUNCEMENT

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Chairman's Address – 2020 Annual General Meeting

Good morning ladies and gentlemen, and welcome to Mount Gibson Iron's 2020 Annual General Meeting. By necessity, this meeting is being held online for the first time this year.

Mount Gibson delivered a solid performance for the 2019/20 financial year despite significant operational and external challenges. These included disruptions associated with adverse wet season weather events in the Kimberley region and operating restrictions implemented in response to the COVID-19 global pandemic.

Profit from continuing operations before tax rose to \$121.1 million, compared with \$70.3 million in the previous year. Net profit after tax totalled \$84.2 million compared with \$133.4 million the prior year in which the Company benefited from the accounting recognition of \$62.9 million in deferred tax assets. Ore sales revenue increased to \$415.0 million Free on Board from the sale of 4.9 million wet metric tonnes of ore from the Company's Koolan Island and Extension Hill operations.

The Company's ability to manage operational challenges, together with continued strong iron ore pricing, resulted in our cash and liquid investments increasing by \$38.7 million over the year to total \$423.2 million at 30 June 2020. This was after payment of the \$26.4 million cash component of the final dividend for the prior year.

Key operational milestones during the year included a positive first full year of high-grade ore production from the restarted Koolan Island mine, substantial completion of a new airstrip at the mine, the successful extension of low-grade sales from the Mid-West operations, and development planning for the Shine Iron Ore Project.

The emergence of the COVID-19 pandemic late in the financial year had many unforeseen impacts on our business and our workforce. I commend our employees and contractors for their commitment and resilience during this time.

In light of this performance, the Board was pleased to declare a fully franked final dividend of 3.0 cents per share for the year. Mount Gibson has now distributed approximately \$309 million in fully franked dividends since late 2011, whilst retaining substantial capital for reinvestment in our existing business and the pursuit of resources investment opportunities.

Looking ahead, the Board has determined the following key business objectives for the current financial year:

- At Koolan Island, our focus is on substantially completing the elevated stripping phase of the mine plan. Once this occurs, costs will reduce and ore shipments and cashflows will significantly increase.
- In the Mid-West, our focus is on completing our successful low-grade sales program from Extension Hill and transitioning to the Shine Iron Ore Project where we aim to commence ore sales in mid-2021 for an initial two year period.
- At the same time, we will continue to drive for sustainable operating and cost improvements across the existing business and maintain an appropriate yield on the Group's cash and investment reserves.
- We will also continue the search for acquisition opportunities in the resources sector, whilst being appropriately cautious with respect to commodity price outlooks.

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

In summary, I would like to thank my fellow Directors and the employees and contractors of Mount Gibson for their commitment and efforts over the year.

I look forward to reporting another successful year in 2021.

Lee Seng Hui

Chairman

Mount Gibson Iron Limited

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