APPENDIX 4D

MOUNT GIBSON IRON LIMITED
31 DECEMBER 2021 HALF-YEAR FINANCIAL STATEMENTS

This Half-Year Report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3

Current Reporting Period:	Half-Year ended 31 December 2021
Previous Corresponding Period:	Half-Year ended 31 December 2020

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Consolidated Entity	Movement	A$ million
Revenue from ordinary activities	Down 89% to	$28.8
Profit from continuing operations before tax	Down 188% to	($93.5)
Net profit after tax attributable to members of the Company	Down 188% to	($65.6)

DIVIDENDS

An interim dividend for the half-year ended 31 December 2021 has not been declared.

NET TANGIBLE ASSET BACKING

Consolidated Entity	Unit	31 December 2021	31 December 2020
Net tangible assets	*A$ mill*	$642.0	$730.0
Fully paid ordinary shares on issue at balance date	*#*	1,210,568,033	1,185,917,178
Net tangible asset backing per issued ordinary share as at balance date	*c/share*	53.0	61.6

DETAILS OF ENTITIES OVER WHICH CONTROL WAS GAINED OR LOST DURING THE PERIOD

None.

STATUS OF AUDIT

This Half-Year Report is based on accounts that have been reviewed by Mount Gibson's statutory auditors.

NOTICE

It is recommended that the Half-Year Report be read in conjunction with Mount Gibson's Annual Financial Report for the year ended 30 June 2021 and any public announcements made by Mount Gibson during and after the half-year ended 31 December 2021 in accordance with the continuous disclosure obligations under the Corporations Act 2001 and ASX Listing Rules.

Mount Gibson Iron

MOUNT GIBSON IRON LIMITED AND CONTROLLED ENTITIES

ABN 87 008 670 817

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2021

Financial Report

For the half-year ended 31 December 2021

Directors' Report

Your Directors submit their report for the half-year ended 31 December 2021 for the Group incorporating Mount Gibson Iron Limited ("**Company**" or "**Mount Gibson**") and the entities that it controlled during the half-year ("**Group**").

CURRENCY

Amounts in this report and the accompanying financial report are presented in Australian dollars unless otherwise stated.

DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

Lee Seng Hui	*Chairman, Non-Executive Director*
Simon Bird	*Lead Independent Non-Executive Director*
Alan Jones	*Independent Non-Executive Director*
Russell Barwick	*Independent Non-Executive Director*
Paul Dougas	*Independent Non-Executive Director*
Ding Rucai	*Non-Executive Director*
Andrew Ferguson	*Alternate Director to Lee Seng Hui*

Peter Kerr is the Chief Executive Officer. David Stokes is the Company Secretary.

CORPORATE INFORMATION

Corporate Structure

Mount Gibson is a company limited by shares that is incorporated and domiciled in Australia. It is the ultimate parent entity of the Group and has prepared a consolidated half-year financial report incorporating the entities that it controlled during the half-year.

Nature of Operations and Principal Activities

The principal activities of the entities within the Group during the period were:

- mining and direct shipment of hematite iron ore at the Koolan Island mine site in the Kimberley region of Western Australia;
- mining and processing of hematite iron ore at the Shine mine site in the Mid-West region of Western Australia, and haulage of the ore via road and rail for export from the Geraldton Port;
- treasury management; and
- the pursuit of mineral resources acquisitions and investments.

OPERATING AND FINANCIAL REVIEW

Overview of the Half-Year Period

The Group's financial result for the half-year ended 31 December 2021 was a net loss after tax of $65,599,000, compared with a net profit after tax of $74,513,000 in the prior corresponding half-year. On a pre-tax basis, the Group realised a loss before tax of $93,474,000 for the half-year (after impairment and inventory net realisable value movements totalling $49,517,000) compared with a profit before tax of $106,727,000 in the prior corresponding half-year period.

The result reflected a significant reduction in iron ore pricing over the half-year, the consequent suspension of the Shine operation including associated impairment and inventory write-down expenses totalling $41,401,000, and temporarily reduced sales and ore quality at Koolan Island while the Company advanced its key investments in the major waste-stripping program and footwall ground support works in the Main Pit, and the upgrade of ore crushing capacity.

These investments at Koolan Island are anticipated to facilitate a significant improvement in financial and operating performance in the June 2022 half-year and subsequent years as production volumes and product quality from Koolan Island improves and unit costs decline in line with the expected reduction in the waste to ore stripping ratio.

At the beginning of the half-year, the Platts Index price for delivery of 62% Fe iron ore fines to northern China was US$219 per dry metric tonne ("**dmt**"), but rapidly declined in response to Chinese Government imposed reductions in steel making to meet defined production limits set for the 2021 calendar year. The price fell to a low of US$87/dmt in November 2021 before recovering moderately to US$118 at the end of the half-year period and averaged US$136/dmt for the half-year. Discounts for lower grade ores averaging 58% Fe and below also widened substantially during the period, disproportionately impacting the value of products sold by the Company. The Platts Index price for material grading 58% Fe averaged US$95/dmt CFR in the half-year. The decline in prices was moderately offset by a weaker Australian:US dollar exchange rate, which declined from A$1.00/US$0.748 at the start of the period and ended the half-year at US$0.726. The average for the half-year was US$0.732, compared with US$0.776 in the immediately preceding six-month period.

Group ore sales for the half-year totalled 0.7 million wet metric tonnes ("**Mwmt**") comprising 0.4 Mwmt of low-grade Koolan Island fines and 0.3 Mwmt of medium grade lump and fines material from the Shine project in the Mid-West. Sales revenue totalled $27,339,000 comprising $18,440,000 Free On Board ("**FOB**") revenues (net of quotational period price adjustments of $18,795,000), $9,812,000 in shipping freight services and $913,000 of realised losses from foreign exchange hedging contracts. This reflected the limited mining access to high grade ore in the floor of the Koolan Island Main Pit due to the waste stripping and footwall support programs, resulting in temporary reliance on low grade material from outside the Main Pit Ore Reserve. This low-grade material is not representative of high-grade production expected over the remainder of the mine life. Material sold from the Shine project in the Mid-West realised an average price of US$59/dmt FOB for fines and US$82/dmt FOB for lump.

Total cash and investment reserves comprising cash and cash equivalents, term deposits, subordinated notes and financial assets held for trading, reduced by $222,610,000 over the half-year period from $364,723,000 to $142,113,000 as at 31 December 2021.

The movement over the half-year comprised net investment at Koolan Island of $157,365,000, Shine net operating and suspension costs of $29,859,000, interest and other income of $5,929,000, realised net hedging losses (after realised gains on foreign exchange and financial asset positions) of $10,612,000, net corporate, exploration and rehabilitation costs of $11,943,000, other financing and net working capital movements of $6,602,000 reflecting the timing of receipts and payments, and payment of the $12,158,000 cash component of the 2020/21 final dividend in October 2021. Further commentary regarding key cashflow movements is set out in the Operations and Financial Position sections below.

Mount Gibson does not have bank borrowings and has an undrawn $100 million revolving credit facility with HSBC. Debt comprises lease liabilities, an insurance premium funding facility and an off-balance sheet performance bonding facility.

Operating Results for the Half-Year Period

The summarised operating results for the Group for the half-year ended 31 December 2021 are tabulated below.

Consolidated Group		31 December 2021 $'000	31 December 2020 $'000
Net profit/(loss) before tax	*$'000*	**(93,474)**	**106,727**
Tax benefit/(expense)	*$'000*	27,875	(32,214)
Net profit/(loss) after tax	*$'000*	**(65,599)**	**74,513**
Earnings/(loss) per share	*cents/share*	(5.51)	6.39

Consolidated operating and sales statistics for the half-year period are tabulated below:

Consolidated Group	Unit	Sep Quarter 2021	Dec Quarter 2021	Dec Half-Year 2021	Dec Half-Year 2020
Mining and crushing					
Total waste mined	*kwmt*	7,131	4,519	**11,650**	**9,804**
Total ore mined	*kwmt*	585	236	**822**	**1,434**
Total ore crushed	*kwmt*	635	319	**954**	**1,972**
Shipping/sales					
Standard Lump	*kwmt*	119	59	**178**	**-**
Standard Fines	*kwmt*	-	137	**137**	**1,069**
Low grade Lump	*kwmt*	-	-	**-**	**888**
Low grade Fines	*kwmt*	320	60	**380**	**346**
Total	*kwmt*	439	256	**695**	**2,303**
Average Platts 62% Fe CFR northern China price	*US$/dmt*	163	110	**136**	**126**
MGX FOB average realised fines price – Koolan Island*	*US$/dmt*	-	-	**-**	**121**
MGX FOB average realised lump price – Mid-West	*US$/dmt*	91	63	**82**	**43**
MGX FOB average realised fines price – Mid-West	*US$/dmt*	-	59	**59**	**30**

Minor discrepancies may occur due to rounding.
kwmt = thousand wet metric tonnes.
US$/dmt = USD per dry metric tonne.
CFR = cost and shipping freight included; FOB = free on board (i.e. cost and shipping freight excluded).
Realised FOB prices are shown after shipping freight and specification adjustments/penalties and before provisional pricing adjustments from prior periods.
* Realised Koolan prices for the September and December 2021 quarters are minimal (<US$23/dmt) reflecting the temporary non-core low grade and higher impurity ores extracted as part of the major waste stripping program.
For the purpose of wet to dry tonnage conversion, moisture content typically averages approximately 3-4% for Koolan Island fines and approximately 4-5% for Mid-West products.

Koolan Island Operations

The Koolan Island mine is located in the Buccaneer Archipelago, approximately 140km north of Derby, in the Kimberley region of Western Australia. The significant investment in Koolan Island in the period included progression of the bulk waste stripping program, remedial upper footwall ground support works in the Main Pit and a major crushing circuit upgrade, all of which are intended to facilitate increased ore production, sales and cashflow from the second half of financial year 2021/22 and onwards.

As previously indicated, the focus of activity in the half-year was the elevated waste stripping program in Main Pit and the program of remedial ground support works on the upper western footwall of Main Pit, following a localised rockfall in late 2020 which prevented safe mining access to high grade ore zones in the floor of Main Pit. The Company also committed substantial funds to a major upgrade of the crushing circuit to ensure its capacity to process substantially increased volumes of high-grade material over the remainder of the mine life. These three initiatives are intended to facilitate materially increased ore production and quality from the June 2022 half-year onwards, as well as reducing unit costs as sales rise and the waste:ore stripping ratio declines.

The mine incurred a loss before interest and tax of $46,158,000 in the half-year reflecting progress of the waste stripping and footwall ground support programs in Main Pit, which limited production to low grade material from satellite deposits and peripheral areas of Main Pit, and completion of the crushing circuit upgrade. Operating efficiency was also adversely impacted by intermittent government restrictions on travel and workforce mobility related to COVID-19 outbreaks around Australia.

Total mining movement was 9.3 Mwmt (including 0.7 Mwmt of waste rehandled within Main Pit) for the December half-year, consistent with the overall mine plan, resulting in an average waste:ore strip ratio of approximately 17:1 (i.e. 17 tonnes of waste for every tonne of ore extracted) in the December half-year. While progress was impacted by the factors referred to above, the strip ratio is expected to fall significantly to average approximately 6:1 in the June 2022 half-year. This reflects the scheduled increase in high-grade iron ore production from the Main Pit.

From mid-2022 the stripping ratio will continue to progressively decline and is expected to average approximately 1.5:1 over the following five year period, resulting in a significant reduction in total mining movement and unit cash costs per tonne shipped and an anticipated substantial increase in operating cashflows. The Company has committed to the purchase (via suitable lease finance arrangements) of a replacement truck fleet from mid-2022 onwards to better suit the future pit design and assist with productivity, cost and emissions objectives.

As previously reported, Mount Gibson has engaged specialist contractors to undertake geotechnical ground support anchoring in the upper regions of the western footwall within the Main Pit. The anchoring works are designed to allow safe mining access to high grade ore in the western and central areas of the Main Pit. Works progressed satisfactorily in the half-year and access to these higher grade zones will progressively build during the June 2022 half-year, in line with the mine plan.

Through most of 2021, limited mining access in the floor of the Main Pit confined production to lower grade material (55-57% Fe) in the lateral extents of the deposit and nearby satellite pits. Ore production in the December half-year was limited as anticipated and totalled 0.5 Mwmt. Shipments and ore quality will rise during the June 2022 half-year towards the Ore Reserve grade of 65% Fe.

On the southern side of the Main Pit, in-ground instrumentation continues to demonstrate that the seawall, which incorporates the installed impermeable seepage barrier, is performing to design expectations.

Work on the major upgrade of the Koolan Island processing plant was completed during December, when commissioning commenced. The upgrade will ensure the crushing circuit is capable of processing significantly increased high-grade ore tonnages scheduled from this year onwards. The crusher upgrade was completed in two stages, with the first stage to reconfigure the lump and fines stacker circuits concluded in the prior quarter. The more significant second stage of the upgrade involved the installation of a new run-of-mine (ROM) ore retaining wall, feed bin, jaw and cone crushers and upgraded screening, scalping and conveyor capacity.

The cash draw at Koolan Island totalled $157,365,000 in the half-year reflecting lower sales revenue from temporarily reduced ore volumes and quality, the advanced waste stripping investment of $79,346,000, and progression of the footwall anchoring and crusher upgrade projects together totalling $33,208,000. Operating cashflows are anticipated to improve through the June 2022 half-year as ore shipment volumes progressively increase.

Unit mining and administration costs, including all transport and logistics charges for the island-based operation averaged $10.75 per tonne of ore and waste moved in the December half-year.

Production statistics for the December 2021 half-year are tabulated below:

Koolan Island Production Summary	**Unit**	**Sep Quarter 2021 '000**	**Dec Quarter 2021 '000**	**Dec Half-Year 2021 '000**	**Dec Half-Year 2020 '000**	***% incr / (decr)***
Mining						
Waste mined	*wmt*	4,508	4,303	**8,811**	**9,804**	*(10)*
Standard ore mined	*wmt*	346	158	**504**	**856**	*(41)*
Crushing						
Lump	*wmt*	153	63	**217**	**226**	*(4)*
Fines	*wmt*	258	137	**396**	**742**	*(47)*
		412	**201**	**612**	**968**	***(37)***
Shipping/Sales						
Fines	*wmt*	320	80	**400**	**1,069**	*(63)*
		320	**80**	**400**	**1,069**	***(63)***

Minor discrepancies may appear due to rounding.

Mid-West Operations

The current Mid-West operations comprise the recently developed and suspended Shine iron ore mine and the Company's bulk storage and export facilities at the port of Geraldton.

The Mid-West operations incurred a loss before interest and tax of $59,006,000 for the December half-year, after recording impairment and inventory write-down expenses of $41,401,000 due to suspension of the operation and including $4,113,000 proceeds from the ongoing Mid-West rail credit refund.

Shine

Development of the Shine project, 85km north of the Extension Hill site, commenced in late 2020 with an initial targeted mine life of two years from an initial Ore Reserve of 2.8 Mt grading 59.4% Fe. Mining operations commenced in April 2021.

Ore production began prior to the commencement of the half-year, with ore crushed on-site and trucked 300km via public roads to the Company's export facilities at Geraldton Port. The first ore shipment was completed in August 2021.

While production performance at Shine was consistent with plan, the operation suffered extreme economic pressure due to the rapid deterioration in iron ore market conditions, particularly with regard to widening discounts for ores grading under 60% Fe, increased penalties for impurities and a sharp increase in shipping freight costs in the half-year.

Consequently, in October 2021 the Company announced a staged suspension of operations at Shine to preserve the value of the Shine deposit and provide time to assess the iron ore market outlook.

After the planned final shipment of lump ore in October, the Company negotiated the sale of a further two shipments of fines material from available stockpiles. Sales from Shine consequently totalled approximately 0.3 Mwmt in the December half-year.

The site is now being held on a low-cost care and maintenance program pending a reassessment of market conditions. In the meantime, many of the Company's employees at Shine have been redeployed to Koolan Island, helping to alleviate some of the ongoing labour pressures in certain areas at that operation.

The cash outflow at Shine for the December half-year period was $29,859,000, reflecting site development and waste stripping costs in the September quarter and closure costs, net of final revenues, in the December quarter.

Given the suspension of the Shine operation, the book carrying value of the business unit, including uncrushed inventories, has been impaired and written down for accounting purposes by $41,401,000 at 31 December 2021.

Production and shipping statistics for the December 2021 half-year are tabulated below:

Mid-West Production Summary	**Unit**	**Sept Quarter 2021 '000**	**Dec Quarter 2021 '000**	**Dec Half-Year 2021 '000**	**Dec Half-Year 2020 '000**	***% incr / (decr)***
Mining						
Waste mined	*wmt*	2,623	216	**2,839**	**-**	*100*
Standard ore mined	*wmt*	240	78	**318**	**-**	*100*
Low grade ore mined	*wmt*	-	-	**-**	**578**	*(100)*
Total ore mined		**240**	**78**	**318**	**578**	*(45)*
Crushing						
Lump	*wmt*	125	52	**178**	**739**	*(76)*
Fines	*wmt*	98	66	**164**	**265**	*(38)*
		223	**118**	**341**	**1,004**	***(66)***
Transported to Perenjori Railhead						
Lump	*wmt*	-	-	**-**	**785**	*(100)*
Fines	*wmt*	-	-	**-**	**296**	*(100)*
		-	**-**	**-**	**1,081**	***(100)***
Transported to Geraldton Port						
Lump (Road)	*wmt*	122	43	**165**	**-**	*100*
Lump (Rail)	*Wmt*	-	-	**-**	**800**	*(100)*
Fines (Road)	*wmt*	37	78	**115**	**-**	*100*
Fines (Rail)	*wmt*	-	-	**-**	**314**	*(100)*
		159	**121**	**280**	**1,114**	***(75)***
Shipping/Sales						
Lump	*wmt*	119	59	**178**	**-**	*100*
Fines	*wmt*	-	57	**57**	**-**	*100*
Low grade lump	*Wmt*	-		**-**	**888**	*(100)*
Low grade fines	*wmt*	-	60	**60**	**346**	*(83)*
		119	**175**	**295**	**1,234**	***(76)***

Minor discrepancies may appear due to rounding.

COVID-19 Business Response

Mount Gibson personnel have responded positively throughout the pandemic and obtained the required government-mandated vaccinations and instituted the necessary workplace controls. The Company stands ready to respond promptly to evolving government restrictions, notably as Western Australia progresses towards the planned reopening of its borders.

Ongoing travel restrictions, in particular the interstate border closures and quarantine restrictions applying to fly-in-fly-out (FIFO) personnel, have continued to limit the availability of skilled personnel and hinder the mining sector's operating activities, including at Mount Gibson's sites. A number of personnel have moved from Shine to Koolan Island to alleviate shortages in certain areas. However, labour shortages continue to be a significant challenge to operational execution and there remains uncertainty as to the effects of anticipated community transmission of COVID-19 for Western Australian mine sites once the State borders are reopened. Mount Gibson is implementing enhanced virus screening, testing and other associated procedures to respond to the additional risks posed by the expected increase in community transmission of the virus.

Financial Position

The Group's cash and investment reserves, comprising cash and cash equivalents, term deposits and subordinated notes and financial assets held for trading totalled $142,113,000 as at 31 December 2021, a decrease of $222,610,000 over the half-year from the balance of $364,723,000 as at 30 June 2021.

The key components of the movement are tabulated below and reflect the following business activities in the half-year period:

- *Koolan Island* - Significant progression was made on the advanced waste stripping program within the Koolan Island Main Pit, with total material mined of 9.3 Mwmt (including 0.7 Mwmt of waste rehandled within Main Pit) at an average waste to ore strip ratio of approximately 17:1. Concurrent with this mining activity, which has been more challenging than expected given skilled labour shortages arising from Western Australian COVID-related border closures, significant investment was made in the geotechnical anchoring program on the upper western footwall in the Main Pit and in the crusher upgrade project which was substantially completed by period-end. Furthermore, during this high waste stripping phase, sales revenue was negligible due to the significantly reduced realised price achievable for the lower grade ore produced in the half-year resulting in a decision to delay the sale of specific lower and medium grade ores until they can be blended with higher grade ore in future periods.
- *Shine (Mid-West)* – Cashflows at Shine reflected mine development and waste stripping activity as well as the later suspension of operations due to the significant iron ore price falls, product discounting and higher shipping freight rates experienced in the half-year, net of the revenues achieved from five shipments made in the period.
- *Corporate and Other* – Key expenditure relates to corporate, administration, rehabilitation (for closed sites) and exploration activities, net of interest income and the historical Mid-West rail credit. In addition, the Company realised losses related to historical iron ore hedging positions, net of realised gains on foreign exchange and financial asset positions.
- *Dividend* – the cash component of the 2020/21 final dividend was paid in the period.

Cashflow Summary	**Koolan Island $'000**	**Shine $'000**	**Corporate & Other $'000**	**Total $'000**
Operating cashflow before capital expenditure	(29,740)	(18,038)	(5,383)	(53,161)
Capital expenditure:				
Advanced waste stripping (capitalised deferred stripping costs)	(79,346)	(8,454)	-	(87,800)
Mine development (including ground support activities)	(25,791)	(2,523)	-	(28,314)
Key projects (including Koolan Island crusher upgrade)	(22,204)	-	-	(22,204)
Sustaining capital, equipment purchase, exploration and other	(284)	(844)	(631)	(1,759)
	(157,365)	**(29,859)**	**(6,014)**	**(193,238)**
Realised net hedging losses				(10,612)
Other financing activities and net working capital movements				(6,602)
Dividend payment (cash component of the 2020/21 final dividend)				(12,158)
Total movement in cash and investment reserves in the period				**(222,610)**

Minor discrepancies may appear due to rounding.

As at the balance date, the Group's current assets totalled $200,000,000 and its current liabilities totalled $93,958,000. Accordingly, as at the date of this report, the Group has sufficient funds, as well as access to further equity and debt sources, to operate and sell iron ore from its operations and to advance its growth objectives.

Derivatives

At 31 December 2021 the Group held foreign exchange collar option contracts covering the conversion of US$17,000,000 into Australian dollars over January to May 2022 with an average guaranteed cap price of A$1.00/US$0.7426 and an average floor price, below which Mount Gibson does not participate, of A$1.00/US$0.6973. These collar contracts had a fair value unrealised net gain at balance date of $105,000.

Extension Hill Rail Refund/Credit Receivable

Following achievement of a contractual rail volume threshold at Extension Hill during the 2017/18 financial year, the Group has an entitlement to receive a partial refund of historical rail access charges from the Mid-West rail leaseholder, Arc Infrastructure, based upon the future usage by third parties of specific segments of the Perenjori to Geraldton railway line. This entitlement commenced upon termination of the Group's then existing rail agreements in early 2019, and is calculated at various volume-related rates, and capped at a total of approximately $35 million (subject to indexation) and a time limit expiring in 2031. Receipt of this potential future refund is not certain and is fully dependent on the volumes railed by third parties on the specified rail segments. The entitlement is currently accruing as a receivable at a rate of approximately $1,875,000 per quarter, with payments due every six months. Mount Gibson received its fifth six-monthly payment, totalling $4,213,000, in September 2021 taking cumulative total proceeds received since the first payment to $20,133,000.

Exploration and Business Development

Mount Gibson is actively seeking potential development and investment opportunities consistent with the Company's objective to extend and grow its business into new operations. This strategy has primarily targeted opportunities in the bulk commodities and base metals sectors in Australia.

Equity positions have been purchased in several junior development and operating companies where it is considered that future financing or strategic opportunities may arise. These investments had a current market value of $12,667,000 at the end of the reporting period.

In addition, the Company continues to assess various greenfields and brownfields exploration opportunities for base metals deposits in the Mid-West region. As previously reported, the Company has entered into a farm-in agreement covering prospective exploration tenure north of the Company's Tallering Peak site in the Mid-West approximately 160km northeast of Geraldton. A number of target areas have also been identified for further testing on the Company's existing exploration tenure in that region. During the half-year initial mapping and sampling was undertaken within these Mid-West tenements which identified prospective areas for follow-up exploration. The Company also completed flora and fauna surveys over several priority areas and completed an aerial electromagnetic survey to further prioritise prospective areas for drilling during the 2022 calendar year.

Likely Developments and Expected Results

Mount Gibson's overall objective is to maintain and grow long-term profitability through the discovery, development, operation and acquisition of mineral resources. As an established producer and seller of hematite iron ore,, Mount Gibson's strategy is to grow its profile as a successful and profitable supplier of raw materials.

The Board's corporate objective is to grow the Company's cash reserves and continue to pursue an appropriate balance between the retention and utilisation of cash reserves for value-accretive investments. The Board has determined the following key business objectives for the 2021/22 financial year:

- **Koolan Island** – complete commissioning of the processing plant upgrade and the Main Pit footwall support and elevated waste stripping programs to regain access to high grade ore as scheduled, in order to maximise sales and cashflow over the remainder of the mine life as ore shipments increase and the waste/ore stripping ratio and costs decline.
- **Shine** - maintain the site on care and maintenance until assessment of iron ore market conditions support restart of the operation.
- **Extension Hill** – complete final rehabilitation of the mine site.
- **Cost reductions** - continue to drive for sustainable cost improvements across all business units.
- **Treasury management** – responsibly manage the Group's cash and financial investments to support the investment in Koolan Island and other business activities, while optimising the yield on the funds available for investment.
- **Growth projects** - continue the search for acquisition opportunities in the resources sector.

Group Sales Guidance and Cash Costs Guidance

As indicated, the focus for the second half of the 2021/22 financial year at Koolan Island is to substantially complete the planned open pit waste stripping program, the upper footwall support program and commission the upgraded crushing facility in order to resume high grade ore production and enable significantly increased ore shipment levels from the first half of 2022 onwards. At Shine, the Company will undertake timely assessment of market conditions to determine the feasibility of restarting the operation.

On a Group basis over the 2021/22 financial year, Mount Gibson is targeting total iron ore sales of 1.8-2.0 Mwmt. Koolan Island is expected to contribute iron ore sales of approximately 1.5-1.7 Mwmt in the year, subject to the impacts of northern wet season disruptions. Sales volumes, ore quality and cashflow will be heavily weighted to the second half of the financial year, when ore is scheduled to come primarily from the high-grade orebody within the Main Pit.

The Shine operation in the Mid-West has contributed iron ore sales of 0.3 Mwmt to 31 December 2021 and, with the current suspension of operations, no further shipments from Shine have been included in the guidance.

DIVIDENDS

During the half-year, a final dividend of $0.02 per share fully franked ($23,760,000) in respect of the 2020/21 financial year was distributed by way of $12,158,000 in cash and the issue of 22,587,755 new shares under the Company's Dividend Reinvestment Plan.

An interim dividend for the half-year ended 31 December 2021 has not been declared.

SIGNIFICANT EVENTS AFTER BALANCE DATE

As at the date of this report there are no significant events after balance date of the Group that require adjustment of or disclosure in this report.

ROUNDING

Amounts in this report and the accompanying financial report have been rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the company under ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191. The Company is an entity to which the instrument applies.

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with section 307C of the *Corporations Act 2001*, the Directors received the attached independence declaration from the auditor of the Company on page 9, which forms part of this report.

Signed in accordance with a resolution of the Directors.

Lee Seng Hui

Lee Seng Hui
Chairman
22 February 2022

Competent Person Statement

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. Ms Haren was a full-time employee of, and is a consultant to, 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'. Ms 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 is based on information compiled by Mr 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**.**

Building a better working world

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Auditor's independence declaration to the directors of Mount Gibson Iron Limited

As lead auditor for the review of the half-year financial report of Mount Gibson Iron Limited for the half-year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;

b. No contraventions of any applicable code of professional conduct in relation to the review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Mount Gibson Iron Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

J K Newton

J K Newton
Partner
22 February 2022

Interim Consolidated Statement of Profit or Loss

For the half-year ended 31 December 2021

	Notes	31 December 2021 $'000	31 December 2020 $'000
Revenue	3[a]	27,339	258,798
Interest revenue	3[b]	1,450	3,515
TOTAL REVENUE		**28,789**	**262,313**
Cost of sales	4[a]	(100,921)	(146,946)
GROSS PROFIT/(LOSS)		**(72,132)**	**115,367**
Other income	3[c]	8,695	5,129
Impairment of property, plant and equipment	13	(1,712)	-
Impairment of mine properties	13	(34,966)	-
Net foreign exchange loss	4[c]	-	(7,495)
Net marked-to-market gain	4[d]	16,973	964
Administration and other expenses	4[e]	(9,880)	(6,784)
PROFIT/(LOSS) BEFORE TAX AND FINANCE COSTS		**(93,022)**	**107,181**
Finance costs	4[b]	(452)	(454)
PROFIT/(LOSS) BEFORE TAX		**(93,474)**	**106,727**
Tax benefit/(expense)	5	27,875	(32,214)
PROFIT/(LOSS) FOR THE PERIOD AFTER TAX ATTRIBUTABLE TO MEMBERS OF THE COMPANY		**(65,599)**	**74,513**
Earnings/(loss) per share (cents per share)			
▪ basic earnings/(loss) per share		(5.51)	6.39
▪ diluted earnings/(loss) per share		(5.51)	6.38

Interim Consolidated Statement of Comprehensive Income

For the half-year ended 31 December 2021

	31 December 2021 $'000	31 December 2020 $'000
PROFIT/(LOSS) FOR THE PERIOD AFTER TAX	**(65,599)**	**74,513**
OTHER COMPREHENSIVE INCOME/(LOSS)		
Items that may be subsequently reclassified to profit or loss:		
Change in fair value of cash flow hedges	(114)	(165)
Reclassification adjustments for loss on cash flow hedges transferred to the Income Statement	228	330
Change in fair value of debt instrument classified as financial assets designated at fair value through other comprehensive income	(308)	480
Deferred income tax	58	(194)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**(136)**	**451**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**(65,735)**	**74,964**

Interim Consolidated Statement of Financial Position

	Notes	31 December 2021 $'000	30 June 2021 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	42,046	95,283
Term deposits and subordinated notes	7	57,912	198,361
Financial assets held for trading	8	42,155	57,936
Derivative financial assets		279	13,143
Trade and other receivables	9	10,260	12,553
Inventories	10	27,176	26,530
Prepayments		11,405	8,025
Tax receivable		8,767	-
TOTAL CURRENT ASSETS		**200,000**	**411,831**
NON-CURRENT ASSETS			
Property, plant and equipment	11	82,482	63,464
Right-of-use assets		12,642	17,910
Mine properties	12	464,908	403,983
Prepayments		827	1,047
Deferred tax assets		25,939	-
TOTAL NON-CURRENT ASSETS		**586,798**	**486,404**
TOTAL ASSETS		**786,798**	**898,235**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		58,005	72,500
Employee benefits		6,066	5,639
Interest-bearing loans and borrowings	14	15,764	11,573
Derivative financial liabilities		174	27,908
Provisions		5,182	5,377
Income tax payable	5	8,767	-
TOTAL CURRENT LIABILITIES		**93,958**	**122,997**
NON-CURRENT LIABILITIES			
Employee benefits		133	113
Interest-bearing loans and borrowings	14	4,048	6,530
Provisions		46,681	46,887
Deferred tax liabilities		-	1,994
TOTAL NON-CURRENT LIABILITIES		**50,862**	**55,524**
TOTAL LIABILITIES		**144,820**	**178,521**
NET ASSETS		**641,978**	**719,714**
EQUITY			
Issued capital	15	632,424	620,948
Accumulated losses		(915,760)	(850,161)
Reserves		925,314	948,927
TOTAL EQUITY		**641,978**	**719,714**

Interim Consolidated Statement of Cash Flows

For the half-year ended 31 December 2021

	Notes	31 December 2021 $'000	31 December 2020 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		31,591	234,439
Proceeds from rail credit		4,213	3,730
Payments to suppliers and employees		(88,756)	(124,161)
Interest paid		(209)	(214)
NET CASH FLOWS PROVIDED/(USED) BY OPERATING ACTIVITIES		**(53,161)**	**113,794**
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		1,630	3,888
Proceeds from sale of property, plant and equipment		361	189
Purchase of property, plant and equipment		(23,963)	(14,410)
Proceeds from term deposits		111,000	18,500
Proceeds from sale of subordinated notes		29,197	12,000
Proceeds from sale of financial assets held for trading		17,314	4,541
Payment for financial assets held for trading		(2,015)	(17,818)
Proceeds from the sale of derivative financial assets		13,301	-
Settlement of derivative financial liabilities		(10,612)	-
Payment for deferred exploration and evaluation expenditure		(492)	(641)
Payment for mine development		(116,114)	(72,010)
NET CASH FLOWS PROVIDED/(USED) IN INVESTING ACTIVITIES		**19,607**	**(65,761)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		-	253
Repayment of lease liabilities		(6,302)	(4,294)
Repayment of insurance premium funding facility		(1,803)	-
Payment of borrowing costs		(130)	(74)
Dividends paid		(12,158)	(16,271)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(20,393)**	**(20,386)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(53,947)	27,647
Net foreign exchange difference		710	(4,242)
Cash and cash equivalents at beginning of period		95,283	111,661
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	**42,046**	**135,066**

Interim Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2021

	Issued Capital $'000	Accumulated Losses $'000	Share Based Payments Reserve $'000	Net Unrealised Gains / (Losses) Reserve $'000	Dividend Distribution Reserve $'000	Other Reserves $'000	Total Equity $'000
	Attributable to Equity Holders of the Parent						
At 1 July 2020	**602,030**	**(914,167)**	**21,277**	**515**	**964,262**	**(3,192)**	**670,725**
Profit for the period	-	74,513	-	-	-	-	**74,513**
Other comprehensive income	-	-	-	451	-	-	**451**
Total comprehensive income for the period	**-**	**74,513**	**-**	**451**	**-**	**-**	**74,964**
Transactions with owners in their capacity as owners							
- Dividends paid	-	-	-	-	(34,807)	-	**(34,807)**
- After tax dividends netted off against loan-funded shares	-	-	-	-	199	-	**199**
- Shares issued under DRP	18,337	-	-	-	-	-	**18,337**
- Exercise of shares vested under LSP	253	-	-	-	-	-	**253**
Share-based payments	-	-	300	-	-	-	**300**
At 31 December 2020	**620,620**	**(839,654)**	**21,577**	**966**	**929,654**	**(3,192)**	**729,971**
At 1 July 2021	**620,948**	**(850,161)**	**21,877**	**588**	**929,654**	**(3,192)**	**719,714**
Loss for the period	-	(65,599)	-	-	-	-	**(65,599)**
Other comprehensive loss	-	-	-	(136)	-	-	**(136)**
Total comprehensive loss for the period	**-**	**(65,599)**	**-**	**(136)**	**-**	**-**	**(65,735)**
Transactions with owners in their capacity as owners							
- Dividends paid	-	-	-	-	(23,760)	-	**(23,760)**
- After tax dividends netted off against loan-funded shares	-	-	-	-	125	-	**125**
- Shares issued under DRP	11,476	-	-	-	-	-	**11,476**
Share-based payments	-	-	158	-	-	-	**158**
At 31 December 2021	**632,424**	**(915,760)**	**22,035**	**452**	**906,019**	**(3,192)**	**641,978**

Notes to the Half-Year Financial Report

For the half-year ended 31 December 2021

1. Corporate Information

The consolidated financial report of the Group, comprising the Company and the entities that it controlled during the half-year ended 31 December 2021, was authorised for issue in accordance with a resolution of the Directors on 22 February 2022.

The Company is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of operations and principal activities of the Group are the mining and export of hematite iron ore from Koolan Island in the Kimberley region of Western Australia, the processing and export of hematite iron ore from Shine in the Mid-West region of Western Australia, treasury management and the pursuit of mineral resources acquisitions and investments.

The address of the registered office is Level 1, 2 Kings Park Road, West Perth, Western Australia, 6005.

2. Basis of Preparation and Accounting Policies

2.1 Basis of preparation

This general purpose condensed financial report for the half-year ended 31 December 2021 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.* The half-year financial report:

- does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report;
- should be read in conjunction with the Annual Financial Report of Mount Gibson Iron Limited for the year ended 30 June 2021. It is also recommended that the half-year financial report be considered together with any public announcements made by Mount Gibson during and subsequent to the half-year ended 31 December 2021 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001* and Australian Securities Exchange Listing Rules;
- has been prepared on a historical cost basis, except for derivatives and certain financial assets measured at fair value; and
- is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Company under Australian Securities and Investment Commission ("**ASIC**") Instrument 2016/191. The Company is an entity to which the Instrument applies.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

2.2 New standards, interpretations and amendments adopted by the Group

Since 1 July 2021, the Group has adopted all Accounting Standards and Interpretations mandatory to annual periods beginning on or before 1 July 2021. The accounting policies adopted are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2021, except for the adoption of new standards and interpretations as of 1 July 2021. Adoption of these standards and interpretations did not have any material effect on the financial position or performance of the Group. The Group has not yet early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Notes to the Half-Year Financial Report

	Notes	31 December 2021 $'000	31 December 2020 $'000
3. Revenue and Other Income			
[a] Revenue			
Revenue from contracts with customers – sale of iron ore		37,235	210,948
Revenue from contracts with customers – freight/shipping services		9,812	18,116
		47,047	229,064
Other revenue:			
Quotation period price adjustments – relating to prior period shipments		(13,061)	3,823
Quotation period price adjustments – relating to current period shipments		(5,734)	24,520
Realised gain/(loss) on foreign exchange hedging contracts		(913)	1,391
		27,339	258,798
[b] Interest revenue			
Interest revenue – calculated using the effective interest method		176	818
Interest revenue - other		1,274	2,697
		1,450	3,515
[c] Other income			
Net realised gain on foreign exchange transactions		613	-
Net unrealised gain on foreign exchange balances		715	-
Net gain on disposal of property, plant and equipment		361	189
Net realised gain on financial assets held for trading		42	31
Insurance proceeds		1,030	267
Rail credit income		4,113	4,021
Other income		1,821	621
		8,695	5,129
4. Expenses			
[a] Cost of sales			
Mining and administration costs		117,370	96,251
Depreciation of property, plant and equipment – mining and site administration		6,902	3,896
Depreciation of right-of-use assets – mining and site administration		4,425	3,905
Capitalised deferred stripping costs	12[a]	(87,800)	(62,949)
Amortisation of capitalised deferred stripping costs	12[a]	8,960	4,975
Amortisation of mine properties	12[a]	6,916	6,550
Pre-production expenditure capitalised		(438)	-
Crushing costs		8,552	10,301
Depreciation of property, plant and equipment – crushing		683	647
Depreciation of right-of-use assets - crushing		1,519	165
Transport costs		14,404	25,705
Port costs		5,886	6,623
Depreciation of property, plant and equipment – port		70	34
Depreciation of right-of-use assets – port		208	-
Royalties		4,236	20,668
Net ore inventory movement		(12,824)	12,232
Net movement in net realisable value on ore inventory		11,940	-
Rehabilitation revised estimate adjustment		100	(173)
Cost of sales – Free on Board (FOB) basis		91,109	128,830
Shipping freight		9,812	18,116
Cost of sales – Cost and Freight (CFR) basis		100,921	146,946

Notes to the Half-Year Financial Report

4. Expenses (Continued)

	31 December 2021 $'000	31 December 2020 $'000
[b] Finance costs		
Finance charges on banking facilities	111	124
Finance charges on lease liabilities	164	193
	275	317
Non-cash interest accretion on rehabilitation provision	177	137
	452	454
[c] Net foreign exchange loss		
Net realised loss on foreign exchange transactions	-	3,242
Net unrealised loss on foreign exchange balances	-	4,253
	-	7,495
[d] Net marked-to-market (gain)/loss		
Net marked-to-market (gain)/loss on commodity derivatives	(16,747)	4,696
Unrealised marked-to-market (gain)/loss on foreign exchange derivatives	(698)	152
Unrealised marked-to-market (gain)/loss on financial assets held for trading	472	(5,812)
	(16,973)	(964)
[e] Administration and other expenses include:		
Depreciation of property, plant and equipment	84	68
Depreciation of right-of-use assets	246	293
Share-based payments expense	158	300
Insurance premiums (net of refunds)	840	746
Koolan seawall insurance claim expenses	570	484
Business development expenses	-	19
(Reversal of)/write down to net realisable value on consumables inventories	899	(421)
Exploration expenses	492	61
[f] Cost of sales & Administration and other expenses include:		
Salaries, wages expense and other employee benefits	30,007	26,761
Lease expense – short-term	2,958	4,869
Lease expense – low value assets	132	85
Lease expense – variable	1,172	793

Notes to the Half-Year Financial Report

5. Taxation

Reconciliation of tax benefit

A reconciliation of tax (benefit)/expense applicable to accounting profit/(loss) before tax at the statutory income tax rate to tax (benefit)/expense at the Group's effective tax rate for the period ended 31 December 2021 and 2020 is as follows:

	31 December 2021 $'000	31 December 2020 $'000
Accounting profit/(loss) before tax	(93,474)	106,727
• At the statutory income tax rate of 30% (2020: 30%)	(28,042)	32,018
• Expenditure not allowed for income tax purposes	167	196
• Other	-	-
Tax (benefit)/expense	(27,875)	32,214
Effective tax rate	29.8%	30.2%
Tax (benefit)/expense reported in Income Statement	**(27,875)**	**32,214**

The Company has a franking account deficit of $8,767,000 as at 31 December 2021 (31 December 2020: $1,416,000). The movement from the prior comparative period is related to the payment in October 2021 of a fully franked dividend of $23,760,000. At balance date, the Company recognised a tax payable of $8,767,000 as a current liability as it intends to make an income tax prepayment prior to 30 June 2022 to reinstate the franking account balance.

As at 31 December 2021, the Group has carried forward gross tax losses of $344,225,000 with a tax-effected value (at 30%) of $103,268,000 (31 December 2020: $25,954,000).

Notes to the Half-Year Financial Report

	31 December 2021 $'000	30 June 2021 $'000

6. Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents comprise the following:

	31 December 2021 $'000	30 June 2021 $'000
Cash at bank and on hand	42,046	95,283
	42,046	**95,283**

7. Term Deposits and Subordinated Notes

	Notes	31 December 2021 $'000	30 June 2021 $'000
Current			
Term deposits – financial assets at amortised cost	[i]	7,500	118,500
Subordinated notes – financial assets at fair value through OCI	[ii]	50,412	79,861
		57,912	**198,361**

[i] Term deposits are made for varying periods of between three and twelve months depending on the cash requirements of the Group, and earn interest at market term deposit rates. Term deposits are held with various financial institutions with short term credit ratings of A-1 or better (S&P). As these instruments have maturity dates of less than twelve months, the Group has assessed the credit risk on these financial assets using life time expected credit losses. In this regard, the Group has concluded that the probability of default on the term deposits is low. Accordingly, no impairment allowance has been recognised for expected credit losses on the term deposits.

[ii] Subordinated notes comprise tradeable floating interest rate instruments with maturities of up to ten years. These instruments are held in order to supplement the Group's treasury returns, and the Group intends and is able to realise these instruments as and when the Group's cash needs require. Subordinated notes are held with various financial institutions with short-term and long-term credit ratings of BBB or better (S&P). The Group has assessed the credit risk on these financial assets and determined that the credit risk exposure has not increased significantly since initial recognition. In determining the expected credit loss for the next twelve months, the Group considers the probability of default to be low. Accordingly, no impairment allowance has been recognised for expected credit losses on these notes.

8. Financial Assets Held for Trading

	31 December 2021 $'000	30 June 2021 $'000
Current		
Tradeable corporate bonds at fair value through profit or loss	29,488	45,470
Quoted share investments at fair value through profit or loss	12,667	12,466
	42,155	**57,936**

Financial assets held for trading comprise corporate bonds and equity securities which are traded in active markets. These financial assets are acquired principally for the purpose of selling or repurchasing in the short term. The portfolio of tradeable corporate bonds is managed by a professional funds management entity and Mount Gibson is able to vary or terminate the portfolio management mandate at any time with applicable notice periods.

Notes to the Half-Year Financial Report

	Notes	31 December 2021 $'000	30 June 2021 $'000
9. Trade and Other Receivables			
Trade debtors – at amortised cost		502	684
Expected credit loss		(42)	(42)
		460	642
Trade debtors – at fair value through profit or loss		-	5,108
Sundry receivables		4,373	4,053
Other receivables		5,427	2,750
		10,260	**12,553**

10. Inventories

	Notes	31 December 2021 $'000	30 June 2021 $'000
Consumables – at cost		27,117	25,100
Write down to net realisable value (**NRV**)		(5,910)	(3,655)
		21,207	21,445
Ore – at cost		21,971	9,147
Write down to NRV		(16,002)	(4,062)
At lower of cost and NRV		5,969	5,085
Total inventories		**27,176**	**26,530**

11. Property, Plant and Equipment

	Notes	31 December 2021 $'000	30 June 2021 $'000
Property, plant and equipment – at cost		531,215	508,053
Accumulated depreciation and impairment		(448,733)	(444,589)
		82,482	**63,464**
[a] Reconciliation			
Carrying amount at the beginning of the period		63,464	44,593
Additions		28,692	30,460
Disposals		-	(30)
Transfers		(223)	-
Depreciation expense		(7,739)	(11,559)
Impairment expense	13	(1,712)	-
		82,482	**63,464**

Notes to the Half-Year Financial Report

	31 December 2021 $'000	30 June 2021 $'000
12. Mine Properties		
Mine development expenditure	1,754,273	1,642,506
Accumulated amortisation and impairment	(1,289,365)	(1,238,523)
Total mine properties	**464,908**	**403,983**

[a] Reconciliation

	Koolan Island		Mid-West		Total	
	31-Dec-21 $'000	30-Jun-21 $'000	31-Dec-21 $'000	30-Jun-21 $'000	31-Dec-21 $'000	30-Jun-21 $'000
Deferred waste						
Carrying amount at the beginning of the period	224,225	96,990	10,321	-	234,546	96,990
Deferred waste capitalised	79,346	138,233	8,454	10,397	87,800	148,630
Amortisation expensed	(7,159)	(10,998)	(1,801)	(76)	(8,960)	(11,074)
Impairment expense (Note 13)	-	-	(16,974)	-	(16,974)	-
Carrying amount at the end of the period	**296,412**	**224,225**	**-**	**10,321**	**296,412**	**234,546**
Other mine properties						
Carrying amount at the beginning of the period	151,332	136,795	18,105	-	169,437	136,795
Additions	22,332	28,657	2,117	10,130	24,449	38,787
Mine rehabilitation – revised estimate	(482)	(2,743)	-	3,629	(482)	886
Transferred from deferred acquisition, exploration and evaluation costs	-	-	-	4,560	-	4,560
Amortisation expensed	(4,686)	(11,377)	(2,230)	(214)	(6,916)	(11,591)
Impairment expense (Note 13)	-	-	(17,992)	-	(17,992)	-
Carrying amount at the end of the period	**168,496**	**151,332**	**-**	**18,105**	**168,496**	**169,437**
Total mine properties	**464,908**	**375,557**	**-**	**28,426**	**464,908**	**403,983**

13. Impairment of Assets

The Group reviews the carrying value of the assets of each Cash Generating Unit (**CGU**) at each balance date for indicators of potential impairment or reversal thereof. Where such indicators exist, the Company utilises the approaches under applicable accounting pronouncements for assessment of any impairment expenses or reversals.

During the half-year ended 31 December 2021, the following material events occurred which were considered indicators of impairment relating to the Company's operations:

- as at 31 December 2021, the market capitalisation of the Group was below the book value of its equity;
- the benchmark price of iron ore, being the Company's sole product, decreased significantly from US$218 per dry metric tonne (dmt) of 62% Fe CFR fines as at 30 June 2021 to US$119/dmt as at 31 December 2021, a reduction of 45%; and
- shipping freight rates increased circa 30% in the Mid-West and 20% at Koolan Island during the half-year in comparison to the previous six months.

Accordingly, the Group assessed the recoverable amount of the Koolan Island and Shine CGUs as at 31 December 2021 using the Fair Value Less Costs of Disposal (**FVLCD**) approach. The FVLCD is assessed as the present value of the future cash flows expected to be derived from the operation less disposal costs (level 3 in the fair value hierarchy), utilising the following key assumptions for the CGUs:

- Cashflow forecasts were made based on historical performance, budgets and anticipated revenues and estimated operating and capital costs over the life of each mine;
- Discount rate of 9.25% (nominal, after tax);
- Iron ore price forecasts for the 62% Fe benchmark fines CFR prices (northern China), expressed in real 2022 terms, of US$110/dmt in 2022 (falling over the following years to US$77/dmt in 2024 and to US$73/dmt in 2026), at an exchange rate of A$1.00/US$0.73 in 2022 (rising to a range of between US$0.76 to US$0.78 from 2023 and thereafter) with sensitivities undertaken for a broad range of these inputs; and
- Revenue and cost inflation estimates of 2.0% per year.

The Group's assessment of the Shine asset has concluded that an impairment expense equal to the remaining carrying value of mine properties is required as at 31 December 2021. Accordingly, a total loss on impairment of non-current assets for the Shine CGU of $36,678,000 has been recognised in the income statement. The impairment value has been allocated to Shine's non-current assets as follows:

	Notes	31 December 2021 $'000	31 December 2020 $'000
Deferred waste	12	16,974	-
Other mine properties	12	17,992	-
Total mine properties		34,966	-
Property, plant and equipment	11	1,712	-
Total impairment loss of non-current assets		**36,678**	**-**

After impairment, the carrying value of the Shine non-current assets amounts to $4,725,000, being the estimated net realisable value of the property, plant and equipment and right-of-use assets not impaired.

It is the Group's intention to restart the mine operations at Shine when the market and economic factors justify its viability.

The Group's assessment of the Koolan Island asset has concluded that no impairment or impairment reversal is required in relation to the Koolan Island CGU as at 31 December 2021. Accordingly, no impairment expenses or impairment reversals thereof have been recognised during the period (31 December 2020: nil) for the Koolan Island CGU.

Koolan Island CGU's recoverable value is most sensitive to changes in iron ore prices, the A$/US$ exchange rate and mining unit costs. It is estimated that changes in these key assumptions would impact the recoverable amount of the CGU as at 31 December 2021 as follows:

Key Assumption	Change in CGU Recoverable Amount	
	10% Increase $'000	10% Decrease $'000
Benchmark price of 62% Fe CFR fines iron ore	109,700	(109,600)
A$/US$ exchange rate	(83,700)	102,300
Mining unit cost per wmt mined	(29,200)	29,300

Notes to the Half-Year Financial Report

14. Interest-Bearing Loans and Borrowings

	Notes	31 December 2021 $'000	30 June 2021 $'000
Current			
Lease liabilities		8,467	11,573
Insurance premium funding facility	[i]	7,297	-
		15,764	**11,573**
Non-Current			
Lease liabilities		4,048	6,530
		4,048	**6,530**

The following off balance sheet financing facility had been negotiated and was available at the reporting date:

	Notes	31 December 2021 $'000	30 June 2021 $'000
Performance bonding facility	[ii]		
Used at reporting date		7,495	7,495
Unused at reporting date		12,505	12,505
Total facility		**20,000**	**20,000**
Corporate loan facility	[ii]		
Used at reporting date		-	-
Unused at reporting date		100,000	-
Total facility		**100,000**	**-**

Terms and conditions relating to the above financial facilities:

[i] **Insurance Premium Funding Facility**

Insurance premium arrangements have been entered into by the Group to fund and spread the cost of its annual insurance premiums. Interest is charged at 2.32% pa. The facility is repayable monthly with the final instalment due in August 2022.

[ii] **Corporate Loan Facility and Performance Bonding Facility**

In May 2011, the Company entered into a Facility Agreement comprising a Corporate Loan facility and a Performance Bonding facility. The undrawn Corporate Loan facility was cancelled in April 2013 and subsequently amended and reinstated on 23 December 2021 for a term of 23 months with a loan facility limit of $100,000,000. The loan facility limit reduces to $75,000,000 in June 2023 and to $50,000,000 in September 2023. As at balance date, the Corporate Loan facility remains undrawn.

The Performance Bonding facility was amended in June 2017 to reduce the amount from $55,000,000 to $20,000,000 and in June 2021 the term was extended to 30 June 2024. As at balance date, bonds and guarantees totalling $7,495,000 were drawn under the Performance Bonding facility.

The security pledge for the Facility Agreement is a fixed and floating charge over all the assets and undertakings of Mount Gibson Iron Limited, Mount Gibson Mining Limited, Geraldton Bulk Handling Limited, Koolan Iron Ore Pty Ltd and Aztec Resources Limited together with mining mortgages over the mining tenements owned by Mount Gibson Mining Limited and Koolan Iron Ore Pty Ltd and the contractual rights of Mount Gibson Mining Limited to mine hematite iron ore at Extension Hill.

Notes to the Half-Year Financial Report

	Notes	31 December 2021 $'000	30 June 2021 $'000
15. Issued Capital			
[a] Ordinary shares			
Issued and fully paid	[b]	**632,424**	**620,948**

	Notes	31 December 2021		30 June 2021	
		Number of Shares	$'000	Number of Shares	$'000
[b] Movement in ordinary shares on issue					
Unrestricted shares					
Balance at the beginning of the period		1,179,741,750	620,948	1,151,472,447	602,030
Shares issued under Dividend Reinvestment Plan		22,587,755	11,476	25,688,736	18,337
Shares fully paid under LSP		-	-	2,580,567	581
		1,202,329,505	632,424	1,179,741,750	620,948
Restricted shares – Loan Share Plan (LSP)	[e]				
Balance at the beginning of the period		6,175,428	-	5,769,595	-
Shares issued under LSP		2,063,100	-	2,545,900	-
Shares reallotted from treasury shares		-	-	440,500	-
Shares forfeited under LSP		-	-	-	-
Conversion of fully paid shares under LSP		-	-	(2,580,567)	-
		8,238,528	-	6,175,428	-
Balance at end of the period		1,210,568,033	632,424	1,185,917,178	620,948
Treasury shares:					
Balance at the beginning of the period		-	-	440,500	-
Shares forfeited under LSP, not reallotted		-	-	-	-
Shares reallotted under LSP		-	-	(440,500)	-
		-	-	-	-

[c] Share options

During the 6 months ended 31 December 2021, no options were issued.

As at balance date there were no options on issue (30 June 2021: nil).

[d] Performance rights

During the 6 months ended 31 December 2021, no performance rights were issued.

As at 31 December 2021, there were no performance rights on issue (30 June 2021: nil).

[e] Loan Share Plan

On 1 July 2021, the Company issued 2,063,100 shares under the LSP. In accordance with the terms of the LSP, the shares were issued at a share price of $0.931 per share and pursuant to the vesting conditions, these shares do not vest unless a share price target of a 10% premium to the issue price is met between 1 July 2022 and 1 July 2026 and the participants remain continuously employed by the Group until at least 1 July 2023. The award was accounted for as an in-substance option award and the fair value at grant date assessed at $0.306 per loan-funded share. In calculating this fair value, a Monte Carlo simulation model was utilised over several thousand simulations to predict the share price at each vesting test date and whether the 10% hurdle would be satisfied, with the resultant values discounted back to the grant date. The underlying share price and the exercise price were assumed at $0.93, the period to exercise was assumed as 3.5 years (being halfway between the first possible vesting date and the expiry of the LSP shares), the risk-free rate was 0.54% based on Australian Government bond yields with three year lives, the estimated volatility was 45% based on historical share price analysis, and the dividend yield was assumed as nil.

Notes to the Half-Year Financial Report

16. Dividends Paid and Proposed

Declared and paid during the year:

[a] Dividends on ordinary shares:

During the half-year ended 31 December 2021, a final dividend of $0.02 per share fully franked ($23,760,000) in respect of the 2020/21 financial year was distributed by way of $12,158,000 in cash and the issue of 22,587,755 new shares under the Company's Dividend Reinvestment Plan.

[b] Franked dividends:

	Notes	31 December 2021 $'000	30 June 2021 $'000
The amount of franking credits available for the subsequent financial year are:			
Franking account balance as at the end of the period at 30%		(8,767)	1,416
Franking credits that will arise from the payment of income tax payable as at the end of the period		-	-
The amount of franking credits available for future reporting periods:		**(8,767)**	**1,416**
Impact on the franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period		-	(10,183)
	(i)	**(8,767)**	**(8,767)**

(i) At balance date, the Company recognised a tax payable of $8,767,000 as a current liability as it intends to make an income tax prepayment prior to 30 June 2022 to reinstate the franking account balance.

17. Operating Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer and the executive management team in assessing performance and in determining the allocation of resources.

For management purposes, the Group has organised its operating segments into two reportable segments as follows:

- Mid-West segment – this segment includes the mining, crushing, transportation and sale of iron ore from the Shine iron ore deposits and the port facilities at Geraldton Port.
- Koolan Island segment – this segment includes the mining, crushing and sale of iron ore direct from the Koolan Island iron ore operation.

Notes to the Half-Year Financial Report

17. Operating Segments (Continued)

Half-Year Ended:	Mid-West 31 December 2021 $'000	Mid-West 31 December 2020 $'000	Koolan Island 31 December 2021 $'000	Koolan Island 31 December 2020 $'000	Unallocated* 31 December 2021 $'000	Unallocated* 31 December 2020 $'000	Consolidated 31 December 2021 $'000	Consolidated 31 December 2020 $'000
Segment revenue								
Revenue from sale of iron ore, net of shipping freight and realised gains/(losses) on derivatives	18,417	65,672	(890)	175,010	-	-	17,527**	240,682**
Interest revenue	-	-	-	-	1,450	3,515	1,450	3,515
Segment revenue, net of shipping freight	**18,417**	**65,672**	**(890)**	**175,010**	**1,450**	**3,515**	**18,977**	**244,197**
Segment result								
Earnings/(loss) before impairment, interest, tax, depreciation and amortisation	(10,867)	18,274	(15,097)	117,778	12,472	(8,759)	(13,492)	127,293
Impairment (loss)/reversal and write-down to net realisable value (**NRV**)	(41,401)	40	(8,116)	381	-	-	(49,517)	421
Earnings/(loss) before interest, tax, depreciation and amortisation	(52,268)	18,314	(23,213)	118,159	12,472	(8,759)	(63,009)	127,714
Depreciation and amortisation	(6,738)	(111)	(22,945)	(20,061)	(330)	(361)	(30,013)	(20,533)
Segment result	**(59,006)**	**18,203**	**(46,158)**	**98,098**	**12,142**	**(9,120)**	**(93,022)**	**107,181**
Finance costs							(452)	(454)
Profit before tax							**(93,474)**	**106,727**
Items included in segment result:								
Write-down to / (write-backs on) consumables inventories	686	(40)	213	(381)	-	-	899	(421)
Net movement to NRV of ore inventories	4,037	-	7,903^	-	-	-	11,940	-
Impairment on property, plant and equipment	1,712	-	-	-	-	-	1,712	-
Impairment on mine development	34,966	-	-	-	-	-	34,966	-
	41,401	(40)	8,116	(381)	-	-	49,517	(421)

* 'Unallocated' includes interest revenue of $1,450,000 (2020: $3,515,000), net realised gain on foreign exchange transactions of $613,000 (2020: $3,242,000 loss), net unrealised gain on foreign exchange balances of $715,000 (2020: $4,253,000 loss), unrealised marked-to-market gain on commodity derivatives of $16,747,000 (2020: $4,696,000 loss), unrealised marked-to-market loss on financial assets held for trading of $472,000 (2020: $5,812,000 gain) and corporate expenses such as head office salaries and wages.

** To reconcile segment revenue to statutory revenue, shipping freight of $9,812,000 (2020: $18,116,000) needs to be added.

^ The net movement to NRV of ore inventories at Koolan Island includes a write-down of $11,965,000 of ore inventories on hand at balance date and an adjustment of $4,062,000 relating to ore sold during the period.

Notes to the Half-Year Financial Report

17. Operating Segments (Continued)

	Mid-West		Koolan Island		Unallocated*		Consolidated	
As at:	31 December 2021 $'000	30 June 2021 $'000	31 December 2021 $'000	30 June 2021 $'000	31 December 2021 $'000	30 June 2021 $'000	31 December 2021 $'000	30 June 2021 $'000
Segment assets								
Current financial assets	13,276	9,258	8,084	29,354	131,292	338,664	152,652	377,276
Other current assets	1,550	8,307	32,246	24,235	13,552	2,013	47,348	34,555
Property, plant and equipment	2,829	3,862	79,365	59,048	288	554	82,482	63,464
Right-of-use assets	2,015	10,858	8,905	5,084	1,722	1,968	12,642	17,910
Mine properties	-	28,426	464,908	375,557	-	-	464,908	403,983
Other non-current assets	-	-	827	1,047	-	-	827	1,047
Deferred tax assets	-	-	-	-	21,926	-	25,939	-
Total assets	**19,670**	**60,711**	**594,335**	**494,325**	**168,780**	**343,199**	**786,798**	**898,235**
Segment liabilities								
Financial liabilities	15,968	29,447	49,875	56,513	20,915	32,551	86,758	118,511
Other liabilities	10,333	10,526	45,585	45,459	2,144	2,031	58,062	58,016
Deferred tax liabilities	-	-	-	-	-	1,994	-	1,994
Total liabilities	**26,301**	**39,973**	**95,460**	**101,972**	**23,059**	**36,576**	**144,820**	**178,521**
Net assets/(liabilities)	**(6,631)**	**20,738**	**498,875**	**392,353**	**145,721**	**306,623**	**641,978**	**719,714**

* 'Unallocated' current financial assets include cash and cash equivalents of $30,340,000 (30 June 2021: $68,732,000), term deposits of $7,500,000 (30 June 2021: $118,500,000), subordinated notes of $50,412,000 (30 June 2021: $79,861,000), financial assets held for trading of $42,155,000 (30 June 2021: $57,936,000), trade debtors and other receivables of $606,000 (30 June 2021: $492,000) and derivatives of $279,000 (30 June 2021: $13,143,000).
'Unallocated' financial liabilities include trade and other payables of $2,907,000 (30 June 2021: $2,646,000), interest-bearing loans and borrowings of $9,067,000 (30 June 2021: $1,997,000), derivatives of $174,000 (30 June 2021: $27,908,000) and income tax payable of $8,767,000 (30 June 2021: $nil).

Notes to the Half-Year Financial Report

18. Financial Instruments

[a] Foreign currency risk

The Group is exposed to the risk of adverse movements in the A$ compared to the US$ as its iron ore sales receipts are predominantly denominated in US$. The Group uses derivative financial instruments to manage specifically identified foreign currency exposures by hedging a proportion of forecast US$ sales transactions in accordance with its Financial Risk Management Policy. The primary objective of using derivative financial instruments is to reduce the volatility of earnings and cash flows attributable to adverse changes in the A$/US$ exchange rate.

The Group recognises derivative financial instruments at fair value at the date the derivative contract is entered into. The Group applies hedge accounting to forward foreign currency contracts and collar option contracts that meet the criteria of cash flow hedges.

During the half-year ended 31 December 2021, there were no US dollar foreign exchange forward contract deliveries.

At 31 December 2021, the notional amount of the foreign exchange hedge book totalling US$17,000,000 is made up exclusively of collar option contracts over the period January to May 2022 with an average cap price of A$1.00/US$0.7426 and an average floor price of A$1.00/US$0.6973.

As at 31 December 2021, the marked-to-market unrealised gain on the total outstanding US dollar foreign exchange hedge book of US$17,000,000 was $105,000.

It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness.

The Group uses the following derivative instruments to manage foreign currency risk from time to time as business needs and conditions dictate:

Instrument	Type of Hedging	Objective
Forward exchange contracts	Cash flow hedge	To hedge sales receipts against cash flow volatility arising from the fluctuation of the A$/US$ exchange rate.
Collar options	Cash flow hedge	To hedge sales receipts against cash flow volatility arising from the fluctuation of the A$/US$ exchange rate by limiting exposure to exchange rates within a certain range of acceptable rates.

[b] Commodity price risk

The Group's operations are exposed to commodity price risk as the Group sales of iron ore to its customers are based on market rates. The majority of the Group's sales revenue is derived under long term sales contracts for each of its operations. The pricing mechanism in these contracts reflects a market based index. The pricing mechanism adopts the Platts Iron Ore Index Price which is published daily for iron ore "fines" with Fe content ranging from 58% to 65% Fe and is quoted on a US$ per dry metric tonne "Cost and Freight" North China basis.

The Group enters into provisionally priced ore sales contracts, for which price finalisation is referenced to relevant market indices at specified future dates. The Group is exposed to movements in benchmark iron ore prices and movements in benchmark lump premium prices on lump product cargoes (if any), between the date of shipping and invoice finalisation date.

During the period, the Group had collar option contracts covering 270,000 dry metric tonnes ("**dmt**") of iron ore, with maturity dates spread over the period July 2021 to December 2021. The average price of the collar option contracts at each maturity date was between U$120 and US$212 per dmt. Movements in the market value of the collar option contracts are taken to the income statement.

[c] Fair value of financial assets and financial liabilities

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – quoted market prices in an active market (that are unadjusted) for identical assets or liabilities;

Level 2 – valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable); and

Level 3 – valuation techniques (for which the lowest level of input that is significant to the fair value measurement is unobservable).

The fair values of derivative financial instruments are sourced from an independent valuation by the Group's treasury advisors using the valuation techniques with prevailing short and long term observable market inputs sourced from Reuters/Bloomberg to determine an appropriate mid-price valuation (level 2).

The fair values of quoted notes and bonds (classified as either financial assets held for trading or at fair value through other comprehensive income) are determined based on market price quotations at the reporting date (level 1).

Notes to the Half-Year Financial Report

The fair values of trade receivables classified as financial assets at fair value through profit and loss are determined using a discounted cash flow model incorporating market observable inputs sourced from Platts index pricing (level 2). This model also incorporates interest rate and credit risk adjustments.

The fair values of cash, short-term deposits, other receivables, trade and other payables and other interest-bearing borrowings approximate their carrying values, as a result of their short maturity or because they carry floating rates of interest.

The carrying amounts and fair values of the financial assets and financial liabilities for the Group as at 31 December 2021 are shown below.

	31 December 2021 Carrying Amount $'000	31 December 2021 Fair Value $'000	30 June 2021 Carrying Amount $'000	30 June 2021 Fair Value $'000
Financial assets				
Cash	42,046	42,046	95,283	95,283
Term deposits	7,500	7,500	118,500	118,500
Subordinated notes	50,412	50,412	79,861	79,861
Financial assets held for trading	42,155	42,155	57,936	57,936
Trade debtors and other receivables	10,260	10,260	12,553	12,553
Derivatives	279	279	13,143	13,143
	152,652	152,652	377,276	377,276
Financial liabilities				
Trade and other payables	58,005	58,005	72,500	72,500
Interest-bearing loans and borrowings	19,812	19,812	18,103	18,103
Derivatives	174	174	27,908	27,908
Income tax payable	8,767	8,767	-	-
	86,758	86,758	118,511	118,511
Net financial assets	**65,894**	**65,894**	**258,765**	**258,765**

19. Events After Balance Sheet Date

As at the date of this report there are no significant events after balance date of the Group that require adjustment of or disclosure in this report.

20. Commitments

At 31 December 2021, the Group has commitments of:

- $13,333,000 (31 December 2020: $9,191,000) relating primarily to contractual commitments in respect of mining and transport that are not liabilities at the balance date; and
- $24,908,000 (31 December 2020: $7,796,000) relating to capital commitments for the purchase of property, plant and equipment at Koolan Island.
- $123,000 (31 December 2020: $726,000) relating to short-term leases for the provision of plant and equipment.

Notes to the Half-Year Financial Report

21. Related Party Disclosures

Ultimate parent

Mount Gibson Iron Limited is the ultimate Australian parent company.

Director-related entity transactions

Sales

During all or part of the year, Mr Lee and Mr Ferguson were directors of APAC Resources Limited (**APAC**) which has a 37.40% beneficial shareholding in Mount Gibson Iron Ltd.

During the period, sale agreements that were in place with director-related entities include the sale of 20% of iron ore from Koolan Island's available mined production over the life of mine to APAC.

Pursuant to these sales agreements, during the half-year, the Group sold 79,100 wmt (2020: 227,649 wmt) of iron ore to APAC.

Amounts recognised at the reporting date in relation to director-related entity transactions:

	31 December 2021 $'000	30 June 2021 $'000
Assets and Liabilities		
Current Assets		
Receivables - APAC	-	-
Total Assets	**-**	**-**
Current Liabilities		
Payables – APAC	-	1,797
Total Liabilities	**-**	**1,797**

	31 December 2021 $'000	31 December 2020 $'000
Sales Revenue		
Sales revenue – APAC*	(642)	33,269
Total Sales Revenue (before shipping freight)	**(642)**	**33,269**

* Sales revenue received during the period included quotation period price adjustments relating to prior period of $1,996,000 (2020: $2,123,000).

22. Contingent Liabilities

1. The Group has a performance bonding facility drawn to a total of $7,495,000 (30 June 2021: $7,495,000). The performance bonds secure the Group's obligations relating to environmental matters and infrastructure.
2. Certain claims arising with customers, employees, consultants and contractors have been made by or against certain controlled entities in the ordinary course of business, some of which involve litigation or arbitration. The Directors do not consider the outcome of any of these claims will have a material adverse impact on the financial position of the consolidated entity.

Directors' Declaration

In accordance with a resolution of the directors of Mount Gibson Iron Limited, I state that:

In the opinion of the Directors:

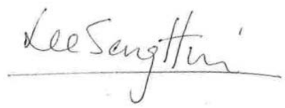
a. the financial statements and the notes of the Group for the half-year ended 31 December 2021 are in accordance with the *Corporations Act 2001*, including:

   i) giving a true and fair view of the financial position as at 31 December 2021 and the performance of the Group for the half-year ended on that date; and

   ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Lee Seng Hui
Chairman

22 February 2022

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working world

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Independent auditor's review report to the members of Mount Gibson Iron Limited

Conclusion

We have reviewed the accompanying half-year financial report of Mount Gibson Iron Limited (the Company) and its subsidiaries (collectively the Group), which comprises the interim consolidated statement of financial position as at 31 December 2021, the interim consolidated statement of profit or loss, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ernst & Young

J K Newton

J K Newton
Partner
22 February 2022