



# Mount Gibson Iron Limited

ABN 87 008 670 817



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

## ASX ANNOUNCEMENT

**ASX Code : MGX**

9 November 2022

### Chairman's Address – 2022 Annual General Meeting

The 2021/22 financial year was one of significant investment at our flagship Koolan Island operation in the Kimberley to prepare for growing high grade sales and cashflow. During the year, Mount Gibson Iron substantially completed its major capital improvement projects at the operation whilst also managing volatile iron ore market conditions, challenges associated with the COVID-19 pandemic, inflationary pressures, supply chain disruptions and tight labour availability.

Ore sales revenue totalled \$131.1 million Free on Board (FOB) from the sale of 1.65 million wet metric tonnes (Mwmt) of iron ore from the Koolan Island and Shine operations in Western Australia. This compared with revenue of \$311.7 million on sales of 3.0 Mwmt in the preceding year. The reduction reflected lower sales at Koolan Island while the major capital improvement projects were undertaken, and limited sales from Shine where deteriorating market conditions warranted suspension of the operation in late 2021 in order to preserve the value of the deposit.

The Company recorded a loss after tax of \$174.1 million, reflecting pre-tax impairments totalling \$184.6 million on the carrying values of Koolan Island (\$147.4 million) and Shine (\$37.2 million previously recorded at the end of December 2021). These impairments resulted from the Company's normal practice of reviewing the book carrying values of its assets at each balance date in the context of prevailing commodity prices and market outlook.

At year end, the Company's cash and liquid investments totalled \$125.6 million, a reduction of \$239.1 million over the year, reflective of the capital investments at Koolan Island totalling \$188.1 million on advanced waste stripping, the upper footwall ground support program and the processing plant upgrade. The result also reflected the lower iron ore sales volumes during the year, weaker iron ore prices and suspension of the Shine operation.

The ongoing COVID-19 pandemic continued to impact our business and our workforce over the year, however by effectively managing these impacts, the Company minimised disruption to its operations. I thank and commend Mount Gibson's employees and contractors for their commitment and resilience during this time.

Positively, the benefits of our capital investment at Koolan Island began to emerge in the second half of the year, notably in the June 2022 quarter during which production and sales of high-grade ore more than doubled, unit costs declined in step with the reducing waste to ore stripping ratio, and shipments of high grade 65% Fe grade iron ore recommenced.

These benefits are anticipated to grow in the 2022/23 financial year and beyond, particularly as the Company regains full processing capacity following the recent fire within the product screen section of the Koolan Island processing plant which has temporarily slowed ore processing and shipments in the current half year period.

Repairs to the plant are advancing ahead of initial expectations, with completion anticipated in January 2023. Interim processing is being undertaken through the undamaged primary plant and mobile crushing units enabling 2-3 shipments per month to be targeted for the December quarter, with significant increases anticipated thereafter as the plant comes fully back on line. Accordingly, the Company's sales guidance for the current 2022/23 financial year remains at 3.2-3.7 Mwmt of high grade iron ore, obviously weighted to the second half.

Given the substantial investments undertaken during the year and the priority of resuming the growth trajectory in high grade sales at Koolan Island, the Board took a prudent approach and did not declare a dividend for the 2021/22 financial year. Going forward, Mount Gibson is pursuing a plan to drive substantial production and cashflow growth from Koolan Island, and the Board's intention is to pay dividends as and when the Company's financial performance justifies, consistent with the approach taken in prior years. Mount Gibson has distributed approximately \$332 million in fully franked dividends since 2011.

Looking ahead, the Board has determined the following key business objectives for the 2022/23 financial year:

- We will continue to focus on safety improvements at all Company worksites, further improvements to our high standard of environmental and rehabilitation activities, and to seek appropriate carbon reduction initiatives.
- At Koolan Island, our focus will be to rapidly recover from the recent processing plant fire and increase the mining and export of high grade iron ore to maximise the sales revenue and cashflow of the operation.
- In the Mid-West, we will maintain the Shine mine site in a low-cost care and maintenance state until assessment of iron ore market conditions supports a restart of the operation, whilst continuing to pursue opportunities for ongoing value creation from the Company's existing Mid-West assets, including its export infrastructure at Geraldton Port.
- We will also continue to strive for sustainable productivity and cost improvements across all business units, and responsibly manage the Group's financial reserves.
- And finally we will accelerate our search for resource acquisition and growth opportunities.

By focusing on these priorities, we are confident that Mount Gibson can continue to navigate challenging market conditions and deliver strong long term capital growth and dividend 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 much improved performance in 2023 and future years.

**Lee Seng Hui**

Chairman  
Mount Gibson Iron Limited

*Authorised by:*

**Peter Kerr**  
Chief Executive Officer  
Mount Gibson Iron Limited  
[www.mtgibsoniron.com.au](http://www.mtgibsoniron.com.au)

*For more information:*

**John Phaceas**  
Manager Investor & External Relations  
+61-8-9426-7500  
+61-(0)411-449-621