

APPENDIX 4D

MOUNT GIBSON IRON LIMITED 31 DECEMBER 2023 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 2023
Previous Corresponding Period: Half-Year ended 31 December 2022

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Consolidated Entity	Movement	A\$ million
Revenue from ordinary activities	Up 187% to	\$438.4
Profit from continuing operations before tax	Up 1516% to	\$175.1
Net profit after tax attributable to members of the Company	Up 1785% to	\$138.7

DIVIDENDS

An interim dividend for the half-year ended 31 December 2023 has not been declared.

NET TANGIBLE ASSET BACKING

Consolidated Entity	Unit	31 December 2023	31 December 2022
Net tangible assets	<i>A\$ mill</i>	\$673.8	\$540.8
Fully paid ordinary shares on issue at balance date	<i>#</i>	1,214,883,733	1,214,419,333
Net tangible asset backing per issued ordinary share as at balance date	<i>c/share</i>	55.5	44.5

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 2023 and any public announcements made by Mount Gibson during and after the half-year ended 31 December 2023 in accordance with the continuous disclosure obligations under the Corporations Act 2001 and ASX Listing Rules.



**MOUNT GIBSON IRON LIMITED
AND CONTROLLED ENTITIES**

ABN 87 008 670 817

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2023

Financial Report

For the half-year ended 31 December 2023

Directors' Report	2
Auditor's Independence Declaration	8
Interim Consolidated Statement of Profit or Loss	9
Interim Consolidated Statement of Comprehensive Income	10
Interim Consolidated Statement of Financial Position	11
Interim Consolidated Statement of Cash Flows	12
Interim Consolidated Statement of Changes in Equity	13
Directors' Declaration	29
Independent Review Report	30

Directors' Report

Your Directors submit their report for the half-year ended 31 December 2023 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.

Mr Lee Seng Hui	<i>Chairman, Non-Executive Director</i>
Mr Simon Bird	<i>Lead Independent Non-Executive Director</i>
Mr Alan Jones	<i>Independent Non-Executive Director</i>
Mr Russell Barwick	<i>Independent Non-Executive Director (resigned 23 August 2023)</i>
Professor Paul Douglas	<i>Independent Non-Executive Director</i>
Ms Evian Delfabbro	<i>Independent Non-Executive Director (appointed 28 August 2023)</i>
Mr Ding Rucai	<i>Non-Executive Director</i>
Mr Andrew Ferguson	<i>Alternate Director to Lee Seng Hui</i>

Mr Peter Kerr is the Chief Executive Officer and Mr 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, processing and direct shipment of hematite iron ore at the Koolan Island mine in the Kimberley region of Western Australia;
- 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 2023 was a net profit after tax of \$138,720,000 compared with a net profit after tax of \$7,361,000 in the prior corresponding half-year. On a pre-tax basis, the Group realised a profit before tax of \$175,066,000 for the half-year compared with a profit before tax of \$10,834,000 in the prior corresponding half-year period.

The result for the six-month period reflected higher iron ore prices and the strong performance of the Koolan Island operation following completion of repairs to the fire-damaged sections of the processing plant in April 2023. The resulting increase in processing capacity, supplemented by contractor crushing, enabled the operation to capitalise on significantly increased high grade ore production since mid-2022 and the substantial high grade ore stockpiles built up while repairs were being undertaken. Ore sales and cashflow subsequently increased significantly to deliver record half-yearly ore sales from Koolan Island in the reporting period.

At the beginning of the half-year, the Platts Index price for delivery (**CFR**) of 62% Fe iron ore fines to northern China was US\$111 per dry metric tonne (**dmt**), and steadily lifted over the remainder of the half-year, ending the period at US\$141/dmt CFR and averaging US\$121/dmt for the six months. Of more relevance to the Company, the Platts Index price for 65% Fe fines started the half-year at US\$123/dmt CFR and was US\$151/dmt at the end of December for an average of US\$132/dmt CFR over the period, compared with an average of US\$121/dmt in the previous corresponding half-year. The half-year average price for 65% Fe material represented an average premium of 4% per contained metal unit compared with 62% Fe fines. Prices reflected stronger than expected Chinese demand and gradual easing of inflation despite continuing global geopolitical tension and economic uncertainty.

A generally weaker Australian dollar also provided additional benefit, averaging A\$1.00/US\$0.65 in the period after starting the half-year at US\$0.67 and peaking at US\$0.69 in mid-July. This compared with an average of US\$0.67 in the prior corresponding half-year. At period end, the Australian dollar was trading at US\$0.68.

Mount Gibson Iron Limited
31 December 2023 Half-Year Financial Report

Group ore sales for the half-year totalled 2.5 million wet metric tonnes (**Mwmt**) of high-grade fines material from Koolan Island, a record for a six month period. Sales revenue totalled \$436,345,000 Free On Board (**FOB**), including quotational period price adjustments of \$32,208,000 and before realised losses of \$4,369,000 from foreign exchange and iron ore hedging contracts. Sales revenue was almost three times that of the previous corresponding half-year period, reflecting both higher shipped volumes at a higher average grade of 65.4% Fe and higher realised prices which averaged US\$116/dmt FOB in the reporting period compared with US\$94/dmt in the prior corresponding half-year.

Other income in the period included interest revenue of \$6,455,000, a net gain on sale of \$35,942,000 from divestment of the Company's former Mid-West iron ore mining and infrastructure interests to Fenix Resources Ltd (**Fenix**) in July 2023, fully franked dividends from Fenix of \$1,200,000, insurance receipts of \$2,317,000 and rail credit income of \$1,876,000.

Total cash and investment reserves comprising cash and cash equivalents, term deposits, subordinated notes and financial assets held for trading, increased by \$196,120,000 over the half-year from \$162,415,000 to \$358,535,000 as at 31 December 2023. This largely reflected the rapid acceleration of iron ore sales and reduced unit costs as increased crushing capacity enabled the significant stockpiles of high-grade ore built in the prior year to be processed in addition to ongoing mine production at Koolan Island. These stockpiles totalled approximately 1.1 Mwmt at the beginning of the reporting period and were largely exhausted by period end.

The period end cash and investment reserves balance included the \$10,000,000 cash proceeds from the Mid-West divestment to Fenix but excluded the value of the 60 million shares and 25 million options in Fenix received as part consideration. At period end, the Company's 8.6% interest in Fenix was valued at \$18,549,000.

Operating Results for the Half-Year Period

The summarised operating results for the Group for the half-year ended 31 December 2023 are tabulated below.

Consolidated Group		31 December 2023 \$'000	31 December 2022 \$'000
Net profit before tax	<i>\$'000</i>	175,066	10,834
Tax expense	<i>\$'000</i>	(36,346)	(3,473)
Net profit after tax	<i>\$'000</i>	138,720	7,361
Earnings per share	<i>cents/share</i>	11.51	0.61

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

Consolidated Group	Unit	Sep Quarter 2023	Dec Quarter 2023	Dec Half-Year 2023	Dec Half-Year 2022
Mining and crushing					
Total waste mined	<i>kwmt</i>	692	736	1,427	6,662
Total ore mined	<i>kwmt</i>	1,046	904	1,950	1,921
Total ore crushed	<i>kwmt</i>	1,198	1,096	2,294	1,543
Shipping/sales					
High grade Lump	<i>kwmt</i>	-	81	81	-
High grade Fines	<i>kwmt</i>	1,331	1,113	2,444	1,116
Total	<i>kwmt</i>	1,331	1,194	2,525	1,116
Average Platts 62% Fe CFR price	<i>US\$/dmt</i>	114	128	121	101
Average Platts 65% Fe CFR price	<i>US\$/dmt</i>	125	139	132	113
Average realised FOB fines price – Koolan Island	<i>US\$/dmt</i>	105	128	116	94

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, specification adjustments/penalties and provisional pricing adjustments.

For the purpose of wet to dry tonnage conversion, moisture content typically averages approximately 2-3% for Koolan Island fines.

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. Significant operational progress continued to be achieved at Koolan Island in the half-year as the benefits of previously completed bulk waste stripping, upper footwall ground support programs and repairs to the processing plant took effect. Consequently, the focus of activity was on substantially increased high-grade ore production and sales to maximise cashflow over the remainder of the mine-life.

Mining activities

High-grade ore production and mine performance improved in line with plan as mining access to ore zones within the Main Pit expanded and the waste-to-ore stripping ratio reduced substantially as scheduled. Total material movement reduced by 60% to 3.4 Mwmt of waste and ore in the half-year period, including 1.95 Mwmt of high-grade ore. This compared with total material movement of 8.6 Mwmt in the prior corresponding half-year period, of which 1.9 Mwmt was high grade ore. The waste-to-ore stripping ratio, which is a key cost driver for the Koolan Island operation, averaged 0.7:1 as planned, compared with 3.5:1 in the December 2022 half-year. Although the strip ratio will rise for limited periods in the next 12 months in line with haul ramp repositioning and waste extraction cycles in the Main Pit, it is expected to remain at low average rates of approximately 1.5:1 over the remaining three year mine life.

Ore production in the period primarily came from the western end of Main Pit, which is expected to reach its planned final depth in the June 2024 half-year, at which point production will transition to the shallower eastern end of Main Pit. As previously reported, a localised rock fall occurred in a section of the eastern footwall (island-side) of the Main Pit in early August 2023. The event was detected in advance by the site's continuous radar monitoring systems and no people or equipment were placed at risk. The area was not actively being mined at the time and mining in that area had not been expected to recommence until later in the March 2024 quarter.

During the December 2023 quarter, the area surrounding the rock fall was cleared and the underlying exclusion zone maintained. The Company continues to review the mining schedule and production sequencing to minimise any potential impact on near term production. The affected area is located at the intersection of the western and eastern sections of Main Pit, which allows production to continue in the western end of Main Pit before transitioning to the eastern end of the pit at the start of the coming June 2024 quarter. Consequently, the affected area will be bypassed for at least the duration of the 2024 wet season to enable any impacts of wet season conditions to be observed before proceeding with proposed remedial ground support activities. Production from higher benches in the eastern end of Main Pit has consequently been brought forward, with mining expected to resume in the affected area at a later date. Further updates will be provided in due course as remediation and mine sequencing approaches are finalised.

Processing

Processing volumes achieved planned rates throughout the half-year, with a mobile crushing contractor continuing to supplement the main plant to complete the drawdown of high-grade ore stockpiles established in prior periods. Consequently, processing throughput for the half-year exceeded ore production and totalled approximately 2.3 Mwmt, with the high-grade ore stockpiles which totalled 1.1 Mwmt at the beginning of July 2023 now effectively depleted and shipped.

During the December 2023 quarter, the Company committed to the installation of a tertiary crushing circuit to treat harder oversized material from the lower central and eastern areas of the Main Pit on a more efficient and cost-effective basis. The estimated capital cost is approximately \$8,000,000, of which just over \$1,000,000 was spent in the December half-year period. The circuit is expected to be operational in April 2024.

Sales

Koolan Island iron ore sales for the half-year totalled a record 2.5 Mwmt of high-grade ore, consistent with the Company's guidance, and 127% greater than the prior corresponding half-year. The 33 shipments completed in the half-year were all fines shipments with the exception of one trial "mixed lump" cargo, with an average grade for all shipments of 65.4% Fe. As previously indicated, sales guidance for FY2024 incorporates an average of four shipments per month for the second half-year which accommodates potential weather-related interruptions during the wet season. Shipments from Koolan Island are undertaken in Panamax vessels which typically carry cargoes totalling 70,000-80,000 tonnes of iron ore.

Sales from Koolan Island are made under long term offtake agreements on FOB terms, with pricing referencing high-grade (65% Fe) market indices and Panamax shipping freight rates, specification adjustments and penalties for impurities. Provisional prices are recorded following shipment departure and the final pricing ultimately reflects monthly iron ore price averages up to two months after the month of shipment. Accordingly, the Company is subject to provisional pricing adjustments in subsequent periods.

Realised pricing

As indicated above, the Koolan Island operation benefited from generally higher iron ore prices and the weaker Australian dollar. Koolan Island fines, grading 65.4% Fe, realised an average price of US\$116/dmt FOB in the reporting period compared with US\$94/dmt in the prior corresponding half-year. The benchmark Platts Index price for 65% Fe fines (delivered to China - CFR) averaged US\$132/dmt CFR, compared with US\$121/dmt CFR in the prior corresponding period. Shipping freight rates for Koolan Island to Chinese ports averaged approximately US\$13/wmt in the half-year period, with current freight rates averaging around US\$14/wmt shipped.

Cashflow and operating costs

The mine generated a profit before interest and tax of \$144,150,000 in the half-year, compared with a profit of \$19,803,000 in the prior corresponding half-year. The improvement reflected the significantly increased ore sales volumes, higher average ore grade, higher realised prices and reduced unit costs, as well as the benefit of increased crushing capacity and available surplus high-grade ore stockpiles built up while processing plant repairs were undertaken in the prior financial year.

Mount Gibson Iron Limited
31 December 2023 Half-Year Financial Report

Operating cashflow generated from Koolan Island for the half-year totalled \$244,339,000 compared with a cash outflow of \$25,218,000 in the previous half-year period. Revenues for the half-year totalled \$436,345,000, with the outflow items being cash operating and capital costs (\$150,399,000) and royalties (\$41,607,000).

Koolan Island's unit cash operating costs before royalties and capital projects were \$59/wmt sold FOB for the half-year, in line with guidance and reflective of significantly reduced waste stripping activity and increased shipping volumes in the period. This compared with \$80/wmt sold FOB before inventory build, major project costs and royalties in the prior corresponding half-year.

Production statistics for the December 2023 half-year are tabulated below:

Koolan Island Production Summary	Unit	Sep Quarter 2023 '000	Dec Quarter 2023 '000	Dec Half-Year 2023 '000	Dec Half-Year 2022 '000	% incr / (decr)
Mining						
Waste mined	wmt	692	736	1,427	6,662	(79)
Standard ore mined	wmt	1,046	904	1,950	1,920	2
Crushing						
Lump	wmt	238	199	437	-	-
Fines	wmt	960	897	1,857	1,543	20
		1,198	1,096	2,294	1,543	49
Shipping/Sales						
Lump	wmt	-	81	81	-	-
Fines	wmt	1,331	1,113	2,444	1,116	119
		1,331	1,194	2,525	1,116	126

Minor discrepancies may appear due to rounding.

Mid-West Operations

The Company has ceased to operate the Mid-West as a separate segment since completion of the divestment of most of its former iron ore mining and infrastructure Mid-West assets to Fenix in July 2023, which was previously reported as a subsequent event in the Company's financial accounts for the 2022/23 financial year. The assets sold to Fenix comprised Mount Gibson's mining rights and other obligations at the currently suspended Shine iron ore mine near Yalgoo, the closed hematite iron ore mine at Extension Hill near Perenjori, rail sidings at Perenjori and Mullewa, two bulk materials storage sheds at Geraldton Port and various items of plant and equipment. Fenix also assumed the rehabilitation and other contractual obligations associated with these assets, which at the time of sale were provisioned by Mount Gibson at \$8,229,000.

As noted above, consideration for the divestment comprised \$10,000,000 in cash, 60 million Fenix shares and 25 million 5-year options in Fenix, exercisable in two equal tranches at \$0.25 and \$0.30 each respectively. At the end of the reporting period, the value of Mount Gibson's 8.6% shareholding and optionholding in Fenix was \$18,549,000.

The Company has retained its mining and exploration interests in the historic Tallering Peak mining area, to the north of which it continues to explore prospective ground for base metals mineralisation, together with its Fields Find interest. Additionally, Mount Gibson retained its rights to the long-standing historical rail credit refund resulting from third party use of certain parts of the Mid-West rail network, as discussed later in this report.

COVID-19 Business Response

Since the emergence of the COVID-19 global pandemic in March 2020, Mount Gibson has progressively adapted its response in step with changing circumstances and government restrictions. Mount Gibson avoided significant disruption from COVID-related absenteeism during the half-year and continues to evolve its approach to COVID management as appropriate.

Financial Position

The key components of the increase of \$196,120,000 in total cash and investment reserves during the half-year are tabulated below and reflect the following business activities in the period:

- *Koolan Island* - significant progress was achieved with regard to increasing high grade ore production and ore sales whilst reducing the waste-to-ore strip ratio consistent with the mine plan.
- *Corporate and Other* – key expenditure related to corporate, administration, rehabilitation (for closed sites) and exploration activities, net of interest income, historical Mid-West rail credit and sale of the Mid-West operations.

Mount Gibson Iron Limited
31 December 2023 Half-Year Financial Report

Cashflow Summary	Koolan Island \$'000	Corporate & Other \$'000	Total \$'000
Operating cashflow before royalties and capital expenditure	312,335	4,758	317,093
Royalties	(41,607)	-	(41,607)
Capital expenditure:			
Mine development (including ground support activities)	(13,890)	-	(13,890)
Sustaining capital, equipment purchases, exploration and other	(12,499)	(552)	(13,051)
	244,339	4,206	248,545
Realised net hedging losses			(1,021)
Other financing activities and net working capital movements			(51,404)
Total movement in cash and investment reserves in the period			196,120

As at the balance date, the Group's current assets totalled \$485,307,000 and its current liabilities totalled \$79,052,000. 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

With the continued divergent move of iron ore prices and the A\$/US\$ foreign exchange rate into late 2023, resulting in an increase in the Australian dollar iron ore price, Mount Gibson added to its hedge book to protect a portion of its forecast production over the January to June 2024 period. At 31 December 2023, these hedge contracts covered a total of 420,000 tonnes (being 35,000-105,000 tonnes per month) at prices of A\$175 to A\$195 per tonne (CFR, including shipping freight), protecting a substantial cash margin on these hedged tonnages.

At 31 December 2023, the Group also held foreign exchange collar option contracts protecting the conversion of US\$9,000,000 in the June quarter, with cap price protection at an average of A\$1.00/US\$0.690 and floor prices (below which Mount Gibson does not participate) at A\$1.00/US\$0.635.

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 earned 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 was calculated at various volume-related rates, and capped at a total of approximately \$35,000,000 (subject to indexation) and a time limit expiring in 2031. The contractual cumulative cap of this credit refund has now been reached, with receipt of the final payment of \$2,189,000 expected in the March 2024 quarter. The entitlement has been accrued as a receivable as at balance date.

Insurance

In relation to the August 2022 processing plant fire incident at Koolan Island, Mount Gibson holds property damage and business interruption insurance cover which has responded to this incident. The Company's property damage claim totalled approximately \$10,000,000, of which almost \$8,000,000 was received last financial year with \$2,271,000 received during the half-year to complete the claim. The Company continues to liaise with its insurers regarding a business interruption claim resulting from the fire, however the timing, likelihood and potential quantum of any proceeds from such a claim remains uncertain at this time.

In late December 2023, the Federal Court issued its judgment regarding a long-standing historical claim by the Group against a former insurer arising from the 2014 failure of the Koolan Island Main Pit seawall. The matter is yet to be fully determined and remains the subject of court processes. Mount Gibson expects the judgment to be favourable to some of its claims but the amounts involved are not material.

Exploration and Business Development

Mount Gibson continues to pursue potential investment opportunities consistent with the Company's objective to extend and grow its business into new operations, targeting opportunities in the bulk commodities and base metals sectors in Australia. Equity positions with a combined market value of \$4,846,000 at balance date are held in a small number of junior resource development companies where it is considered that future financing or strategic opportunities may arise. Significant time is being devoted to new project generation, field visits and discussions with third parties with regard to further potential acquisition and partnering opportunities.

The Company also continues to assess regional exploration opportunities for base metals deposits particularly in the Mid-West region, where it has earned a minimum 50% interest in prospective exploration tenure at the Butcher's Track prospect north of the Company's Talling Peak mine site, approximately 160km northeast of Geraldton. Work during the half-year included a large soil sampling program, comprising over 1,100 samples, focused on the broader region between the main Bailly and Gregory prospects at the Talling Project. The Company also continued to assess additional geophysical methods to assist with targeting at Talling, where it has identified several encouraging preliminary geological indicators, while its data review of Butcher's Track continued.

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 profitable supplier of raw materials.

The Board's corporate objective is to grow the Company's cash reserves and to 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 2023/24 financial year:

- **Safety and Environment** – continue the safety improvement focus on the Company's worksites, the high standard of environmental and rehabilitation activities, and the pursuit of appropriate carbon reduction initiatives.
- **Koolan Island** – increase the mining and export of high-grade iron ore to maximise sales and cashflow of the operation.
- **Cost reductions** – continue to drive for sustainable productivity and cost improvements across all business units.
- **Treasury management** – responsibly manage the Group's cash and financial reserves.
- **Growth** – accelerate the search for resource acquisition and growth opportunities.

Group Sales Guidance

Mount Gibson is targeting total iron ore sales of 3.8-4.2 Mwmt of high-grade ore from its Koolan Island operation in the 2023/24 financial year, at an average site cash operating cost of \$65-70/wmt sold FOB before royalties and capital projects. Based on Koolan Island's forecast mining and shipping profile, the Company is presently positioned to achieve its guidance.

DIVIDENDS

There were no dividends paid during the half-year ended 31 December 2023.

An interim dividend for the half-year ended 31 December 2023 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.

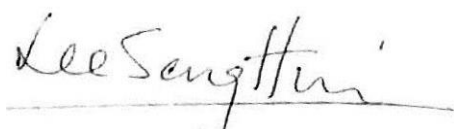
ROUNDING

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 8, which forms part of this report.

Signed in accordance with a resolution of the Directors.



Lee Seng Hui
Chairman
20 February 2024



**Building a better
working world**

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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 2023, 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.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'J K Newton' in a cursive style.

J K Newton
Partner
20 February 2024

Interim Consolidated Statement of Profit or Loss

For the half-year ended 31 December 2023

	Notes	31 December 2023 \$'000	31 December 2022 \$'000
Revenue	3[a]	431,976	152,028
Interest revenue	3[b]	6,455	717
TOTAL REVENUE		438,431	152,745
Cost of sales	4[a]	(292,716)	(136,773)
GROSS PROFIT		145,715	15,972
Other income	3[c]	43,137	8,548
Impairment of right-of-use assets		-	(867)
Net foreign exchange loss	4[c]	(1,704)	(1,124)
Net marked-to-market gain/(loss)	4[d]	(1,177)	1,084
Administration and other expenses		(8,453)	(10,230)
PROFIT BEFORE TAX AND FINANCE COSTS		177,518	13,383
Finance costs	4[b]	(2,452)	(2,549)
PROFIT BEFORE TAX		175,066	10,834
Tax expense	5	(36,346)	(3,473)
PROFIT FOR THE PERIOD AFTER TAX ATTRIBUTABLE TO MEMBERS OF THE COMPANY		138,720	7,361
Earnings per share (cents per share)			
▪ basic earnings per share		11.51	0.61
▪ diluted earnings per share		11.51	0.61

Interim Consolidated Statement of Comprehensive Income

For the half-year ended 31 December 2023

	31 December 2023	31 December 2022
	\$'000	\$'000
PROFIT FOR THE PERIOD AFTER TAX	138,720	7,361
OTHER COMPREHENSIVE INCOME/(LOSS)		
Items that may be subsequently reclassified to profit or loss:		
Change in fair value of cash flow hedges	(6,156)	559
Reclassification adjustments for gain/(loss) on cash flow hedges transferred to the Income Statement	-	(467)
Deferred income tax	1,847	(28)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	(4,309)	64
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	134,411	7,425

Interim Consolidated Statement of Financial Position

	Notes	31 December 2023 \$'000	30 June 2023 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	48,690	55,038
Term deposits and subordinated notes	7	304,850	103,950
Financial assets held for trading	8	4,995	3,427
Derivative financial assets		234	196
Other financial assets	9	18,549	-
Trade and other receivables	10	55,870	6,879
Inventories	11	40,548	105,417
Prepayments		11,571	6,184
Assets associated with disposal group classified as held for sale		-	2,058
TOTAL CURRENT ASSETS		485,307	283,149
NON-CURRENT ASSETS			
Property, plant and equipment	12	53,538	51,380
Right-of-use assets		18,912	24,232
Deferred exploration and evaluation costs		2,314	1,946
Mine properties	13	229,767	260,138
Prepayments		-	165
Deferred tax assets		21,433	55,933
TOTAL NON-CURRENT ASSETS		325,964	393,794
TOTAL ASSETS		811,271	676,943
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		55,323	47,614
Employee benefits		7,383	6,946
Interest-bearing loans and borrowings	15	9,503	11,194
Derivative financial liabilities		6,374	344
Provisions		469	596
Liabilities associated with disposal group classified as held for sale		-	9,125
TOTAL CURRENT LIABILITIES		79,052	75,819
NON-CURRENT LIABILITIES			
Employee benefits		627	452
Interest-bearing loans and borrowings	15	7,247	11,851
Provisions		50,571	49,590
TOTAL NON-CURRENT LIABILITIES		58,445	61,893
TOTAL LIABILITIES		137,497	137,712
NET ASSETS		673,774	539,231
EQUITY			
Issued capital	16	633,102	633,102
Accumulated losses		(880,378)	(1,019,098)
Reserves		921,050	925,227
TOTAL EQUITY		673,774	539,231

Interim Consolidated Statement of Cash Flows

For the half-year ended 31 December 2023

	Notes	31 December 2023	31 December 2022
		\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		388,847	90,236
Proceeds from rail credit		2,479	3,821
Proceeds from insurance		2,317	131
Payments to suppliers and employees		(177,038)	(147,671)
Interest paid		(1,021)	(765)
NET CASH FLOWS PROVIDED/(USED) BY OPERATING ACTIVITIES		215,584	(54,248)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		3,147	815
Dividends received		1,200	-
Proceeds from sale of property, plant and equipment		199	2,168
Purchase of property, plant and equipment		(12,539)	(13,382)
Proceeds from/(payment for) term deposits		(200,900)	7,250
Proceeds from sale of subordinated notes		-	16,310
Proceeds from sale of financial assets held for trading		-	20,055
Payment for financial assets held for trading		(2,000)	(1,863)
Proceeds from other financial assets		-	136
Proceeds from the sale of disposal group		10,000	-
Payment for deferred exploration and evaluation expenditure		(375)	(773)
Payment for mine development		(12,999)	(32,188)
NET CASH FLOWS (USED) IN INVESTING ACTIVITIES		(214,267)	(1,472)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	25,000
Repayment of lease liabilities		(5,174)	(5,308)
Repayment of insurance premium funding facility		(1,163)	(5,259)
Payment of borrowing costs		(684)	(627)
NET CASH FLOWS PROVIDED/(USED) IN FINANCING ACTIVITIES		(7,021)	13,806
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		(5,704)	(41,914)
Net foreign exchange difference		(644)	(62)
Cash and cash equivalents at beginning of period		55,038	77,579
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	48,690	35,603

Interim Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2023

	<i>Attributable to Equity Holders of the Parent</i>						Total Equity \$'000
	Issued Capital \$'000	Accumulated Losses \$'000	Share Based Payments Reserve \$'000	Net Unrealised Gains / (Losses) Reserve \$'000	Dividend Distribution Reserve \$'000	Other Reserves \$'000	
At 1 July 2022	632,425	(1,024,277)	22,193	(64)	906,019	(3,192)	533,104
Profit for the period	-	7,361	-	-	-	-	7,361
Other comprehensive income	-	-	-	64	-	-	64
Total comprehensive income for the period	-	7,361	-	64	-	-	7,425
Transactions with owners in their capacity as owners							
- Dividends paid	-	-	-	-	-	-	-
- Shares issued under DRP	-	-	-	-	-	-	-
- Share-based payments	-	-	266	-	-	-	266
At 31 December 2022	632,425	(1,016,916)	22,459	-	906,019	(3,192)	540,795
At 1 July 2023	633,102	(1,019,098)	22,553	(153)	906,019	(3,192)	539,231
Profit for the period	-	138,720	-	-	-	-	138,720
Other comprehensive income	-	-	-	(4,309)	-	-	(4,309)
Total comprehensive income for the period	-	138,720	-	(4,309)	-	-	134,411
Transactions with owners in their capacity as owners							
Share-based payments	-	-	132	-	-	-	132
At 31 December 2023	633,102	(880,378)	22,685	(4,462)	906,019	(3,192)	673,774

Notes to the Half-Year Financial Report

For the half-year ended 31 December 2023

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 2023, was authorised for issue in accordance with a resolution of the Directors on 20 February 2024.

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, 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 2023 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 2023. 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 2023 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 pursuant to 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 2023, the Group has adopted all Accounting Standards and Interpretations mandatory to annual periods beginning on or before 1 July 2023. 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 2023, except for the adoption of new standards and interpretations as of 1 July 2023. 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 2023 \$'000	31 December 2022 \$'000
3. Revenue and Other Income			
[a] Revenue			
Revenue from contracts with customers – sale of iron ore		404,137	144,139
Other revenue:			
Quotation period price adjustments – relating to prior period shipments		(896)	(513)
Quotation period price adjustments – relating to current period shipments		33,104	8,869
Realised loss on foreign exchange and commodity hedging contracts		(4,369)	(467)
		431,976	152,028
[b] Interest revenue			
Interest revenue – calculated using the effective interest method		5,747	61
Interest revenue - other		708	656
		6,455	717
[c] Other income			
Dividend income		1,200	-
Net gain on disposal group	[i]	35,942	-
Net gain on disposal of property, plant and equipment		127	1,887
Insurance proceeds		2,317	131
Rail credit income		1,876	4,299
Other income		1,675	2,231
		43,137	8,548

[i] Pursuant to a Sale and Purchase Agreement (**Mid-West Project**) dated 28 June 2023, Mount Gibson agreed to the sale of certain of its Mid-West iron ore mining and infrastructure assets and associated liabilities to Fenix Resources Limited (**Fenix**). The consideration comprised \$10,000,000 cash, 60,000,000 ordinary shares in Fenix and 25,000,000 Fenix options (exercisable in two tranches of 12,500,000 options at \$0.25 and \$0.30 each respectively within 5 years of settlement). The sale was completed on 21 July 2023. The total consideration received was \$29,495,000 based on valuations of the Fenix shares and options at completion date, resulting in a gain on sale of \$35,942,000 before tax.

Notes to the Half-Year Financial Report

	31 December 2023 \$'000	31 December 2022 \$'000
--	-------------------------------	-------------------------------

4. Expenses

[a] Cost of sales

Mining and administration costs	94,952	110,056
Depreciation of property, plant and equipment – mining and site administration	7,359	3,039
Depreciation of right-of-use assets – mining and site administration	4,468	4,168
Capitalised deferred stripping costs	13[a] -	(11,020)
Amortisation of capitalised deferred stripping costs	13[a] 25,244	29,440
Amortisation of mine properties	13[a] 19,017	17,181
Crushing costs	25,196	21,879
Depreciation of property, plant and equipment – crushing	3,004	2,668
Depreciation of right-of-use assets – crushing	606	607
Transport costs	-	261
Port costs	4,116	2,886
Depreciation of property, plant and equipment – port	5	83
Depreciation of right-of-use assets – port	-	208
Royalties	41,607	14,339
Net movement in ore inventory	66,912	(56,513)
Net movement in net realisable value on ore inventory	-	(3,048)
Consumables stock write down	230	620
Rehabilitation revised estimate adjustment	-	(81)
Cost of sales – Free on Board (FOB) basis	292,716	136,773

[b] Finance costs

Finance charges on banking facilities	924	1,226
Finance charges on lease liabilities	547	490
	1,471	1,716
Non-cash interest accretion on rehabilitation provision	981	833
	2,452	2,549

[c] Net foreign exchange loss

Net realised loss on foreign exchange transactions	1,021	1,019
Net unrealised loss on foreign exchange balances	683	105
	1,704	1,124

[d] Net marked-to-market (gain)/loss

Unrealised marked-to-market (gain) on foreign exchange derivatives	(164)	(230)
Unrealised marked-to-market (gain)/loss on financial assets held for trading	1,341	(854)
	1,177	(1,084)

Notes to the Half-Year Financial Report

	31 December 2023 \$'000	31 December 2022 \$'000
--	-------------------------------	-------------------------------

4. Expenses (Continued)

[e] Administration and other expenses include:

Depreciation of property, plant and equipment	80	77
Depreciation of right-of-use assets	246	246
Share-based payments expense	132	266
Insurance premiums	1,002	923
Exploration expenses	8	104

[f] Cost of sales & Administration and other expenses include:

Salaries, wages expense and other employee benefits	38,163	30,095
Lease expense – short-term	3,270	2,990
Lease expense – low value assets	79	551
Lease expense – variable	54	2,178

5. Taxation

Reconciliation of tax benefit

A reconciliation of tax expense applicable to accounting profit before tax at the statutory income tax rate to tax expense at the Group's effective tax rate for the period ended 31 December 2023 and 2022 is as follows:

Accounting profit before tax	175,066	10,834
• At the statutory income tax rate of 30% (2022: 30%)	52,520	3,250
• Expenditure not allowed for income tax purposes	314	226
• Recognition of previously unrecognised deferred tax assets	(15,972)	-
• Adjustments in respect of current income tax of previous year	(514)	-
• Other	(2)	(3)
Tax expense	36,346	3,473
Effective tax rate	20.8%	32.1%
Tax expense reported in Income Statement	36,346	3,473

As at 31 December 2023, the Group has carried forward gross tax losses of \$114,184,000 (31 December 2022: \$365,193,000) with a tax-effected value (at 30%) of \$34,255,000 (31 December 2022: \$109,558,000).

The Company has a franking account balance of \$515,000 as at 31 December 2023 (31 December 2022: \$nil).

Notes to the Half-Year Financial Report

31 December 2023 \$'000	30 June 2023 \$'000
--	------------------------------------

6. Cash and Cash Equivalents

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

Cash at bank and on hand	48,690	55,038
	48,690	55,038

Notes	31 December 2023 \$'000	30 June 2023 \$'000
--------------	--	------------------------------------

7. Term Deposits and Subordinated Notes

Current

Term deposits – financial assets at amortised cost	[i]	304,850	103,950
		304,850	103,950

[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-2 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.

31 December 2023 \$'000	30 June 2023 \$'000
--	------------------------------------

8. Financial Assets Held for Trading

Current

Tradeable corporate bonds at fair value through profit or loss	149	153
Quoted share investments at fair value through profit or loss	4,846	3,274
	4,995	3,427

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 2023 \$'000	30 June 2023 \$'000
-------	-------------------------------	---------------------------

9. Other Financial Assets

Current

Listed investment shares - at fair value through profit and loss	17,100	-
Investment options – at fair value through profit and loss	1,449	-
	18,549	-

Other financial assets comprise shares in Fenix Resources Limited (**Fenix**) which are traded in an active market, and options over unissued shares in Fenix. These financial assets were acquired as part of the consideration from the sale of the majority of the Group's Mid-West mining and infrastructure assets to Fenix in July 2023 (refer note 3[c]). The Group holds these financial assets as part of its strategy to maintain an exposure to bulk materials and infrastructure assets in the Mid-West region.

10. Trade and Other Receivables

Trade debtors – at amortised cost	14,591	508
Trade debtors – at fair value through profit or loss	29,972	18
Sundry receivables	7,419	4,182
Other receivables	3,888	2,171
	55,870	6,879

11. Inventories

Consumables – at cost	24,871	23,336
Write down to net realisable value (NRV)	(3,851)	(4,358)
	21,020	18,978
Ore – all grades, at cost	28,678	95,589
Write down to NRV	(9,150)	(9,150)
At lower of cost and NRV	19,528	86,439
Total inventories at lower of cost and NRV	40,548	105,417

12. Property, Plant and Equipment

Property, plant and equipment – at cost	326,226	396,793
Accumulated depreciation and impairment	(272,688)	(345,413)
	53,538	51,380

[a] Reconciliation

Carrying amount at the beginning of the period	51,380	56,966
Additions	12,677	23,031
Disposals	(71)	(1,780)
Depreciation expense	(10,448)	(12,743)
Impairment expense	-	(12,203)
Assets associated with disposal group classified as held for sale	-	(1,891)
	53,538	51,380

Notes to the Half-Year Financial Report

	31 December 2023 \$'000	30 June 2023 \$'000
--	--	------------------------------------

13. Mine Properties

Mine development expenditure	1,776,392	1,868,706
Accumulated amortisation and impairment	(1,546,625)	(1,608,568)
Total mine properties	229,767	260,138

[a] Reconciliation

	Koolan Island	
	31-Dec-23 \$'000	30-Jun-23 \$'000
Deferred waste		
Carrying amount at the beginning of the period	152,104	239,200
Deferred waste capitalised	-	11,020
Amortisation expensed	(25,244)	(61,807)
Impairment expense	-	(36,309)
Carrying amount at the end of the period	126,860	152,104
Other mine properties		
Carrying amount at the beginning of the period	108,034	133,193
Additions	13,890	31,435
Mine rehabilitation – revised estimate	-	6,883
Amortisation expensed	(19,017)	(37,689)
Impairment expense	-	(25,788)
Carrying amount at the end of the period	102,907	108,034
Total mine properties	229,767	260,138

14. Impairment of Non-Current 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 Group utilises the approaches under applicable accounting pronouncements for assessment of any impairment expenses or reversals.

The Group's assessment has concluded that no trigger event, either external or internal, has occurred to require an impairment assessment to be undertaken as at 31 December 2023 of the carrying value of the assets in the Koolan Island CGU. Accordingly, no impairment expenses or reversals thereof have been recognised during the period (31 December 2022: nil) for the Koolan Island CGU.

Notes to the Half-Year Financial Report

	Notes	31 December 2023 \$'000	30 June 2023 \$'000
--	-------	-------------------------------	---------------------------

15. Interest-Bearing Loans and Borrowings

Current

Lease liabilities		9,503	10,031
Insurance premium funding facility	[i]	-	1,163
		9,503	11,194

Non-Current

Lease liabilities		7,247	11,851
		7,247	11,851

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

Performance bonding facility	[ii]		
Used at reporting date		6,586	6,681
Unused at reporting date		13,414	13,319
Total facility		20,000	20,000

Corporate loan facility

Used at reporting date	[ii]	-	-
Unused at reporting date		-	75,000
Total facility		-	75,000

Terms and conditions relating to the above financial facilities:

[i] Insurance Premium Funding Facility

Insurance premium funding arrangements were entered into by the Group to spread the cost of its annual insurance premiums over the term of the arrangement. Interest was charged at 5.32% pa. The facility was repayable monthly over 10 months with the final instalment paid in July 2023.

[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 reduced to \$75,000,000 in June 2023 and to \$50,000,000 in September 2023. On 22 December 2022, the loan facility was amended to extend the maturity date to 31 May 2024 in relation to the amount of \$50,000,000. The loan facility was fully repaid in the 2022/23 financial year and subsequently cancelled effective 1 September 2023.

The Performance Bonding facility was amended in June 2017 to reduce the amount from \$55,000,000 to \$20,000,000 and in December 2023 the term was extended to 30 September 2026. As at balance date, bonds and guarantees totalling \$6,586,000 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.

Notes to the Half-Year Financial Report

	Notes	31 December 2023 \$'000	30 June 2023 \$'000
--	-------	-------------------------------	---------------------------

16. Issued Capital

[a] Ordinary shares

Issued and fully paid [b] 633,102 633,102

	Notes	31 December 2023		30 June 2023	
		Number of Shares	\$'000	Number of Shares	\$'000

[b] Movement in ordinary shares on issue

Unrestricted shares

Balance at the beginning of the period		1,204,253,233	633,102	1,202,329,505	632,425
Shares fully paid under LSP		-	-	1,923,728	677
		<u>1,204,253,233</u>	<u>633,102</u>	<u>1,204,253,233</u>	<u>633,102</u>

Restricted shares – Loan Share Plan (LSP)

[e]

Balance at the beginning of the period		8,677,600	-	8,238,528	-
Shares issued under LSP		464,400	-	3,851,300	-
Shares forfeited under LSP		-	-	(1,488,500)	-
Conversion of fully paid shares under LSP		-	-	(1,923,728)	-
Shares reallocated from treasury shares		1,488,500	-	-	-
Balance at end of the period		<u>10,630,500</u>	<u>-</u>	<u>8,677,600</u>	<u>-</u>

Treasury shares

Balance at the beginning of the period		1,488,500	-	-	-
Shares forfeited under LSP, not reallocated		-	-	1,488,500	-
Shares reallocated under LSP		(1,488,500)	-	-	-
		<u>-</u>	<u>-</u>	<u>1,488,500</u>	<u>-</u>

Total shares on issue

		<u>1,214,883,733</u>	<u>633,102</u>	<u>1,214,419,333</u>	<u>633,102</u>
--	--	----------------------	----------------	----------------------	----------------

[c] Share options

During the 6 months ended 31 December 2023, no options were issued.

As at balance date there were no options on issue (30 June 2023: nil).

[d] Performance rights

During the 6 months ended 31 December 2023, no performance rights were issued.

As at 31 December 2023, there were no performance rights on issue (30 June 2023: nil).

[e] Loan Share Plan

On 14 December 2023, the Company issued 1,952,900 shares (including 1,488,500 shares reallocated) under the LSP. In accordance with the terms of the LSP, the shares were issued at a share price of \$0.546 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 14 December 2024 and 14 December 2028 and the participants remain continuously employed by the Group until at least 14 December 2025. The award was accounted for as an in-substance option award and the fair value at grant date assessed at \$0.2164 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 \$0.55 and 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 4.95% based on Australian Government bond yields with three year lives, the estimated volatility was 50% based on historical share price analysis, and the dividend yield was assumed as nil.

Notes to the Half-Year Financial Report

17. Dividends Paid and Proposed

Declared and paid during the year:

[a] Dividends on ordinary shares:

During the half-year ended 31 December 2023, no dividends were declared or paid in respect of the financial year ended 30 June 2023 (2022: \$nil).

[b] Franked dividends:

The Company has a franking account balance of \$515,000 as at 31 December 2023 (30 June 2023: nil).

18. 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.

Since the divestment of the Group's Mid-West iron ore mining and infrastructure assets in July 2023, the Group had one reportable segment during the half-year ended 31 December 2023. The Koolan Island 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

18. Operating Segments (Continued)

	Mid-West		Koolan Island		Unallocated*		Consolidated	
	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December
	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Half-Year Ended:								
Segment revenue								
Revenue from sale of iron ore, net of shipping freight and realised gains/(losses) on derivatives	-	-	431,976	152,028	-	-	431,976	152,028
Interest revenue	-	-	-	-	6,455	717	6,455	717
Segment revenue, net of shipping freight	-	-	431,976	152,028	6,455	717	438,431	152,745
Segment result								
Earnings/(loss) before impairment, interest, tax, depreciation and amortisation	-	2,821	204,083	74,234	33,694	(7,516)	237,777	69,539
Write back/(write down) of inventories to net realisable value (i)	-	(164)	(230)	2,592	-	-	(230)	2,428
Impairment expense (ii)	-	(867)	-	-	-	-	-	(867)
Earnings/(loss) before interest, tax, depreciation and amortisation	-	1,790	203,853	76,826	33,694	(7,516)	237,547	71,100
Depreciation and amortisation	-	(371)	(59,703)	(57,023)	(326)	(323)	(60,029)	(57,717)
Segment result	-	1,419	144,150	19,803	33,368	(7,839)	177,518	13,383
Finance costs							(2,452)	(2,549)
Profit before tax							175,066	10,834
(i) Write down of inventories to net realisable value:								
Write down of consumables inventories	-	164	230	456	-	-	230	620
Write down of ore inventories	-	-	-	(3,048)	-	-	-	(3,048)
	-	164	230	(2,592)	-	-	230	(2,428)
(ii) Impairment expenses:								
Impairment of right-of-use assets	-	867	-	-	-	-	-	867
	-	867	-	-	-	-	-	867

* 'Unallocated' includes interest revenue of \$6,455,000 (2022: \$717,000), net realised loss on foreign exchange transactions of \$1,021,000 (2022: \$1,019,000), net unrealised loss on foreign exchange balances of \$683,000 (2022: \$105,000), unrealised marked-to-market loss on financial assets held for trading of \$1,341,000 (2022: \$854,000 gain), net gain on disposal group of \$35,942,000 (2022: \$nil) and corporate expenses such as head office salaries and wages.

Notes to the Half-Year Financial Report

18. Operating Segments (Continued)

	Mid-West		Koolan Island		Unallocated*		Consolidated	
	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June
	2023	2023	2023	2023	2023	2023	2023	2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment assets								
Current financial assets	-	3,780	83,945	18,457	349,243	147,253	433,188	169,490
Assets associated with disposal group classified as held for sale	-	2,058	-	-	-	-	-	2,058
Other current assets	-	502	47,529	109,090	4,590	2,009	52,119	111,601
Property, plant and equipment	-	27	53,204	51,118	334	235	53,538	51,380
Right-of-use assets	-	-	18,174	23,248	738	984	18,912	24,232
Mine properties	-	-	229,767	260,138	-	-	229,767	260,138
Deferred exploration and evaluation costs	-	-	-	-	2,314	1,946	2,314	1,946
Other non-current assets	-	-	-	165	-	-	-	165
Deferred tax assets	-	-	-	-	21,433	55,933	21,433	55,933
Total assets	-	6,367	432,619	462,216	378,652	208,360	811,271	676,943
Segment liabilities								
Financial liabilities	-	1,260	63,074	64,258	15,373	5,485	78,447	71,003
Liabilities associated with disposal group classified as held for sale	-	9,125	-	-	-	-	-	9,125
Other liabilities	-	470	56,379	54,537	2,671	2,577	59,050	57,584
Total liabilities	-	10,855	119,453	118,795	18,044	8,062	137,497	137,712
Net assets/(liabilities)	-	(4,488)	313,166	343,421	360,608	200,298	673,774	539,231

* 'Unallocated' current financial assets include cash and cash equivalents of \$14,480,000 (30 June 2023: \$39,396,000), term deposits of \$304,700,000 (30 June 2023: \$103,700,000), financial assets held for trading of \$4,994,000 (30 June 2023: \$3,427,000), other financial assets of \$18,549,000 (30 June 2023: \$nil), trade debtors and other receivables of \$6,286,000 (30 June 2023: \$534,000) and derivatives of \$234,000 (30 June 2023: \$196,000).

'Unallocated' financial liabilities include trade and other payables of \$8,198,000 (30 June 2023: \$2,923,000), interest-bearing loans and borrowings of \$801,000 (30 June 2023: \$2,218,000) and derivatives of \$6,374,000 (30 June 2023: \$344,000).

Notes to the Half-Year Financial Report

19. 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 2023, there were no US dollar foreign exchange forward contract deliveries.

At 31 December 2023, the notional amount of the foreign exchange hedge book totalling US\$9,000,000 is made up exclusively of collar option contracts over the period April to June 2024 with an average cap price of A\$1.00/US\$0.6900 and an average floor price of A\$1.00/US\$0.6349.

As at 31 December 2023, the marked-to-market unrealised gain on the total outstanding US dollar foreign exchange hedge book of US\$9,000,000 was \$234,000.

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 Group's sales revenue is derived under long term sales contracts relating to its Koolan Island operation. The pricing mechanism in these contracts adopts a market based index, 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.

At 31 December 2023, the Group held iron hedge contracts totalling 420,000 tonnes of iron ore at prices of A\$175 to A\$195 per tonne (CFR, including shipping freight), with maturity dates over the period January to June 2024. These iron ore hedge contracts had a marked-to-market unrealised net loss at balance date of A\$6,374,000 (2022: \$nil). The fair value of the iron ore hedge contracts has been recognised in the balance sheet as derivative financial liabilities and the marked-to-market unrealised loss has been recognised in other comprehensive income at balance date.

[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 other financial assets (options) are valued internally using the Black Scholes valuation techniques with prevailing short and long term observable market inputs sourced from Bloomberg to determine an appropriate mid-price valuation (level 2).

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).

Notes to the Half-Year Financial Report

19. Financial Instruments (Continued)

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

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 2023 are shown below.

	31 December 2023	31 December 2023	30 June 2023	30 June 2023
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash	48,690	48,690	55,038	55,038
Term deposits	304,850	304,850	103,950	103,950
Financial assets held for trading	4,995	4,995	3,427	3,427
Other financial assets	18,549	18,549	-	-
Trade debtors and other receivables	55,870	55,870	6,879	6,879
Derivatives	234	234	196	196
	433,188	433,188	169,490	169,490
Financial liabilities				
Trade and other payables	55,323	55,323	47,614	47,614
Interest-bearing loans and borrowings	16,750	16,750	23,045	23,045
Derivatives	6,374	6,374	344	344
	78,447	78,447	71,003	71,003
Net financial assets	354,741	354,741	98,487	98,487

20. 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.

21. Commitments

At 31 December 2023, the Group has commitments of:

- \$15,116,025 (31 December 2022: \$12,383,000) relating primarily to contractual commitments in respect of mining and transport that are not liabilities at the balance date;
- \$14,134,000 (31 December 2022: \$13,135,000) relating to capital commitments for the purchase of property, plant and equipment at Koolan Island; and
- \$46,000 (31 December 2022: \$463,000) relating to short-term leases for the provision of plant and equipment.

Notes to the Half-Year Financial Report

22. 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 Limited.

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

Pursuant to these sales agreements, during the half-year, the Group sold 557,540 wmt (2022: 221,629 wmt) of iron ore to APAC.

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

	31 December 2023 \$'000	30 June 2023 \$'000
--	--	------------------------------------

Assets and Liabilities

Current Assets

Receivables - APAC

19,539

-

Total Assets

19,539

-

Current Liabilities

Payables – APAC

45

450

Total Liabilities

45

450

	31 December 2023 \$'000	31 December 2022 \$'000
--	--	--

Sales Revenue

Sales revenue – APAC*

94,754

30,290

Total Sales Revenue (before shipping freight)

94,754

30,290

* Sales revenue received during the period included quotation period price reduction adjustments relating to the prior period of \$157,000 (2022: \$77,000).

23. Contingent Liabilities

- The Group has a performance bonding facility drawn to a total of \$6,586,000 (30 June 2023: \$6,681,000). The performance bonds secure the Group's obligations relating to environmental matters and infrastructure.
- 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.

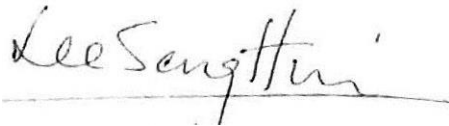
Directors' Declaration

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 2023 are in accordance with the *Corporations Act 2001*, including:
 - i) giving a true and fair view of the financial position as at 31 December 2023 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

20 February 2024



**Building a better
working world**

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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 2023, the interim consolidated statement of profit or loss, the 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 2023 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 2023 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



J K Newton
Partner
20 February 2024