



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

ASX ANNOUNCEMENT

ASX Code : MGX

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Chairman's Address – 2024 Annual General Meeting

The 2023/24 financial year was a successful one in which the Company generated significant cashflow through increased exports of high grade iron ore from its flagship Koolan Island mining operation in the Kimberley region of Western Australia.

Group sales revenue increased to \$667.7 million Free on Board (FOB) while total high-grade ore sales were near the top end of the Company's guidance at 4.1 million wet metric tonnes (Mwmt), grading 65.3% Fe. This compared with revenue of \$452.6 million on sales of 3.0 Mwmt in the preceding year.

The Company recorded a modest net profit after tax of \$6.4 million, compared with \$5.2 million in the prior year, after pre-tax accounting impairments totalling \$159.1 million and the derecognition of deferred tax assets totalling \$30.2 million. These non-cash expenses primarily reflected the impact of lower iron ore prices on the accounting carrying values of the Koolan Island operation and effectively brought forward depreciation and amortisation expenses that would otherwise be incurred in future years.

Importantly, total profit before tax and impairments doubled to \$211.6 million, compared with \$105.9 million in the prior year, while operating cashflow trebled to \$284.3 million. Consequently, the Company's total cash and investment reserves increased by \$279.9 million to \$442.3 million at period end, compared with \$162.4 million previously. This excluded the value of the Company's 8.6% shareholding in Fenix Resources Limited which had a market value of approximately \$20 million at the end of the financial year. Mount Gibson has subsequently increased this equity interest to 10% by exercising one tranche of equity options it received in part consideration for the sale of its Mid-West mining and infrastructure assets to Fenix in July 2023.

Mount Gibson's operational and financial improvement during the year reflected both consistent ore production from the Koolan Island Main Pit complemented by the processing of previously assembled high-grade ore stockpiles. These stockpiles were monetised by late December 2023, after which shipments became more closely aligned with mining extraction rates. This closer alignment of ore production and shipments will remain the norm going forward and is factored into our sales and cost guidance for the current financial year. Our guidance also takes into account a temporary slowdown in production, mostly in the recently concluded September quarter, while works are completed to reconfigure Koolan Island's Main Pit to deal with ground stability conditions and to optimise the extraction of the high grade ore reserves. We anticipate stronger sales over the remainder of the current financial year and in following periods.

With iron ore markets and global economic conditions being increasingly volatile, and Koolan Island moving closer to its scheduled closure in 2-3 years' time, Mount Gibson is focused on two main priorities: safely maximising cashflow over the operation's remaining life, and new investment opportunities.

Your Directors are therefore being cautious to preserve capital so that the Company is well positioned and has the flexibility to act decisively on appropriate acquisition and growth opportunities. The strength of the Company's position is further enhanced by recent market volatility and the lack of funding readily available for many projects and operations. I note the Company made new investments in a number of operating and development companies during 2023/24, which has more than trebled the combined value of its equity holdings to approximately \$17 million, excluding its strategic holding in Fenix.

While a dividend for the 2023/24 financial year was not declared, the Board is constantly reviewing all options for capital management. Accordingly, an on-market share buyback has commenced as a value-accretive capital management measure.

In closing, I would like to thank my fellow Directors and in particular the employees and contractors of Mount Gibson for their commitment and efforts over the last year. I would also like to thank our loyal shareholders for their continued support. We look forward to maximising the value from our existing assets and to growing our business for the long term benefit of all shareholders.

Delivered on behalf of Chairman Lee Seng Hui by:

Simon Bird

Lead Independent Director
Mount Gibson Iron Limited

Authorised by:

Peter Kerr

Chief Executive Officer
Mount Gibson Iron Limited
+61-8-9426-7500

For more information:

John Phaceas

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

www.mtgibsoniron.com.au