



Mount Gibson Iron Limited

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ASX ANNOUNCEMENT

ASX Code : MGX

8 November 2017

MGX Chairman's Address – Annual General Meeting

Good morning ladies and gentlemen, it gives me great pleasure to welcome you all to Mount Gibson Iron's 2017 annual general meeting.

The 2016-17 financial year was a satisfying one, with the Company achieving an improvement in profitability by our core operating business to deliver a net profit after tax of \$26.3 million.

Our positive financial result was indicative of the Company's continued focus on cost reduction and financial discipline.

Consequently, our cash and liquid investments rose strongly over the year to \$447 million at the end of June, a significant increase of \$47 million compared with our cash position at the end of the prior financial year. This increase included the \$34 million final payment of the \$86 million property damage insurance settlement negotiated in the prior year.

Our financial position was further boosted subsequent to the end of the year in July, when the Company received \$64.3 million to settle the business interruption component of the Koolan Island insurance claim.

In light of the profitable performance of our core operating business in 2016/17, the Board was pleased to declare a fully franked final dividend of 2.0 cents per share for the year which was distributed last month. Including this \$21.9 million payment, Mount Gibson has now distributed \$196 million in fully franked dividends to shareholders since late 2011, whilst retaining substantial capital for reinvestment in our existing business and new resources opportunities.

The Company also achieved two important milestones during the year which have provided operational certainty for our business. The first was securing approval for, and then developing, the Iron Hill mine which extends production from our Mid West business until the end of 2018.

The second was the decision to proceed with the restart of our high grade Koolan Island mine in the Kimberley after evaluation work confirmed a safe means of reinstating the Main Pit seawall and demonstrated the Project's compelling financial metrics. When ore sales commence in early 2019, Mount Gibson will be the highest grade direct shipping hematite iron ore producer in Australia and potentially the world.

The Company is now well positioned to deliver on the Board's strategic objective of creating long term value through investment in exploration, development, and efficient operational extraction of mineral resources.

Looking ahead, the Board has determined the following key business objectives for the 2017/18 financial year:

- In the Mid West we will seek to optimise production and control costs at Iron Hill, before preparing for its final closure in the following year;
- At Koolan Island, we will focus on the rebuild of the Main Pit seawall, and all site preparations to commence ore sales in early 2019;
- We will continue to drive for sustainable cost improvements across our business and maintain an increased yield on the Group's cash reserves;
- We will continue the search for business development opportunities in the resources sector.

By focusing on these priorities, we are quietly confident that Mount Gibson can continue to navigate fluid market conditions and capitalise on our financial strength to deliver long term returns for our shareholders.

This strength also enables us to look to the future with confidence, particularly as we ramp up Iron Hill, and most importantly, push on with our Koolan Island Mine Restart Project.

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

Lee Seng Hui

Chairman

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