

# MOUNT GIBSON IRON LIMITED

2<sup>nd</sup> Earth's Resources Conference  
Hong Kong, June 2012



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Australia based multi-operation quality hematite iron ore producer  
exporting to China

- Leadership renewal ..... Board and Management
- Quality assets ..... Optimising existing opportunities
- Financial position ..... Strong balance sheet and cash flow generation
- Strategy ..... Positioning for growth

**Four key areas driving future corporate value**

# Company overview



## Currently Australia's fifth largest iron ore exporter by volume

- Issued capital 1085.5 million shares, 2 million options
- Market cap<sup>1</sup> A\$944 million
- Cash @ 31 Dec 2011 A\$421 million
- Total debt<sup>2</sup> nil
- Index S&P/ASX 200
- Finance facilities A\$115m (equipment leases and A\$65m contingent debt)

## Financials (year ended 30 June)

		2007	2008	2009	2010	2011	1stH 2012
• Sales volume	MWMT	2.5	5.5	5.4	6.5	5.2	2.84
• Sales	A\$ m	163	433	425	536	672	377
• NPAT	A\$ m	48 <sup>3</sup>	113	43	132	239	121
• EPS	cps	7.4	14.1	4.6	12.3	22.1	11.4

## Shareholders

- APAC Resources 27.4%
- Shougang Fushan 15.1%

Institutions represent ~34%  
of total shareholding

### Notes:

1 Share price of \$0.87 as at 19 June 2012

2 As at 31 December 2011

3 Includes \$19 million NPAT on sale of magnetite project

# Leadership renewal



## Board - Renewal well underway with mining, construction and M&A experience

- Geoffrey Hill - Chairman
- Russell Barwick
- Paul Dougas
- Alan Jones
- Li Shaofeng
- Chen Zhouping
- Lee Seng Hui
- Simon Bird

## Management - Senior executive skills base being broadened

- Jim Beyer CEO, formally appointed to role in May 2012
- David Stokes Company Secretary and General Counsel
- Alan Rule CFO, executive search for successor well advanced
- Dedicated Human Resources, External Relations, Health & Safety managers appointed
- Increasing exploration experience base

The organisation's capability continues to be strengthened

# Quality assets - optimising existing opportunities



## Koolan Island - up to 4 Mtpa production

- Reserves 32.1 Mt at 64% Fe, low contaminants (at 30 June 2011)
- Commenced mining premium Main Pit ore in November 2011
- Planning underway to define pathway from ~3Mtpa to ~4Mtpa
- Transition to owner mining complete

## Mid West Region Talling Peak, Extension Hill & Geraldton Port facilities Up to 6 Mtpa production region

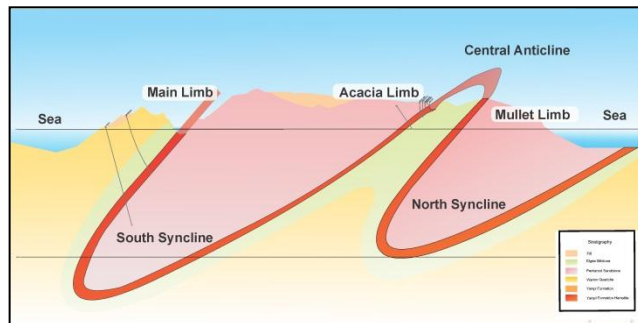
- ### Talling Peak
- Reserves 5.4 Mt at 61.2% Fe (at 30 June 2011)
  - Targeting ~2.5 Mt production in FY2013
  - Strip ratio reduces significantly after FY2012
  - Strong cash generating asset over next 12 months
  - T1 area - potential 3-9 months additional production
  - T1 drilling underway

- ### Extension Hill
- Reserves 14.5 Mt at 59.5% Fe (at 30 June 2011)
  - Annual production ~3Mtpa
  - Road and rail commenced November 2011
  - First ore sales Dec 2011
  - Low strip ratio
  - Operationally robust and conventional
  - Immediate cash generator
  - Mt Gibson Range DSO upside

# Quality assets - Koolan Island



- Mount Gibson's flagship asset
- Premium products
- Simple logistics - no rail, standalone shiploading facilities
- Remaining mine life of ~8years at ~3Mtpa
- Detailed planning underway to define pathway to ~4Mtpa
- Transition to owner mining complete
- Main Pit now primary ore source



# Quality assets - Koolan Island



- Main Pit the mainstay of production
- Seawall complete late 2011
- Main Pit mining commenced late 2011
- Mining currently focused in western end of Main Pit
- Dewatering to open up reserves in central and eastern areas of Main Pit
- Satellite pits at Mullet Acacia, Acacia East



# Quality assets - Mid-West



# Quality assets - Geraldton Port



- Port facility upgrades completed May 2012
- Significantly reduces rail/shipping constraints
- MGI nominal export capacity doubled to 6Mtpa
- Rail unloader commissioning and ramp-up commenced mid-May 2012
- Nominal rail unloader capacity 3,000tph
- 240,000t MGI Shed 5 commissioned April 2012
- Total MGI port storage capacity trebled to 360,000t (6 Panamax shipments)
- 50 year lease - valuable long term asset

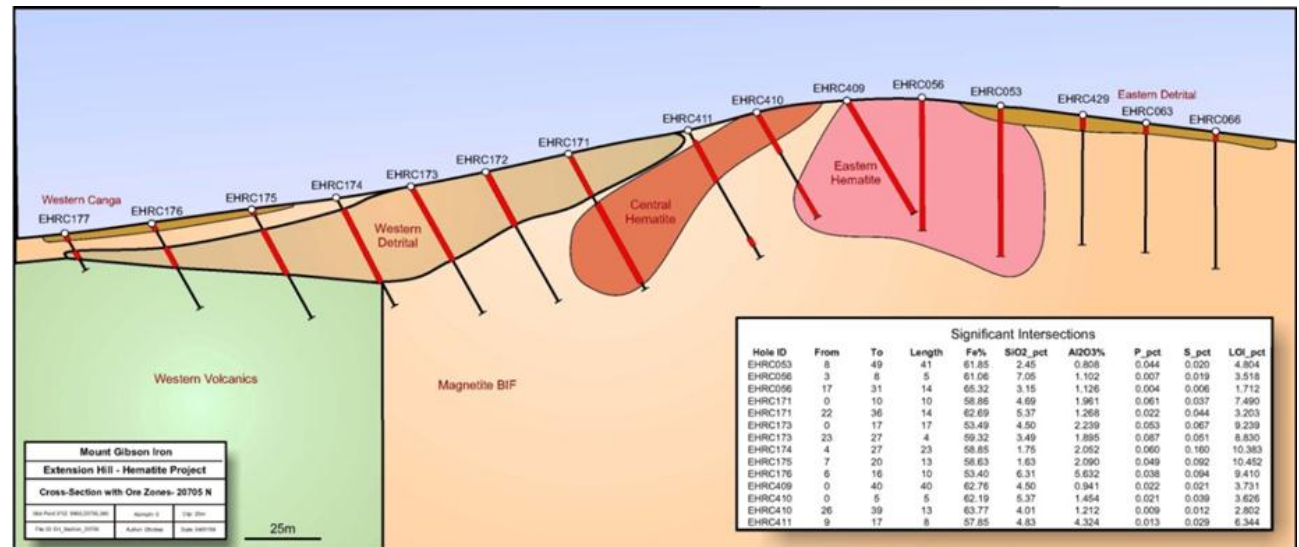
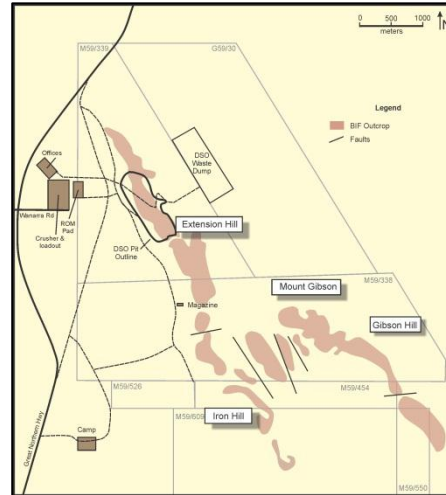


**A strategic asset, essential to get product to market**

# Quality assets - Extension Hill



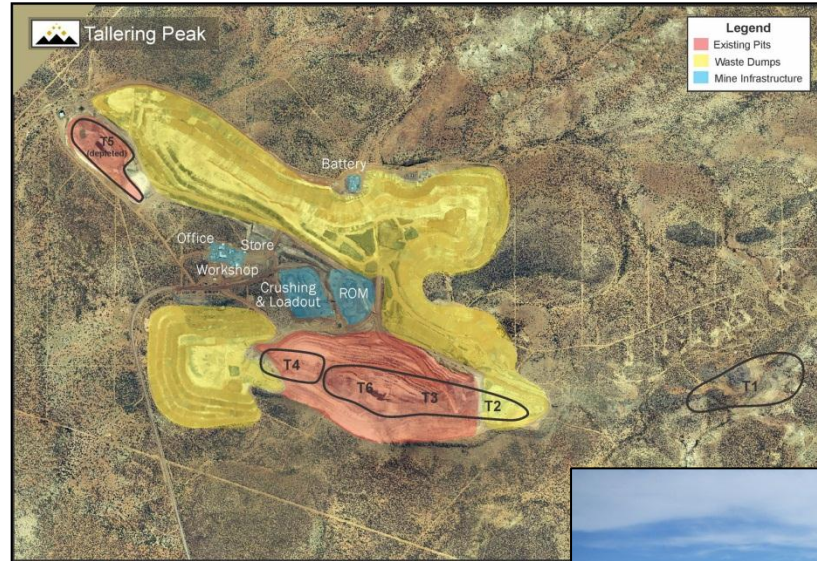
- First ore sales December 2011
- Diversified customer base (Glencore, Rizhao Steel)
- Simple, low cost operation, life of mine strip ratio ~1:1
- Strong cash generator
- Significant stockpiles built up during port/rail works
- ~5 year life at 3Mtpa
- Potential to exceed 3Mtpa
- DSO potential in Mt Gibson Range



# Quality assets - Tallering Peak



- Mining scheduled for completion in mid 2013
- Targeting ~2.5Mt production in FY'13
- Heritage approval granted to access T1 prospect
- 50 hole RC drilling program at T1 underway
- Potential 3-9 months additional production at T1
- Shipping from low-grade stockpiles to continue into FY'14



# Strategy - Positioning for Growth



Optimising existing business, getting set for M&A and exploration-driven growth

## PRIORITIES

- Build up and establish new executive team
- Optimise existing assets to maximise cash generation
- Reinvigorate the exploration strategy in footprint and farm-in opportunities, particularly to capitalise on export capacity in Mid West
- Evaluate opportunities in carbon steel materials in Australia and overseas
  - Target assets that:
    - complement existing business
    - lift Mount Gibson production to +10 Mtpa
    - extend production profile (>15 years) and lower cost
    - produce quality sought-after products
    - are at pre-feasibility or feasibility stage
    - can be funded and developed from internal strong cash flows

# Summary



## Disciplined business strategy

### Mount Gibson has...

- ✓ First mover status & access to existing infrastructure
- ✓ Proven operational performance
- ✓ Divested high risk, high cost and capially intensive assets
- ✓ Focused growth plan
- ✓ Protected the business in adverse market environment

## Strong cash flow generation

- ✓ Established DSO products
- ✓ Growing FY2013 production profile
- ✓ Clean & strong balance sheet

**Reinvestment of capital for growth**  
– organic (exploration, development)  
– M&A  
**Or return to shareholders**

# Attributions



*The information in this report relating to Mineral Resources is based on information compiled by Rolf Forster, who is a member of the Australasian Institute of Mining and Metallurgy. Rolf Forster is a consultant to Mount Gibson Mining Limited, and has sufficient experience relevant to the styles of mineralisation and type of deposit under consideration and to the activity he is undertaking, to qualify as a Competent Person as defined in the December 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Rolf Forster has consented to the inclusion of the matters in this report based on his information in the form and context in which it appears.*

*The information in this report relating to Mining Reserves is based on information compiled by Rolf Forster and Weifeng Li, who are both members of the Australasian Institute of Mining and Metallurgy. Rolf Forster and Weifeng Li are consultants to Mount Gibson Mining Limited, and have sufficient experience relevant to the styles of mineralisation and type of deposit under consideration and to the activity which they are undertaking, to each qualify as a Competent Person as defined in the December 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Rolf Forster and Weifeng Li have consented to the inclusion of the matters in this report based on their information in the form and context in which it appears.*