

# Corporate Presentation



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# Company overview

## Corporate

- Market cap<sup>1</sup> A\$1,205m
- Cash<sup>2</sup> A\$61m
- Total debt<sup>2</sup> A\$90m
- EV A\$1,234m
- Index S&P/ASX 200
- Issued capital 787.8m shares, 17m options
- Finance facilities A\$200m (include A\$25m contingent debt)

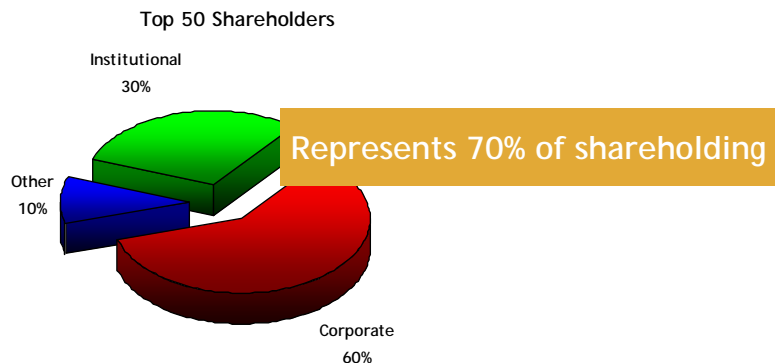
## Financials

2007

- Sales A\$162.7m (excluding finance income)
- NPAT A\$47.8m

## Shareholders

- Gazmetall 19.8%
- APAC Resources 19.4%



# Key investment themes

1

Quality assets

2

Solid growth profile

3

Earnings leverage to strong iron ore price outlook

4

Disciplined financial strategy & strong performance

5

Experienced - disciplined Board & executive team with proven track record

...Mount Gibson has a solid investment case

# 1 Quality assets



**Koolan Island production**

**Talling Peak production**



**Extension Hill near-term production**



# 1 Quality assets

## KEY STATISTICS

	Tallering Peak	Koolan Island	Extension Hill	Combined
<b>Reserves and Resources<sup>1</sup></b>				
Proven and Probable Ore Reserves (Mt)	19.9 (61.5% Fe)	24.8 (65.0% Fe)	12.1 (60.7 Fe)	57.7 (62.8 Fe)
Measured, Indicated and Inferred Mineral Resources (Mt)	22.1 (61.7% Fe)	57.8 (64.3% Fe)	19.5 (59.9 Fe)	99.4 (62.8 Fe)
<b>Operations Data</b>				
Annual production (Mt)	3	4 (target)	3 (target)	
Expected minimum mine life	6	8	6	
Lump:Fines ratio	65%:35%	30%:70%	50%:50%	
Truck (km)	65	-	85	
Rail (km)	107	-	240	
Strip ratio	6:1	6:1 (est.)	<1:1	
Port	Geraldton	Koolan Island	Geraldton	

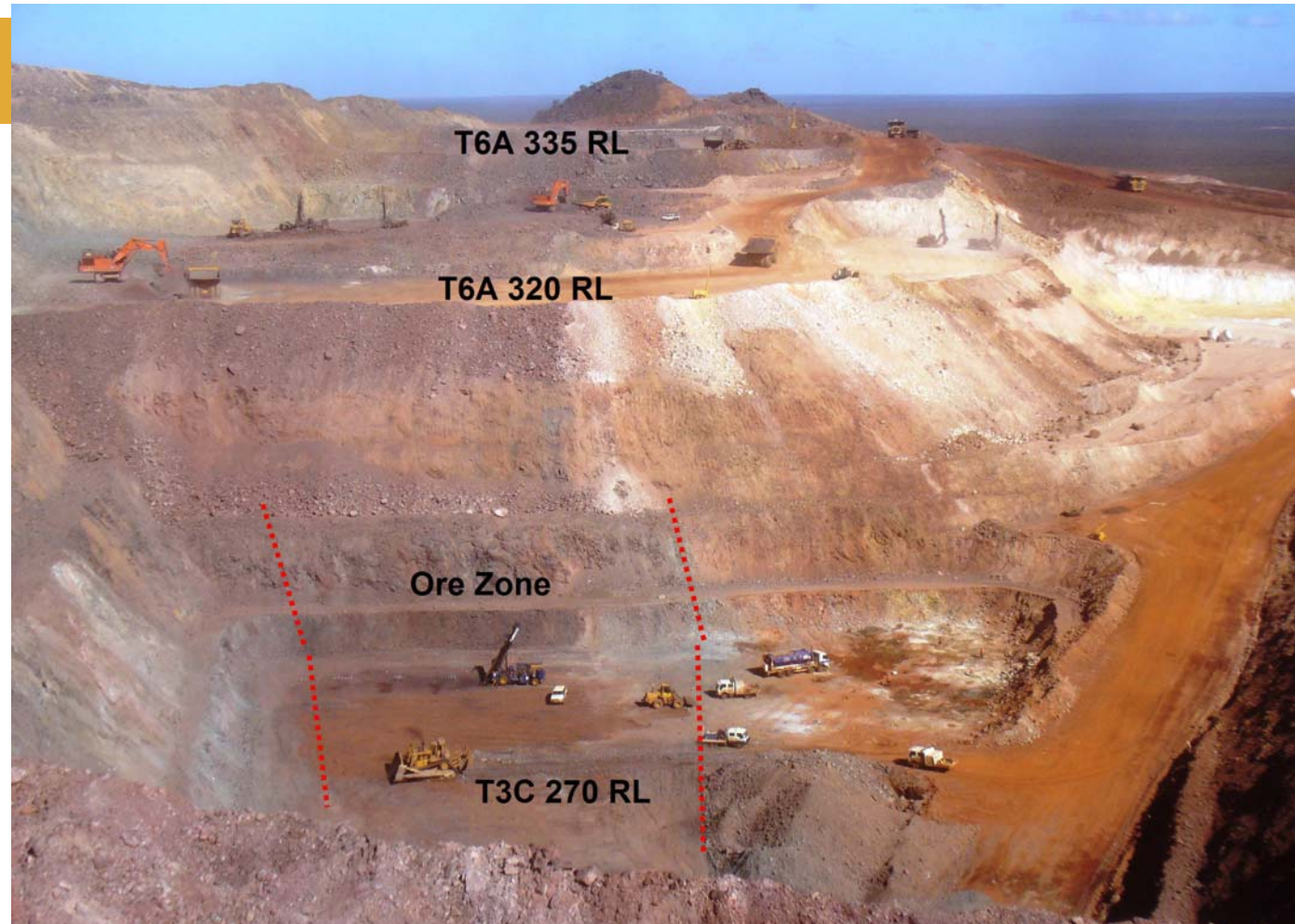
Note:

1 As at 31 Dec 2006

# 1 Quality assets

## Tallering Peak

- First hematite ore shipped Feb 2004
- Producing 3Mtpa
- 65% Lump & 35% Fines ratio
- Quality high grade, low contaminant product (61.8% Fe, 4.51 SiO<sub>2</sub>, 2.15 Al<sub>2</sub>O<sub>3</sub> & 0.03 P)
- Access to installed infrastructure



Main Range Pits looking west at end of June 2007

# 1 Quality assets

## Koolan Island



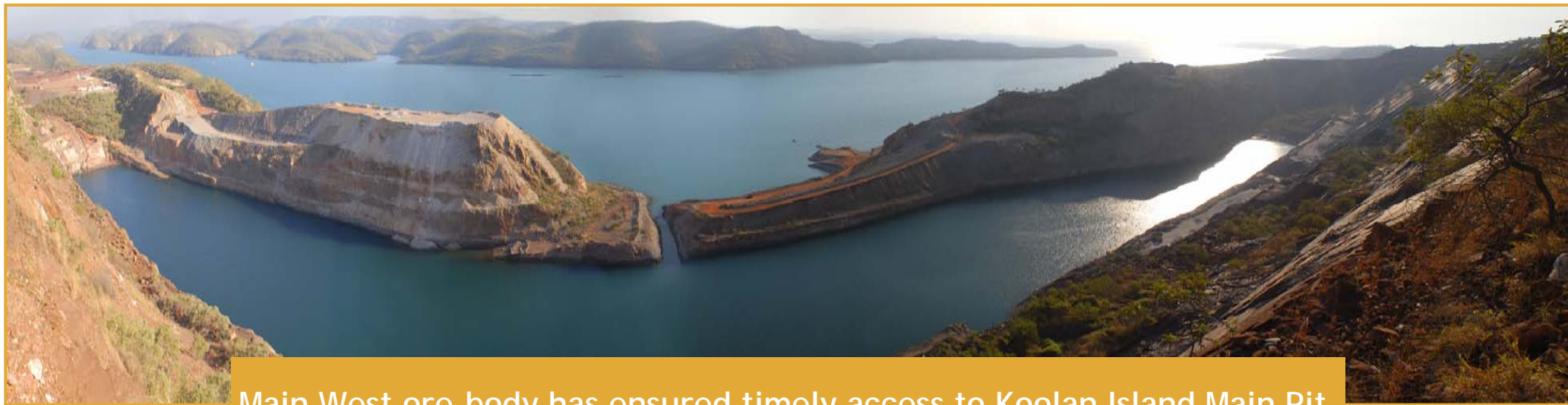
## Crushing, port & ship-loading facilities

- First hematite ore shipped Jun 2007
- Production ramping up to 4Mtpa (expected to reach capacity by 4Q 2009)
- 30% Lump & 70% Fines ratio (initial production consistent 50% Lump and 50% Fines product)
- Quality high grade, low contaminant product (>65% Fe, 4.7% SiO<sub>2</sub>, 1.2% Al<sub>2</sub>O<sub>3</sub> & 0.022% P)
- Access premium Main Pit orebody - 18 months

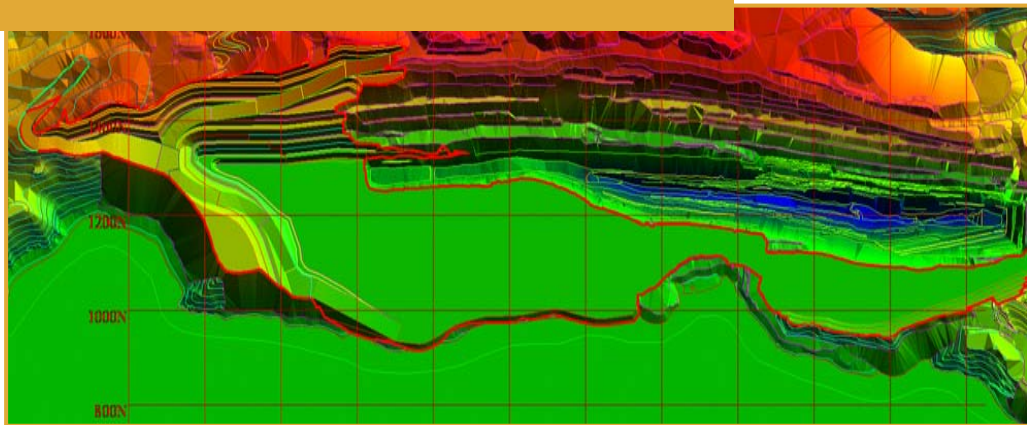
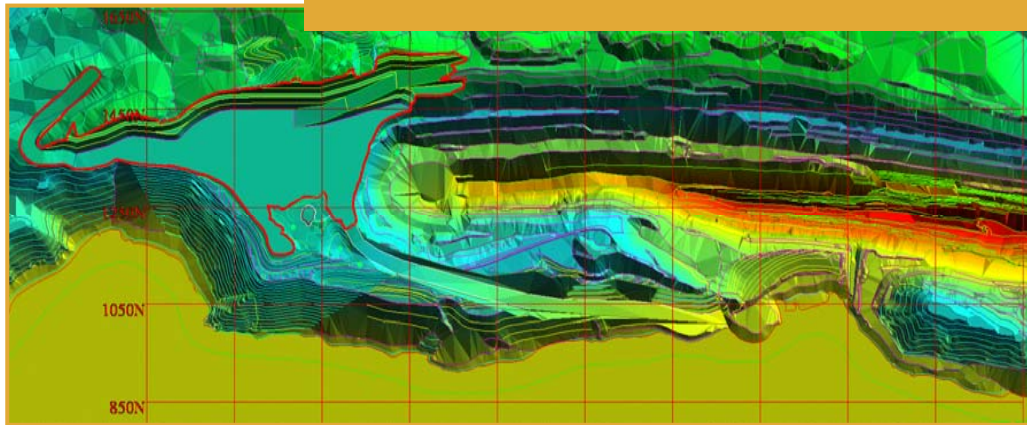


Eastern Pit August 2007

# 1 Quality assets



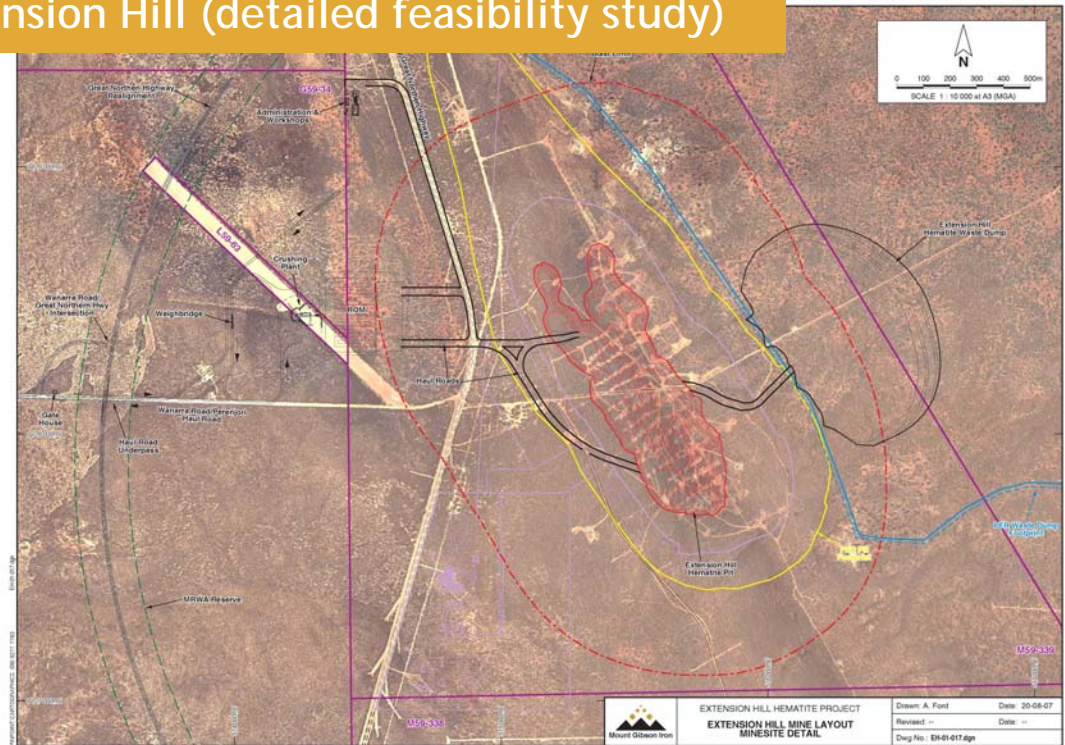
Main West ore-body has ensured timely access to Koolan Island Main Pit



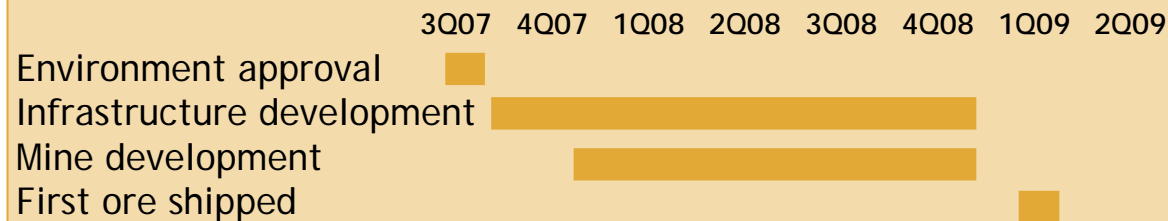
# 1 Quality assets

- Available resource for mining will be increased
- Operationally robust and straightforward
- Low capital cost: \$84m (including contingency 15%)
- Up to 3Mtpa production rate
- Average LOM cash cost: \$34/t
- Low strip ratio - <1:1
- c.50% Lump & c.50% Fines ratio
- Quality grade, low contaminant ore (60.7% Fe, 4.79% SiO<sub>2</sub>, 1.61% Al<sub>2</sub>O<sub>3</sub>, 0.06% P)
- Immediate cash generator

## Extension Hill (detailed feasibility study)

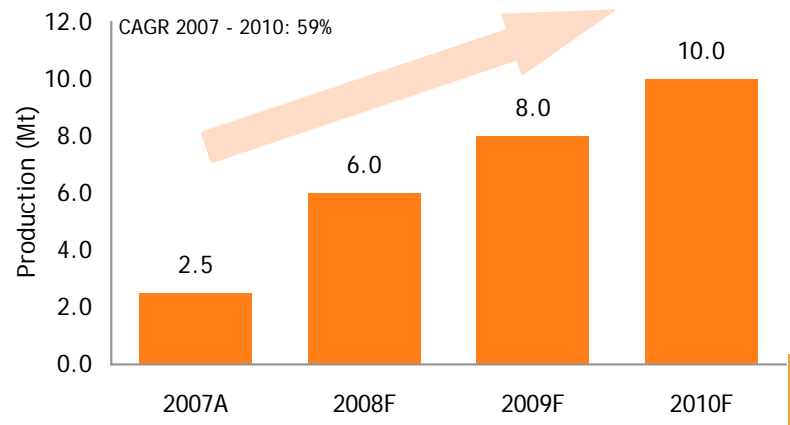


## Extension Hill development timeline



# 2 Solid growth profile

Production growth of 59% 2007-2010 CAGR<sup>1</sup>



Note:  
 1 2007A figure represents shipped tonnage vs. 3.5Mt (wmt) ore mined in 2007

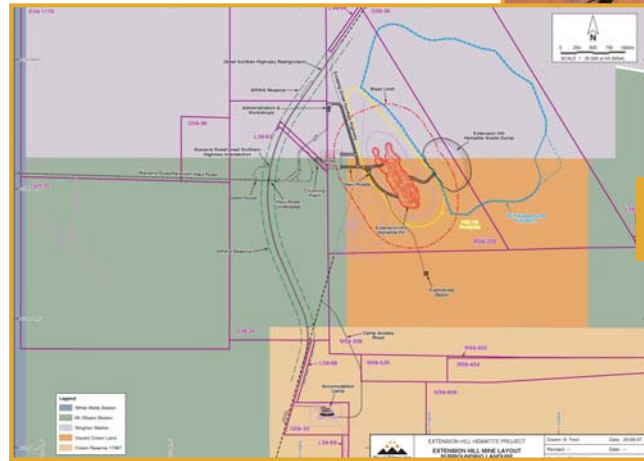


Tallering Peak - full production



Koolan Island - increasing production

- Production CAGR 2007-2010 of 59% from developed and sanctioned projects
- Well placed for further organic growth (2008 exploration budget of \$3.3m)
- M&A opportunities in core steel production inputs—iron ore, coking coal

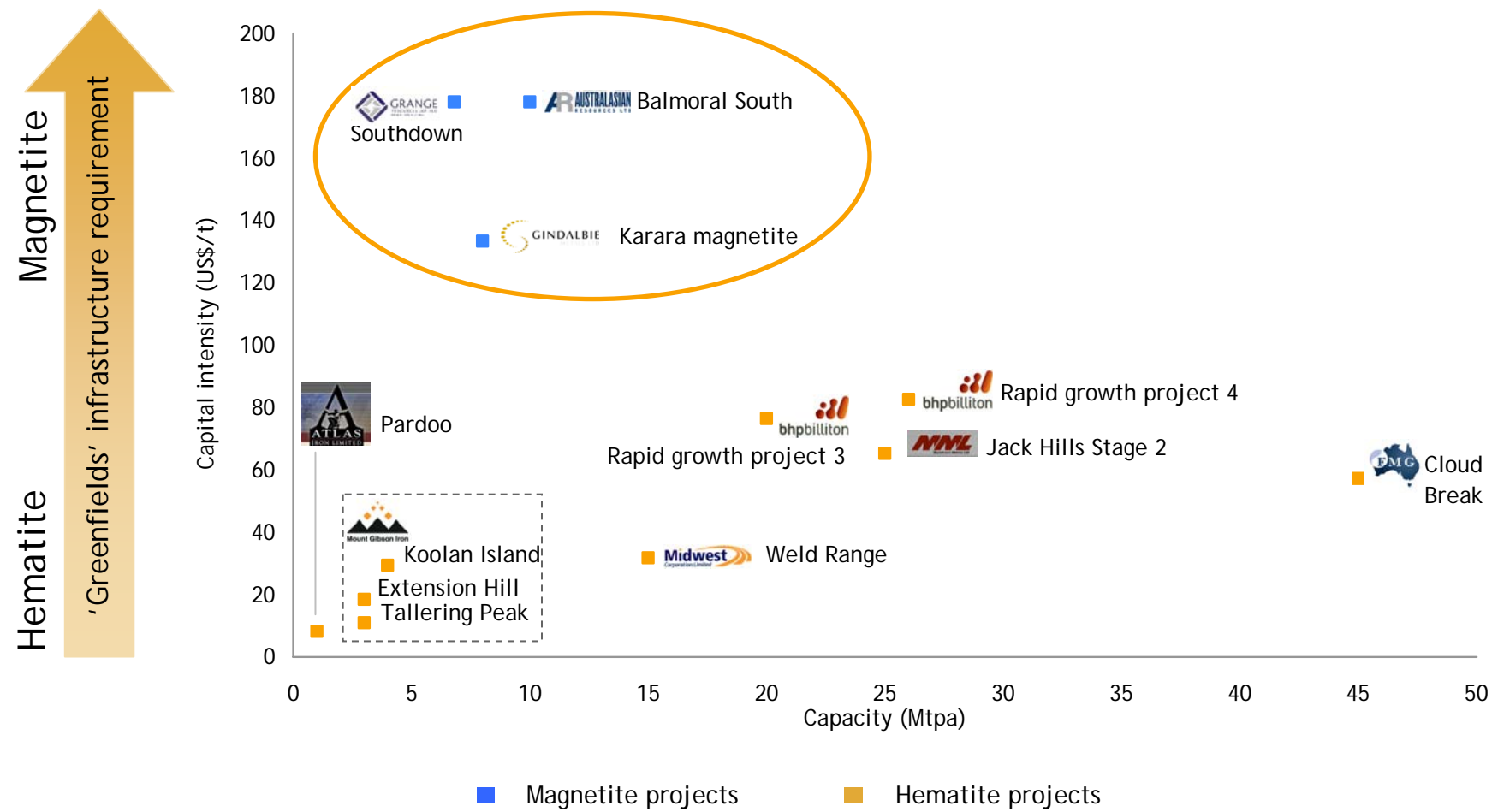


Extension Hill - to develop



# 2 Solid growth profile

Mount Gibson's projects have amongst the lowest capital intensity of any of its peers

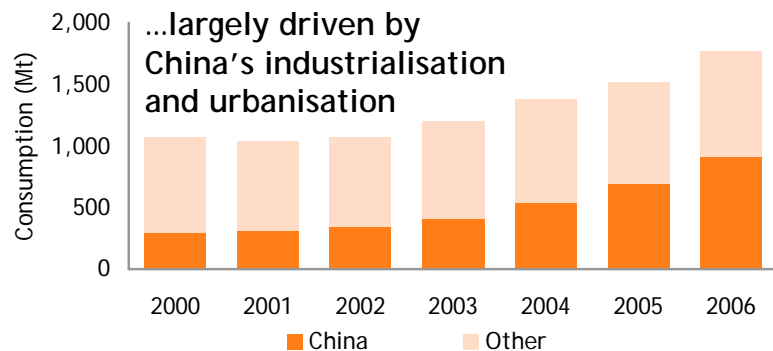


Source: Company reports



## Robust iron ore price outlook

### Dramatic growth in global iron ore consumption...



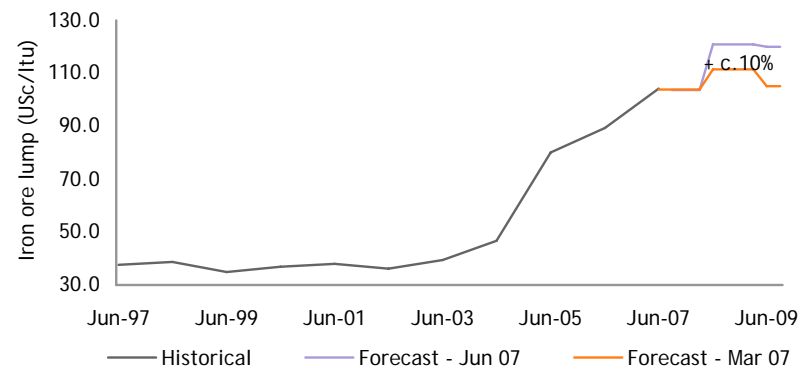
Source: Mount Gibson

### ...combined with limited supply flexibility

- Long lead times to bring new supply to the market, with supply substantially lagging growth in demand
- Supply lag being compounded by infrastructure bottlenecks e.g. ports/shipping/rail



### Substantial increases forecast in iron ore prices



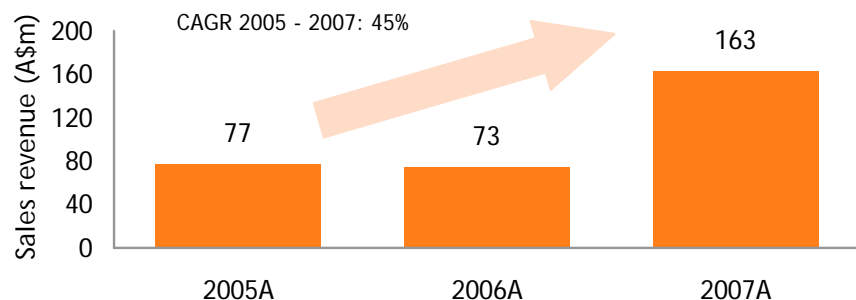
Source: Mount Gibson, Consensus broker forecasts

### Mount Gibson has...

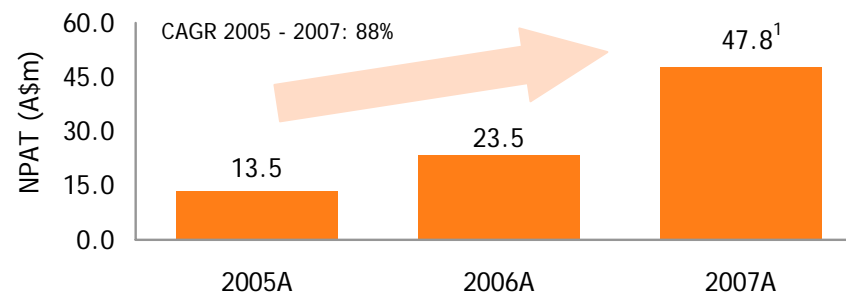
- ✓ Current production with developments to reach full production by 2010
- ✓ 100% current production and 50% Extension Hill production contracted
- ✓ Capturing price upside through Hamersley benchmark contract prices

## Good operating margins

### 2005-2007 sales revenue



### 2005-2007 net profit



## Disciplined risk management strategy

### Mount Gibson has...

- ✓ First mover status & access to existing infrastructure
- ✓ Substantially improved operational performance
- ✓ Divested high risk, high cost and capitally intensive assets
- ✓ Provided a comprehensive organic growth plan
- ✓ Demonstrated M&A credentials

## Strong cash flow generation

- ✓ Growing production profile
- ✓ Robust iron ore price outlook
- ✓ Clean & strong balance sheet
- ? Continued operating and capital cost pressures

### Reinvestment of capital for growth

- organic (exploration, development)
- M&A

### Or return to shareholders



Source: Mount Gibson, Company reports

Note:

1. Includes contribution of operations divested during period

# Experienced - disciplined Board & executive team with proven track record

## Experienced Board & executive management team



**Mr Luke Tonkin**  
Managing Director  
B.E., MAusIMM, AICD

- Appointed in Oct 05
- 22 years experience, with management and executive roles with WMC (KNO, St Ives, Leinster, CNGC) and Sons of Gwalia
- Multi commodity executive and operational experience



**Mr Alan Rule**  
CFO  
B.Comm, B.Acc, CA

- Appointed CFO in Jun 07
- Finance Director Jul 05 - Jun 07
- Extensive experience in financial roles & international financing of mining projects
- CFO Western Metals and St Barbara Mines



**Mr Neil Hamilton**  
Chairman  
LLB

- Appointed Non-Exec Chairman in April 07
- 23 years experience as a director of publicly listed companies
- Chairman of IRESS, Integrated Group Ltd and Non - Exec of IAL & former Chairman of Western Power & SOG



**Mr Craig Readhead**  
Non-Executive Director  
B.Juris, LLB, AICD

- 26 years practicing in resources law
- Partner in law firm Pullinger Readhead Lucas
- Non-Exec' Director of Heron Resources, Agincourt Resources, Halcyon Group, Frankland River & Olive Company
- Past President of AMPLA and Vice President of AMEC



**Mr Ian MacIver**  
Non-Executive Director - B.Comm, CA, F Fin, AICD

- MD of Grange Consulting Group Pty Ltd
- Many year experience as senior exec' & Director of resource & industrial companies with responsibility for capital raising & other corporate initiatives



**Mr Mark Horn**  
Non-Executive Director - M.A., LLB(Hons), Dip.B.Admin, FSI (Dip)

- Appointed Jun 07
- Chief Exec' of Mark Horn & Co, a British corporate finance boutique
- Chairman of ReSel Communications Ltd, Director and General Council of Lakeshore Capital and Non-Exec Director of numerous companies
- Served as a Director of AIM2 plc



**Mr Alan Jones**  
Non-Executive Director - CA

- Appointed July 2006
- Extensive senior management & Board in listed & unlisted Australian public companies, particularly in construction, engineering, finance and investment industries
- Merger & acquisition expertise



**Mr Peter Bilbe**  
Non-Executive Director - B.E.

- Appointed June 2007
- 30 years' experience in senior operational and corporate roles in the resources sector both in Australia and overseas
- Formerly MD of Aztec Resources Ltd, GM of Operations at Portman Mining Ltd

## Proven track record

Produced ore tonnage 2006-2007:	↑ 211%
Shipped ore tonnage 2006-2007:	↑ 78%
Sales revenue 2006-2007:	↑ 119%
NPAT 2006-2007:	↑ 103%
Net assets 2006-2007:	↑ 316%

# Tallering Peak



Access to infrastructure - full production

# Koolan Island



Installed infrastructure - capacity 6Mtpa

