



Mineral Resources Limited (ASX:MIN)

Integrated Mining Services



## 2014 ANNUAL GENERAL MEETING





# CHAIRMAN'S ADDRESS

# CORPORATE PROFILE



## SERVICES PROVIDER



### PROCESS MINERALS

- Mineral Processing
- Logistics
- Ship Loading
- Commodity Marketing
- Camp Development
- Camp Management
- Manganese operations



### CRUSHING SERVICES

- Crushing & Screening
- Mineral processing
- Mining & Haulage
- Construction
- Beneficiation



### PIHA

- Services Infrastructure
- Pipeline Solutions
- Water Solutions
- Fittings Manufacture & Supply
- Equipment Hire

### MINERAL SERVICES

#### MINERAL SERVICES

- Crushing & Screening
- Plant & Equipment Hire
- Stemming
- Ballast
- Road base



### POLARIS METALS

- Iron Ore Exploration
- Fe Tenement Ownership
- Iron Ore Producer



### MESA MINERALS \*

- Manganese Technology
- Tenement Ownership
- \*[59% Owned]



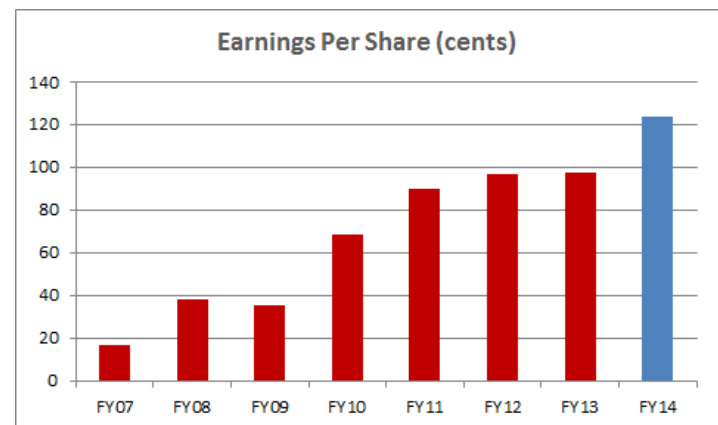
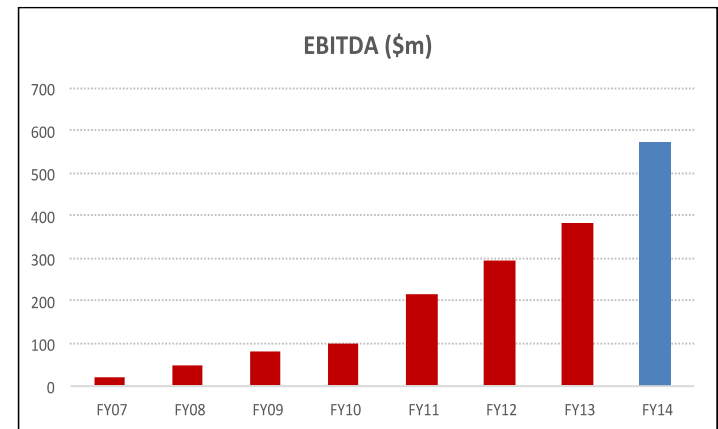
# FY2014 FINANCIAL HIGHLIGHTS

## Record FY2014 achievement

- 23% real increase in Total Shareholder Returns
- TSR at upper level compared with our peers
- NPAT \$249m<sup>(1)</sup> +38% on prior year, in line with guidance
- 50% NPAT paid as fully franked dividend (62 cents per share)
- Cash from operating and investing \$679m
- Balance Sheet net cash with undrawn debt facilities

Notes:

<sup>(1)</sup> Excludes \$18m impairment of Aquila investment



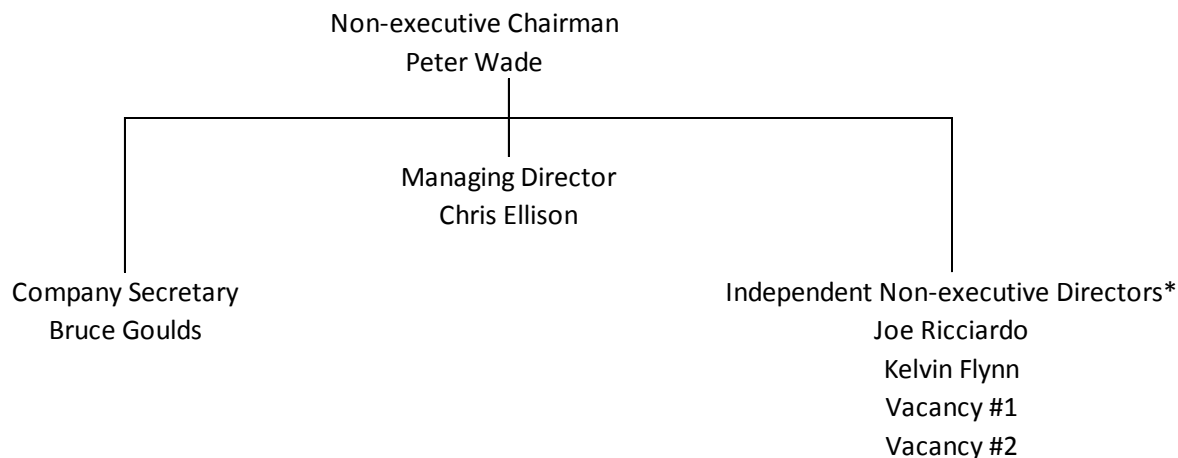


# BOARD STRUCTURE & GOVERNANCE

- Mark Dutton has decided to resign effective from today
- Board taken opportunity to review performance and options for renewal

## Considerations:

- Small board with right mix of skills, 5 to 6 member board suits MRL culture
- Board members provide personal strengths and also head organisations that value-add MRL group
- Board independence is actively managed, new external incumbents will be independent
- Selection process is underway, candidates being evaluated



\* MRL considers all existing NED's are independent





# EXECUTIVE REMUNERATION SYSTEM

- Markets are looking for more granular disclosure of the remuneration arrangements
  - **Principles:**
    - Transition to a new generation of executive that is not a key shareholder
    - Remuneration levels remain modest in comparison to peers
    - High proportion of “at risk” rewards tested at each step until vesting
  - **Long Term Incentives:**
    - Equity settled
    - 3 year rotation
    - Measures align to generation of shareholder value
    - Progressive claw-back of entitlements if performance measures not achieved
  - **Short Term Incentives:**
    - Cash settled
    - Annual scheme
    - Assessed on individual performance measures (contain commercial in confidence information)
    - Measures also developed to promote a team approach
  - **Incentive and retention basis**
- Managing Director, Chris Ellison has returned his FY2014 bonus entitlements. As the person with ultimate responsibility for the operations, safety and financial performance of the business he feels this an appropriate course reflecting the deteriorating economic conditions**



# MANAGING DIRECTOR'S REPORT





# GROUP BUSINESSES

## CSI

- Ramp up of new BOO contracts assist to offset FMG crushing tonnes
- Nammuldi Below Water Table EPC construction contract due for completion in first half FY2015, first ore passed through plant this week

## PMI

- Supply chain management, road transport, trains, port services and shiploading . Site services comprising BOO camps and airport management.

## PIHA

- Specialist pipeline supplier, installer and provider of maintenance for the mining and petrochemical industries
- Design and manufacturer of HDPE fittings
- Manufacture of steel piles
- Manufacture and supply of Valve Master valves

## MINERAL SERVICES

- New business to leverage off our existing plant fleet
  - Manage and maintain all MRL mobile and fixed plant
  - Management of group equipment utilisation
  - All external hire of surplus MRL equipment
  - Crushing screening and stacking equipment hire

## Commodities Business

- Record 10.4 million wmt exported in FY 2014 (88% growth YOY)
- Own and operate in two iron ore mining regions located in the Pilbara and the Yilgarn with supply chains from mine to coast and port/shiploading operations

### Pilbara Iron Ore

- Iron Valley becomes major source of supply, Phil's Creek, Spinifex Ridge and Poondano ceased operations.

### Yilgarn Iron Ore

- Carina 4.6 million wmt exported (28% growth)
- Cost improvements in place (rolling stock, in-mine initiatives)
- J4 ready for mining
- Resource development - J5 and Bungalbin referred to EPA for assessment

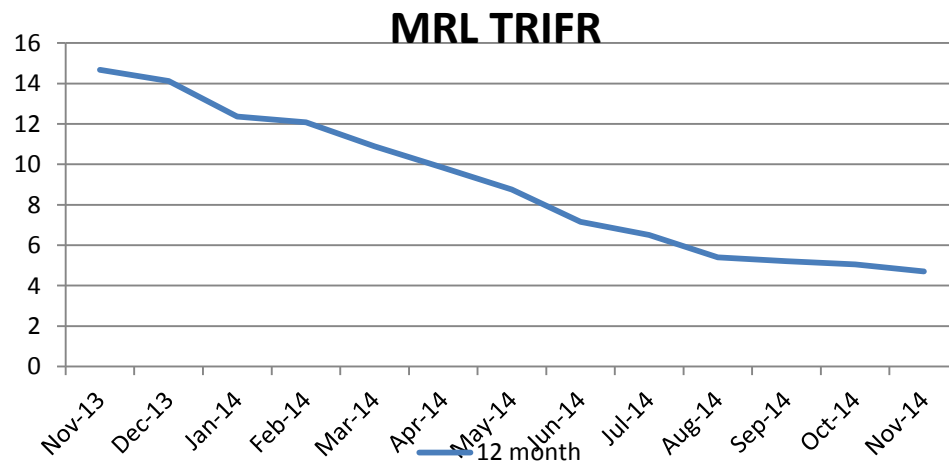
## Ship Loading, Reclaimers, Iron Ore Stock Piles





# SAFETY PERFORMANCE

12mth TRIFR: 68% improvement  
since 1 Nov 2013



## The Journey - Our Way of Working:

- Roll out of 'Crossroads' Safety Intervention Program: Program outlines business strategy to improve Safety Performance and Culture across the wider group which is shared with all employees;
- OHM Management System overhaul: Improved to align with industry best practice;
- New OHM Operating model developed: Accountability and responsibility of OHM function reporting through line management;
- Development of Safe Production Program: Comprehensive 19day program designed to provide line management with skills and qualifications to manage safety function;
- Development of 'Visible' leadership model: Designed to promote leaders engagement with the workforce at the coal face;
- OneMRL Model: Development of business values and behaviours that further support safety culture

# COMMUNITY SUPPORT

## Major Partnerships

- Kwinana Police & Community Youth Centres (PCYC)
- Starlight Foundation
- Parkerville Children and Youth Centre
- Youth Focus
- Princess Margaret Hospital

## Sponsorships

- Ongoing partnership with community support groups across WA
- FY2014 second year of an initial 3 year programme.
- A long term commitment has a greater potential for a positive difference to be established in the community

## Indigenous Program

- MRL has an integrated indigenous employment training and development program which links our business with local communities and traditional owners in the areas that we operate

## Regional Education Sponsorships

- MRL has partnered with local Senior High Schools to sponsor Year 11 and 12 students
  - Gilmore Senior High School, Kwinana  
*[celebrating the 15<sup>th</sup> year of our partnership]*
  - Safety Bay Senior High School
  - Rockingham Senior High School
  - Mandurah Senior High School
- Our Kwinana workshops have an annual apprenticeship intake of approximately 4





# MINING SERVICES

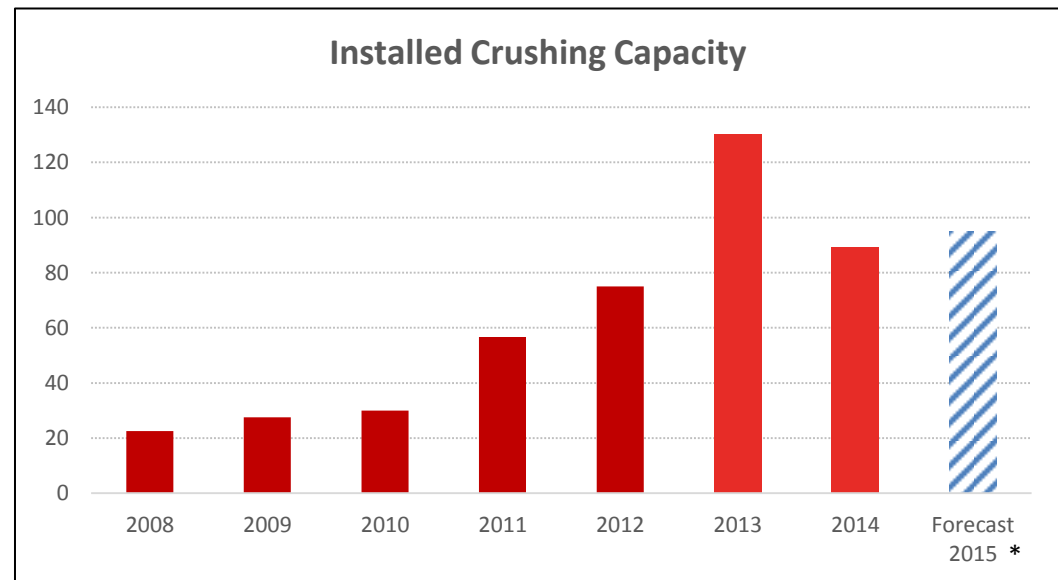




# CSI CRUSHING

## Strong pipeline of new and existing BOO contracts

- Crushing and haulage volumes marginally higher FY2013 to FY2014
- Annualised run rate 85-95 mtpa
- Business focussed on the acquisition of crushing tonnes through new opportunities
- New BOO contract won in FY2014 (Nammuldi Above Water Table) 10mtpa and commissioned in May 2014 ramping up in FY2015
- We are currently building three 5mtpa crushing and screening plants for blue chip mining clients and will start production in FY2015
- BOO contract opportunities under consideration with new and existing customers.
- CSI has exceptional performance in design and operation of crushing plants and we expect them to continue growth throughout the rest of the financial year



*\* Subject to contract wins*



# CSI EPC CONSTRUCTION

## Nammuldi Below Water Table Process Plant

- Contract awarded 9 August 2013
- Scope of work:
  - Design and construct, 25Mtpa below water table process facility
  - Remote primary crushing facility and overland conveyor
  - Secondary crushing facility
  - Dewatering and thickening facility
  - Waste lines transfer pipeline
- Construction activities commenced 26 August 2013
- Project has surpassed 1,000,000 LTI free hours since 2014
- Dry commissioning commenced in August 2014

- First ore processed 17 November 2014
- Plant will commence ramp up to continuous production during December 2014
- Client recognised CSI's high standards and capability

## Jerriwah Accommodation Village

- Construction completed with 414 rooms made available progressively from August 2013 to January 2014. Operations now managed by PMI



# CSI NAMMULDI PLANT



Nammuldi BWT Construction





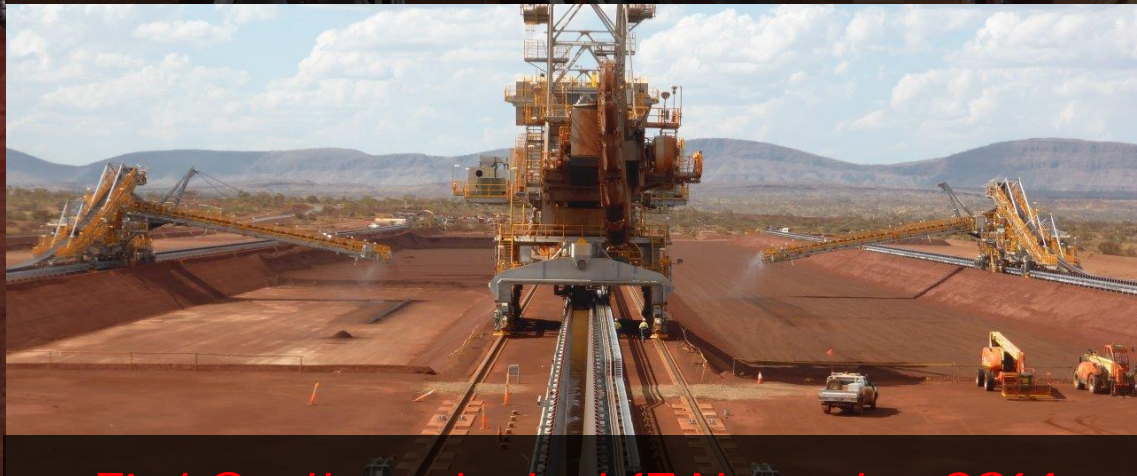
## CSI NAMMULDI PLANT



Nammuldi BWT First Ore on to Stockyard



Nammuldi BWT First Ore on to Stackers



*First Ore through plant 17 November 2014*





## PMI LOGISTICS SERVICES



BOO Capability – Logistics Management



Ship Loading (Kwinana)



Train Loadout & Haulage (Carina)





## BOO Capability - Accommodation & Aerodrome Management



- Installed and operating over 1100 rooms across six camps, and growing
- Services include village management, catering, cleaning, maintenance, retail and aerodrome management
- Industry leading, quality catering services
- Modern camp facilities



- PIHA business continues to provide solid contribution to earnings
- During the year PIHA made 2 acquisitions - GFR's valve business and Steel Pile Australia - expanding its offering in the oil and gas and infrastructure sectors
- The traditional business areas continue to perform in accordance with targets



Vent Master Valves

# POWER GENERATION INITIATIVE

- MRL has initiated a program to convert our current mine site power generation operations and future mine sites from diesel into LNG to reduce power generation operating costs
- All heavy haulage vehicles operating on our current and future sites will be from diesel to LNG (including on highway road trains) over the next 12 months



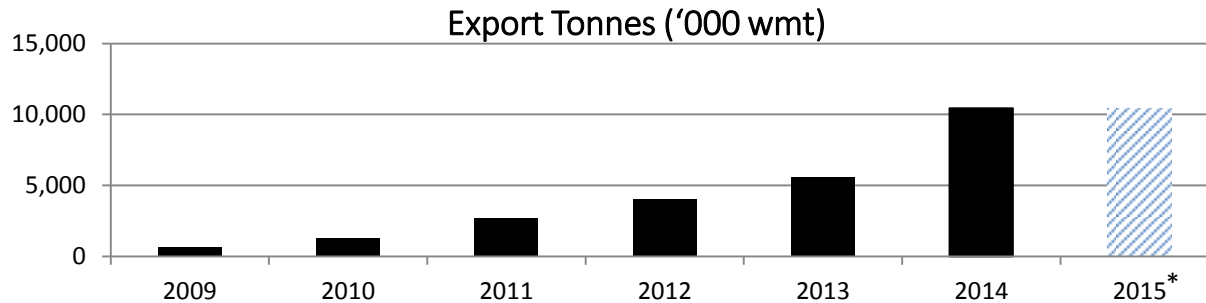




# COMMODITIES BUSINESS



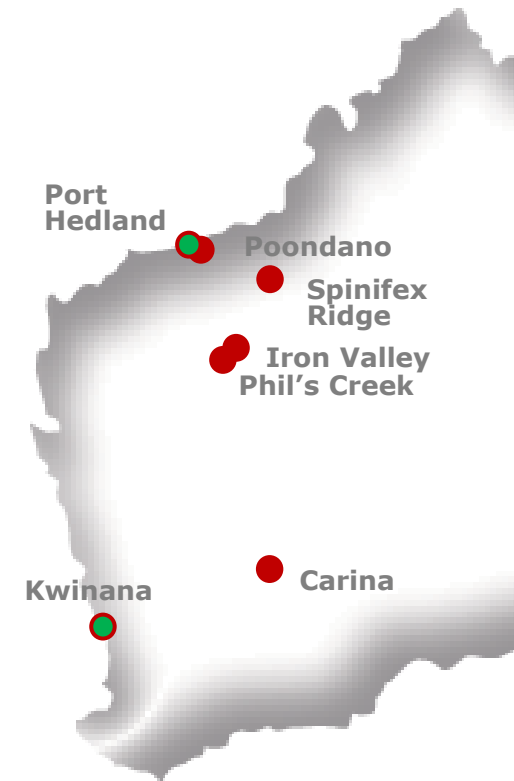
# EXPORT VOLUMES



\* Subject to Iron Ore price and market conditions

**Record 10.4 MT  
exported in  
FY 2014  
(88% growth YOY)**

Export Volumes ('000 wmt)	FY2013	FY2014	Q1 FY2015
<b>Utah Point</b>			
<b><u>Iron Ore</u></b>			
Phil's Creek	464	4,010	1,324
Spinifex Ridge	-	1,390	283
Poondano & Other	1,401	480	2
<b>Total Iron Ore</b>	<b>1,865</b>	<b>5,880</b>	<b>1,609</b>
<b><u>Manganese</u></b>	147	-	315
<b>Total Utah Point</b>	<b>2,012</b>	<b>5,880</b>	<b>1,924</b>
<b>KBT2</b>			
Carina Iron Ore	3,544	4,553	1,082
<b>Total KBT2</b>	<b>3,544</b>	<b>4,553</b>	<b>1,082</b>
<b>Total Commodity Sales</b>	<b>5,556</b>	<b>10,433</b>	<b>3,006</b>





## YILGARN IRON ORE

- Target iron ore export volume at FY 2014 levels \*
- Carina iron ore is highly regarded by Asian customers
- Enhanced rail strategy includes ownership of rolling stock
- Operational improvements provide significant cost savings and efficiency gains
- Export logistics under review
- Mine development in region a priority
- J4 mine in final approval stages.
- J5 and Bungalbin East approvals referred to EPA for assessment

*\*subject to Iron Ore price and market conditions*

Carina Pit Development, Locomotives, Rail Wagons







## IRON VALLEY

- Mining operations commenced July 2014
- Commissioning of the crushing plant and infrastructure complete
- Produced 632,000 tonnes of saleable product to date (17/11/14)
- Export tonnes will be managed in conjunction with market conditions
- MRL and tenement owner, BC Iron, working to ensure robust long term operations



Construction Work at Iron Valley



# COMMODITIES MARKET CONDITIONS

- Pricing
  - Prices remain weak, cannot see improvement in short-term
  - Additional export volume due to be introduced into the market may impact pricing
  - USD will strengthen further on an improving US economy and US Fed ending QE.
  - Market discounts applicable to <62% Fe product remain high
- Costs
  - All controllable costs under review and renegotiation
  - Cost control measure are taking effect
  - Government charges weaken economics of mid-tier Iron Ore industry
- Mid tier Iron Ore industry needs government support to prosper in long term.

## MRL EXPORT VOLUME TARGET\*

Expectation is to maintain export volumes at +/- 10% of FY2014 volumes

*\*Subject to Iron Ore prices and market conditions*





# GROWTH & DEVELOPMENT

- Economic weakness provides significant opportunity for growth
- MRL has balance sheet strength to fund significant opportunities

## INFRASTRUCTURE DEVELOPMENT

- New projects of interest have a 20-40 year horizon to support investments case
- New developments of potential infrastructure assets including:
  - Full Mine Developments
  - Ore Transport Innovation
  - Port infrastructure
  - Logistics – including transhipping

## MINING SERVICES

- Traditional BOO opportunities (primary processing and volume enhancement)
- EPC work for key clients
- Accommodation BOO / operate only
- Water service / pipelines
- Coal and Gas sectors – specialised products and services

## MINERAL SERVICES

- Plant & equipment hire
- Small crushing operations
- Stemming, road base, ballast



Transhipment, Kwinana Port, Port Hedland Berth





QUESTIONS?