

Mineral Resources Limited

ABN 33 118 549 910

Annual Report 2007

Corporate Directory

Directors

Michael Kiernan
Peter Wade
Chris Ellison
Joe Ricciardo

Company Secretary

Bruce Goulds

Registered Office

25 Wellard Street
Bibra Lake WA 6163

Telephone: +61 8 9434 4922
Facsimile: +61 8 9434 4955

Website

www.mineralresources.com.au

Auditors

RSM Bird Cameron Partners
8 St Georges Terrace
Perth WA 6000

Share Registry

Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000

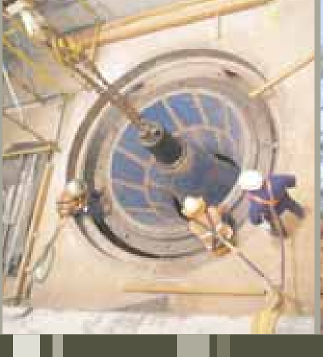
Telephone: +61 8 9323 2000
Facsimile: +61 8 9322 2033

Bankers

National Australia Bank Limited
50 St George's Terrace
Perth WA 6000

Corporate Calendar

Final dividend:-	
- Ex dividend date	5 October 2007
- Record date	12 October 2007
- Payment date	15 November 2007
Annual General Meeting	8 November 2007
- To be held at	Celtic Club of Western Australia 48 Ord Street, West Perth

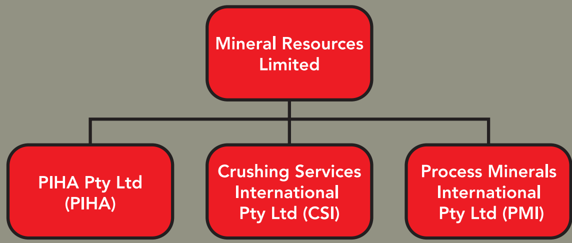


Contents

About Mineral Resources	2
Chairman's Message	3
Managing Director's Report	4
Review of Operations	5
Financials	16
Directors' Report	17
Auditor's Independence Declaration	22
Corporate Governance Statement	23
Income Statement	25
Balance Sheet	26
Statement of Changes in Equity	27
Cash Flow Statement	28
Notes to the Financial Statements	29
Directors' Declaration	58
Independent Audit Report	59

About Mineral Resources

Mineral Resources was listed on the ASX (MIN) on 26 July, 2006. The Company is an integrated provider of services and goods to the resource sector focused on mining services, mineral processing and general contracting operations that add value to clients and shareholders.



The Company consists of three co-dependent operations.

The pipeline business undertakes water supply, gas, mine services and pipelining operations.

Services:
- Manufacture of Polyethylene pipe fittings
- Pipe lining systems
- Cable-laying
- Rock trenching
- Construction equipment hire

Key markets: Oil & gas industry, utilities, civil contracting, mining

The contract crushing business provides complete build own operate crushing plants and services for mining clients in Australia and overseas.

Services:
- Contract crushing & screening
- Materials handling
- Design engineering and construction
- Equipment refurbishment
- Equipment rental

Key markets: Mining and Resource Industry

The minerals processing operations provides processing services to both Mineral Resources and external customers.

Services:
- Mineral processing,
- Storage,
- Shipping

Product: High-grade manganese fines, high-grade Iron Ore.

Chairman's Message

On behalf of the Board of Mineral Resources Limited (ASX : MIN) I am pleased to present the Annual Report to the shareholders for 2006/07.

The 2006/07 financial year was a period of continued growth and significant success for the company in all facets of the business. Importantly, the company was admitted to the official list of the Australian Stock Exchange Limited on the 26 July, 2006 and the total shareholder return over the last twelve months has been an outstanding 303%.

This return reflects the outstanding growth in profitability, recognition and overall group performance in the year and an acknowledgement by the market of the successful integration of the subsidiaries into a single listed entity.

For the year ended 30 June, 2007, Mineral Resources achieved a net profit after tax of $20,167,388.

Mineral Resources has the people, the reputation and the performance to maintain its place in the mining services sector as a service provider of choice. During the year, Mineral Resources broadened its customer base and strengthened the management team, systems and processes in preparation for continued growth.

The Board has visited a range of project sites throughout the year and has been particularly impressed with the quality and commitment of the management and personnel representing the group. Their dedication to site safety outcomes and adding value to our clients is worthy of recognition.

On behalf of the Board, I would like to congratulate the management and leadership team of Mineral Resources for the outstanding effort and drive in developing the company throughout the year. The results, in all respects are outstanding and are a credit to the staff at all levels within the company.

$'000s	FY 2006 Actual	FY 2007 Actual	% Change
Revenue	105,923	148,846	+41%
Net Profit after Tax	10,327	20,167	+95%
Earnings per Share	9.8 cents	16.9 cents	+72%

In accordance with the nominated company policy, the Directors of Mineral Resources have declared a final, fully franked dividend for the 2006/07 year of 6.3 cents per share, payable on 15 November, 2007. The total dividend payable for the year (comprising interim dividend, half yearly dividend and the final dividend) is 9.5 cents which exceeds the nominated policy of 50% of the net profit after tax for the year.

As an integrated provider of services and goods to the resource sector of the Australian economy, the continued outlook for Mineral Resources is positive with strong growth anticipated in the steel making and base metal demand from China and other developing Asian and sub continent economies supporting the three co-dependent group operations.

Finally, I would like to take this opportunity to welcome all Mineral Resources shareholders to the share register and thank them for their interest and support. This has been a milestone year with the listing of Mineral Resources on the ASX creating an environment that will allow us to continue to 'grow our future' for all stakeholders.

Michael Kiernan
Chairman

27 September 2007

Managing Director's Report

2007 has been an exciting and successful year for Mineral Resources. We have focused on consolidating the operational bases of the Company by recruitment and training of personnel, selection of quality clients and the maintenance of a strong research and development program to maintain our innovative lead in pipelining, crushing and processing technologies.

We believe that the consolidation phase of our business in 2007 will be continued successfully in 2008 and lead to significant growth in the future.

The year can be characterised as a transition year from a group of privately owned, successful businesses to a single consolidated company listed on the ASX. The listing was a highlight of the year and brought an expanded shareholder base to the Company with strong expectations of performance and growth. One of the most pleasing aspects of the float was the large take-up of shareholding by the Company's employees which is a strong endorsement of the business and the management.

Across all of our operations, the core values drive our business. The fundamental characteristics of safety, quality, integrity and fair dealing are non negotiable attributes and outcomes which are embraced by the Board, management and our employees.

The Mineral Resources focus and commitment to safety is the most critical value. Our safety training and programs provide the tools for all of our employees and subcontractors to understand the importance of good safety procedures and the consequent delivery of world best practice safety to our workplaces. The measure of the success of these initiatives is the Company's lost time injury frequency rate (LTIFR) per million hours measure of 1 which is significantly lower than the industry average figure.

The vision of Mineral Resources is clear and unambiguous, and unchanged from last year. We are committed to maintaining growth and profitability for all of our stakeholders through:

- Leveraging the business opportunities off the strong reputation and value adding innovation of the existing operations,
- Attracting and retaining high quality and experienced management and site personnel to supplement the existing strength of the organisation,
- Growing the existing operations by maximising value adding for our clients, extending contract durations and winning new contracts,
- Pursuing acquisitions and new business opportunities where value accretive, and
- Expanding the geographical and commodity spread for processing and mining services operations throughout Australia and overseas.

Throughout the year, all of our operations have secured some excellent projects and the pipeline for future opportunities is very strong. Increased revenue and earnings have been driven by organic growth in all operating businesses and that growth is projected to continue through 2008. Several of the potential significant processing and crushing projects are planned for development and construction in 2008 with their commencement of operations programmed for 2009.

The growth in our business provides strong support for the diverse yet inter-related operational components of the Company. With increased size and scale comes the ability for greater access to capital, we are better structured to win and undertake larger projects, attract and retain key professional and management personnel to expand our corporate skill set and experience and have increased efficiency and structural procedures to improve our operating performance.

The foundations established in 2007, strengthened in 2008, will provide a soild platform for the ongoing growth of Mineral Resources.

We expect 2008 to be the year of organic growth supported by favourable market conditions in the resource and infrastructure sectors and supplemented by the progressive development of our future processing operation in the Philippines. Our long term goal remains to increase our earnings from organic growth by 15% per year on a sustainable basis.

Mineral Resources has the Board, the team and the strategy to deliver long term sustainable returns for all stakeholders.



Review Of Operations

Projects, Pipelining and the Infrastructure Services

The pipelines, pipelining and mine infrastructure services business of the company has continued to grow its reputation and blue chip client base through successful implementation of a range of piping and services projects.

Within Australia, pipelining contracts for both existing and new installations have been successfully undertaken incorporating both site installation works for pipeline repair, rehabilitation and replacement as well as in workshop installation of spool pieces lined with HDPE for replacement of critical wearing pipes in mining and process facilities.

The "tight fit" lining process has been the subject of ongoing research and development to improve the physical and wear characteristics of the lined pipe methodology. The company now has the proven capacity to design and produce lined pipe fittings that can withstand 80 degrees Celsius temperatures for the pumped liquids and, with lined bends to a design of 1.5D, can satisfy the most difficult and compact of process pipe layouts.

The pipelining technology has been adapted as a cost effective means of servicing:

- High temperature, corrosive material transport,
- Slurry pipelines subject to abrasive wear,
- Repair of failed pipelines in service, and
- Improved flow characteristic requirements for high velocity liquid flow.

The mining, resource and processing industries have increasingly recognised the cost and operational benefits of utilising this technology for specialist, critical operating conditions and a growth in opportunities for Mineral Resources is projected over the next few years.

During the 2007 year, the following range of contracts were also successfully awarded and completed:

- HDPE gas pipelines to service new and existing mining operations,
- Fibre optic communication and control cable installation,
- Borefield piping, bore pump installation and pumping station civil, mechanical and electrical installation works,
- Underground services installation for a greenfields iron ore operation including extension of the mine dewatering system, reticulation of process water supply, fire and emergency water and cabling operations and general accommodation and operational building water supply, drainage and sewerage systems,
- Stockyard piping and dust suppression system installation to accommodate major mineral concentrate storage for shipment of product overseas,
- General corridor services infrastructure (water, power, sewer) to provide infrastructure supply to developing resource and mining operations,
- Steel gas supply trunk pipelines and steel and HDPE service off-takes,
- HDPE ocean outfall pipeline welding and installation,
- Trenching and underground services for residential and industrial sub divisions and for general water and gas/power infrastructure utility providers.

The pipeline and cable installation contracts include both open trenching and trenchless techniques and the business has an extensive, owned fleet of plant and equipment to service the resource and infrastructure sector.

Review Of Operations cont.

Manufacturing

The Mineral Resources manufacturing operation is undertaken within the PIHA workshop at Bibra Lake, and incorporates the group research and development operations relating to HDPE fittings manufacture and pipelining operations. The facility manufactures product for the supply of stock sales of polyethylene pipe fittings and specialist fabricated components.

During the year:

- Polyethylene fittings manufacture supported a trend towards the use of polyethylene pipelines and lining in the resource and infrastructure sectors.
- The volume of fittings manufactured and delivered increased by 20%. Also, the product range was improved through the installation of innovative handling, bending and jointing equipment allowing the Company to offer a broader range of fittings and bends up to 1,200mm diameter.
- All manufacturing operations are undertaken with ISO 9001:2000 quality accreditation.
- With the steady reduction of competition in polyethylene pipe manufacturing industry across Australia due to corporate acquisitions, the Company has developed as a key independent supplier of pipe fittings and installation services to these customers.

Site Contracting Operations

The 2007 year was a period of consolidation of the existing site crushing and screening operations and the site teams performed outstandingly to achieve the challenging customer production targets.

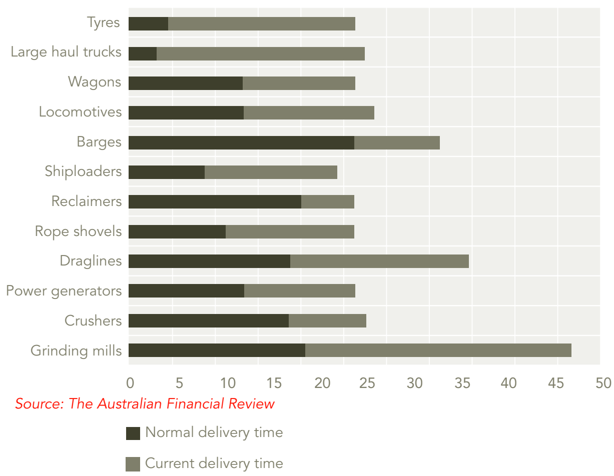
On each site, customers have increased production output targets and initiated plant circuit upgrade demands to take advantage of current favourable market conditions and establish the mining operations for future anticipated demand increases.

The build, own, operate contracting business model for the crushing and screening plant circuits establishes a partnering link between the Company and customers. The plants are designed and purpose built for the specific site and client requirements but always with an inbuilt excess capacity to facilitate increased production demands and provide the Company with the capacity to accelerate output for specific customer demand.

The contracting operations encompass a diversity of mineral products and geographic locations. The ongoing contract crushing business incorporates services for the iron ore, gold, tantalum, manganese and diamond operations of the mineral processing sector; the dry hire of plant and equipment for coal, salt, manganese and aggregate production and the sale of consumables, spare parts and crushing components throughout Australia and West Africa.

The Company's large scale plant and equipment inventory provides the ability to respond immediately to short term client requirements and to implement long term crushing and screening plant configurations significantly in advance of client developed operations. The lead time for the new mining, crushing, screening and processing plant and components has increased significantly in line with the world wide demand for greenfields and brownfield developments in the sector.

Comparative delivery lead times (Months)



Source: The Australian Financial Review

Review Of Operations cont.

Subsequent to the year end, the company has been awarded and has commenced processing of gold ore at a re-established gold mine in the Kalgoorlie region of Western Australia. This operation is an evergreen contract for the life of mine and, with the gold price in excess of US$ 720 per ounce, extensive drilling and investigation work has been implemented by the mine owner to extend the resource and reserve tonnages.

Similar organic growth has occurred at the existing gold operation in Kalgoorlie with the development and implementation of an aggregate crushing plant as part of the gold crushing circuit to process mined waste material for aggregates, road base and stemming.

The Company has also mobilzed and commenced operation of a three stage crushing and screening plant at the Company's manganese operation at the Woodie Woodie, southeast of Port Hedland. The crushing plant has been utilized, under a short term processing arrangement, to treat low grade stockpiles to produce manganese feed for the PMI process plant. This operation emphasizes the beneficial synergies that flow from the linked operations within the Mineral Resources business.

The overall performance of the group contracting operations in respect of safety, performance, client satisfaction and value adding has been outstanding and has grown the reputation of the company. This has all been achieved against the backdrop of skilled labour shortages, significant labour and material cost increases and client pressure for increased tonnage throughput; the team performance and commitment has been remarkable and worthy of note.

Mineral Processing and Sales

The Mineral Resources mineral processing business has been successfully expanded through 2006/07 with the increased throughput of manganese at Woodie Woodie and the development of a limited tonnage iron ore recovery operation providing export sales to our customers in China.

The manganese operations that were commenced in 2005 from the three stage beneficiation plant designed and constructed by PMI produced in excess of 320,000 wet tonnes of manganese concentrate at a nominal 44% manganese grade. This was more than 30% ahead of the prospectus forecast and in line with the plant nameplate capacity. That plant, under good operating conditions, can produce in excess of 350,000 tonnes per annum of concentrate however the operational limitations of transport and loading at the Port Hedland No1 berth will constrain production to a nominal 300,000 tonnes in 2007/08.

The manganese operation received a significant boost from the improvement in the manganese price during the fourth quarter of 2007. Prices increased on the back of an increase in demand by Chinese customers for high grade manganese fines for steelmaking production. The prices, which had been depressed during 2005/06, rallied to highs of $US 4.00 per manganese unit. The

manganese market, although driven by the demand for steelmaking feed, is not aligned to the buoyant iron ore price regime and is subject to volatile pricing movements. The future price fluctuations are not readily determinable but our expectation is for the price to remain firm over the first two quarters of 2007/08 but with an eventual return to the standard long term average pricing.

Review Of Operations cont.

The improvement in demand for manganese followed a general increase in demand for other Australian minerals putting pressure on shipping prices which increased by over 60% during the year. In addition, a strong US dollar eroded some of the gains in volume and price.

The reputation for the quality of the Woodie Woodie manganese fines concentrate, processed and sold by PMI, was affirmed in January, 2007. A long term sales contract was signed with CITIC Dameng Mining Industries, one of China's largest manufacturers and suppliers of manganese products, to deliver 280,000 tonnes per year of high grade manganese fines. This provided a major market for the Woodie Woodie manganese and provided both CITIC and Mineral Resources with a secure line of product at a time when demand was increasing. The contract pricing is subject to quarterly reviews and ensures the manganese concentrate pricing adjusts to the volatile demand / price equation.

The mineral processing operation also secured the supply of a high grade iron ore source (albeit of a limited quantity) which has responded positively to the PMI blending and processing technology. The initial cargo of 44,000 tonnes was shipped to China in June, 2007 and a further series of 50,000 tonne shipments are programmed during 2007/08.

The mineral processing technical team has explored a range of processing and contracting opportunities for the re-treatment and recovery of zinc, lead and coal residues. Extensive research and development testing has been initiated and similar business opportunities will be pursued by the company over future years.

Concurrent with the existing operations in Australia, the team is committed to the development of an iron sands processing and recovery operation on its tenements in the Philippines. Preliminary design and engineering works have been progressed to establish a basic project feasibility study and the detailed drilling investigation and sampling on two of the tenements has been commissioned.

The results of this investigation are expected to be available at the end of 2007 and, subject to the test results, it is our intention to progress the operational development of a large scale pilot plant to implement an iron ore operation for export of product to China.

Detailed information on this opportunity will be released to the market when the results are completed later this year.

Workshop Operations

The three major workshops at Kwinana, Bibra Lake and Kalgoorlie have developed as an important element in the successful growth of the Company's activities and a fourth workshop operation solely for the "tight fit" pipe lining of pipe lengths, pipe fittings and spool pieces has been brought into operation.

The workshops provide personnel, technical and equipment resources to supplement crushing, screening and processing, and pipeline contracting site requirements as well as managing the supply of plant inventory, spare parts storage and refurbishment of plant and rotable spares for all operating sites.

For the contract gold mining operation in Kalgoorlie, the workshop was required to integrate the latest technology in refurbishing a primary jaw crusher to replace an existing unit. That successful crusher overhaul has resulted in the installation of a primary jaw crusher that now surpasses OEM specifications and has created production and availability improvements in excess of 20% with a consequent throughput increase of 25%.

Similar value adding benefits have been obtained as a result of the overhaul and refurbishment works undertaken by the workshop team for a large vibratory screening plant for the Pilbara iron ore operations and a purpose designed radial stacker for the plant processing low grade iron ore stockpiles at a separate site.

Review Of Operations cont.

These reference works exemplify the workshop business model and provide a timely and cost efficient service to clients locally and overseas.

In 2007, the Kwinana workshop has been extensively updated to improve effectiveness and efficiency of the operation. These improvements have increased the capacity of the workshop to:

- Operate as the central logistics operation for site components.
- Provided a source of specialist crushing and processing personnel,
- Manage the extensive inventory of spare parts, consumables and plant components,
- Handle the repair and return to service of rotable spare parts, and
- Provide a marketing service for the company for the sales of reclaimed and refurbished crushing plants and discrete components for clients within Australia and overseas.

The Bibra Lake workshop provides an identical function for pipeline site based contracting projects. It serves as the repair and dispatch centre for the PIHA plant and equipment operation which has achieved significant growth in the hire of polyethylene welding machines, trenching equipment, rock saws and general purpose pipeline installation plant.

The workshop is supplemented by extensive external storage areas which facilitates the overhaul and maintenance of the construction and support services fleet of plant and machinery as well as permitting large scale storage capacity for HDPE and steel pipes and fittings for the pipeline contracting operations.

Review Of Operations cont.

Markets and Outlook

The aspect for 2007/08 is “more of the same” with continued growth in production and export within the resources sector to facilitate contracting, crushing and processing opportunities for Mineral Resources.

The demand for steel related commodities continues with iron ore and manganese volumes and prices both firming over the past few months. MRL has a strong, proprietary interest in the performance of these two minerals through its mineral processing operation and contracting arms.

The manganese processing operation Woodie Woodie will be targeting more than 300,000 tonnes of product for next year comprising both contract and spot sales.

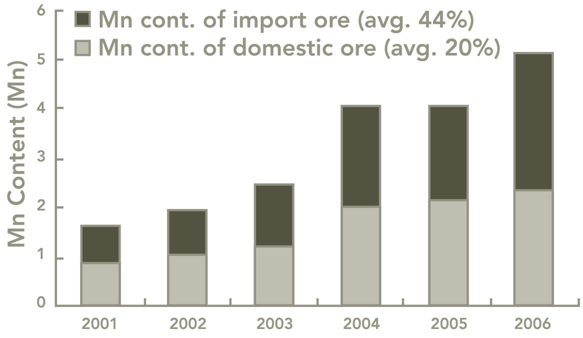
The market price for manganese over the past three months has shown signs of a buoyant recovery albeit from a low base in 2006. The Mineral Resources expectation is for continued demand and pricing strength for the higher grade manganese over the first half of 2007/08 and a return to more normal trading conditions subsequently.

The profitability from the manganese processing operation will be tempered by the strength of the AUD reaching 0.88 against the USD in September, 2007 and the ongoing uncertainty of the future direction of the currency. Similarly, the shipping costs have increased significantly (in excess of 60%) over the past months and that also has a major impact on the production costs. Nevertheless, the current market conditions are highly favourable to Mineral Resources earnings for the 2007/08 year.

The consensus outlook within the resources sector is that demand from China will remain bouyant for the foreseeable future. China is the world’s largest consumer of new materials and with industrial production growing at 18% per year, and only an estimated 20% exported as manufactured goods, the internal demand essentially ‘drought proofs’ China and its raw material suppliers from global economy volatility.

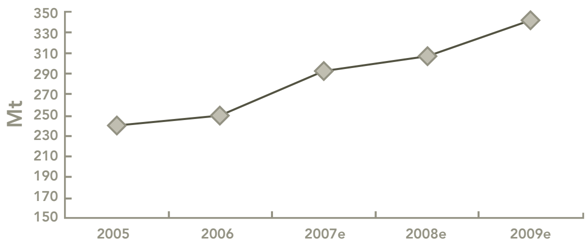
The bulk commodities with which Mineral Resources operations are intrinsically linked are iron ore and manganese. Being part of the steel making suite of minerals, these commodities are well positioned for continued volume growth and price strength. The projected doubling in Indian steel production to 60 million tonnes by 2012 will limit the export capacity of Indian resources and provide further leverage for Australian suppliers.

China heavily relies on imported Mn ore to feed its Mn alloy and metal manufacturing capacities



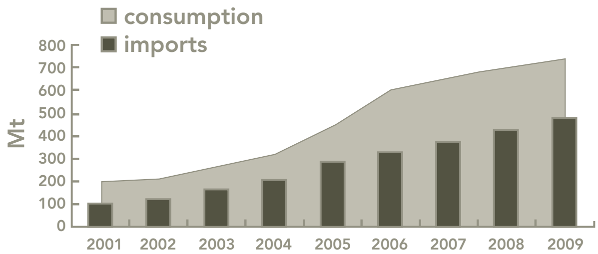
Source: NMTC Macquarie Research, June 2007

Australian Iron Ore Exports



Source: Abare, March 2007

China’s Iron Ore Consumption and Exports



Source: Abare Australian Commodities, March 2007

Review Of Operations cont.

Growing our Future

The Mineral Resources strategy is unchanged. Our aim is to add value to our customers within Australia and across the world in the provision of infrastructure and services, contract crushing operations and the processing of minerals for the export market.

Ultimately, that translates into growing the future for all of our stakeholders – our share holders, our customers and our company team.

Focus for Success

Mineral Resources operates in niche contracting markets of crushing and screening, mineral processing, pipelines and mine infrastructure. Focus on specific areas of expertise has been a key driver of success for the company. Specialised workshops support the business and a continuously upgraded construction fleet assist to meet anticipated demand requirements and allow swift and efficient response to customer's needs. By sticking to its core areas of expertise and providing timely support, Mineral Resources is a reliable partner in improving customer's operational efficiency.

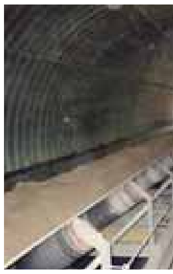
The Mineral Resources' focus on mineral processing has targeted the core steelmaking iron ore and manganese minerals as an immediate area of current and projected volume and price growth that will drive earnings growth.

The company has also extended its focus on pipelining and HDPE pipe fittings manufacture to meet the predicted and evolving expansion of demand. As the only 'tight fit' technology pipelining company in Australia, Mineral Resources has a unique ability to translate technological advantage into commercial and performance.

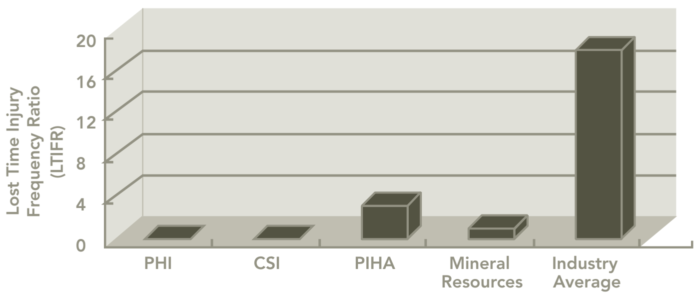
Health, Safety and Environmental Performance

Significant attention is devoted to a safe working environment for our people. The Company continues to maintain world best practice safety performance. The Company's lost time injury frequency rate remains 1 per million man hours worked as a result of incurring no lost time injuries during the year. This compares with an industry average of 16 for similar business sectors. The company has built a well defined and strongly recognised safety culture with detailed management systems that drive safety across all of our work sites. The safety programs focus on personal safety commitment and an awareness of their role in maintaining and supporting a positive and cooperative work attitude. In this way, our employees are motivated to look out for themselves and for each other as a way of working life.

We build safe working practises into all of the Mineral Resources operations and engineering solutions as a means of assisting our clients to meet their commercial and operational imperatives in a reliable, secure and safe environment.



LOST TIME INJURY FREQUENCY RATE



Review Of Operations cont.

Client Relationships

Long term processing, maintenance and site support relationships provide the company with the opportunity to understand and respond to customers specific needs. Mineral Resources prides itself on meeting production targets and providing a reliable link in the customer's chain of operations. The benefits of a long and enduring relationship provides superior outcomes for customers and measurable improvements in operational performance. A large proportion of the company activities are generated from a list of blue chip clients; this client list, developed over many years, reflects the reputation and recognition of the value adding process supplied by the Company to its clients.

The success of relationship building is characterised by the renewals and extensions to existing contracts that provides the business with significant growth potential from organic growth in the order book and a renewable contract base.

Risk Management

The mineral resources sector currently has a series of both opportunities and risks that guide the success of businesses. Specifically, cost escalation, labour and skill shortages and availability of major plant components are fundamental risks that must be recognised and successfully managed. Mineral Resources is positively achieving that risk management task. Mineral Resources has initiated proactive training and recruitment strategies to overcome the critical impact of the shortage of skilled and experienced personnel for the resource sector. Additionally, the company has recruited a large team of experienced tradesman from the Philippines and has distributed them throughout workshops and operating sites.

The crushing, screening and processing opportunities across the company require access to major plant and equipment components which are fundamental elements in the operating plants. The company has an extensive equipment inventory that provides Mineral Resources with the capacity to bring projects online in the shortest possible time and ahead of client expectations.

As Mineral Resources operates as a principal supplier of mineral products to the market we are in a unique position to understand the risks of client's businesses. Proactive management of operational and commercial risks provides Mineral Resource's customers with a reliability of supply unique to service providers.





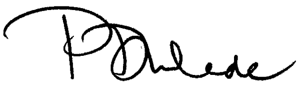
Review of Operations cont.

Conclusion

In conclusion, the 2006/07 year has been a year of consolidation for the Company. The listing on the ASX in July and successful growth and development of the underlying business sets the foundation for a strong future.

Mineral Resources' strength is its customers, people, assets and technology combined to make it a truly integrated provider of services and goods to the resources sector. The cohesion of these elements has made 2006/07 a strong year and produced superior returns for shareholders.

Our ongoing strategy continues to be to build on the reputation and quality of the existing business, pursue complementary and earnings accretive activities as they present themselves and continue to develop the capital and earnings growth capacity of the Company by maintaining the solid and enduring partnership of all stakeholders.



Peter Wade
Managing Director
27 September 2007

Community Support

Mineral Resources accepts its role as a responsible corporate citizen and provides support to the communities within which it operates. A recent project, "Mineral Resources House", was provided in response to the dire need for accommodation in Kalgoorlie to house mentors and chaplains who are required to carry out community work in schools and workplaces.

LMS Ministries Ltd

PO Box 2355, Boulder, Western Australia 6432 ◆ Phone: (08) 90222095 ◆ Fax: (08) 90222096 ◆ email: logisti@bigpond.net.au

CERTIFICATE OF APPRECIATION

THIS CERTIFICATE IS AWARDED TO

Mineral Resources Limited

IN RECOGNITION OF THE GENEROUS CONTRIBUTION TO THE

commgcom PROJECT

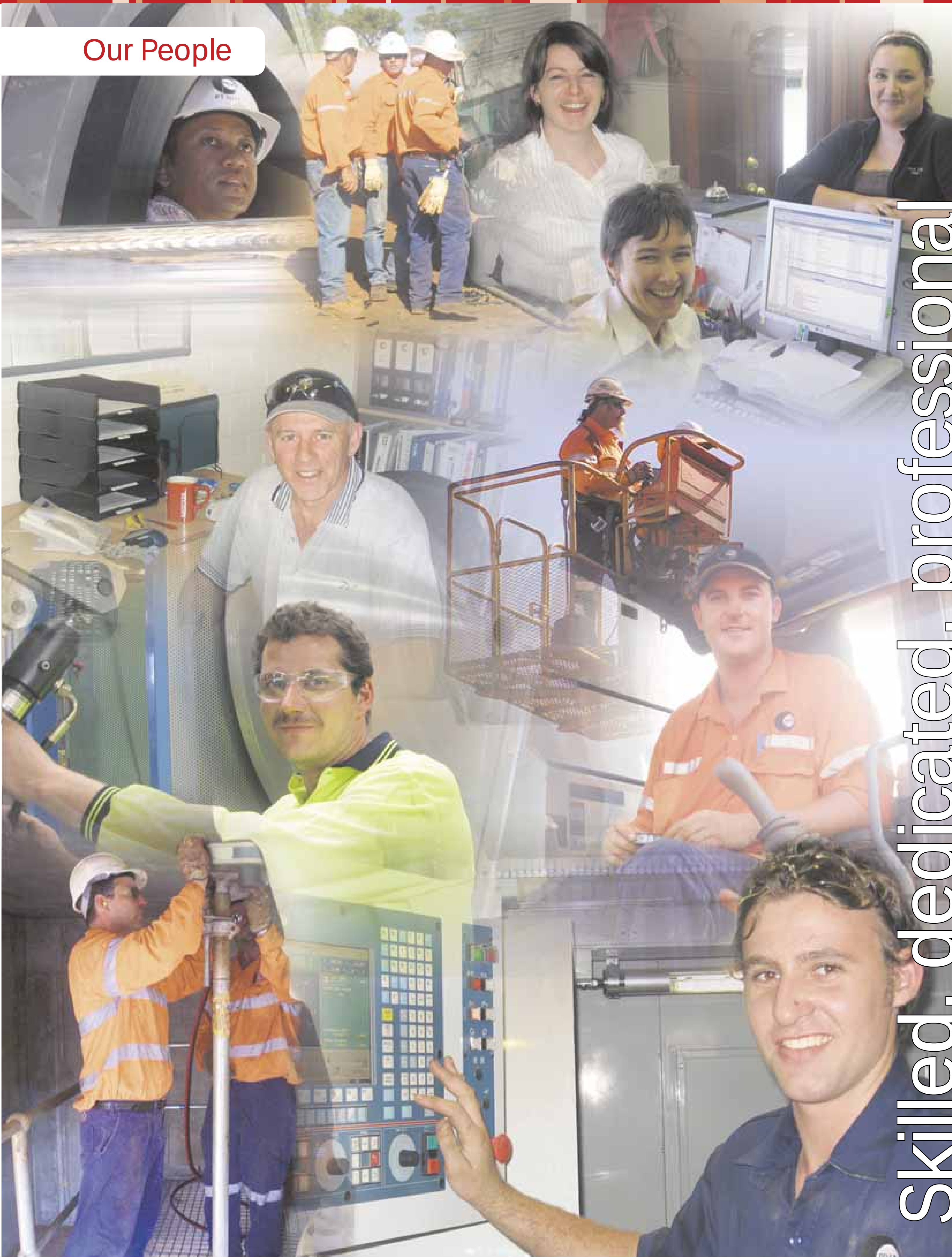
GRAHAM THOMSON, CHAIRMAN

8th Aug 07

DATE

ABN 46 097 110 499

Our People



Financial Report

Director's Report

The directors present their report together with the financial statements of Mineral Resources Limited and of the consolidated entity, being the company and its subsidiaries for the period 1 July 2006 to 30 June 2007 and the independent audit thereon.

Directors

The directors of the company at any time during or since the end of the financial year are:

Michael Kiernan

Independent non-executive chairman (age 58)
Appointed 26 June 2006

Michael Kiernan has over 30 years experience in the transport, processing and mining contracting industries. He has been involved in all the major manganese projects in the East Pilbara. His experience includes gold, iron ore, nickel, barytes and tin projects. He has held executive positions with Australia's major transport and mining contractors.

Michael is currently executive chairman of, Monarch Gold Mining Company Limited, Crawley Investments Pty Ltd, India Resources Limited and Territory Resources Limited, non-executive chairman of Precious Metals Australia Limited, Crawley Resources Limited, Australian Mineral Sands Limited and Peel Exploration Limited. He is also a director of Matilda Minerals Limited. Previously the managing director of Consolidated Minerals Limited, Michael is experienced in corporate governance and risk management of rapidly expanding resource industry operations.

Joe Ricciardo

Independent non-executive director (age 52)
Appointed 26 June 2006

Joe Ricciardo has 27 years experience in feasibility studies, design, construction, maintenance and operation of mineral processing facilities and associated infrastructure.

In January 1986, he became the founding member and managing director of J R Engineering Services Pty Ltd until its acquisition by the Downer EDI/Roche Group in 2001. Joe continued to lead the company, Roche Mining (JR) Pty Ltd in the capacity of general manager and director up to April 2006.

During his 20 year stewardship of JR, the company consistently grew to become a successful and major engineering services provider to the resources and mineral processing industry. Joe's experience covers the commodities of gold, nickel, copper, lead, zinc, iron ore, coal, mineral sands, tantalum and talc for both major and junior mining companies.

Joe is currently the Managing Director of GR Engineering Services.

Peter Wade

Managing director (age 57)
Appointed 27 February 2006

Peter Wade has over 35 years experience in engineering, construction, project management and mining and infrastructure services.

Peter started his career in the NSW Public Service and managed the construction of the Port Kembla coal loader, grain terminals at Newcastle and Wollongong and was the Deputy Director for the Darling Harbour Redevelopment construction project.

As an executive of the Transfield Group in the 1980s and 1990s he was general manager of Sabemo Pty Ltd, Transfield Construction Pty Ltd, Transfield Power Technologies and then Transfield Chief Operations Officer (Southern) responsible for major build, own, operate projects including Melbourne City Link, Airport Link, Northside Storage Tunnel and Collinsville and Smithfield Power Plants.

Chris Ellison

Executive director (age 50)
Appointed 27 February 2006

Chris Ellison is the founding shareholder of each of the Mineral Resources companies and has over 25 years experience in the mining contracting, engineering and resource processing industries.

Chris has been the managing director of Monadelphous Pty Ltd, KCUT Pty Ltd and the CSI Group and was instrumental in developing the build, own, operate concept of contract crushing in the resource and mining sector.

Director's Report (continued)

Secretary

Bruce Goulds

Appointed Company Secretary on 27 February 2006.

Bruce Goulds has over 25 years of finance and commercial experience in various listed and unlisted corporations. His experience includes senior corporate management positions in Australian and overseas companies in the mining services, engineering, mining equipment industries servicing the Australasian mining and mineral processing sector.

Bruce is a Fellow CPA, a Fellow of the Institute of Chartered Secretaries and a Member of the Australian Institute of Company Directors.

Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors of the company during the financial year were:

Director	Directors' Meetings		Audit Committee Meetings		Other Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended
M Kiernan	10	10	*	*	1	1
J Ricciardo	10	10	2	2	1	1
P Wade	10	10	2	2	1	1
C Ellison	10	10	*	*	*	*

* - Not a member of the relevant committee

Principal activities

The principal activity of the consolidated entity is as an integrated supplier of goods and services to the resources sector. There has been no significant change in the nature of this activity during the financial year.

Operating and financial review

Mineral Resources was listed on the Australian Stock Exchange on 28th July, 2006 and the last year has been one of consolidation and integration of the three operating elements into a single listed entity. The Board and Management have established a strong and effective working partnership and the solid financial results are a testimony to the skills and commitment of the team.

The resource sector continues to grow strongly and the company has proven its capacity to work with and add value to the clients it services.

The consolidated entity recorded a net profit after income tax of $20,167,388 for the full year ended 30th June, 2007.

The year end result is an increase of 95% over the actual aggregated result for financial year 2006 as presented in the 2006 annual report and 47% above the prospectus forecast.

That is a very successful result and reflects the solid performance of all parts of the company and in particular, the marked improvement in the manganese price over the past 6 months. Whilst it is not possible to provide a soundly based projection of manganese pricing for the next 12 months, market indications are for a continuing strong demand through calendar 2007.

The operations of the three subsidiary companies continue to meet management and Board expectations. The safety performance across the group is world best practice with an LTIFR of 1 in comparison with an industry measure of 16. The focus on safety and recruitment and retention of personnel are critical elements in creating a culture of performance that will drive the continued success of the company.

The financial performance of the processing operation has exceeded budget targets assisted by increased production of manganese and the improved market environment for the product. China, and the Chinese steel manufacturing sector, continues to underpin the demand for steel making materials from Australia and Mineral Resources is well placed to assist in directly and indirectly fulfilling that demand requirement.

Director's Report (continued)

Operating and financial review (continued)

All of the contract crushing operations, continue to meet or exceed the clients requirements for throughput and performance. The company is operating across a diverse range of sites and products with a range of blue chip clients and is therefore exposed to the major cost pressures that are impacting the industry. Skills shortages and materials availability significantly increases labour and consumable costs and an ongoing focus of management is to implement effective cost control mechanisms in all of our business operations.

The piping and pipelining work scope for the year has also substantially exceeded the yearly budget figures and a significant number of future opportunities have been identified and tendered for performance in the FY 2008.

The Company is well placed with proven performance, an outstanding reputation and a strengthening balance sheet to pursue larger contracting and processing operations. The Directors commend the management and staff for their commitment and performance over the past year.

Significant changes in the state of affairs

Mineral Resources Limited was accepted onto the Official List of Australian Stock Exchange Limited on 26 July 2006 and shares commence trading on the Australian Stock Exchange on 28 July 2006. The company issued 25,000,000 ordinary shares at a value of $0.90 each in the initial public offering. The prospectus issued on 5 July 2006 outlines the conditions of the offer.

There were no other significant changes in the state of affairs of the company or the consolidated entity during the past financial year other than as disclosed in the financial statements.

Dividends Paid or Recommended

Dividends paid or declared for payment in the year are as follows:

- Interim Ordinary Dividend of 1.2 cents per share, franked at a tax rate of 30%, paid on 15 November 2006 amounting to $1,444,176;
- Interim Ordinary Dividend of 2.0 cents per share, franked at a tax rate of 30%, paid on 30 March 2007 amounting to $2,406,960; and
- Final Ordinary Dividend of 6.3 cents per share, franked at a tax rate of 30%, has been recommended by Directors amounting to $7,655,424.

Events subsequent to reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affect the operations of the consolidated entity.

Environmental Issues

The consolidated group's operations are subject to significant environmental regulation under the law of the Commonwealth and State. During the year the consolidated entity met all reporting requirements under relevant legislation. There were no incidents which required reporting.

Likely developments

Disclosure of information relating to the future developments in the operations of the consolidated entity which would not, in the opinion of the directors, be prejudicial to the consolidated entity's interests is contained in this Directors' Report.

Non-audit services

During the year, RSM Bird Cameron Partners, the Company's auditor, has performed certain other services in addition to their statutory duties. Details of the amounts paid to the auditors are disclosed in the notes to the financial statements.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in Professional Statement F1 Professional Independence, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Director's Report (continued)

Auditor's Independence Declaration

The auditor's independence declaration as required under Section 307C of the Corporations Act 2001 has been included as part of the financial statements.

Remuneration Report

This remuneration report details the policy for determining the remuneration of directors and executives and provides specific detail of their remuneration.

Remuneration of non-executive directors

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Remuneration Committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

Shareholder approval must be obtained in relation to the overall limit set for directors' fees. The Remuneration Committee shall set individual Board fees within the limit approved by shareholders. Shareholders must also approve the framework for any equity based compensation schemes and if a recommendation is made for a director to participate in an equity scheme, that participation must be approved by the shareholders.

Remuneration of executives

The Company's remuneration policy for executive directors and key management personnel is designed to promote superior performance and long term commitment to the Company. Executives receive a base remuneration which is market related. Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive market and business conditions where it is in the interests of the Company and shareholders to do so. Executive remuneration and other terms of employment are reviewed annually by the Remuneration Committee having regard to performance, relevant comparative information and expert advice. The Committee's reward policy reflects its obligation to align executive's remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Company.

Details and amounts of remuneration

2007	Short-term Benefits		Post Employment Benefits	Long-term Benefits		Total
	Cash, salary and commissions	Non-cash benefits	Superannuation	Share-based Payments		
				Equity	Options	
	$'000	$'000	$'000	$'000	$'000	$'000
Directors						
M.Kiernan	133	-	12	1,187	163	1,495
J.Ricciardo	80	-	7	-	163	250
C.Ellison	290	15	23	-	-	328
P.Wade	300	48	50	-	-	398
Key management personnel						
B.Gavranich	300	24	27	-	-	351
S.Wyatt	294	26	26	-	-	346
D.Geraghty	193	22	32	-	-	247
B.Goulds	147	7	18	-	81	253

Director's Report (continued)

Options granted as remuneration

The following options over ordinary shares were granted during the current period.

	Number Granted	Grant date	Value per option at grant date $	Exercise Price $	First Exercise Date	Last Exercise Date
Michael Kiernan	1,500,000	26 June 2006	0.90	0.90	28 July 2007	28 July 2012
Joe Ricciardo	1,500,000	25 June 2006	0.90	0.90	28 July 2007	28 July 2012
Bruce Goulds	750,000	1 July 2007	0.90	0.90	28 July 2007	28 July 2012

All options expire after 3 years of issue.
Exercise price is the market price on the date of grant.
All options were granted for nil consideration.
Other conditions of options are disclosed in the notes to the financial statements.

Directors' relevant interests

No director has or has had any interest in a contract entered into during the year or any contract or proposed contract with the company or any controlled entity or any related entity other than as disclosed in the notes to the financial statements.

The relevant interest of each director in the capital of the company at the date of this report is as follows:

Director	No of Ordinary Shares	No of Options over Ordinary Shares
M Kiernan	1,266,666	500,000
J Ricciardo	555,750	500,000
P Wade	8,116,162	-
C Ellison	49,062,815	-

Indemnifying Officers or Auditor

During or since the end of the financial year the company has paid premiums to insure all directors and executives against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The total amount of the premium was $35,239. Otherwise, the Company has not given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums on behalf of directors, executives and auditors.

Neither the Company nor any related entity has indemnified or agreed to indemnify, paid or agreed to pay any insurance premium which would be prohibited under Section 199A or Section 199B of the Corporations Act 2001 during or since the financial period ended 30 June 2007.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Rounding of Amounts

The company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars.

Signed on behalf of the Board in accordance with a resolution of the directors.

P Wade

PETER WADE
Managing Director

Dated this 23rd day of August 2007

Auditor’s Independence Declaration

RSM Bird Cameron Partners
Chartered Accountants

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
Telephone: +61 8 9261 9100
Facsimile: +61 8 9261 9111
www.rsmi.com.au

AUDITOR’S INDEPENDENCE DECLARATION TO THE BOARD OF DIRECTORS OF MINERAL RESOURCES LTD

As lead audit partner for the audit of the financial report of Mineral Resources Ltd for the period 1 July 2006 to 30 June 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

Perth, WA
Dated: 23 August 2007

S C CUBITT
Partner

Liability limited by a scheme approved under Professional Standards Legislation

Major Offices in:
Perth, Sydney, Melbourne, Adelaide and Canberra
ABN 36 965 185 036

RSM Bird Cameron Partners is an independent member firm of RSM International, an affiliation of independent accounting and consulting firms.

Quality System
Quality Endorsed Company
ISO 9001 Lic 5600
SAI Global

Corporate Governance Statement

This statement outlines the Company's main corporate governance practices which have been in place throughout the financial year.

The Board considers it essential that directors and staff of Mineral Resources Limited employ sound corporate governance practices in carrying out their duties and responsibilities. Accordingly, a code of conduct has been issued to detail the expected behaviour required to ensure the company acts with integrity and objectivity.

A number of committees, which operate in accordance with their respective charters, have been established to assist the board in carrying out its responsibilities.

The Company has posted its corporate governance practices to its website: www.mineralresources.com.au. The code of conduct, committee charters and various policies are available on this website.

The ASX Corporate Governance Council released the second edition of its "Principles of Good Corporate Governance and Best Practice Recommendations" ("Recommendations") in August 2007. The directors of Mineral Resources Limited support the thrust of the Recommendations and whilst the Recommendations are not prescriptive, the ASX Listing Rules require listed companies to identify those recommendations that have not been followed and the reasons for not following them.

The directors consider that Mineral Resources Limited's corporate governance practices generally comply with the Recommendations.

Board of directors

The Board is accountable to shareholders for the performance of the Company. It oversees the activities and performance of management and provides an independent and objective view to the Company's performance.

The Board is comprised of two (2) non-executive directors and two executive directors with a mix of skills and considerable experience in the resources and mining industry.

The details of the directors, their experience, qualifications, term of office, and independent status are set out in the Directors' Report.

The Recommendations state that to be considered independent, directors must be "independent of management and free from any business or other relationship that could materially interfere with (or could reasonably be perceived to materially interfere with) the exercise of their unfettered and independent judgement."

Messrs Kiernan and Ricciardo would satisfy all the tests of the Recommendations and are considered as being independent.

In accordance with the Corporations Act 2001, any director who has an interest of any kind in relation to any matter dealt with at a board or committee meeting is required to advise the meeting and abstain from participation in the decision process.

All non-executive directors are subject to re-election at least every three years.

Independent professional advice may be sought by a director at the company's expense with the prior approval of the chairman. A copy of advice received by the director is made available to the chairman to be dealt with at his discretion.

The Board meets regularly to review management reports on the operational and financial performance of Mineral Resources Limited.

Board committees

The Board has established committees to assist it in carrying out its responsibilities. The charters that identify the roles and responsibilities of the various committees have been approved by the board and are available on the Company's web site.

The Audit Committee, consisting of two (2) directors, reviews the effectiveness of the risk management and other internal controls, the reliability of financial information and the effectiveness of the external audit function. To assist in this function the committee may invite the external auditor and senior executives to report to meetings. Any significant non-audit services to be provided by the external auditors must be approved in advance by the Audit Committee. The Audit Committee considers that the provision of those non-audit services provided to date by the external auditor would not affect the auditor's independence.

The Remuneration Committee, consisting of two (2) non-executive directors and one (1) executive director, advises the board on remuneration policies and practices generally, and makes specific recommendations to the board on remuneration packages and other terms of employment for senior executives and directors.

The Nomination Committee consists of two (2) non-executive directors and one (1) executive director. This committee reviews the composition of the board and makes recommendations on the appropriate skill mix, personal qualities, expertise and diversity.

Corporate Governance Statement (continued)

Share trading guidelines

Directors and officers are encouraged to have a personal financial interest in Mineral Resources Limited by acquiring and holding shares on a long term basis.

The buying or selling of shares in Mineral Resources Limited is not permitted by any director or any officer of the company or their associates when that person is in possession of price sensitive information not available to the market in relation to those shares. Apart from that, the directors or their associates may buy or sell shares in Mineral Resources Limited at any time during the year other than for one (1) month prior to the date of lodgement of announcements regarding the results of the company.

Directors, officers and their associates are required to inform the chairman of any intention to sell shares.

Continuous disclosure and shareholder communication

The secretary has been nominated as the person responsible for communications with the Australian Stock Exchange ("ASX"). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX listing rules.

The Company has established a website to enhance communication with its shareholders and potential investors. The website contains historical information, copies of all information disclosed to the ASX and a corporate governance section that includes details of the various committee charters and policies. Shareholders, who have advised the Company of their email addresses, are notified by email of all announcements to the ASX.

Risk management

The Managing Director and Chief Financial Officer report annually to the Audit Committee on the Company's risk management system.

The Board considers an internal audit function is not necessary due to the nature and size of the Company's operations. The external auditors report to the Audit Committee on risk management issues identified during the course of the audit.

Income Statement for the year ended 30 June 2007

	Note	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Revenue	3				
Revenue from continuing operations		**146,740**	-	**-**	-
Other income		**2,106**	-	**8,418**	-
		148,846	-	**8,418**	-
Depreciation and amortisation		**10,741**	-	**-**	-
Employee benefit expenses					
. Share based payments		**1,174**	-	**1,174**	-
. Other employee benefits		**29,210**	-	**1,737**	-
Equipment costs		**17,409**	-	**-**	-
Finance costs		**2,351**	-	**7**	-
Raw materials and consumables		**15,918**	-	**-**	-
Royalties		**2,658**	-	**-**	-
Subcontractors		**8,210**	-	**-**	-
Transport and freight		**23,996**	-	**-**	-
Other expenses		**11,592**	-	**639**	-
	4	**123,259**	-	**3,557**	-
Profit before income tax expense		**25,587**	-	**4,861**	-
Income tax expense	5	**(5,420)**	-	**(555)**	-
Profit after income tax expense		**20,167**	-	**4,306**	-
Basic earnings per share (cents per share)		**16.9**	-		
Diluted earnings per share (cents per share)		**16.9**	-		

The accompanying notes form an integral part of the Income Statement

Balance Sheet as at 30 June 2007

	Note	Consolidated		Parent	
		2007	2006	2007	2006
		$'000	$'000	$'000	$'000
Current assets					
Cash and cash equivalents	6	**19,461**	1,234	**9,691**	-
Trade and other receivables	7	**24,090**	15,468	**185**	-
Inventories	8	**4,843**	2,243	**-**	-
Other	9	**346**	801	**-**	213
Total current assets		**48,740**	19,746	**9,876**	213
Non current assets					
Trade and other receivables	7	**5,577**	5,021	**7,596**	-
Investment in subsidiaries		**-**	-	**43,732**	43,732
Investments accounted using the equity method	10	**121**	-	**-**	-
Other financial assets		**78**	78	**-**	-
Plant and equipment	11	**89,318**	87,115	**-**	-
Intangible assets	12	**10,235**	10,235	**-**	-
Deferred tax assets	13	**3,660**	1,443	**678**	-
Total non current assets		**108,989**	103,892	**52,006**	43,732
Total assets		**157,729**	123,638	**61,882**	43,945
Current liabilities					
Trade and other payables	14	**21,529**	15,187	**759**	174
Hire purchase creditors	15	**10,325**	8,906	**-**	-
Secured loans	15	**1,650**	2,637	**-**	-
Bank overdraft	15	**-**	2,491	**-**	-
Income tax payable		**2,991**	1,513	**749**	-
Provisions	16	**6,553**	4,662	**971**	-
Total current liabilities		**43,048**	35,396	**2,479**	174
Non current liabilities					
Trade and other payables	14	**8,428**	10,357	**1,670**	39
Hire purchase creditors	15	**16,341**	22,738	**-**	-
Secured loans	15	**-**	500	**-**	-
Deferred tax liabilities	13	**14,252**	10,915	**-**	-
Total non current liabilities		**39,021**	44,510	**1,670**	39
Total liabilities		**82,069**	79,906	**4,149**	213
Net assets		**75,660**	43,732	**57,733**	43,732
Equity					
Issued capital	17	**57,278**	43,732	**57,278**	43,732
Reserves		**2,066**	-	**-**	-
Retained earnings		**16,316**	-	**455**	-
Total equity		**75,660**	43,732	**57,733**	43,732

The accompanying notes form an integral part of the Balance Sheet

Statement of Changes in Equity for the year ended 30 June 2007

Consolidated 2007	Share Capital $'000	Retained Earnings $'000	Reserves $'000	Total $'000
Balance at 1 July 2006	43,732	-	-	43,732
Net proceeds of initial public offering	13,500	-	-	13,500
Share issue costs (net of income tax benefit)	(1,128)	-	-	(1,128)
Share based payments	1,174	-	-	1,174
Dividends paid	-	(3,851)	-	(3,851)
Revaluation increment	-	-	2,066	2,066
Net profit	-	20,167	-	20,167
Balance at 30 June 2007	57,278	16,316	2,066	75,660
Parent Entity 2007				
Balance at 1 July 2006	43,732	-	-	43,732
Proceeds of initial public offering	13,500	-	-	13,500
Share issue costs (net of income tax benefit)	(1,128)	-	-	(1,128)
Share based payments	1,174	-	-	1,174
Dividends paid	-	(3,851)	-	(3,851)
Net profit	-	4,306	-	4,306
Balance at 30 June 2007	57,278	455	-	57,733

Consolidated 2006	Share Capital $'000	Retained Earnings $'000	Reserves $'000	Total $'000
Balance at incorporation – 27 February 2006	-		-	-
Share issue in consideration for acquisition of subsidiaries	43,732	-	-	43,732
Net profit	-	-		-
Balance at 30 June 2007	43,732	-	-	43,732
Parent Entity 2006				
Balance at incorporation – 27 February 2006	-	-	-	-
Share issue in consideration for acquisition of subsidiaries	43,732	-	-	43,732
Net profit	-	-	-	-
Balance at 30 June 2007	43,732	-	-	43,732

The accompanying notes form an integral part of the Statement of Changes in Equity

Cash Flow Statement for the year ended 30 June 2007

	Note	Consolidated		Parent	
		2007	2006	2007	2006
		$'000	$'000	$'000	$'000
Cash flows from operating activities					
Cash receipts from customers		138,053	-		-
Cash payments to suppliers and employees		(104,607)	-	(3,066)	-
Interest received		804	-	539	-
Interest and other costs of finance paid		(2,351)	-	(7)	-
Income taxes paid		(1,794)	-	-	-
Net cash flows from operating activities	19(b)	30,105	-	(2,5340	-
Cash flows from investing activities					
Bank overdraft acquired from acquisition of controlled entities		-	(1,257)	-	-
Payments for property, plant and equipment		(7,945)		-	
Dividends received		-	-	4,187	-
Proceeds from the sale of fixed assets		1,652	-	--	
Net cash flows from investing activities		(6,293)	(1,257)	4,187	-
Cash flows from financing activities					
Proceeds from share issue		13,500	-	13,500	-
Costs of share issue		(1,611)	-	(1,611)	-
Proceeds from borrowings		1,150	-	-	-
Repayment of borrowings		(12,282)	-	-	-
Dividends paid		(3,851)	-	(3,851)	-
Net cash flows from financing activities		(3,094)	-	8,038	-
Net increase in cash and cash equivalents		20,718	(1,257)	9,691	-
Cash and cash equivalents at the beginning of the financial period		(1,257)	-	-	-
Cash and cash equivalents at the end of the financial period	19(a)	19,461	(1,257)	9,691	-

The accompanying notes form an integral part of the Cash Flow Statement

Note 1: Significant accounting policies

Mineral Resources Limited (the "company") is a company domiciled in Australia that was incorporated on 27 February 2006. The consolidated financial report of the Company for the period ended 30 June 2007 comprises the Company and its subsidiaries (together referred to as the "consolidated entity").

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001.*

(i) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASB") adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. International Financial Report Standards ("IFRS") form the basis of Australian Accounting Standards adopted by the AASB and for the purpose of this report are called Australian equivalents to IFRS ("AIFRS"). The financial report of the consolidated entity and the company also complies with the IFRS and interpretations adopted by the International Accounting Standards Board.

(ii) Basis of preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(iii) Basis of consolidation

A controlled entity is any entity Mineral Resources Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

(iv) Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that each company in the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Note 1: Significant accounting policies (Continued)

(v) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is assigned on a standard case basis with the exception of contract specific requirements to use an average cost basis.

Construction work in progress

Construction work in progress is stated at the aggregate of contracts costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where billings exceed the aggregate costs incurred including profit margins, the net amounts are presented under trade and other payables.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms and conditions of the contract and an allocation of overhead expenses incurred in connection with the consolidated entity's construction activities based on normal operating capacity.

(vi) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(vii) Revenue recognition

Goods sold and services rendered

Revenue from sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at balance sheet date. The stage of completion is assessed by reference to work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or if the costs incurred or to be incurred cannot be measured reliably.

Construction contracts

Contract revenue and expenses are generally recognised on an individual contract basis using percentage of completion method when the stage or contract completion can be reliably determined, costs to date can be clearly identified, and total contract revenue and costs to complete can be reliably estimated. Two or more contracts are treated as a single contract where the contracts are negotiated as a single package, are closely interrelated and are performed concurrently or in a continuous sequence.

Profit recognition for lump sum fixed price contracts does not commence until cost to completion can be reliably measured.

Stage of contract completion is generally measured by reference to physical completion. An assessment of total labour hours and other costs incurred to date as a percentage of estimated total costs for each contract is used if it is an appropriate proxy for physical completion. Task-lists, milestones, etc are also used to calculate or confirm the percentage of completion if appropriate.

Where the outcome of a contract cannot be reliably estimated, contract costs are expensed as incurred. Where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred. An expected loss is recognised immediately as an expense.

Interest revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividends

Revenue from distributions from controlled entities is recognised by the parent entity when they are declared by the controlled entities.

(viii) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

Bank overdrafts that are repayable on demand and form an integral part of the consolidated entity's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Notes to the Financial Statements for the year ended 30 June 2007

Note 1: Significant accounting policies (Continued)

(ix) Plant and equipment

Owned assets

Items of plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of self constructed assets includes the cost of materials, direct labour and an appropriate portion of production overheads. The cost of self constructed and acquired assets includes (i) the initial estimate at the time of installation and during the period of use, when relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and (ii) changes in the measurement of existing liabilities recognised for these costs resulting from changes in the timing or outflow of resources required to settle the obligation or from changes in the discount rate.

Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

Leased assets

Leases in terms of which the consolidated entity assumes substantially all of the risks and rewards of ownership are classified as finance leases. Finance leases are stated at an amount equal to the lower of fair value and the present value of minimum lease payment at inception of the lease, less accumulated depreciation and impairment losses.

Sale of non-current assets

The net gain or loss on disposal is included in the income statement at the date control of the asset passes to the buyer, usually when an unconditional contract for sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

Subsequent costs

The consolidated entity recognises in the carrying amount of an item of plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

Revaluation

Increases in the carrying amount arising on the revaluation of plant and equipment are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement.

Depreciation

The depreciable amount of plant and equipment is depreciated over their useful lives on a straight line basis commencing from the time the asset is ready for use. Crushing plant and certain associated plant and equipment is depreciated on the usage method of depreciation.

Class	Life
Buildings	20 years
Plant and equipment - other	3-20 years or the term of the lease
Tracking plant and equipment	6 years

Change in Estimate

During the year, the estimated useful lives of certain items of plant and equipment were revised. The financial effect of the change in an accounting estimate the current financial year was a reduction in depreciation expense of the consolidated entity of $542,000.

The financial effect of this change in estimates in future financial years can not be disclosed as the future estimated life of the assets involved cannot be reliably estimated.

Note 1: Significant accounting policies (Continued)

(x) Impairment

Financial Instruments

At each reporting date, the consolidated entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Other Assets

At each reporting date, the consolidated entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(xi) Trade and other receivables

Trade receivables and other receivables are stated at cost less impairment losses.

(xii) Investments

Investments in controlled entities are carried at cost. Cost includes the purchase price of the entity as well as directly attributable costs associated with the acquisition. Directly attributable costs are capitalised only once there is written agreement to acquire the entity.

(xiii) Financial Instruments

Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 60 days.

Interest bearing loans and borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowing on an effective interest basis.

Finance costs

Finance costs comprise interest payable on borrowings calculated using the effective interest rate method, foreign exchange gains or losses and gains or losses on hedging instruments that are recognised in the income statement. The interest expense component of finance lease payments is recognised in the income statement using the effective interest method.

(xiv) Lease payments

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense and spread over the lease term.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Note 1: Significant accounting policies (Continued)

(xv) Employee benefits

Provision has been made in the financial statements for benefits accruing to employees in relation to annual leave, long service leave, workers' compensation and vested sick leave. No provision is made for non-vesting sick leave.

All on-costs, including payroll tax, workers' compensation premiums, superannuation and fringe benefits tax are included in the determination of provisions. Vested sick leave, and the current portion of annual leave, long service leave and workers' compensation provisions are measured at the amount of the expected payment to the employee.

The portions of annual leave, long service leave and workers' compensation provisions expected to be settled later than one year, are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

(xvi) Share based payments

Certain employees may be entitled to participate in option ownership schemes. The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the vesting period being the period during which the employees become unconditionally entitled to the options. The fair value of options granted is measured using a recognised valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised in expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

(xvii) Provisions

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Warranties

Provision is made in respect of the consolidated entity's estimated liability on all products and services under warranty at balance date. The provision is measured as the present value of future cash flows estimated to be required to settle the warranty obligation. The future cash flows have been estimated by reference to the consolidated entity's history of warranty claims.

Project closure

At the completion of some projects the consolidated entity may have a liability for redundancy and the cost of relocating crushing and other mobile plant. An assessment is undertaken on the probability that such expenses will be incurred in the normal business of contracting services and is provided for in the financial statements.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the consolidated entity from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(xviii) Earnings per share

Basic earning per share

Basic earnings per share is determined by dividing net profit after income tax attributable to ordinary shareholders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 1: Significant accounting policies (Continued)

(xix) Australian goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(xx) Share Capital

Dividends are recognised as a liability in the period on which they are declared.

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

(xxi) Comparatives

Mineral Resources Limited was incorporated on 27 February 2006. Accordingly, comparative information relates to the period - 27 February 2006 to 30 June 2006.

Where required by Australian Accounting Standards, comparative information has been adjusted to conform with changes in presentation for the current financial year.

(xxii) Accounting estimates and judgements

Provisions

Refer to note 1 (xvii).

Impairment of goodwill and intangibles with indefinite useful lives

The consolidated entity assesses whether goodwill and intangibles with indefinite useful lives are assessed for impairment at least annually. These calculations involve an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated.

Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and directors’ report have been rounded off to the nearest $1,000.

Note 2: Statement of operations by segments

Business

Mineral Resources Limited operates in the single business segment. The group is an integrated supplier of goods and services to the resources sector.

The directors believe this to be the case for the following reasons:

- The consolidated entity performs services for a common industry sector being the resources sector,
- The consolidated entity operates with a centralized pool of management, engineering, operational labour and administrative and shared services personnel,
- There common use plant, equipment and consumable inventory,
- Operations are conducted within a single regulatory environment, and
- Common customers exist within the divisions of the integrated business that is exposed to similar operational risks and rewards.

Geographical

Mineral Resources Limited operates in a single secondary reporting segment being Australia.

	Consolidated		Parent	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000

Note 3: Revenue

Revenue from continuing operations				
. Contract and operational revenue	92,771	-	-	-
. Sale of goods and equipment	48,200	-	-	-
. Equipment rental	5,769	-	-	-
	146,740	-	-	-
Other Income				
. Interest income	804	-	539	-
. Administration charges	36	-	3,692	-
. Dividends received	-	-	4,187	-
. Profit on sale of fixed assets	462	-	-	-
. Other income	804	-	-	-
	2,106	-	8,418	-

Note 4: Profit before income tax

Profit before income tax includes the following specific expenses not disclosed separately on the face of the income statement:

Rental expenses relating to operating leases	1,034	-	-	-
Foreign exchange gains and losses				
- Net foreign exchange gain	530	-	-	-
- Unrealised foreign exchange loss	(132)	-	-	-
	(398)			

	Consolidated		Parent	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000

Note 5: Income tax expense

The components of tax expense comprise:				
Current tax	**5,239**	-	**1,233**	-
Deferred tax	**1,119**	-	**(678)**	-
Recouped prior year losses	**(888)**	-	**-**	-
Over provision in respect of prior years	**(50)**	-	**-**	-
	5,420	-	**555**	-
The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the financial statements as follows:				
Profit / (loss) before income tax	**29,769**	-	**4,861**	-
Prima facie tax thereon at 30%	**8,930**	-	**1,458**	-
Other non allowable items	**10**	-	**-**	-
Share based payments not allowable	**352**	-	**352**	-
Non-deductible depreciation	**994**	-	**-**	-
Research and development concessions	**(2,670)**	-	**-**	-
Franking credits inter-group dividends	**(1,794)**	-	**(1,794)**	-
Gross up franked dividend for franking credit	**539**	-	**539**	-
Tax losses not previously bought to account	**(888)**	-	**-**	-
Reconciliation of prior year items	**(49)**	-	**-**	-
Income tax expense attributable to profit	**5,420**	-	**555**	-

Note 6: Cash and cash equivalents

Cash at bank and on hand	**8,057**	1,234	**2,257**	-
Deposits at call	**11,404**	-	**7,434**	-
	19,461	1,234	**9,691**	-

Cash at bank and on hand is interest bearing at between 3.5% and 4.5%. Deposits at call are interest bearing at between 5.4% and 6.4%.

	Consolidated		Parent	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000

Note 7: Trade and other receivables

Current				
Trade and other debtors	**24,090**	15,468	**-**	-
Amounts receivable from wholly own entities	**-**	-	**185**	-
	24,090	15,468	**185**	-
Non current				
Trade and other debtors	**4,947**	5,021	**-**	-
Amounts receivable from wholly own entities	**-**	-	**7,596**	-
Amounts receivable from associated entities	**630**	-	**-**	-
	5,577	5,021	**7,596**	-

The amounts receivable from wholly owned entities are unsecured and payable on demand.

In the opinion of directors the amounts receivable from associated entities is recoverable in full.

Note 8: Inventories

Current				
Raw materials and stores	**2,871**	1,925	**-**	-
Work in progress	**1,972**	274	**-**	-
Construction work in progress (refer below)	**-**	44	**-**	-
	4,843	2,243	**-**	-
Construction work in progress				
Aggregate of costs and profits recognised on contracts in progress	**-**	1,951	**-**	-
Progress billings and advances received on contracts in progress	**-**	(1,907)	**-**	-
Net construction work in progress	**-**	44	**-**	-

Note 9: Other assets

Current				
Prepayments and other	**346**	801	**-**	213

Note 10: Investments Accounted for Using the Equity Method

Interests are held in the following unlisted associated companies

Name	Principal Activities	Country of Incorpor-ation	Shares	Ownership Interest		Carry amount of investment	
				2007 %	2006 %	2007 $000	2006 $000
Minprocess Group Inc.	Mineral processing	Philippines	Ord	40	40	66	-
Iron Processing Group Inc.	Mineral processing	Philippines	Ord	40	40	55	-
						121	-

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Equity accounted profits of associates are broken down as follows:				
Share of associate's profit before income tax expense	**-**	(142)	**-**	-
Share of associate's profit after income tax	**-**	(142)	**-**	-
Assets, Liabilities and Performance of Associates				
Current assets	**96**	45	**-**	-
Non-current assets	**164**	22	**-**	-
Total assets	**260**	67	**-**	-
Current liabilities	**(11)**	(6)	**-**	-
Non-current liabilities	**(584)**	(244)	**-**	-
Total liabilities	**(595)**	(250)	**-**	-
Net assets	**(335)**	(183)	**-**	-
Revenues	**-**	-	**-**	-
Profit after income tax of associates	**(215)**	(247)	**-**	-

Ownership interest in Minprocess Group Inc. and Iron Processing Group Inc, at the company's balance date was 40% of ordinary shares. The reporting date of the associates is 31st December.

Note 11: Plant and equipment

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Plant and equipment owned				
Cost				
Opening balance	**16,485**	-	**-**	-
Additions from the acquisition of controlled entities	**-**	16,485	**-**	-
Additions	**7,945**	-	**-**	-
Disposals	**(1,101)**	-	**-**	-
Closing balance	**23,329**	16,485	**-**	-
Accumulated depreciation				
Opening balance	**(3,095)**	-	**-**	-
Additions from the acquisition of controlled entities	**-**	(3,095)	**-**	-
Disposals	**332**	-	**-**	-
Depreciation expense	**(3,883)**	-	**-**	-
Closing balance	**(6,646)**	(3,095)	**-**	-
Assets completing lease contract - transfer	**2,035**	-	**-**	-
Net book value	**18,718**	13,390	**-**	-
Plant and equipment under lease				
Cost				
Opening balance	**79,425**	-	**-**	-
Additions from the acquisition of controlled entities	**-**	79,425	**-**	-
Additions	**4,029**	-	**-**	-
Disposals	**(571)**	-	**-**	-
Closing balance	**82,883**	79,425	**-**	-
Accumulated depreciation				
Opening balance	**(7,392)**	-	**-**	-
Additions from the acquisition of controlled entities	**-**	(7,392)	**-**	-
Disposals	**152**	-	**-**	-
Depreciation Expense	**(6,133)**	-	**-**	-
Closing balance	**(13,373)**	(7,392)	**-**	
Assets completing lease contract	**(2,035)**	-	**-**	
Net book value	**67,475**	72,033		
Tracking plant and equipment under lease				
Fair value				
Opening balance	**1,692**	-	**-**	-
Additions from the acquisition of controlled entities	**-**	1,692	**-**	-
Additions	**637**	-	**-**	-
Disposals	**-**	-	**-**	-
Revaluation increments	**1,522**	-	**-**	-
Closing balance	**3,851**	1,692	**-**	-

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000

Note 11: Plant and equipment (continued)

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Accumulated depreciation				
Opening balance	**-**	-	**-**	-
Additions from the acquisition of controlled entities	**-**	-	**-**	-
Disposals	**-**	-	**-**	-
Depreciation Expense	**(726)**	-	**-**	-
Closing balance	**(726)**	-	**-**	-
Net book value	**3,125**	1,692	**-**	-
Total property, plant and equipment	**110,063**	97,602	**-**	-
Total plant and equipment accumulated depreciation	**(20,745)**	(10,487)	**-**	-
Total, plant and equipment net	**89,318**	87,115	**-**	-

The basis of revaluation of track plant and equipment is an independent valuation by a qualified valuer.

Note 12: Intangible assets

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Goodwill- cost				
Opening balance	**10,235**	-	**-**	-
Additions from the acquisition of controlled entities	**-**	10,235	**-**	-
Impairment losses of goodwill	**-**	-	**-**	-
Closing balance	**10,235**	10,235	**-**	-

Impairment tests for cash generating units containing goodwill

The following cash generating units have significant carrying amounts of goodwill.

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
PIHA Pty Ltd	**8,817**	8,817	**-**	-
Process Minerals International Pty Ltd	**1,418**	1,418	**-**	-
	10,235	10,235	**-**	-

The recoverable amount of the cash generating unit is based on value-in-use calculations. The calculations use cash flow projections based on the following year's budget and plan, extended over a period of five years. Cash flows into perpetuity are extrapolated using a growth factor relevant to the sector and business plan. A pre-tax discount rate is applied adjusted for the risk of the industry in which each unit operates.

Goodwill has an infinite life.

Impairment Disclosures

The recoverable amount of each cash-generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a five-year period. The cash flows are discounted using the target weighted average cost of capital for the consolidated entity.

The following assumptions were used in the value-in-use calculations:

Discount rate – 9%

Management has based the value-in-use calculations on budgets for each cash generating unit. These budgets use historical weighted average growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the period which are consistent with inflation rates applicable to the locations in which the segments operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular cash generating unit.

	Consolidated		Parent	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000

Note 13: Deferred tax assets and liabilities

Deferred tax assets				
Additions from the acquisition of controlled entities	**-**	1,443	**-**	-
Temporary differences	**-**	-	**-**	-
- depreciation of fixed assets	**301**	-	**-**	-
- employee benefit provisions	**749**	-	**291**	-
- project closure provision	**1,217**	-	**-**	-
Share issue costs	**387**	-	**387**	-
Tax losses – revenue	**1,022**	-	**-**	-
Other	**(16)**	-	**-**	-
	3,660	1,443	**678**	-
Deferred tax liabilities				
Additions from the acquisition of controlled entities	**-**	10,915	**-**	-
Temporary differences			**-**	-
- accrued revenue	**1,117**	-	**-**	-
- unrealised foreign exchange gain	**119**	-	**-**	-
- depreciation of fixed assets	**2,965**	-	**-**	-
Asset revaluation reserve	**9,759**	-	**-**	-
Other	**292**	-	**-**	-
	14,252	10,915	**-**	-
Unrecognised deferred tax balances				
Deferred tax assets				
Tax losses – revenue	**-**	949	**-**	

Note 14: Trade and other payables

Current				
Unsecured liabilities				
- trade creditors and accruals	**21,529**	15,187	**759**	174
Non current				
Unsecured liabilities				
- trade creditors and accruals	**8,428**	10,357	**-**	-
- amounts payable to wholly owned entities	**-**	-	**1,670**	39
	8,428	10,357	**1,670**	39

The amounts payable to wholly owned entities are unsecured, interest free and payable on demand.

	Consolidated		Parent	
	2007	**2006**	**2007**	**2006**
	$'000	**$'000**	**$'000**	**$'000**

Note 15: Financial Liabilities

Current				
Unsecured liabilities				
- bank overdraft	**-**	2,491	**-**	-
Secured liabilities				
- secured loans	**1,650**	2,637	**-**	-
- hire purchase creditors	**10,325**	8,906	**-**	-
	11,975	11,543	**-**	-
Non current				
Secured liabilities				
- secured loan	**-**	500	**-**	-
- hire purchase creditors	**16,341**	22,738	**-**	-
	16,341	23,238	**-**	-

Details of the security held is as follows:

Bank facilities are secured by:

- Registered mortgage debentures over the whole of the assets and undertakings of each of the parent entity and its controlled entities;
- Negative pledges with respect to financial covenants; and
- Interlocking guarantees.

Hire purchase indebtedness is secured over individual assets financed in the normal operation of a hire purchase agreement, in the first instance and then by the bank security described above.

Note 15: Financial Liabilities (continued)

Finance facilities

(a) The consolidated entity has access to the following lines of credit:

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Bank overdraft				
Limit	**3,600**	2,700	**-**	-
Amount utilised	**-**	(2,491)	**-**	-
Unused facility	**3,600**	209	**-**	-
Overseas bills purchasing line of credit				
Limit	**1,533**	1,533	**-**	-
Amount utilised	**-**	-	**-**	-
Unused facility	**1,533**	1,533	**-**	-
Hire purchase liabilities				
Limit	**28,367**	22,059	**-**	-
Amount utilised	**(26,666)**	(19,306)	**-**	-
Unused facility	**1,701**	2,753	**-**	-
Bank loans				
Limit	**1,650**	3,138	**-**	-
Amount utilised	**(1,650)**	(3,138)	**-**	-
Unused facility	**-**	-	**-**	-

Facility use, expiry and interest rates:

Bank Overdraft

This facility is an overdraft offset facility that can be drawn to a maximum of $3,600,000. The facility is renewable on an annual basis and is due for renewal on 31 December 2007. Interest is charged on this account at the National Australia Bank Indicator Rate plus a margin of 1.75%. At the balance date this rate was 12.35% per annum. This rate can vary.

Overseas Bill Purchasing Line

This facility allows for disbursements in US dollars to supplies of ocean shipping services to the consolidated entity. The facility is renewable on an annual basis and is currently due for renewal on 31 December 2007. Interest is charged at the National Australia Bank Cost of Funds Rate plus a margin of 1.6%. The annual rate at the time of this report is 7.475% per annum.

Hire Purchase Facilities

Hire purchase contracts are utilised to finance the acquisition of plant and equipment. The consolidated group has a combination of a revolving limit and separately approved hire purchase contracts. The contracts are negotiated on current interest rates and terms depending on the particular equipment purchased and the contract expires on completion of the payment schedule. Average interest rates and the unexpired terms of the contracts are disclosed in note 30.

	Consolidated		Parent	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000

Note 16: Provisions

Employee entitlements	**2,496**	1,768	**971**	-
Warranty provision	**-**	246	**-**	-
Project closure provision	**4,058**	2,648	**-**	-
	6,554	4,662	**971**	-
Employee entitlements				
Opening balance	**1,768**	-	**-**	-
Increase through acquisition of controlled entities	**-**	1,768	**-**	-
Additional amounts provided for	**2,397**	-	**-**	-
Amounts used	**(1,669)**	-	**-**	-
Closing balance	**2,496**	1,768	**-**	-
Warranty provision movement				
Opening balance	**246**	-	**-**	-
Increase through acquisition of controlled entities	**-**	246	**-**	-
Amounts used	**(246)**	-	**-**	-
Closing balance	**-**	246	**-**	-
Project closure movement				
Opening balance	**2,648**	-	**-**	-
Increase through acquisition of controlled entities	**-**	2,648	**-**	-
Additional amounts provided for	**1,410**	-	**-**	-
Closing balance	**4,058**	2,648	**-**	-

Note 17: Share Capital

(a) Issued and paid up capital

Issued and paid up capital of the company is 120,348,000 ordinary shares (2006: 105,348,000).

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

(b) Movements in share capital

	2007 Number	2006 Number	2007 $'000	2006 $'000
Opening balance	**105,348,000**	-	**43,732**	-
Shares issued to acquire controlled entities	**-**	105,348,000	**-**	43,732
Initial public offering	**25,000,000**	-	**22,500**	-
Sell down of owners shares in conjunction with the initial public offering	**(10,000,000)**	-	**(9,000)**	-
Share issue costs (net of income tax benefit)	**-**	-	**(1,128)**	-
Share-based payments	**-**	-	**1,174**	-
Closing balance	**120,348,000**	105,348,000	**57,278**	43,732

Note 18: Reserves

Asset Revaluation Reserve

The asset revaluation reserve records the revaluations of plant and equipment – tracking plant and equipment.

Note 19: Cashflow Information

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
(a) Reconciliation of cash				
Cash at bank and on hand	**19,461**	1,234	**9,691**	-
Bank overdraft	**-**	(2,491)	**-**	-
	19,461	(1,257)	**9,691**	-
(b) Cash flows from operations				
Profit after tax	**20,167**	-	**4,307**	-
Non-cash flows in profit				
Depreciation	**10,741**	-	**-**	-
Share based payments expense	**1,174**	-	**1,174**	-
Dividends received	**-**	-	**(4,187)**	-
Net gain on disposal of plant and equipment	**(462)**	-	**-**	-
Changes in assets and liabilities:				
Trade receivables	**(9,177)**	-	**(7,570)**	-
Inventories	**(2,600)**	-	**-**	-
Trade payables and accruals	**4,412**	-	**2,216**	-
Short-term provisions	**1,892**	-	**971**	-
Other current assets	**456**	-	**-**	-
Financial assets	**(121)**	-	**-**	-
Income taxes payable	**1,478**	-	**-**	-
Deferred taxes payables	**2,145**	-	**555**	-
Cash flows from operations	**30,105**	-	**(2,534)**	-

For the purposes of the cash flow statement, cash includes cash on hand and in banks and deposits at call, net of overdrafts and investments in money market instruments with less than 90 days to maturity.

During the year, the consolidated group acquired plant and equipment with an aggregate value of $4,666,631 by means of finance leases. These acquisitions are not reflected in the cash flow statement.

	Consolidated		Parent	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000

Note 20: Operating and finance leases

Non cancellable operating leases contracted for but not capitalised:				
Payable:				
- not later than one year	**1,002**	997	**-**	-
- later than one year but not later than five years	**2,206**	3,146	**-**	-
- later than five years	**-**	-	**-**	-
	3,208	4,143	**-**	-
Hire purchase liabilities				
Payable:				
- not later than one year	**10,758**	10,825	**-**	-
- later than one year but not later than five years	**19,066**	25,359	**-**	-
- later than five years	**-**	-	**-**	-
Minimum hire purchase payments	**29,824**	36,184	**-**	-
Less future finance charges	**(3,158)**	(4,541)	**-**	-
Total hire purchase liabilities	**26,666**	31,643	**-**	-
Reconciled to:				
- Current liabilities	**10,325**	8,906	**-**	-
- Non current liabilities	**16,341**	22,738	**-**	-
	26,666	31,644	**-**	-

The operating leases have been entered into as a means of acquiring access to property. Rental payments are generally fixed.

Note 21: Capital commitments

Capital expenditure commitments contracted for:				
Plant and equipment purchases within one year	**3,254**	1,986	**-**	-

Note 22: Controlled entities

(a) Controlled entities

The financial statements include the following controlled entities. The financial years of all controlled entities are the same as that of the Parent entity.

30 June 2007	Country of Incorporation and Operation	Class	Owned %
Parent entity:			
Mineral Resources Limited	Australia		
Controlled entities:			
Crushing Services International Pty Ltd	Australia	Large Proprietary	100%
PIHA Pty Ltd	Australia	Large Proprietary	100%
Process Minerals International Pty Ltd	Australia	Large Proprietary	100%

30 June 2006	Country of Incorporation and Operation	Class	Owned %
Parent entity:			
Mineral Resources Limited	Australia		
Controlled entities:			
Crushing Services International Pty Ltd	Australia	Large Proprietary	100%
PIHA Pty Ltd	Australia	Large Proprietary	100%
Process Minerals International Pty Ltd	Australia	Large Proprietary	100%

(b) Deed of cross guarantee

The parent entity has not entered into a deed of cross guarantee whereby the parent entity will provide that all parties to the deed will guarantee to each creditor payment in full of any debt of each company participating in the deed on winding up of that company.

Note 23: Key management personnel disclosures

The following were key management personnel of the consolidated entity at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non executive directors:

- Mr M Kiernan (Chairman)
- Mr J Ricciardo

Executive directors:

- Mr P Wade (Chief Executive Officer and Managing Director)
- Mr C Ellison (Director, Business Development)

Executives:

- Mr B Gavranich (General Manager, PIHA)
- Mr S Wyatt (General Manager, CSI)
- Mr D Geraghty (General Manager, PMI)
- Mr B Goulds (Chief Financial Officer)

Notes to the Financial Statements for the year ended 30 June 2007

Note 23: Key management personnel disclosures (continued)

Details of remuneration

Remuneration of non-executive directors

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Remuneration Committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

Shareholder approval must be obtained in relation to the overall limit set for directors' fees. The Remuneration Committee shall set individual Board fees within the limit approved by shareholders. Shareholders must also approve the framework for any equity based compensation schemes and if a recommendation is made for a director to participate in an equity scheme, that participation must be approved by the shareholders.

Remuneration of executives

The Company's remuneration policy for executive directors and key management personnel is designed to promote superior performance and long term commitment to the Company. Executives receive a base remuneration which is market related. Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive market and business conditions where it is in the interests of the Company and shareholders to do so. Executive remuneration and other terms of employment are reviewed annually by the Remuneration Committee having regard to performance, relevant comparative information and expert advice. The Committee's reward policy reflects its obligation to align executive's remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Company.

Amounts of remuneration

Details of the nature and amount of each major element of annual compensation packages of each director and each of the key management personnel of the company and consolidated entity is as follows:

2007	Short-term Benefits		Post Employment Benefits	Long-term Benefits		Total
	Cash, salary and commissions	Non-cash benefits	Superannuation	Share-based Payments		
				Equity	Options	
	$'000	$'000	$'000	$'000	$'000	$'000
Directors						
M.Kiernan	133	-	12	1,187	163	1,495
J.Ricciardo	80	-	7	-	163	250
C.Ellison	290	15	23	-	-	328
P.Wade	300	48	50	-	-	398
Key management personnel						
B.Gavranich	300	24	27	-	-	351
S.Wyatt	294	26	26	-	-	346
D.Geraghty	193	22	32	-	-	247
B.Goulds	147	7	18	-	81	253

No remuneration were paid to directors and key management personnel by the consolidated entity during the year ended 30 June 2006.

Note 23: Key management personnel disclosures (continued)

Service Agreements

The company has service agreements with each executive that defines:

- The role and appointment date
- Executive duties
- Remuneration and benefits
- Leave entitlements
- Summary dismissal for misconduct and fraud
- Use of expenses
- Notice periods of between three and twelve months
- Confidential information
- Restraint on practices

The Managing Director's contract extends to 1 September 2008. No other executives have a fixed-term contract with termination arrangements in place which would result in payments to executives in excess of that which would have otherwise been earned as remuneration for their employment.

Details of the key conditions of service agreements for key management personnel are as follows:

	Duration	Completion Date	Notice Period
Directors			
Non-executive Directors			
M Kiernan - Chairman	3 years	26 June 2009	n/a
J Ricciardo	3 years	25 June 2009	n/a
Executive Directors			
P Wade - Managing Director	3 years	1 September 2008	6 months
C Ellison - Business Development	3 years	1 July 2009	6 months
Executives			
S Wyatt - General Manager, CSI	3 years	1 July 2009	6 months
B Gavranich - General Manager, PIHA	3 years	1 July 2009	6 months
D Geraghty - General Manager, PMI	3 years	1 July 2009	6 months
B Goulds - Chief Financial Officer	3 years	1 July 2009	6 months

Loans to key management personnel and their related parties

No loans have been made to directors or key management personnel during the year.

Equity instruments

As part of Michael Kiernan's engagement as non-executive chairman of the Company, he will be allocated up to 3,500,000 Shares and 1,500,000 Options exercisable at $0.90 and an expiry date of 3 years after the date of grant. The securities will be issued in 3 equal tranches (of 1,166,666 Shares and 500,000 Options) on the dates that are 1, 2 and 3 years after the date the Company was admitted to the Official List, unless he ceases to be chairman during that period of time in which case he is not entitled to the securities which have not already been issued.

As part of Joe Ricciardo's engagement as non-executive director of the Company, he will be allocated up to 1,500,000 Options exercisable at $0.90 and an expiry date of 3 years after the date of grant. The securities will be issued in 3 equal tranches (of 500,000 Options) on the dates that are 1, 2 and 3 years after the date the Company was admitted to the Official List, unless he ceases to be a director during that period of time in which case he is not entitled to the securities which have not already been issued.

As part of Bruce Goulds' engagement as Chief Financial Officer of the Company, he will be allocated up to 750,000 Options under the terms of the Employee Share Option Plan exercisable at $0.90 and an expiry date of 3 years after the date of grant. The securities will be issued in 3 equal tranches (of 250,000 Options) on the dates that are 1, 2 and 3 years after the date the Company was admitted to the Official List, unless he ceases to be an employee during that period of time in which case he is not entitled to the securities which have not already been issued.

Note 23: Key management personnel disclosures (continued)

Options granted as remuneration

The following options over ordinary shares were granted during the current period.

	Balance 1 July 2006	Granted as Remuneration	Balance 30 June 2007
Michael Kiernan	-	1,500,000	1,500,000
Joe Ricciardo	-	1,500,000	1,500,000
Bruce Goulds	-	750,000	750,000

Exercise of options granted as remuneration

No options over ordinary shares were exercised during the current period.

There were no amounts unpaid on the shares issued as a result of the exercise of options.

Option holdings

	Opening Balance	Granted as Remuneration	Closing Balance	Vested	Unvested
Michael Kiernan	-	1,500,000	1,500,000	-	1,500,000
Joe Ricciardo	-	1,500,000	1,500,000	-	1,500,000
Peter Wade	-	-	-	-	-
Chris Ellison	-	-	-	-	-
Steve Wyatt	-	-	-	-	-
Bob Gavranich	-	-	-	-	-
David Geraghty	-	-	-	-	-
Bruce Goulds	-	750,000	750,000	-	750,000

Equity holdings and transactions

The movement during the current year in the number of ordinary shares of Mineral Resources Limited held directly or indirectly by each key management person, including their related parties is as follows:

	Opening Balance	IPO sell-down	Purchases on open market	Sales on open market	Closing Balance
Michael Kiernan	-	-	100,000	-	100,000
Joe Ricciardo	-	-	555,750	-	555,750
Peter Wade	9,740,792	(924,630)	-	(700,000)	8,116,162
Chris Ellison	54,146,870	(5,139,805)	55,750	-	49,062,815
Steve Wyatt	21,277,030	(2,019,686)	-	(2,500,000)	16,757,344
Bob Gavranich	15,614,997	(1,482,229)	-	-	14,132,768
David Geraghty	1,400,387	(132,900)	-	-	1,267,487
Bruce Goulds	-	-	-	-	-

Michael Kiernan also has an additional shareholding of 3,500,000 ordinary shares which are unvested as at 30 June 2007.

Note 24: Share Based Payments

The following share based payment arrangements existed at 30 June 2007.

As part of Michael Kiernan's engagement as non-executive chairman of the Company, he will be allocated up to 3,500,000 Shares and 1,500,000 Options exercisable at $0.90 and an expiry date of 3 years after the date of grant. The securities will be issued in 3 equal tranches (of 1,166,666 Shares and 500,000 Options) on the dates that are 1, 2 and 3 years after the date the Company was admitted to the Official List, unless he ceases to be chairman during that period of time in which case he is not entitled to the securities which have not already been issued.

As part of Joe Ricciardo's engagement as non-executive director of the Company, he will be allocated up to 1,500,000 Options exercisable at $0.90 and an expiry date of 3 years after the date of grant. The securities will be issued in 3 equal tranches (of 500,000 Options) on the dates that are 1, 2 and 3 years after the date the Company was admitted to the Official List, unless he ceases to be a director during that period of time in which case he is not entitled to the securities which have not already been issued.

As part of Bruce Goulds' engagement as Chief Financial Officer of the Company, he will be allocated up to 750,000 Options under the terms of the Employee Share Option Plan exercisable at $0.90 and an expiry date of 3 years after the date of grant. The securities will be issued in 3 equal tranches (of 250,000 Options) on the dates that are 1, 2 and 3 years after the date the Company was admitted to the Official List, unless he ceases to be an employee during that period of time in which case he is not entitled to the securities which have not already been issued.

Options

	Number of Options	Weighted Average Exercise Price $
Outstanding at the beginning of the year	-	-
Granted	3,750,000	0.90
Forfeited	-	-
Exercised	-	-
Expired	-	-
Outstanding at year-end	3,750,000	0.90
Exercisable at year-end	-	-

There were no options exercised during the year.

There were no options outstanding at 30 June 2007.

The weighted average fair value of the options granted during the year was $0.246. This price was calculated by using a Black-Scholes option pricing model applying the following inputs:

Weighted average exercise price	$0.90
Weighted average life of the option	3 years from issue
Underlying share price	$0.90
Expected share volatility	0.1357
Risk free interest rate	5.75%

Volatility of similar stocks in the market place has been the basis for determining expected share price volatility.

The life of the options is based on an estimate of exercise patterns, which may not eventuate in the future.

Shares

Michael Kiernan was granted 3,500,000 shares at $0.90 cents.

Share Based Payment expense

Included under employee benefits expense in the income statement is $1,174,000 and relates, in full, to equity-settled share-based payment transactions.

	Consolidated		Parent	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000

Note 25: Auditor's remuneration

Amounts received or due and receivable by RSM Bird Cameron Partners for:

Audit and review fees	**153,000**	60,000	**25,000**	5,000
Tax compliance services	**44,000**	7,000	**4,000**	-
Investigating accountants report for initial public offering	**10,000**	120,000	**10,000**	120,000
	207,000	187,000	**39,000**	125,000

Note 26: Dividends Paid or Recommended

Dividends Paid				
Interim ordinary dividend of 1.2 cents per share franked at a tax rate of 30% paid on 15 November 2006	**1,444**	-	**1,444**	-
Interim ordinary dividend of 2.0 cents per share franked at a tax rate of 30% paid on 30 March 2007	**2,407**	-	**2,407**	-
	3,851	-	**3,851**	-
Dividends Proposed				
Proposed final ordinary dividend of 6.3 cents per share franked at a tax rate of 30% and to be paid on 15 November 2007	**7,655**	-	**7,655**	-
Franking Credits				
Franking credits available for subsequent financial years based on a tax rate of 30%	**3,138**	-	**3,138**	-
Balance of franking account at year end adjusted for franking credits arising from:				
- payment of provision for income tax	**3,138**	-	**-**	-
- dividends recognised as receivables and franking debits arising from payment of proposed dividends, and franking credits that may be prevented from distribution in subsequent financial years	**-**	-	**3,138**	-
	3,138	-	**3,138**	-

	Consolidated 2007 $'000	2006 $'000

Note 27: Earnings per share

The following reflects the income and share data used in the calculations of basic and dilutes earnings per share:

	2007 $'000	2006 $'000
Net profit attributable to ordinary shareholders of the parent entity used in calculating basic and diluted earnings per share	**20,167**	-

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	119,279,507	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	119,279,507	-
Basic earnings per share (cents per share)	16.9	-
Diluted earnings per share (cents per share)	16.9	-

Note 28: Related Party Transactions and Balances

Related Party Transactions

Transactions between group entities are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. All services provided by group entities are at arms length transactions. Transactions for the period between group entities relate to the provision of goods and services, including shared resources, in relation to the ongoing business activities of the company.

	Balance Receivable by	Balance Payable by	Sales to group companies	Purchases from group companies
Mineral Resources Ltd	7,782	1,799	3,963	128
PIHA Pty Ltd	828	6,149	379	1,903
Crushing Services International Pty Ltd	1,829	3,257	897	6,197
Process Minerals International Pty Ltd	6,200	8,166	3,778	788
Minprocess Group Inc		575		
Iron Process Group		55		

Transactions between related and associated parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. All services provided by related and associated parties are at arms length transactions.

Properties from which the company's operations are performed are rented from The Plastic Property Trust which is related to Chris Ellison and Peter Wade. The rent paid during the year was $309,000.

Notes to the Financial Statements for the year ended 30 June 2007

Note 28: Related Party Transactions and Balances (continued)

Properties from which the company's operations are performed are rented from Wellard Properties Pty Ltd which is related to Chris Ellison and Peter Wade. The rent paid during the year was $561,000.

Certain plant and equipment utilised by the group is rented from Crushing Services Group Pty Ltd as trustee for the Crushing Services International Unit Trust and Plastic Technology Development Pty Ltd as trustee for the Plastic Technology Development Unit Trust which are related to Chris Ellison and Peter Wade. The rent paid during the year was $382,000.

Related Party Balances

2007

	Associated Director	Balance at 30 June 2007 $'000
Receivable by the Consolidated Entity		
Wellard Properties Pty Ltd	P Wade, C Ellison	6
Plastic Technology Development Unit Trust	P Wade, C Ellison	306
Payable by the Consolidated Entity		
Crushing Services International Unit Trust	P Wade, C Ellison	1,921
World Wide Infrastructure Pty Ltd	P Wade, C Ellison	1,740
Sandini Pty Ltd	C Ellison	14

2006

	Associated Director	Balance at 30 June 2006 $'000
Receivable by the Consolidated Entity		
Wellard Properties Pty Ltd	P Wade, C Ellison	4
Payable by the Consolidated Entity		
Plastic Technology Development Unit Trust	P Wade, C Ellison	47
Crushing Services International Unit Trust	P Wade, C Ellison	1,789
World Wide Infrastructure Pty Ltd	P Wade, C Ellison	1,740
Sandini Pty Ltd	C Ellison	13

Balances outstanding at 30 June 2007 are unsecured and repayable on demand. Directors have undertaken not to demand repayment within a one (1) year period.

Note 28: Non-director related parties

Transactions with wholly owned subsidiaries that are not on normal terms and conditions are disclosed in the financial report. All other transactions with non-director related parties are on normal terms and conditions.

Note 30: Financial instruments

Exposure to credit, interest rate and currently risks arises in the normal course of the consolidated entity's business.

Credit risk exposures

Credit exposure represents the extent of credit related losses to which the consolidated entity may be subject on amounts to be received from financial assets. The consolidated entity, while exposed to credit related losses in the event of non-performance by counterparties to financial instruments, does not expect that any counterparties will fail to meet their obligations.

The consolidated entity's exposures to on-balance sheet credit risk are as indicated by the carrying amounts of its financial assets. The consolidated entity does not have a significant exposure to any individual counterparty.

Interest rate risk

The consolidated entity is exposed to interest rate risk as follows:

Consolidated 2007	Effective Interest Rate	Total	Floating Interest Rate	1 year or less	Over 1 year to 5 years
Cash and cash equivalents	6.24%	19,461	19,461	-	-
Interest bearing liabilities – current*	7.20%	11,975	-	11,975	-
Interest bearing liabilities – non current*	7.10%	16,341	-	-	16,341

Consolidated 2006	Effective Interest Rate	Total	Floating Interest Rate	1 year or less	Over 1 year to 5 years
Cash and cash equivalents	4.10%	1,234	1,234	-	-
Interest bearing liabilities – current*	7.03%	11,543	-	11,543	-
Interest bearing liabilities – non current*	6.70%	23,238	-	-	23,238
Bank overdrafts	11.70%	2,491	2,491	-	-

* These assets / liabilities bear interest at a fixed rate

Fair Values

2007	Consolidated		Parent	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade and other receivables	29,667	29,667	7,782	7,782
Cash and cash equivalents	19,461	19,461	9,691	9,691
Interest bearing liabilities - current	11,975	11,975	-	-
Interest bearing liabilities – non current	16,341	16,341	-	-
Trade and other payables	29,957	29,957	2,429	2,429

2007	Consolidated		Parent	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade and other receivables	20,489	20,489	-	-
Cash and cash equivalents	(1,257)	(1,257)	-	-
Interest bearing liabilities - current	11,543	11,543	-	-
Interest bearing liabilities – non current	23,238	23,238	-	-
Trade and other payables	25,545	25,545	213	213

Note 30: Financial instruments (continued)

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

(i) *Interest bearing liabilities*

The fair value is estimated as the present value of future cash flows, discounted at market interest rates for homogeneous lease agreements. The estimated fair values reflect change in interest rates.

(ii) *Trade and other receivables / payables*

All trade and other receivables and payables are current and therefore carrying amount equals fair value.

Forward Exchange Contracts

The consolidated entity enters into forward exchange contracts to buy and sell specified amounts of foreign currencies in the future at stipulated exchange rates. The objective in entering the forward exchange contracts is to protect the consolidated entity against unfavourable exchange rate movements for both the contracted and anticipated future sales undertaken in foreign currencies.

At balance date, the details of outstanding forward exchange contracts are:

Sell United States Dollars Settlement

	Buy Australian Dollars		Average Exchange Rate	
	2007	2006	2007	2006
	$000	$000		
Sell USD $10,000,000	**12,195**	-	**0.82**	-

Contract above relates to the period – 9 July 2007 to 31 August 2007.

Note 31: Subsequent Events

No matters or circumstances have arisen since the end of the financial year which significantly affect the operations of the consolidated entity.

Note 32: Contingent Liabilities

The consolidated entity has provided guarantees to third parties in relation to the performance of contracts and against warranty obligations for a defects liability period after completion of the work. Defects liability period are usually from 12 to 18 months duration. Bank guarantees are issued as security for these obligations.

	Consolidated		Parent	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Bank guarantees facility	**4,630**	4,660	**-**	-
Amount utilised	**(3,541)**	(3,652)	**-**	-
Unused guarantee limit	**1,089**	1,008	**-**	-

Notes to the Financial Statements for the year ended 30 June 2007

Note 33: New Accounting Standards issued but not yet effective

The following Australian Accounting Standards have been issued or amended and are applicable to the parent and consolidated entity but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

AASB Amendment		Standards Affected	Outline of Amendment	Application Date of Standard	Application Date for Group
AASB 2005-10 Amendments to Australian Accounting Standards	AASB 1	First time adoption of AIFRS	The disclosure requirements of AASB 132: Financial Instruments: Disclosure and Presentation have been replaced due to the issuing of AASB 7: Financial Instruments: Disclosures in August 2005. These amendments will involve changes to financial instrument disclosures within the financial report. However, there will be no direct impact on amounts included in the financial report as it is a disclosure standard.	1 January 2007	1 July 2007
	AASB 4	Insurance Contracts			
	AASB 101	Presentation of Financial Statements			
	AASB 114	Segment Reporting			
	AASB 117	Leases			
	AASB 133	Earnings per Share			
	AASB 1023	General Insurance Contracts			
	AASB 1038	Life Insurance Contracts			
	AASB 139	Financial Instruments: Recognition and Measurement			
AASB 7 Financial Instruments: Disclosures	AASB 132	Financial Instruments: Disclosure and Presentation	As above	1 January 2007	1 July 2007

Directors Declaration

1. In the opinion of the directors of Mineral Resources Limited (“Company”)

   (a) the financial statements and notes are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the financial position of the company and consolidated entity as at 30 June 2007 and of their performance, as represented by the results of their operations and their cash flows, for the year ended 30 June 2007; and

      (ii) complying with Accounting Standards and the Corporations Regulations 2001; and

   (b) there are reasonable grounds to believe the company will be able to pay its debts as and when they become due and payable.

2. The Chief Executive Officer and Chief Finance Officer have each declared that:

   (a) the financial records of the company for the financial period have been properly maintained in accordance with section 286 of the Corporations Act 2001;

   (b) the financial statements and notes for the financial period comply with the Accounting Standards; and

   (c) the financial statements and notes for the financial year give a true and fair view.

This declaration is made in accordance with a resolution of the Board of directors and is signed for and on behalf of the directors by:

PETER WADE
Managing Director

Dated this 23rd day of August 2007

Independent Audit Report

RSM Bird Cameron Partners
Chartered Accountants

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
Telephone: +61 8 9261 9100
Facsimile: +61 8 9261 9101
www.rsmi.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MINERAL RESOURCES LTD

We have audited the accompanying financial report of Mineral Resources Ltd ("the company"), which comprises the balance sheet as at 30 June 2007 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the directors' report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Audit Report (continued)

RSM! Bird Cameron Partners
Chartered Accountants

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

(a) the financial report of Mineral Resources Ltd is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

Perth, WA
Dated: 23 August 2007

S C CUBITT
Partner

www.mineralresources.com.au

Mineral Resources Limited

25 Wellard Street
BIBRA LAKE WA 6163

Telephone: +61 8 9434 4922
Facsimile: +61 8 9434 4955

Design by JAZ Creative www.jazcreative.com