Mineral Resources Limited
ABN 33 118 549 910

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20 August 2009

The Manager
Company Announcements
Australian Stock Exchange Limited
Level 8, Exchange Plaza
2 The Esplanade
Perth WA 6000

Preliminary Final Year Report and 2009 Annual Financial Report

The directors of Mineral Resources Limited (Company) (ASX:MIN) are pleased to present the 2008/09 Financial Report to the markets.

HIGHLIGHTS:

- **Normalised profit after tax (before impairment charges) of $49.6 million, a 3% improvement on the prior year.**
- **Final dividend of 12.35 cents, retaining full year dividend at 2007/08 level.**

The Company's financial performance has proved to be highly resilient having produced a normalised net profit after tax (before impairment charges) of $49.6 million (2008: $48.1 million), a 3% improvement year on year, against the backdrop of unprecedented volatility caused by the global financial crisis that particularly impacted demand and prices for commodities in Mineral Resources' key market areas. This result confirms that the business fundamentals remain strong and provides the Company with a solid foundation to maximise the opportunities that are presenting themselves as economic conditions stabilise and recover.

	***Normalised net profit after tax**		**Net profit after tax**	
	$AUD millions	**% improvement on prior year**	**$AUD millions**	**% improvement on prior year**
2008/09	49.6	+3.1%	44.3	-6.0%
2007/08	48.1		47.1	

* Prior to impairment charges

In accordance with the company's dividend policy of distributing a minimum of 50% of the net after tax profit, the Directors have decided to retain the annual dividend at the same level as 2007/08 and declared today a fully franked final dividend for the 2008/09 year of 12.35 cents per share, payable on 19 November, 2009 for all shareholders of record at 15 September 2009 giving a total dividend for the year of 19.35 cents per share.

Mineral Resources reports its business results as a consolidated mining services and processing group operating within the resources segment of the Australian economy.

Notwithstanding the challenges presented throughout this year, the Company has continued to explore growth and development opportunities. This has provided immediate growth in core business areas and will supporting the earnings performance for years to come. Operationally, the Company has remained focused on cost control, cash flow and client relationships to optimise the business outcomes for all stakeholders. These hallmarks of the business model have assisted to maintain strong business fundamentals in challenging economic times and have confirmed the strength and efficacy of the Mineral Resources business model across the broader economic cycle.

The specialist pipeline and infrastructure business has produced an outstanding result for the year undertaking contract business at unprecedented levels throughout the Australasian region. This result is testament to many years of technological development and participation with customers in their operational expansion and maintenance programmes. The pipeline of major project opportunities continues to be strong providing the platform for a solid 2009/10.

Existing build, own and operate contracts have performed above expectations with the implementation of two additional contracts to the portfolio, and extension of plant capacity and contract life for others, during the year providing support for future operational performance. These opportunities reflect the Company's reputation as the supplier of value adding services to major mining houses and its ability to enhance and improve the customer's operational outcomes.

Markets for steelmaking materials have continued to be highly volatile during the year. All of the fundamental elements of the market: commodity prices, the Australian dollar and shipping costs, have been under pressure since October 2008 causing significant tightening of margins. This pressure has begun to ease lately but a full recovery is expected to take some time. The Company's strategy of replacing volume for the decline in price margins continues to be adopted and is expected to expand the financial contribution from this area. Also, with improving markets and a strong contracting business, the Company has the choice of the timing of product sales into the market to maximise returns for shareholders.

Directors continue to be confident that the Company's contract order book, expanding volumes of iron ore and manganese for future contracting and processing operations, continued strong cash flow and strong balance sheet, and skills and commitment of our people will maintain and improve our position as the premier mining services company in the year ahead.

Yours Sincerely,

Peter Wade
Executive Chairman / Managing Director

MINERAL RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ABN 33 118 549 910

Appendix 4E – Preliminary Final Report

FOR THE YEAR ENDED 30 JUNE 2009

RESULTS FOR ANNOUNCEMENT TO THE MARKET				**$AUD'000**
Revenue	Up	5.9%	to	**259,559**
Normalised profit after tax	Up	3.0%	to	**49,556**
Profit after tax attributable to members	Down	6.0%	to	**44,308**
Net profit for the year attributable to members	Down	6.0%	to	**44,308**

DIVIDENDS	**For the year ended 30 June 2009**	**For the year ended 30 June 2008**
Interim dividend (100% franked)	7.0 cents	6.0 cents
Final dividend (100% franked)	12.35 cents	13.35 cents
Total dividend (100% franked)	19.35 cents	19.35 cents

The record date for determining entitlements to the final dividend will be 15 September 2009. The dividend will be paid on 19 November 2009. The company does not have a dividend investment plan in place.

	Current Period	Previous corresponding period
Net tangible asset backing per share (cents per share)	108.3	86.8

The 30 June 2009 Annual Financial Report dated 20 August 2009 form part of and should be read in conjunction with this Preliminary Final Report (Appendix 4E).

This report is based on financial statements that have been audited. The audit report is included in the 30 June 2009 Annual Financial Report.

MINERAL RESOURCES LIMITED
ABN 33 118 549 910

ANNUAL FINANCIAL REPORT 2009

Contents

Calendar

Final dividend:-	
- Ex dividend date	9 September 2009
- Record date	15 September 2009
- Payment date	19 November 2009
Annual General Meeting	19 November 2009

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 2008 to 30 June 2009 and the independent audit thereon.

Directors

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

Peter Wade
Executive chairman and managing director (age 59)
Appointed 27 February 2006

Peter Wade has over 36 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.

Joe Ricciardo
Independent non-executive director (age 54)
Appointed 26 June 2006

Joe Ricciardo has 28 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.

Chris Ellison
Executive director (age 52)
Appointed 27 February 2006

Chris Ellison is the founding shareholder of each of the Mineral Resources companies and has over 26 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

Mark Dutton
Executive director (age 41)
Appointed 8 November 2007

Mark has 13 years experience acting as a non-executive director of a range of growth businesses across Europe, Asia and Australia. He started his career at Price Waterhouse in England in 1991 where he qualified as a chartered accountant, subsequently working in Moscow in their Corporate Finance division.

Mark has worked in the private equity industry since the mid 1990s. He started with BancBoston Capital in the UK before being appointed Managing Director Asia-Pacific.

In 2003, he joined Foundation Capital in Perth to manage their later-stage investment fund. He is presently a director of Banksia Capital a WA-focussed private equity manager and an adviser to Navis Capital who manage US$1.5 billion in private equity targeted for investment across the Asia Pacific region.

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**	
	Held	**Attended**	**Held**	**Attended**
P Wade	12	12	2	2
J Ricciardo	12	12	2	2
M Dutton	12	12	2	2
C Ellison	12	11	*	*

* - Not a member of the relevant committee

Other committees are convened as required.

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

2008/09 has been a year of contrasts and the Mineral Resources business model has proved to be effective through the various stages of the economic cycle experienced over the past 12 months. The business continues to prosper with an unprecedented demand for contracting services offsetting and in contrast to the significant pressures on commodity markets flowing directly from the global financial crisis. The volatility of commodity demand and pricing reinforces the basis for the business strategic focus of Mineral Resources in expanding its operations to become a volume based bulk commodities producer in both contracting and processing. Significantly, the benefit of strong business fundamentals and solid customer relationships in all areas has ensured that the Company continues to perform at premium levels.

Before impairment charges of $5.2 million, the normalised net profit after tax was $49.556 million for the year The consolidated entity recorded a net profit after tax of $44.285 million for the year ended 30 June 2009 on revenue of $256.762 million. The directors are confident that this outcome reflects a superior performance in difficult times and reinforces the overall strength of the Mineral Resources business.

This solid overall performance is testament to the Company's world class reputation for the provision of mining services and commodities underpinned by strong operational cash generation which has allowed for the continuation of the plant construction and acquisition programme that gives the Company a competitive edge in plant design, mobilisation and innovation.

The Company's emphasis on winning and maintaining highly sought after partnering relationships with blue chip clients has also proved to be a solid foundation for business success. Demand for contracting services continues to reflect customers' needs to achieve cost reduction and production improvement targets. Build Own and Operate and other outsourcing solutions continue to be a highly regarded strategy for achievement of these targets.

PIHA has continued to produce strong growth flowing through from the first half results. The level of demand for pipelining, HPDE fittings and pipeline installation and maintenance services is testament to the years of product and market development undertaken by the company and puts PIHA in a unique position of strength in infrastructure markets. In addition, the wide ranging application of HPDE products will give the business unprecedented access to new projects in oil, gas and uranium production into the future.

Build, own and operate production grew through the year as clients continued to address the dual problems of reducing costs and expanding operations. CSI's reputation for world class service and equipment has resulted in new contract wins and service expansion opportunities. In addition, the pipeline of business opportunities continues to be strong as clients look to increase capacity as the economic conditions improve.

The pressure on commodity prices is well documented and the Company's sales of manganese and iron ore are not immune to world events. The benefit of the Mineral Resources model flows from low production costs and a well managed logistics system that delivers product cheaply and efficiently to market. Volatile global commodity markets including foreign currency rates, shipping costs and ongoing negotiations of iron ore contract prices means that the commodity business will continue to be volatile. Recent demand and pricing improvements in these markets is, however, a promising sign that the world economy may have turned the corner.

Although too early to provide substantive comment on the anticipated strength of the world economy for the next year, the portents for continued growth in China (together with an upswing in the USA and European economies) are strong and Mineral Resources continues to be committed to expanding its operations through volume production in the steel making minerals particularly iron ore and manganese.

The outstanding 2008/09 result given the challenging environment is testament to the commitment, focus and skills of the board, management and workforce in dealing with and managing the unprecedented issues that have arisen through the year. The company believes it is now stronger and better placed to profit from the improvements implemented in our operations and strategic focus throughout the year past and, with the continued dedication of our highly skilled and regarded workforce and the unerring support of customers and shareholders, Mineral Resources believes it will continue to grow for the benefit of all of its stakeholders.

Significant changes in the state of affairs

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:

- Final Ordinary Dividend for 2007/08 of 13.35 cents per share, franked at a tax rate of 30%, paid on 18 November 2008 amounting to $16,507,646.
- Interim Ordinary Dividend for 2008/09 of 7.0 cents per share, franked at a tax rate of 30%, paid on 3 April 2009 amounting to $8,687,194; and
- Final Ordinary Dividend for 2008/09 of 12.35 cents per share, franked at a tax rate of 30%, has been recommended by Directors amounting to $15,336,572.

Events subsequent to reporting date

On the 20th August 2009, the company announced to the ASX an off market take-over bid for Polaris Metals NL. Full details are available on the ASX announcement.

Other than above matter, 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 Note 26 of 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 APES 110: Code of Ethics for Professional Accountants, 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

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.

DIRECTOR'S REPORT

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

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

	Commencement Date	Notice Period
Directors		
Non-executive Directors		
J Ricciardo	25 June 2006	n/a
M Dutton	7 November 2007	n/a
Executive Directors		
P Wade - Managing Director	1 July 2006	6 months
C Ellison - Business Development	1 July 2006	6 months
Executives		
S Wyatt - General Manager, CSI	1 July 2006	6 months
B Gavranich - General Manager, PIHA	1 July 2006	6 months
D Geraghty - Technical Director, PMI	1 July 2006	6 months
B Goulds - Chief Financial Officer	1 July 2006	6 months

DIRECTOR'S REPORT

Details and amounts of remuneration

2009	Short-term Benefits		Post Employment Benefits	Long-term Benefits		Total
	Cash, salary and commissions	Non-cash benefits	Superannuation	Share-based Payments		
				Equity	Options	
	$	$	$	$	$	$
Directors						
P.Wade	350,000	52,456	100,000	-	-	502,456
J.Ricciardo	90,000	-	8,100	-	98,454	196,554
C.Ellison	350,000	25,572	31,500	-	-	407,072
M.Dutton	90,000	-	8,100	-	-	98,100
	880,000	78,028	147,700	-	98,454	1,204,182
Key management personnel						
B.Gavranich	350,000	20,694	31,500	-	-	402,194
S.Wyatt	350,000	38,607	31,500	-	-	420,107
D.Geraghty	220,524	19,328	25,437	-	335,600	600,889
B.Goulds	204,661	-	22,500	-	49,227	276,388
	1,125,185	78,629	110,937	-	384,827	1,699,578
Total	2,005,185	156,657	258,637		483,281	2,903,760

2008	Short-term Benefits		Post Employment Benefits	Long-term Benefits		Total
	Cash, salary and commissions	Non-cash benefits	Superannuation	Share-based Payments		
				Equity	Options	
	$	$	$	$	$	$
Directors						
P.Wade	323,846	48,020	104,953	-	-	476,819
J.Ricciardo	93,462	-	8,411	-	134,094	235,967
C.Ellison	323,845	44,370	29,146	-	-	397,361
M.Dutton	59,523	-	5,358	-	-	64,881
M.Kiernan*	136,154	-	12,254	1,115,833	67,155	1,331,396
	936,830	92,390	160,122	1,115,833	201,249	2,506,424
*resigned 12 May 2008						
Key management personnel						
B.Gavranich	323,846	23,689	29,146	-	-	376,681
S.Wyatt	323,846	38,712	29,146	-	-	391,704
D.Geraghty	206,500	24,712	31,509	-	451,941	714,662
B.Goulds	166,914	12,696	33,300	-	67,047	279,957
	1,021,106	99,809	123,101	-	518,988	1,763,004
Total	1,957,936	192,199	283,223	1,115,833	720,237	4,269,428

DIRECTOR'S REPORT

Options granted as remuneration

No option were granted to directors or key management personnel in the financial period ended 30 June 2009.

Options

At the date of this report, the unissued ordinary shares of the company under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
25 Jun 2006	30 Jun 2010	$0.90	500,000
25 Jun 2006	28 Jul 2011	$0.90	500,000
1 Jul 2006	28 Jul 2011	$0.90	250,000
1 Jun 2007	15 Jan 2011	$1.80	781,890
1 Jul 2007	15 Jan 2012	$3.83	30,000
1 Jul 2007	15 Jan 2012	$1.90	1,375,000
8 Aug 2008	6 Aug 2010	$6.05	10,000,000
8 Aug 2008	6 Aug 2011	$6.05	5,000,000
			18,436,890

Option holders do not have any rights to participate in any issues of shares or other interests in the company or any other entity.

There have been no unissued shares or interests under option of any controlled entity within the Group during or since reporting date.

For details of options issued to directors and executives as remuneration, refer to the Remuneration Report.

During the year ended 30 June 2009, the following ordinary shares of the company were issued on the exercise of options granted. No further shares have been issued since year end. No amounts are unpaid on any of the shares.

Grant Date	Exercise Price	Number of Shares Issued
25 Jun 2006	$0.90	400,000
1 Jun 2007	$1.80	270,000
1 Jul 2007	$1.90	80,000
		750,000

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

DIRECTOR'S REPORT

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
P Wade	6,116,162	-
J Ricciardo	555,750	1,500,000
M Dutton	-	-
C Ellison	44,062,815	-

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 or officer of the company, other than conduct involving a wilful breach of duty in relation to the company. 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 2009.

Proceedings on Behalf of Company

No person has applied for leave of Court under section 237 of the Corporations Act 2001 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.

PETER WADE
Executive Chairman / Managing Director

Dated this 20th day of August 2009

RSM Bird Cameron Partners
Chartered Accountants

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Mineral Resources Limited for the year ended 30 June 2009, 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: 20 August 2009

J A KOMNINOS
Partner

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.

Unless disclosed below, all Recommendations have been applied for the entire financial year ended 30 June 2009.

Statement of Non-Compliance with Recommendations

The Company uses alternative methods of good corporate governance to those included in the ASX Corporate Governance Council's "Principles of Good Corporate Governance and Best Practice Recommendations" second edition.

Recommendation 2.1 The majority of the board should be independent directors.
As at the date of this report, the Company has four directors, two of which are considered to be independent. An additional independent director will be appointed to the board when a suitable candidate is identified.

Recommendation 2.2 The chair should be an independent director.
Recommendation 2.3 The roles of chair and chief executive officer should not be exercised by the same individual.
The Chairman of the Company, Peter Wade, also holds the position of Managing Director and is considered not to be independent. This board structure was created after due consideration to the strategy of the Company and the board considers Mr Wade the best person to lead the company from the combined position at this time.

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 (2) 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."

CORPORATE GOVERNANCE STATEMENT

Messrs Ricciardo and Dutton 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) non-executive directors and one (1) executive director, 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.

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.

CORPORATE GOVERNANCE STATEMENT

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 to 30 June 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Revenue					
Revenue from continuing operations	3	257,439	238,115	7,355	-
Other income	3	2,120	6,860	63,155	21,017
		259,559	244,975	70,510	21,017
Changes in closing stock		(3,049)	(8,986)	-	-
Depreciation and amortisation		18,407	19,614	-	-
Employee benefit expenses					
. Share based payments		2,728	5,177	232	1,538
. Other employee benefits		42,794	34,696	2,363	1,641
Equipment costs		23,585	20,122	-	-
Finance costs		3,323	2,208	1,370	3
Impairment loss		5,248	1,025	2,550	1,025
Raw materials and consumables		33,005	30,710	-	-
Subcontractors		13,960	14,812	27	-
Transport and freight		44,577	47,337	-	-
Other expenses	4	20,801	11,245	1,625	1,707
		205,379	177,960	8,167	5,914
Profit before income tax expense	4	54,180	67,015	62,343	15,103
Income tax expense	5	(9,872)	(19,920)	79	(182)
Profit after income tax expense		44,308	47,095	62,422	14,921
Basic earnings per share (cents per share)		35.8	38.7	-	-
Diluted earnings per share (cents per share)		35.1	38.3	-	-

The accompanying notes form an integral part of the Income Statement

BALANCE SHEET

As at 30 June 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Current assets					
Cash and cash equivalents	6	54,880	49,577	39,618	2,184
Trade and other receivables	7	36,777	19,378	4,784	34,022
Inventories	8	16,320	14,252	-	-
Financial Assets	10	188	605	-	-
Other assets	9	659	516	4	2
Total current assets		108,824	84,328	44,406	36,208
Non current assets					
Trade and other receivables	7	7	1,539	-	-
Investment in subsidiaries		-	-	54,667	47,372
Investments accounted using the equity method	11	189	189	-	-
Financial assets	10	2,405	2,555	5	2,555
Plant and equipment	12	157,033	120,353	57,000	-
Intangible assets	13	10,235	10,235	-	-
Deferred tax assets	14	10,127	4,442	4,395	975
Total non current assets		179,996	139,313	116,067	50,902
Total assets		288,820	223,641	160,473	87,110
Current liabilities					
Trade and other payables	15	40,494	39,007	512	20,831
Finance lease liabilities	16	9,829	11,355	-	-
Income tax payable		5,000	16,068	3,304	479
Provisions	17	4,439	7,719	1,274	1,261
Total current liabilities		59,762	74,149	5,090	22,571
Non current liabilities					
Trade and other payables	15	13	15	-	-
Finance lease liabilities	16	11,692	16,766	-	-
Deferred tax liabilities	14	14,890	13,385	-	-
Secured loans	16	45,000	-	45,000	-
Provisions	17	12,698	3,304	-	-
Total non current liabilities		84,293	33,470	45,000	-
Total liabilities		144,055	107,619	50,090	22,571
Net assets		144,765	116,022	110,383	64,539
Equity					
Issued capital	18	72,782	64,161	72,782	64,161
Reserves	19	4,456	3,448	-	-
Retained earnings		67,527	48,413	37,601	378
Total equity		144,765	116,022	110,383	64,539

The accompanying notes form an integral part of the Balance Sheet

STATEMENT OF CHANGES IN EQUITY

For the year to 30 June 2009

Consolidated 2009	**Share Capital $'000**	**Retained Earnings $'000**	**Reserves $'000**	**Total $'000**
Balance at 1 July 2008	64,161	48,413	3,448	116,022
Net proceeds of share issues from exercise of Options	1,093	-	-	1,093
Purchase consideration for financial assets	4,800	-	-	4,800
Share based payments	2,728	-	-	2,728
Dividends paid	-	(25,194)		(25,194)
Deferred tax asset	-	-	1,008	1,008
Net profit	-	44,308	-	44,308
Balance at 30 June 2009	72,782	67,527	4,456	144,765
Parent Entity 2009				
Balance at 1 July 2008	64,161	373	-	64,534
Net proceeds of share issues from exercise of Options	1,093	-	-	1,093
Purchase consideration for financial assets	4,800	-	-	4,800
Share based payments	2,728	-	-	2,728
Dividends paid	-	(25,194)	-	(25,194)
Net profit	-	62,422	-	62,422
Balance at 30 June 2009	72,782	37,601	-	110,383

Consolidated 2008	**Share Capital $'000**	**Retained Earnings $'000**	**Reserves $'000**	**Total $'000**
Balance at 1 July 2007	57,278	16,316	2,066	75,660
Net proceeds of share issues from exercise of options	1,706	-	-	1,706
Share based payments	5,177	-	-	5,177
Dividends paid	-	(14,998)	-	(14,998)
Revaluation increment	-	-	504	504
Deferred tax asset	-	-	878	878
Net profit	-	47,095	-	47,095
Balance at 30 June 2008	64,161	48,413	3,448	116,022
Parent Entity 2008				
Balance at 1 July 2007	57,278	455	-	57,733
Net proceeds of share issues from exercise of options	1,706	-	-	1,706
Share based payments	5,177	-	-	5,177
Dividends paid	-	(14,998)	-	(14,998)
Net profit	-	14,921	-	14,921
Balance at 30 June 2008	64,161	378	-	64,539

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

CASH FLOW STATEMENT

For the year to 30 June 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Cash flows from operating activities					
Cash receipts from customers		257,546	250,823	19,253	3,894
Cash payments to suppliers and employees		(185,694)	(145,980)	(4,034)	(3,279)
Interest received		1,507	1,754	730	602
Interest and other costs of finance paid		(3,323)	(2,208)	(1,370)	(3)
Income taxes paid		(24,108)	(7,613)	(515)	(749)
Net cash flows from operating activities	20(b)	45,928	96,786	14,064	465
Cash flows from investing activities					
Payments for property, plant and equipment		(49,789)	(38,376)	(57,000)	-
Proceeds from the sale of fixed assets		1,632	591	-	-
Payments for available for sale investments		-	(4,057)	-	(4,057)
Proceeds on disposal of available for sale Investments		-	707	-	707
Dividends received		-	-	45,740	16,031
Net cash flows from investing activities		(48,157)	(41,135)	(11,260)	12,681
Cash flows from financing activities					
Proceeds from exercise of share options		1,093	1,706	1,093	1,706
Proceeds from borrowings		45,000	-	45,000	-
Repayment of borrowings		(13,367)	(12,244)	-	-
Financing of related entities		-	-	13,731	(7,362)
Dividends paid		(25,194)	(14,997)	(25,194)	(14,997)
Net cash flows from financing activities		7,532	(25,535)	34,630	(20,653)
Net increase in cash and cash equivalents		5,303	30,116	37,434	(7,507)
Cash and cash equivalents at the beginning of the financial period		49,577	19,461	2,184	9,691
Cash and cash equivalents at the end of the financial period	20(a)	54,880	49,577	39,618	2,184

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

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

Note 1: Significant accounting policies

This financial report includes the consolidated financial statements and notes of Mineral Resources Limited and controlled entities ("Consolidated Entity"), and the separate financial statements and notes of Mineral Resources Limited as an individual parent entity ('Parent Entity').

The financial report was authorised for issue on 20 August 2009.

(i) Basis of preparation

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(ii) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

Note 1: Significant accounting policies (Cont.)

(iii) 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.

(iv) 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 cost 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.

(v) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

Note 1: Significant accounting policies (Cont.)

(vi) Revenue recognition

Goods sold

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 bulk products exported from Australia, ownership in the goods transfers to the buyer after a clean bill of lading has been issued for the shipment, the preliminary payment is received and in accordance with any other specific terms of the contract of sale.

Services rendered

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

Note 1: Significant accounting policies (Cont.)

(vii) 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.

(viii) 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.

Note 1: Significant accounting policies (Cont.)

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. Mobile crushing plant and certain associated plant and equipment are 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

(ix) 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.

(x) 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.

(xi) Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the consolidated entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

Note 1: Significant accounting policies (Cont.)

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and subsequent measurement

Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the consolidated entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges. Assessments are made by the consolidated entity both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

Note 1: Significant accounting policies (Cont.)

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of hedged assets or liabilities that are attributable to the hedged risk.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred to a hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in the hedge reserve in equity are transferred to the income statement in the periods when the hedged item will affect profit or loss.

Fair value

Fair value is determined based on current bid prices for all quoted investments.

Impairment

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.

Trade and other receivables

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

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.

Note 1: Significant accounting policies (Cont.)

Foreign currency transactions and balances

Functional and presentation currency

The functional currency of entity is measured using the currency of the primary economic environment in which it operates. The consolidated financial statements are presented in Australian dollars which is the consolidated entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

(xii) 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.

(xiii) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

Note 1: Significant accounting policies (Cont.)

(xiv) 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.

(xv) 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 has 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.

Rehabilitation

In accordance with the consolidated entity's legal requirements, provision is made for the anticipated costs of future restoration and rehabilitation of areas from which natural resources have been extracted. The provision includes costs associated with dismantling of assets, reclamation, plant closure, waste site closure, monitoring, demolition and decontamination. The provision is based upon current costs and has been determined on a discounted basis with reference to current legal requirements and current technology.

Each period the impact of unwinding of the discount is recognised in the income statement as a financing cost. Any change in the restoration provision is recorded against the carrying value of the provision and the related asset, only to the extent that it is probable that future economic benefits associated with the restoration expenditure will flow to the entity, with the effect being recognised in the income statement on a prospective basis over the remaining life of the relevant operation. The restoration provision is separated into current (estimated costs arising within 12 months) and non-current components based on the expected timing of these cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

Note 1: Significant accounting policies (Cont.)

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.

(xvi) Earnings per share

Basic earnings 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.

(xvii) 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.

(xviii) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

Note 1: Significant accounting policies (Cont.)

(ixx) Comparatives

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

(xx) 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.

(xxi) Critical accounting estimates and judgements

Provisions

Refer to note 1 (xv).

Impairment of goodwill and intangibles with indefinite useful lives

The consolidated entity assesses goodwill and intangibles with indefinite useful lives 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.

Impairment of available for sale assets

The consolidated entity assesses available for sale assets for impairment annually. The fair value of shares held in listed companies is usually assessed at the last price traded on ASX on the balance date. Note 10 discloses the fair value of available for sale assets and impairment adjustments as necessary.

Useful lives of plant and equipment

The consolidated entity assesses the useful life of plant and equipment assets annually. The useful life is assessed with reference to the assets operational activity and commitments and adjustments made to reflect the duty expected of the plant and equipment. Adjustments to depreciation rates of plant and equipment where the expected useful life is deemed to have changed is reflected in the notes to this financial report.

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

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,
- The common use of 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	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Note 3: Revenue				
Revenue from continuing operations				
. Contract and operational revenue	133,924	100,244	7,355	-
. Sale of goods and equipment	117,305	135,197	-	-
. Equipment rental	6,210	2,674	-	-
	257,439	238,115	7,355	-
Other income				
. Interest income	1,510	1,754	730	602
. Administration charges	-	-	16,685	4,153
. Dividends received	-	-	45,740	16,031
. Profit on sale of fixed assets	165	313	-	-
. Profit on sale of shares in listed companies	-	230	-	230
. Costs recovered	-	3,490	-	-
. Other	445	1,073	-	1
	2,120	6,860	63,155	21,017

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

	Consolidated		Parent	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**

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:

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Other expenses				
Rental expenses relating to operating leases	1,836	1,767	-	-
Foreign exchange gains and losses	(1,056)	(1,012)	-	-
Provision for impairment of receivable	299	687	-	-
Provision for rehabilitation	2,959	3,500	-	-
Provision for project closure	2,119	-	-	-
Travel & accommodation	5,362	3,565	-	-
Bank fees and charges	629	-	629	-
Other	8,653	2,738	996	1,717
	20,801	11,245	1,625	1,717

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Foreign exchange gains and losses				
- Net foreign exchange gain	1,865	1,852	-	-
- Unrealised foreign exchange loss	(809)	(840)	-	-
	1,056	1,012	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

Note 5: Income tax expense

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
The components of tax expense comprise:				
Current tax	13,043	21,720	341	479
Deferred tax	(3,171)	(1,800)	(420)	(297)
	9,872	19,920	(79)	182
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	54,180	67,015	62,343	15,103
Prima facie tax thereon at 30%	16,254	20,106	18,703	4,530
Other non allowable items	1,125	41	1	-
Share based payments not allowable	818	1,553	69	461
Non-deductible depreciation	992	1,029		-
Research and development concessions	(3,623)	(2,809)		-
Investment allowance	(5,710)		(5,130)	
Franking credits inter-group dividends	-	-	(19,603)	(6,870)
Gross up franked dividend for franking				-
credit	-	-	5,881	2,061
Reconciliation of prior year items	16	-		-
Income tax expense attributable to profit	9,872	19,920	(79)	182

Note 6: Cash and cash equivalents

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Cash at bank and on hand	20,212	1,889	6,639	503
Deposits at call	34,668	47,688	32,979	1,681
	54,880	49,577	39,618	2,184

Cash at bank and on hand is interest bearing at between 3.00% and 7.25%.

Deposits at call are interest bearing at between 3.06% and 7.69%.

The consolidated and parent entity's exposure to interest rate risk is discussed in note 27.

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

	Consolidated		**Parent**	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Note 7: Trade and other receivables				
Current				
Trade and other debtors	37,763	20,065	7,784	-
Amounts receivable from wholly owned entities	-	-	-	34,022
	37,763	20,065	7,784	34,022
Less				
Provision for impairment	(986)	(687)	-	-
	36,777	19,378	-	34,022
Non current				
Trade and other debtors	-	-	-	-
Amounts receivable from associated entities	7	1,539	-	-
	7	1,539	-	-

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.

Movements in the provision for impairment of receivables are as follows:

Opening balance	(687)	-	-	-
Provision recognised during the year	(299)	(687)	-	-
Closing balance	(986)	(687)	-	-

Impaired trade receivables

As at 30 June 2009 current trade receivables of the consolidated entity with a nominal value of $986,000 (2008: $687,000) were impaired. The amount of the provision was $986,000 (2008: $687,000). The individually impaired receivables relate to customers, which are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered.

Past due but not impaired

As of 30 June 2009, trade receivables of $1,146,000 (2008: $1,922,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	60 days	**90 days +**	**Total past due**
	$'000	**$'000**	**$'000**
Past due trade receivables	1,007	139	1,146

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

	Consolidated		Parent	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000

Foreign exchange and interest rate risk

Information about the Group's and the parent entity's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 27.

Note 8: Inventories

Current				
Raw materials and stores	14,673	12,995	-	-
Work in progress	1,647	1,257	-	-
	16,320	14,252	-	-

Note 9: Other assets

Current				
Prepayments and other	659	516	4	2

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

	Consolidated		Parent	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Note 10: Financial assets				
Available-for-sale financial assets	2,405	2,555	-	2,555
Held for trading financial assets	188	605	5	-
	2,593	3,160	5	2,555
Current portion	188	605	-	-
Non-current portion	2,405	2,555	5	2,555
	2,593	3,160	5	2,555
Available-for-sale financial assets comprise				
Purchase consideration for financial asset	4,800	-	-	-
Less: impairment provision	(2,400)	-	-	-
	2,400	-	-	-
Shares in listed corporation	3,580	3,580	3,580	3,580
Less: impairment provision	(3,575)	(1,025)	(3,575)	(1,025)
Shares in listed corporations	5	2,555	5	2,555
Total available-for-sale financial assets	2,405	2,555	5	2,555

Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity date attached to these investments.

Fair value of shares in listed companies is determined by the closing price on the balance date.

The impairment provision consists of a reduction in fair value of shares in Australian listed companies which were suspended from trading on ASX during the year. Directors have recognised an impairment adjustment of $2,550,000 (2008: 1,025,000) reducing the carrying value of the asset to nil.

During the year the Company recognised an available for sale financial asset of $4,800,000 supported by certain contractual arrangements relating to the development of manganese assets. The financial asset has been tested for impairment and Directors are of the opinion that $2,400,000 of the available for sale financial asset is impaired.

Held for trading financial assets comprise

Net gain recognised as a result of the fair valuation of foreign exchange contracts	188	605	-	-

The consolidated entity has entered into forward exchange contracts which are economic hedges but do not satisfy the requirements for hedge accounting. These contracts are accounted for as held for trading. Changes in the fair value of these contracts are recorded in the Income Statement.

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

Note 11: 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	
				2009 %	2008 %	2009 $000	2008 $000
Minprocess Group Inc.	Mineral processing	Philippines	Ord	40	40	66	66
Iron Processing Group Inc.	Mineral processing	Philippines	Ord	40	40	54	54
Process Minerals International Pty Ltd Inc.	Mineral processing	Philippines	Ord	40	40	69	69
						189	189

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Assets, Liabilities and Performance of Associates				
Current assets	21	155	-	-
Non-current assets	116	341	-	-
Total assets	137	496	-	-
Current liabilities	(22)	(72)	-	-
Non-current liabilities	(660)	(678)	-	-
Total liabilities	(682)	(750)	-	-
Net assets	545	(254)	-	-
Revenues	-	92	-	-
Profit after income tax of associates	(89)	(172)	-	-

Ownership interest in Minprocess Group Inc. Iron Processing Group Inc and Process Minerals International Pty Ltd Inc, at the company's balance date was 40% of ordinary shares. The reporting date of the associates is 30th June.

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

Note 12: Plant and equipment

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Plant and equipment owned				
Cost				
Opening balance	70,307	23,329	-	-
Category adjustment		567	-	-
Additions	49,791	38,835	57,000	-
Disposals	(907)	(674)	-	-
Closing balance	119,191	62,057	57,000	-
Accumulated depreciation				
Opening balance	(9,428)	(6,646)	-	-
Category adjustment	-	440	-	-
Disposals	595	249	-	-
Depreciation expense	(8,054)	(3,471)	-	-
Closing balance	(16,887)	(9,428)	-	-
Assets completing lease contract – transfer	5,663	8,250	-	-
Net book value	107,967	60,879	57,000	-
Plant and equipment under lease				
Cost				
Opening balance	85,359	82,883	-	-
Category adjustment	-	(577)	-	-
Additions	6,763	11,303	-	-
Disposals	(1,340)	-	-	-
Closing balance	90,782	93,609	-	-
Accumulated depreciation				
Opening balance	(29,012)	(13,373)	-	-
Category adjustment	-	(445)	-	-
Disposals	185	-	-	-
Depreciation Expense	(9,764)	(15,194)	-	-
Closing balance	(38,591)	(29,012)	-	-
Assets completing lease contract	(5,663)	(8,250)	-	-
Net book value	46,528	56,347	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

	Consolidated		Parent	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Note 12: Plant and equipment (cont)				
Tracking plant and equipment				
Fair value				
Opening balance	4,801	3,851	-	-
Category adjustment	-	-	-	-
Additions	-	447	-	-
Disposals	-	-	-	-
Revaluation increments	-	503	-	-
Closing balance	4,801	4,801	-	-
Accumulated depreciation				
Opening balance	(1,674)	(726)	-	-
Category adjustment	-	-	-	-
Disposals	-	-	-	-
Depreciation expense	(589)	(948)	-	-
Closing balance	(2,263)	(1,674)	-	-
Net book value	2,538	3,127	-	-
Total property, plant and equipment	214,774	160,467	57,000	-
Total plant and equipment accumulated depreciation	(57,441)	(40,114)	-	-
Total, plant and equipment net	157,033	120,353	57,000	-

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

Assets in the course of construction

The carrying amounts of the assets disclosed above includes $13,622,135 (2008: $32,109,000) recognised in relation to property, plant and equipment in the course of construction.

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

	Consolidated		Parent	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Note 13: Intangible assets				
Goodwill- cost				
Opening balance	10,235	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.

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 – 11% (2008: 11%)
Growth rate of cash flows – nil (2008: nil)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

	Consolidated		Parent	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Note 14: Deferred tax assets and liabilities				
Deferred tax assets				
Opening balance	4,442	3,660	975	678
Charged / (credited) to income statement	5,685	1,804	3,420	297
Charged / (credited) to equity	-	-	-	-
Prior year tax losses	-	(1,022)	-	-
	10,127	4,442	4,395	975
Deferred tax assets represented by:				
- depreciation of fixed assets	660	421	-	-
- employee benefit provisions	1,146	984	382	378
- project closure / rehabilitation provisions	3,995	2,268	-	-
- unrealised foreign exchange gain	43	(185)	-	-
Impairment losses	4,072	514	4,072	308
Other	211	440	(59)	289
	10,127	4,442	4,395	975
Deferred tax liabilities				
Opening balance	13,384	14,252	-	-
Charged / (credited) to income statement	2,514	11	-	-
Charged / (credited) to equity	(1,008)	(878)	-	-
	14,890	13,385	-	-
Deferred tax liabilities represented by:				
- accrued revenue	2,064	1,275	-	-
- unrealised foreign exchange gain	588	(96)	-	-
- depreciation of fixed assets	5,537	4,466	-	-
Asset revaluation reserve	6,631	7,639	-	-
Other	70	101	-	-
	14,890	13,385	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

	Consolidated		Parent	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Note 15: Trade and other payables				
Current				
Unsecured liabilities				
- trade creditors and accruals	40,494	39,007	512	540
- amounts payable to wholly owned entities	-	-	-	20,291
	40,494	39,007	512	20,831
Non current				
Unsecured liabilities				
- trade creditors and accruals	13	15	-	-

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

Note 16:Financial liabilities

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Current				
Secured liabilities				
- finance lease liabilities	9,829	11,355	-	-
	9,829	11,355	-	-
Non current				
Secured liabilities				
- bank loans	45,000	-	45,000	-
- finance lease liabilities	11,692	16,766	-	-
	56,692	16,766	45,000	-

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.

Finance lease liabilities are secured over individual assets financed in the normal operation of a finance lease agreement, in the first instance and then by the bank security described above.

Bank loans are in the form of a floating rate bill facility to be converted into an equipment loan. The floating rate bill rolls periodically and the company has the right to have it converted into an equipment loan at each rollover.

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

Note 16: Financial liabilities (cont)

Finance facilities

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

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Bank overdraft				
Limit	3,600	3,600	-	-
Amount utilised	-	-	-	-
Unused facility	3,600	3,600	-	-
Finance lease liabilities				
Limit	58,886	40,376	-	-
Amount utilised	(20,771)	(28,121)	-	-
Unused facility	38,115	12,255	-	-
Bank loans				
Limit	50,000	50,000	-	-
Amount utilised	45,000	-	-	-
Unused facility	5,000	50,000	-	-

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 2009. 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 12.43% per annum. This rate can vary.

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

Finance lease facilities

Finance lease contracts are utilised to finance the acquisition of plant and equipment. The consolidated group has a combination of a revolving limit and separately approved finance lease 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 27.

Bank loan

The consolidated entity has a special purpose loan facility to fund the construction of plant.

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Note 17: Provisions				
Current portion	4,439	7,719	1,273	1,261
Non-current portion	12,698	3,304	-	-
	17,137	11,023	1,273	1,261
Employee entitlements	3,819	3,465	1,273	1,261
Warranty provision	620	-	-	-
Project closure provision	6,328	4,058	-	-
Site rehabilitation provision	6,370	3,500	-	-
	17,137	11,023	1,273	1,261
Employee entitlements				
Opening balance	3,791	2,496	1,261	971
Additional amounts provided for	4,134	2,460	25	344
Amounts used	(4,106)	(1,491)	(13)	(54)
Closing balance	3,819	3,465	1,273	1,261
Warranty provision movement				
Opening balance	-	-	-	-
Additional amounts provided for	620	-	-	-
Closing balance	620	-	-	-
Project closure provision movement				
Opening balance	4,058	4,058	-	-
Additional amounts provided for	3,186	-	-	-
Amounts used	(916)	-	-	-
Closing balance	6,328	4,058	-	-
Current portion	-	3,254	-	-
Non-current portion	6,328	804	-	-
Site rehabilitation movement				
Opening balance	3,500	-	-	-
Additional amounts provided for	3,647	3,500	-	-
Amounts used	(777)	-	-	-
Closing balance	6,370	3,500	-	-
Current portion	-	1,000	-	-
Non-current portion	6,370	2,500	-	-

Note 18: Share Capital

(a) Issued and paid up capital
Issued and paid up capital of the company is 124,182,776 ordinary shares (2008: 122,882,776).

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

	2009 Number	2008 Number	2009 $'000	2008 $'000
Opening balance	122,882,776	120,348,000	64,161	57,278
Shares issued to directors in conjunction with a contract of service	-	1,166,666	-	-
Shares issued	500,000	-	-	-
Share options exercised by directors	400,000	500,000	360	450
Employee share options exercised	400,000	868,110	733	1,256
Issue of unlisted share options	-	-	4,800	-
Share-based payments	-	-	2,728	5,177
Closing balance	124,182,776	122,882,776	72,782	64,161

(c) Options

For information relating to the Mineral Resources Limited employee share option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year end, refer to note 25 Share based payments.

For information relating to share options issued to key management personnel during the financial year, refer to note 25 Share based payments.

(d) Capital management

The consolidated entity manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the consolidated entity consists of debt, which includes the borrowings disclosed in note 16, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings. Management and the Board balances the capital structure through payment of dividends, issue of new shares, repayment of existing debt and the acquisition of new debt.

On 22 December 2008, the Company introduced an on-market share buy-back for a maximum of 10% of the Company's share capital over a 12 month period. No shares have been purchased by the Company under the buy-back as at the date of this report.

The consolidated entity's overall capital management strategy remains unchanged from 2008.

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

Note 19: Reserves

Asset Revaluation Reserve

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

Movement in the asset revaluation reserve:

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Opening balance	3,448	2,066	-	-
Revaluation	-	504	-	-
Deferred tax	1,008	878	-	-
Closing balance	4,456	3,448	-	-

Note 20: Cashflow information

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
(a) Reconciliation of cash				
Cash at bank and on hand	54,880	49,577	39,618	2,184
Bank overdraft	-	-	-	-
	54,880	49,577	39,618	2,184
(b) Cash flows from operations				
Profit after tax	44,308	47,094	62,422	14,921
Non-cash flows in profit				
Depreciation	18,407	19,614	-	-
Share based payments expense	2,727	5,177	232	1,538
Dividends received	-	-	(45,740)	(16,031)
Net gain on disposal of plant and equipment	(165)	(313)	-	-
Net gain on disposal of available for sale financial assets	-	(230)	-	(230)
Impairment of available for sale financial assets	4,950	1,025	2,550	1,025
Changes in assets and liabilities:				
Trade receivables	(15,867)	8,760	(4,785)	(260)
Inventories	(2,067)	(9,408)	-	-
Trade payables and accruals	1,487	9,065	(30)	(219)
Provisions	6,114	4,470	13	290
Other current assets	(143)	(170)	(2)	(2)
Financial assets	417	(605)	-	-
Income taxes payable	(11,068)	13,077	2,825	(270)
Deferred taxes payables	(3,172)	(770)	(3,421)	(297)
Cash flows from operations	45,928	96,786	14,064	465

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 $6,763,000 (2008: $12,048,000) by means of finance leases.

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

	Consolidated		Parent	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**

Note 21: Operating and finance leases

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

	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Non cancellable operating leases contracted for but not capitalised:				
Payable:				
- not later than one year	1,251	1,729	-	-
- later than one year but not later than five years	2,906	3,738	-	-
- later than five years	-	-	-	-
	4,157	5,467	-	-

	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Finance lease liabilities				
Payable:				
- not later than one year	10,708	13,067	-	-
- later than one year but not later than five years	12,098	18,142	-	-
- later than five years	-	-	-	-
Minimum finance lease payments	22,806	31,209	-	-
Less future finance charges	(1,555)	(3,088)	-	-
Total finance lease liabilities	21,251	28,121	-	-
Reconciled to:				
- Current liabilities	9,829	11,355	-	-
- Non current liabilities	11,692	16,766	-	-
	21,521	28,121	-	-

Note 22: Capital commitments

	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Capital expenditure commitments contracted for:				
Plant and equipment purchases within one year	41,562	10,730	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

Note 23: 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.

	Country of Incorporation and Operation	Class	Equity Holding	
			2009 %	2008 %
Parent entity:				
Mineral Resources Limited	Australia			
Controlled entities:				
Crushing Services International Pty Ltd	Australia	Large Proprietary	100%	100%
PIHA Pty Ltd	Australia	Large Proprietary	100%	100%
Process Minerals International Pty Ltd	Australia	Large Proprietary	100%	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 24: 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 J Ricciardo
- Mr M Dutton

Executive directors:
- Mr P Wade (Chairman, 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)

Remuneration of key management personnel

Details of the nature and amount of each major element of annual compensation of each director and of each of the key management personnel of the company and consolidated entity as set out in the Directors' Report.

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

Note 24: Key management personnel disclosures (Cont.)

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

No equity instruments were granted to directors or key management personnel during the year.

Exercise of options granted as remuneration

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

Option holdings

	Opening Balance	Granted	Exercised	Closing Balance	Vested	Unvested
Peter Wade	-	-	-	-	-	-
Joe Ricciardo	1,500,000	-	-	1,500,000	1,000,000	500,000
Chris Ellison	-	-	-	-	-	-
Mark Dutton	-	-	-	-	-	-
Steve Wyatt	-	-	-	-	-	-
Bob Gavranich	-	-	-	-	-	-
David Geraghty	600,000	-	-	600,000	200,000	400,000
Bruce Goulds	500,000	-	-	500,000	250,000	250,000

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	Options Exercised	Sales on open market	Closing Balance
Peter Wade	6,116,162	-	-	6,116,162
Joe Ricciardo	555,750	-	-	555,750
Chris Ellison	44,062,815	-	-	44,062,815
Mark Dutton	-	-	-	-
Steve Wyatt	13,757,344	-	-	13,757,344
Bob Gavranich	11,132,768	-	-	11,132,768
David Geraghty	1,267,487	-	-	1,267,487
Bruce Goulds	250,000	-	-	250,000

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

Note 25: Share based payments

The following share based payment arrangements existed at 30 June 2009.

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 Mark Dutton's engagement as non-executive director of the Company, he will be allocated up to 1,500,000 Options exercisable at $3.50 and an expiry date of 3 years after the date of grant. The issue of securities are subject to shareholder approval after which he would be entitled to the grant of the initial tranche.

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.

As part of David Geraghty's engagement as Technical Director of Process Minerals, he will be allocated up to 600,000 Options exercisable at an average price of $1.90 and an expiry date of 3 years after the date of issue. The securities will be issued in 3 equal tranches on 15 January 2008, 15 January 2009 and 15 January 2010, unless he ceases to be an employee of the consolidated group during that period of time in which case he is not entitled to the securities which have not already been issued.

Senior staff members have been granted up to 4,575,000 share options as part of their remuneration package. Options are exercisable at an average price of $1.90 and an expiry date of 3 years after the date of issue. The securities will be issued in 3 equal tranches on 15 January 2008, 15 January 2009 and 15 January 2010, unless the staff member ceases to be an employee of the consolidated group during that period of time in which case they are 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	6,946,890	1.5639
Granted	125,000	3.0800
Forfeited	(540,000)	1.9500
Exercised	(750,000)	1.2800
Expired	-	-
Outstanding at year-end	5,781,890	1.6000
Exercisable at year-end	3,516,890	1.5400

Note 25: Share based payments (cont)

No options were granted during the year.

Shares

No shares were granted during the year.

Share based payment expense

Included under employee benefits expense in the income statement is $2,727,115 and relates, in full, to equity-settled share-based payment transactions.

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Employee share based payments	2,727	5,177	232	1,538

Note 26: Auditor's remuneration

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

Audit and review fees	215,000	168,000	215,000	168,000
Tax compliance services	47,070	33,000	31,270	15,000
	262,070	201,000	246,270	183,000

Note 27: Financial instruments

Financial risk management policies

The consolidated entity's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, loans to and from subsidiaries, leases, and derivatives.

The main purpose of non-derivative financial instruments is to raise finance for group operations. Derivatives are used by the consolidated group for hedging purposes. Such instruments consist of forward exchange contracts. The consolidated entity does not speculate in the trading of derivative instruments.

Treasury risk management

The Executive Chairman and Chief Financial Officer manage financial risk exposure and treasury management strategies in the context of the most recent economic conditions and forecasts. The overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, whilst minimising potential adverse effects on financial performance. The Board reviews treasury risk strategies on a regular basis.

Financial risk exposures and management

The main risks the group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, and credit risk.

Liquidity risk

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

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.

Foreign currency risk

The consolidated entity is exposed to fluctuations in foreign currencies arising from the sale of goods in currencies other than the group's measurement currency.
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:

Note 27:Financial instruments (Cont.)

Sell United States Dollars Settlement

	Buy Australian Dollars		Exchange Rate	
	2009 000	2008 $000	2009	2008
Sell USD $5,000,000	-	5,482	-	0.9120
Sell USD $5,000,000	-	5,338	-	0.9367
Sell USD $2,500,000	-	2,671	-	0.9358
Sell USD $5,000,000	-	5,303	-	0.9429
Sell USD $3,500,000	4,457	-	0.7852	-
Sell USD $1,000,000	1,276	-	0.7836	-

Contracts above relates to July 2009 (2008: July – August 2008).

Interest rate risk

Interest rate risk is managed fixed rate debt. It is the policy of the group to keep all debt on fixed interest rates unless funding plants constructions that are drawn down using flexible rate equipment loans that are converted to fixed rate instruments on completion of the project.

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

Consolidated 2009	Effective Interest Rate	Total	Floating Interest Rate	1 year or less	Over 1 year to 5 years
Cash and cash equivalents	3.00%	54,880	54,880	-	-
Interest bearing liabilities – current*	7.48%	9,828	-	9,828	-
Interest bearing liabilities – non current*	4.43%	56,692	-	-	56,692

Consolidated 2008	Effective Interest Rate	Total	Floating Interest Rate	1 year or less	Over 1 year to 5 years
Cash and cash equivalents	4.25%	49,577	49,577	-	-
Interest bearing liabilities – current*	7.55%	11,355	-	11,355	-
Interest bearing liabilities – non current*	7.87%	16,766	-	-	16,766

* These assets / liabilities bear interest at a fixed rate

Note 27:Financial instruments (Cont.)

Fair Values

2009	Consolidated		Parent	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade and other receivables	36,784	36,784	4,784	4,784
Cash and cash equivalents	54,880	54,880	39,618	39,618
Interest bearing liabilities - current	9,829	9,829	-	-
Interest bearing liabilities – non current	56,692	56,692	-	-
Trade and other payables	40,507	40,507	512	512

2008	Consolidated		Parent	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade and other receivables	21,584	21,584	13,739	13,739
Cash and cash equivalents	49,577	49,577	2,184	2,184
Interest bearing liabilities - current	11,355	11,355	-	-
Interest bearing liabilities – non current	16,766	16,766	-	-
Trade and other payables	39,022	39,022	544	544

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.

Sensitivity

Interest rate risk

The consolidated entity has considered the sensitivity relating to its exposure to interest rate risk at balance date. This analysis considers the effect on current year results and equity which could result in a change in this risk. The management processes employed to control these factors involve entering into fixed interest rate borrowings and the potential impact on the profit and equity would not be a material amount.

Note 27:Financial instruments (Cont.)

Foreign currency risk

The consolidated entity has considered the sensitivity relating to its exposure to foreign currency risk at balance date. This sensitivity analysis considers the effect on current year results and equity which could result in a change in the USD / AUD rate. Management employed the use of forward exchange contracts to control this risk.

The table below summarises the impact of + / - 5% strengthening / weakening of the AUD against the USD on the consolidated entities post tax profit for the year and equity. The analysis is based on a 5% strengthening / weakening of the AUD against the USD at balance date with all other factors remaining equal. The impact of the analysis on 2009 results is considered to be minimal and has not been disclosed.

	Post tax profit 2009 $'000s	**Equity 2009 $'000s**
AUD/USD + 5%	(617)	(633)
AUD/USD - 5%	617	633

Price risk

The consolidated entity has considered the sensitivity relating to its exposure to changes in the market price of shares held in listed companies and does not consider the amount material enough to disclose.

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

	Consolidated		Parent	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Note 28: Dividends paid or recommended				
Dividends Paid				
Final ordinary dividend for 2007/08 of 13.35 cents per share franked at a tax rate of 30% paid on 18 November 2008	16,507	7,671	16,507	7,671
Interim ordinary dividend for 2008/09 of 7.0 cents per share franked at a tax rate of 30% paid on 3 April 2009	8,687	7,326	8,687	7,326
	25,194	14,997	25,194	14,997
Dividends Proposed				
Proposed final ordinary dividend for 2008/09 of 12.35 cents per share franked at a tax rate of 30% and to be paid on 19 November 2009	15,337	16,264	15,337	16,264
Franking Credits				
Franking credits available for subsequent financial years based on a tax rate of 30%	14,333	1,570	10,135	1,570
Balance of franking account at year end adjusted for franking credits arising from:				
- payment of provision for income tax	14,333	1,570	10,135	1,570

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

	Consolidated	
	2009	**2008**
	$'000	**$'000**
Note 29: Earnings per share		
The following reflects the income and share data used in the calculations of basic and dilutes earnings per share:		
Net profit attributable to ordinary shareholders of the parent entity used in calculating basic and diluted earnings per share	44,308	47,095
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	123,797,502	121,824,550
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	126,136,832	122,940,697
Basic earnings per share (cents per share)	35.8	38.7
Diluted earnings per share (cents per share)	35.1	38.3

Note 30: 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.

2009

	Balance receivable by $'000s	Balance payable by $'000s	Sales to group companies $'000s	Purchases from group companies $'000s
Mineral Resources Ltd	127	57,165	1,004	-
PIHA Pty Ltd	7,207	4,897	2,311	755
Crushing Services International Pty Ltd	70,170	7,117	2,617	1,993
Process Minerals International Pty Ltd	19,278	27,603	127	3,311

Note 30:Related party transactions and balances (cont)

2008

	Balance Receivable by $'000s	Balance Payable by $'000s	Sales to group companies $'000s	Purchases from group companies $'000s
Mineral Resources Ltd	34,022	20,443	4,154	1,050
PIHA Pty Ltd	5,192	15,036	9,210	1,105
Crushing Services International Pty Ltd	2,008	9,576	9,953	2,792
Process Minerals International Pty Ltd	21,266	17,433	1,328	18,221
Minprocess Group Inc	-	709	-	-
Iron Process Group Inc	-	13	-	-
Process Minerals International Pty Ltd Inc	63	-	-	-

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 parties related to Chris Ellison and Peter Wade. The rent paid during the year was $1,590,000 (2008: $1,358,000).

Certain plant and equipment utilised by the group was 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 nil (2008: $189,000).

Certain plant and equipment was purchased at an assessed market value of $993,000 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.

Certain engineering services were provided by GR Engineering Services Pty Ltd, a company related to Joe Ricciardo. Services were provided on an arms length basis to the value of $40,860.

Related party balances

	Associated Director	**Balance at 30 June 2009 $'000**	**Balance at 30 June 2008 $'000**
Receivable by the Consolidated Entity			
Wellard Properties Pty Ltd	P Wade, C Ellison	4	12
Crushing Services International Unit Trust	P Wade, C Ellison	-	864
Sandini Pty Ltd	C Ellison	2	3
Payable by the Consolidated Entity			
Sandini Pty Ltd	C Ellison	13	15

Note 31: 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 32: Subsequent events

On the 20th August 2009, the company announced to the ASX an off market take-over bid for Polaris Metals NL. Full details are available on the ASX announcement.

Other than above matter, no matters or circumstances have arisen since the end of the financial year which significantly affect the operations of the consolidated entity.

Note 33: 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	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Bank guarantees facility	5,320	5,320	-	-
Amount utilised	(3,364)	(4,032)	-	-
Unused guarantee limit	1,956	1,288	-	-

Note 34: 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.

New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

- AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1,2,4,5,7,101,107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7: Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136] (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application. In this regard, its impact on the Group will be unable to be determined. The following changes to accounting requirements are included:
  - acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities;
  - contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;
  - a gain or loss of control will require the previous ownership interests to be remeasured to their fair value;
  - there shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Group's policy);
  - dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;
  - impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee; and
  - where there is, in substance, no change to Group interests, parent entities inserted above existing groups shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.

  The Group will need to determine whether to maintain its present accounting policy of calculating goodwill acquired based on the parent entity's share of net assets acquired or change its policy so goodwill recognised also reflects that of the non-controlling interest.

- AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's Board for the purposes of decision making. The impact of this standard cannot be assessed at this stage.

- AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.
- AASB 123: Borrowing Costs and AASB 2007-6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] (applicable for annual reporting periods commencing from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has determined that there will be no effect on the Group as a policy of capitalising qualifying borrowing costs has been maintained by the Group.
- AASB 2008-1: Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations [AASB 2] (applicable for annual reporting periods commencing from 1 January 2009). This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.
- AASB 2008-2: Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations Arising on Liquidation [AASB 7, AASB 101, AASB 132 & AASB 139 & Interpretation 2] (applicable for annual reporting periods commencing from 1 January 2009). These amendments introduce an exception to the definition of a financial liability to classify as equity instruments certain puttable financial instruments and certain other financial instruments that impose an obligation to deliver a pro-rata share of net assets only upon liquidation.
- AASB 2008-5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-5) and AASB 2008-6: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-6) detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.
- AASB 2008-8: Amendments to Australian Accounting Standards – Eligible Hedged Items [AASB 139] (applicable for annual reporting periods commencing from 1 July 2009). This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item should be applied in particular situations and is not expected to materially affect the Group.
- AASB 2008-13: Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110] (applicable for annual reporting periods commencing from 1 July 2009). This amendment requires that non-current assets held for distribution to owners to be measured at the lower of carrying value and fair value less costs to distribute.
- AASB Interpretation 15: Agreements for the Construction of Real Estate (applicable for annual reporting periods commencing from 1 January 2009). Under the interpretation, agreements for the construction of real estate shall be accounted for in accordance with AASB 111 where the agreement meets the definition of 'construction contract' per AASB 111 and when the significant risks and rewards of ownership of the work in progress

transfer to the buyer continuously as construction progresses. Where the recognition requirements in relation to construction are satisfied but the agreement does not meet the definition of 'construction contract', revenue is to be accounted for in accordance with AASB 118. Management does not believe that this will represent a change of policy to the Group.

- AASB Interpretation 16: Hedges of a Net Investment in a Foreign Operation (applicable for annual reporting periods commencing from 1 October 2008). Interpretation 16 applies to entities that hedge foreign currency risk arising from net investments in foreign operations and that want to adopt hedge accounting. The interpretation provides clarifying guidance on several issues in accounting for the hedge of a net investment in a foreign operation and is not expected to impact the Group.
- AASB Interpretation 17: Distributions of Non-cash Assets to Owners (applicable for annual reporting periods commencing from 1 July 2009). This guidance applies prospectively only and clarifies that non-cash dividends payable should be measured at the fair value of the net assets to be distributed where the difference between the fair value and carrying value of the assets is recognised in profit or loss.

The Group does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Group's financial statements.

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 2009 and of their performance, as represented by the results of their operations and their cash flows, for the year ended 30 June 2009; 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
Executive Chairman / Managing Director

Dated this 20th day of August 2009

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

MINERAL RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Mineral Resources Limited ("the company"), which comprises the balance sheet as at 30 June 2009, 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 entity'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 entity'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.

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

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 Limited 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 2009 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the financial year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Mineral Resources Limited for the financial year ended 30 June 2009 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

Perth, WA
Dated: 20 August 2009

J A KOMNINOS
Partner