



MEDIA RELEASE

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2015 Financial Year Highlights

- **Underlying net profit of \$109 million, 7% ahead of consensus estimates**
- **Core mining services business continues to perform**
- **Major EPC work successfully completed setting new industry performance benchmark**
- **Record commodity export volume achieved**
- **Mining operations profitable for the year and continue to be cash positive**
- **Fully franked final dividend of 15 cps declared**
- **Balance sheet further strengthened with strong cash position and substantial undrawn debt facilities**

Mineral Resources Limited (MRL) has achieved 2015 full-year EBITDA of \$283 million leading to an underlying net profit of \$109 million¹, 7% ahead of consensus estimates. This result was underpinned by the contribution from the core mining services business, together with productivity and efficiency enhancements, lower mining costs and a record volume of commodity exports, which helped to partially offset the impact of substantially lower USD iron ore prices.

The Directors continue to consider both economic conditions and the Company's future capital expenditure and business development requirements in determining dividends and have resolved to distribute in the order of 50% of after tax earnings (after impairment charges) to shareholders as dividends for the 2015 financial year. A fully franked final dividend of 15 cents per share has been declared for shareholders as at 4 September 2015, with a payment date of 8 October 2015. The final dividend together with the interim dividend of 7.5 cents per share makes a total fully franked dividend for 2015 of 22.5 cents per ordinary share.

Key Financial Metrics for 2015 Financial Year

- **Operating revenue of \$1.3 billion, reflecting significantly lower USD iron ore prices despite record commodity export volumes of 10.6 million tonnes being achieved.**
- **EBITDA of \$283 million, primarily achieved through stronger underlying earnings from the mining services business and a 23% decrease in mining cash costs from targeted cost**

¹ MRL's financial reporting complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS). The underlying (non-IFRS) profit is unaudited but is derived from the auditor reviewed accounts by removing the impact of non-recurring items from the reported (IFRS) auditor reviewed profit. MRL considers that the non-IFRS profit reflects a more meaningful measure of the Company's underlying performance.

reductions and productivity enhancements. Mining operations were profitable and continue to produce a cash surplus.

- Statutory full-year net profit after tax included two significant one-off (non-cash) items. These include a tax expense on the reversal of MRRT deferred tax assets of \$65 million following the repeal of the MRRT Act and a \$31 million (after tax) impairment which primarily relates to the carrying value of manganese stock.
- The Company's balance sheet continues to be strongly cash positive at 30 June 2015 with a net cash balance positive position of \$118 million. This result was achieved whilst continuing to fund the Company's ongoing CAPEX and R&D programs. MRL also has access to substantial undrawn debt facilities to facilitate business development.

Key Business Achievements/Outcomes in 2015

- MRL's group safety performance continued to improve with a Total Recordable Injury Frequency Rate (TRIFR) of 5.5 recordable injuries per million hours worked on a rolling twelve month basis, as at the end of June 2015. This result represents an improvement of 23% in the TRIFR compared with the TRIFR recorded at the end of June 2014.
- The mining services business continued to perform throughout the period. Highlights include:
 - Completion of the 25 million tonne per year Nammuldi Below Water Table (NBWT) process plant. The plant was built on a fixed price EPC contract which required the construction phase to be completed in late 2014 and the commissioning and handover phase completed by April 2015. The Company's outstanding performance on NBWT not only sets a new industry performance benchmark, but it has also enabled MRL to secure significant additional design and construct work.
 - A volume enhancement program for existing clients produced significant benefits in terms of both additional crushed volumes and contract retention, with a number of existing contracts renewed for periods of up to 10 years as well as the continuation of multiple value-adding crushing support contracts across a range of independent locations in Western Australia and the Northern Territory.
 - PIHA continued to provide a solid contribution to earnings with a range of new and improved products and systems for the oil and gas, construction and mine infrastructure sectors.
 - PMI Site Services continued its strategy of leveraging accommodation services for MRL's own operations to provide services for external customers. The contribution to earnings in 2015 was boosted by an increase in camp utilisation levels by external customers.
- The commodities business achieved a record full-year export performance of 10.6 million tonnes of iron ore and manganese product. Highlights include:

- Mining operations in 2015 achieved a profit and continue to be cash positive.
- Implementation of MRL's one mine strategy in the Pilbara by closing three small mines at Poondano, Spinifex Ridge and Phil's Creek and commencing operations at Iron Valley.
- The Iron Valley Project was developed on schedule and on budget during the first-half. Iron Valley has since achieved a world-class mining performance with the cost of mining, crushing and loading ore onto road trains consistently below \$10.00/WMT.
- The Yilgarn rolling stock strategy continued to demonstrate its value during the year with the above rail costs for the Carina mine now consistently 50% lower compared with the costs prior to MRL acquiring its own wagons and locomotives.
- As part of the Yilgarn development strategy approvals for the J4 mine were finalised during the second-half of the year and construction of the incremental site infrastructure was able to commence. The target for first ore is Q3 FY 2016 and it is timed to utilise capacity as it becomes available at the Carina central processing infrastructure hub.
- MRL received the 2015 AMEC Environment Award for its biodiversity modelling of the Helena and Aurora Ranges. This area is adjacent to Carina mine and relevant to MRL's J5 and Bungalbin East mining applications which are subject to a Public Environmental Review (PER) process under Part IV of the Environmental Protection Act 1986. MRL is now finalising the scope of the PER with the EPA and expects the completed PER to be published for public review in FY 2016.
- Planning and design work for a range of new mining services initiatives including mining equipment improvements, ore beneficiation design work and the innovative Bulk Ore Transport System (BOTS) project, continued during the period with a clear path to implementation.
 - The development of the design for BOTS progressed as planned and a comprehensive review of the elevated track and rolling stock design was completed. The review identified innovative modifications to the design which will reduce the cost of the elevated track infrastructure and improve the operational efficiency of the rolling stock. These modifications have since been included in the test track and rolling stock design and evaluation process.
 - Negotiations have commenced with the mining companies, traditional owner groups and pastoralists along the 331km initial BOTS corridor between Iron Valley and Port Hedland. Biological surveys for the corridor are well advanced as are dust and noise studies for Port Hedland.
 - Test work completed during the year demonstrated that the Iron Valley fines product (currently being stock piled for future beneficiation) responds well to beneficiation and will provide a substantial uplift in grade. The investment in a

beneficiation plant for Iron Valley is linked to the development and implementation of the Bulk Ore Transportation System (BOTS), and is proposed to proceed in conjunction with this project.

Subsequent to the end of 2015, Mineral Resources and its partner Neometals signed a conditional memorandum of understanding (MOU) in relation to an equity investment and offtake arrangement with China's second largest lithium producer, Jiangxi Ganfeng Lithium Co. Ltd, for the Mount Marion Lithium Project.

The MOU enables Jiangxi Ganfeng Lithium Co. Ltd to acquire 25% of the MRL and Neometals jointly owned entity Reed Industrial Minerals and enter into an off-take agreement for up to 100% of the spodumene production. The Mt Marion project is fully permitted for mine development. Development plans for the project are being progressed by MRL and subject to a satisfactory outcome on due diligence and associated approvals MRL will build, own and operate the mining, crushing and beneficiation infrastructure and equipment and provide the services on commercial terms. At this stage, first concentrate production is targeted to commence in 2016.

Mineral Resources Managing Director Chris Ellison said the underlying financial results continued to reflect the financial strength and stability of the Company's core mining services business and MRL's focus on managing factors over which it has control, such as mining/processing costs and productivity enhancements, during what was a very challenging year in terms of the general economic conditions and substantially lower USD iron ore prices.

"The Company maintained its disciplined approach to capital management while continuing to meet ongoing capital equipment and research and development investment requirements. MRL's balance sheet at year-end remained in a very strong position with over \$200 million cash on hand (\$118 million net cash) and substantial undrawn debt facilities. This outcome ensures that the Company is well placed to continue to pursue development options and other new mining services initiatives, irrespective of the market conditions".

He said "the development of innovative transport and materials handling infrastructure services for customers, which are capable of providing stable long-term revenues regardless of the economic cycle, remains the key growth focus area for MRL".

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