



## ASX ANNOUNCEMENT

Thursday 19 November 2015

### Managing Director's Presentation

### 2015 AGM

Mineral Resources Limited (ASX:MIN, MRL) is pleased to provide the Managing Director's presentation to be provided at this morning's AGM.

Key topics of a corporate nature included in the presentation are:

1. Profit guidance for the 2016 financial year;
2. Announcement of a capital management package including an:
  - a. On-market share buy back, and
  - b. Commitment to FY2016 dividends
3. Board structure and corporate governance.

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**Chris Ellison**

Managing Director

**Mineral Resources Limited Company Profile**

Mineral Resources Limited is a leading, integrated, Australian based mining services and processing company with operations in contract crushing, general mine services, infrastructure provision and recovery of base metal concentrate for export. Operations are supplemented by rehabilitation and sale of heavy duty crushing and processing equipment, hire of engineering and crushing fleet plant and workshop manufacture of polyethylene pipe fittings and components.

Comprising long standing core businesses, PIHA Pty Ltd, Crushing Services International Pty Ltd Process Minerals International Pty Ltd, Polaris Metals Pty Ltd and Mesa Minerals Limited, Mineral Resources Limited has developed a strong reputation for the cost effective delivery of its services and products to the resources and infrastructure sectors.



# Managing Director's AGM Presentation

November 2015



# Agenda

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**Introduction to MRL**

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**Business model overview**

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**Achievements and track record**

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**Outlook**

# Introduction to MRL

**Innovative mining infrastructure services provider**

Founded in 1993, Mineral Resources (**MRL**) is a leading and highly innovative full-service provider of mining infrastructure services in Australia

**Unique value proposition**

Provides innovative solutions across the mining infrastructure supply chain including mining, crushing, materials handling and logistics, accommodation, power, pipeline and dewatering services

**High proportion of annuity earnings**

Target	% of EBITDA
Mining infrastructure services	75%
Product profit share	25%

**Strong track record**

Experienced senior leadership team with proven track record of safely delivering world class business solutions and creating shareholder value

**Selection of customers**



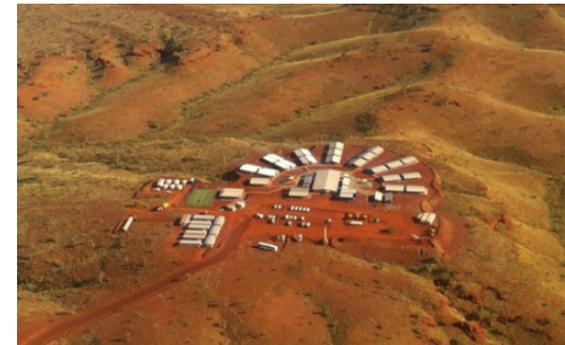
**MRL operating brands**



Nammuldi Below Water Table plant - Pilbara region



MRL locomotives in action - Yilgarn region



Accommodation site at Phil's Creek - Pilbara region



# Senior leadership team

*Stable management who are aligned with shareholders (19% ownership of MRL)*

## Chris Ellison

Managing  
Director

- Co founder of MRL
- 40 years experience successfully establishing and developing businesses in the construction and mining industries
- Prior to MRL, Chris was founder of Walter Wright and Genco which merged with Monodelphous in 1988. Subsequently appointed MD of Monodelphous

## Bruce Goulds

Chief Financial  
Officer & Company  
Secretary

- Joined MRL in 2005
- Extensive financial and commercial experience having held key roles at Brambles Industries, Cockburn Corp, Svedala Industrii, Metso Minerals and Sandvik

## Jarrod Seymour

Chief Operating  
Officer

- Joined MRL in 2012
- Prior roles were as Executive Mining Manager – Western Region for Thiess Australia Mining and Operations and Project Manager at HWE Mining
- Since joining Jarrod has led improvements in safety, production, cost management and corporate culture

## Steve Wyatt

Executive General  
Manager

- Co founder of MRL
- Strong expertise in designing and constructing contract crushing and mineral processing plants
- Highly technical design and engineering skills have been applied to deliver numerous world class crushing projects across all metalliferous industries in Australia and internationally

## Bob Gavranich

Executive General  
Manager

- Co founder of MRL
- Significant experience in design, manufacture and operations of specialist polyethylene pipes, fittings, pipeline installation and associated water infrastructure services

## David Geraghty

Executive General  
Manager

- Joined MRL in 2003 and co-founder of MRL's specialist mineral processing and logistics supply chain services
- Previous roles were with BHP Limited and Hamersley Iron in a variety of engineering and metallurgical roles

# Senior leadership team

## **Darren Killeen**

### **Executive General Manager – Construction**

- Joined MRL in 2009
- Over 25 years experience in engineering, manufacturing, project management and infrastructure development
- Previous roles were at John Holland, UGL and Lamprell

## **Simon Rushton**

### **Executive General Manager – Commercial**

- Joined MRL in 2007
- Over 15 years experience in commercial, legal and management roles in the transport, construction and mining industries
- Responsible for the management of the commercial, contract and procurement functions at MRL

## **Sean Gregory**

### **Executive General Manager – Technical Services**

- Joined MRL in 2012
- Responsible for MRL's exploration, geology, mine planning, environmental management, rehabilitation and statutory approvals
- Also responsible for identifying profit share project opportunities
- Previous roles were at BHP Billiton and Murchison Metals

# Non-Executive Directors

*Strong Board with diverse backgrounds and deep mining infrastructure and resources experience*

**Peter Wade**  
Non-Executive  
Chairman

- Joined MRL in 1999 as CEO. Moved to Non Executive Chairman in 2012
- Currently Non Executive Chairman of Global Construction Services
- Past roles include executive roles at Transfield Group and the NSW Public Service. Peter has been responsible for projects such as the \$8bn Darling Harbour redevelopment, Melbourne City and Sydney Airport Links, developments at Port Kembla and Newcastle

**James McClements**  
Non-Executive  
Director  
(Lead Independent Director)

- Currently the Managing Partner of Resource Capital Funds (**RCF**)
- RCF has approx. \$3 billion of funds under management purely focused investing globally in public and private companies in the resources sector
- Extensive experience in investment banking, private equity and capital markets
- Has held 12 non executive director roles across a variety of resource related companies

**Joe Ricciardo**  
Non-Executive  
Director

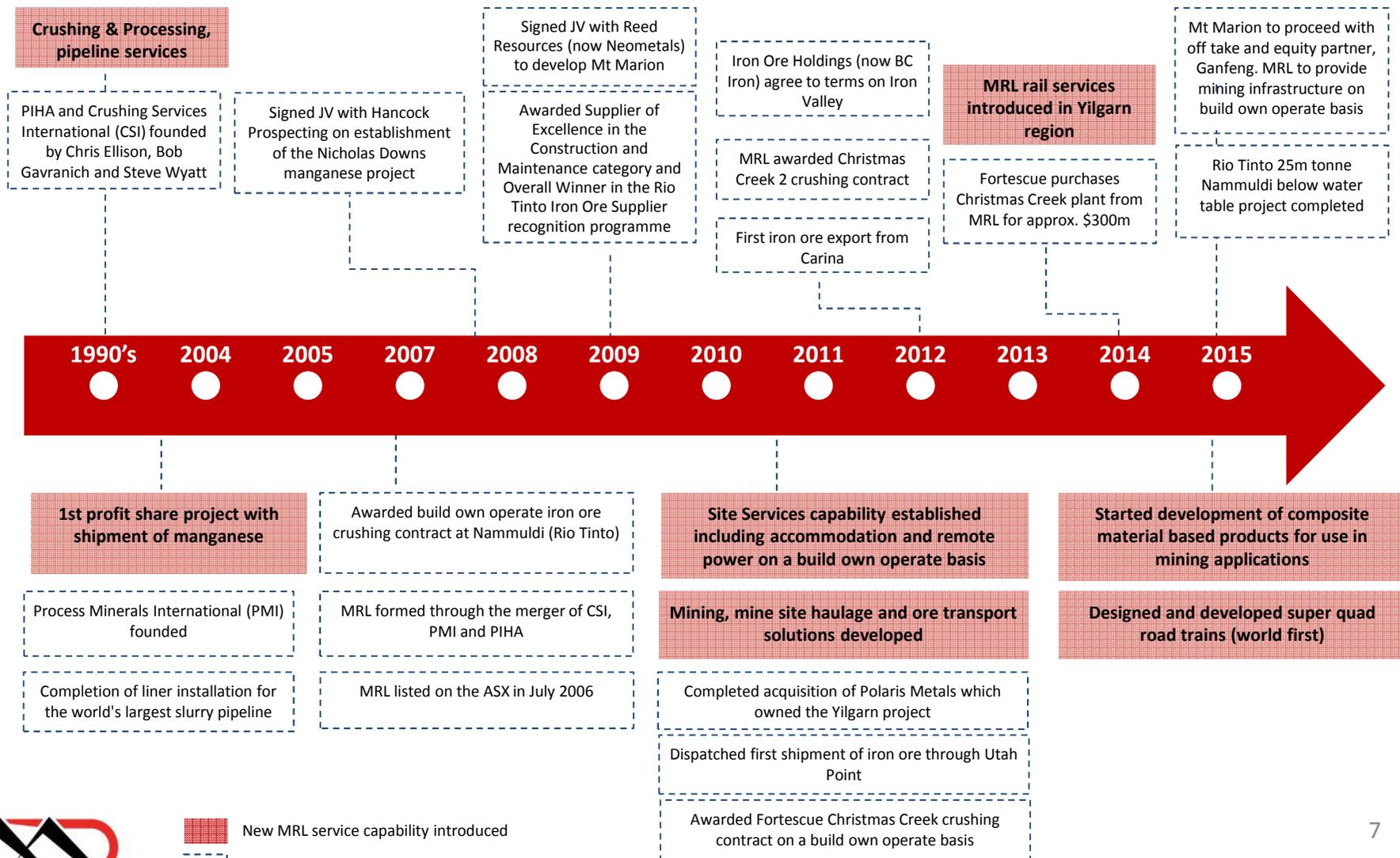
- MRL Board member since 2006
- Founder and currently Non-Executive Chairman of GR Engineering having stepped down from CEO in 2013
- Previously Managing Director of J R Engineering prior to its acquisition by Downer / Roche and then was GM of Roche Mining.
- Significant technical design, engineering and management expertise

**Kelvin Flynn**  
Non-Executive  
Director

- Currently Managing Director of Sirona Capital and Non executive Director of Global Advanced Metals
- Significant investment banking, private equity and restructuring experience in the resource sector
- Previously an Executive Director with Goldman Sachs and Managing Director with Alvarez & Marsal in Asia

# History

## Expansion of service capabilities across the mining infrastructure services supply chain over time



# Business model overview



MRL bucket wheel reclaimer that forms part of the automated train loadout circuit for the Carina operation - Yilgarn region

# Business model overview



Carina Process Plant and bucket wheel reclaimer- Yilgarn region

# Business model overview

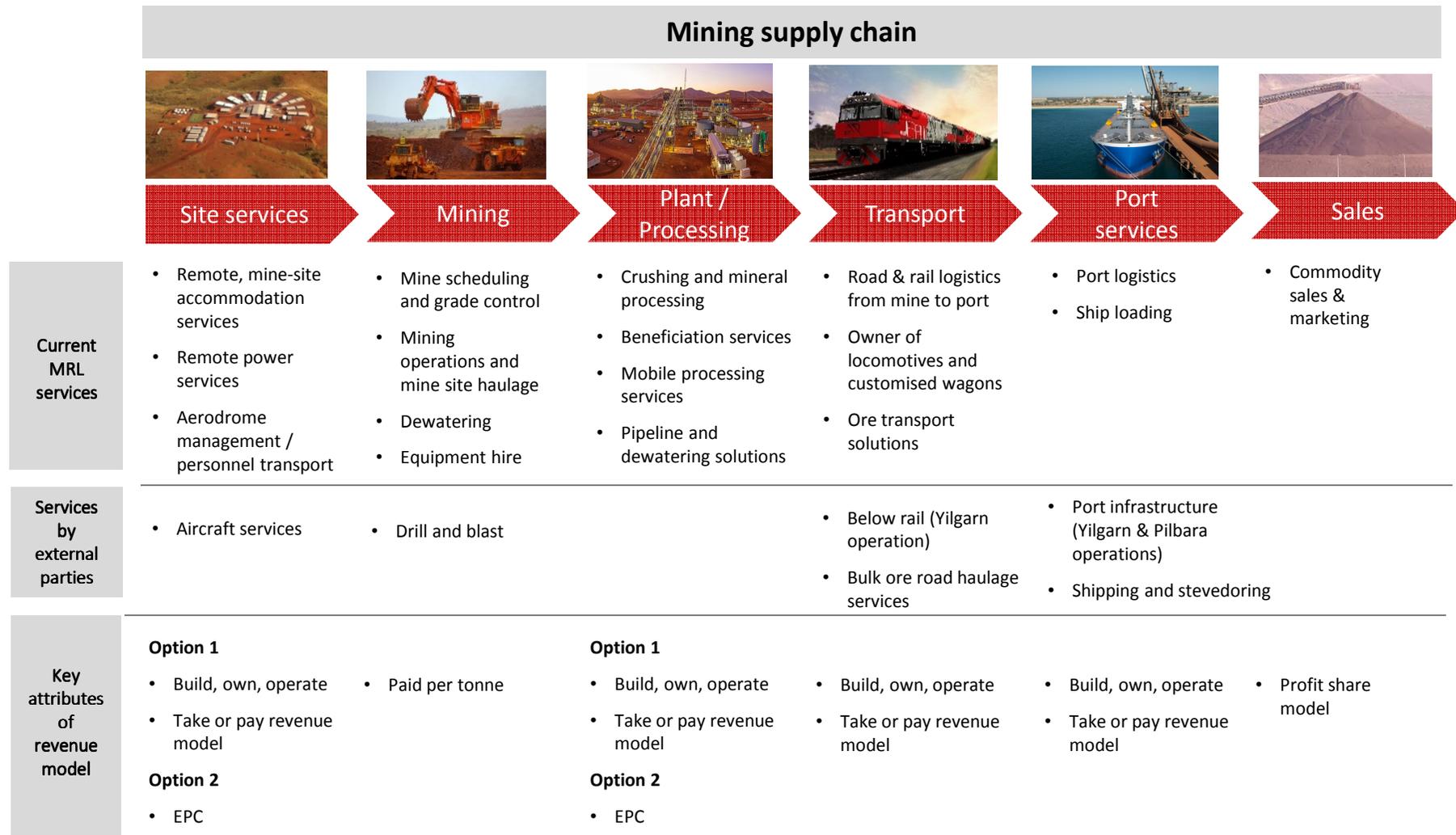


# Business model overview



# Mining Infrastructure Services

*MRL delivers integrated mining infrastructure services across the supply chain*



# Unique value proposition

***“To be the partner of choice and continue to safely deliver innovative mining infrastructure solutions to our clients”***

Global leader in design and technology development



- Proven track record of safe, innovative designs for mining infrastructure
- Significant annual investment in research and development

Speed to market



- Significant database of design templates and inventory of parts accumulated over the last 20 years allows MRL to bring projects to market much faster than competitors

Reduced capital intensity



- Able to offer ‘build own operate’ solutions reducing the need for the clients to use their own capital
- Proven construction methodologies allowing for plant construction at a significantly lower capital intensity

Lower cost of production



- Innovative, high quality designs lead to significant operating efficiencies. This provide clients the opportunity to lower costs of production

Largest inventory of parts and consumables



- Largest inventory of mining parts and consumables in the Southern Hemisphere providing a significant cost and speed to market advantage (including quick response repair capability)

Culture of innovation

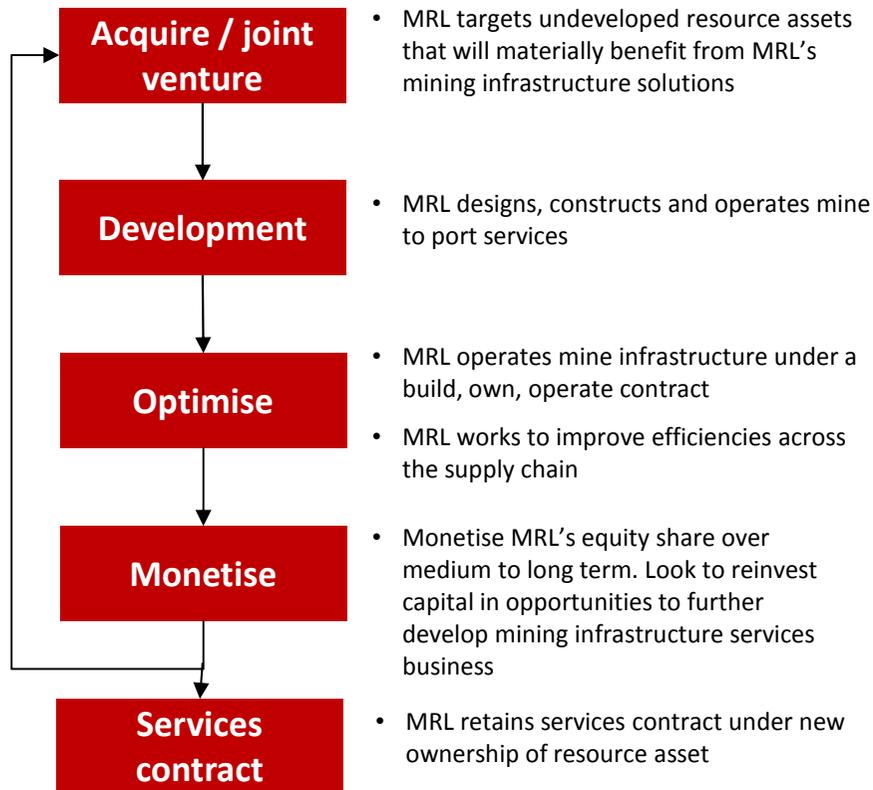


- Employ high quality people who look to innovate and challenge market norms

# Profit share model

*MRL is uniquely positioned to benefit from profit share partnerships*

## MRL's profit share model—stages in the cycle



## Benefits of profit share model

### 1. Attractive financial returns over the cycle

- MRL has a track record of delivering high returns on capital employed

### 2. Enhanced benefits of innovation

- Profit share projects are MRL's "breeding ground" for new solutions (e.g. site services, remote power, super quads, carbon fibre trays, rail capability, BOTS)
- Projects benefit from MRL's innovative solutions as reduced operating costs are value accretive

### 3. New annuity-style earnings

- MRL mining infrastructure services are integral to the ongoing operation of projects and are retained post monetisation of MRL equity stake

# Case Study - Yilgarn

## *Track record of investing in projects with strong returns on capital employed*

- In March 2010, MRL purchased Polaris for approx. \$160m. MRL has spent an additional \$150m in capital expenditure overtime
- Mine life of over 15 years (subject to approval of mining applications for J5 / Bungalbin East)
- In May 2011, MRL received approval from the Fremantle Port Authority to export up to 4.4m tonnes per annum. MRL has driven efficiencies with a current export rate in excess of 5m tonnes per annum
- 1<sup>st</sup> tonnes were exported in November 2011 (6 months after port approval was granted)
- MRL has built 10m tonnes per annum of core infrastructure
- In negotiation with Southern Port Authority to progressively increase the Yilgarn iron ore export volumes through the Port of Esperance through CY2016 with a full transition by 1 December 2016. This would allow MRL to realise the material cost advantage of Cape size carriers
- Will look to monetise the product profit of the Yilgarn region but retain all the mining infrastructure services contracts for life of mine

Total Investment since 2010  Approx. \$310m

Total EBITDA (from Nov 11 – Dec 15)<sup>1</sup>  >\$300m

Approx. annual EBITDA<sup>2</sup>  >\$50m

<sup>1</sup> Includes EBITDA from mining infrastructure services and product profit

<sup>2</sup> Based on annualised 1<sup>st</sup> quarter FY2016 performance

<b>MRL Services (on long term contracts)</b>	<b>Accommodation</b> <b>Airport management</b> <b>Mining and haulage</b> <b>Crushing and screening</b> <b>Train load-out</b> <b>Rail rolling stock</b> <b>Remote power services</b>
	Ship loading Aircraft services Drill and blast Train drivers and below rail Port and shipping
Services provided by external parties	

# Case Study – Mt Marion

- In September 2015, MRL agreed to proceed with the Mt Marion project to produce 200,000 tonnes of +6% Lithium spodumene concentrate and provide a complete mine to port solution on a build own operate basis (life of mine)
- MRL also took a 30% of equity of the project with an option to acquire another 13.1%<sup>2</sup>
- Mine life will be in excess of 10 years<sup>1</sup>
- Ganfeng - China's 2<sup>nd</sup> largest lithium producer has entered into a life of mine take or pay off-take at market price with floor price protection
- Ganfeng purchased a 25% equity stake in the project<sup>2</sup>
- Construction expected to commence in December 2015 and the first shipment in mid CY2016

Total expected Investment  Approx. \$50m

Expected annual EBITDA<sup>1,2</sup>  >\$23m

<sup>1</sup> Includes EBITDA from mining infrastructure services and MRL's share of product profit

<sup>2</sup> Based on current AUD/USD and lithium price

**MRL Services (on long term contracts)**

**Mining and haulage  
Crushing and beneficiation  
Ship loading  
Remote power services  
Road haulage  
Drill and blast  
Port handling**

Services provided by external parties

Shipping

<sup>1</sup> Subject to confirmation once existing drilling program is completed

<sup>2</sup> Project owned by a special purpose vehicle, Reed Industrial Minerals (RIM)



# Achievements and track record



Train loading circuit for the Carina operation - Yilgarn region

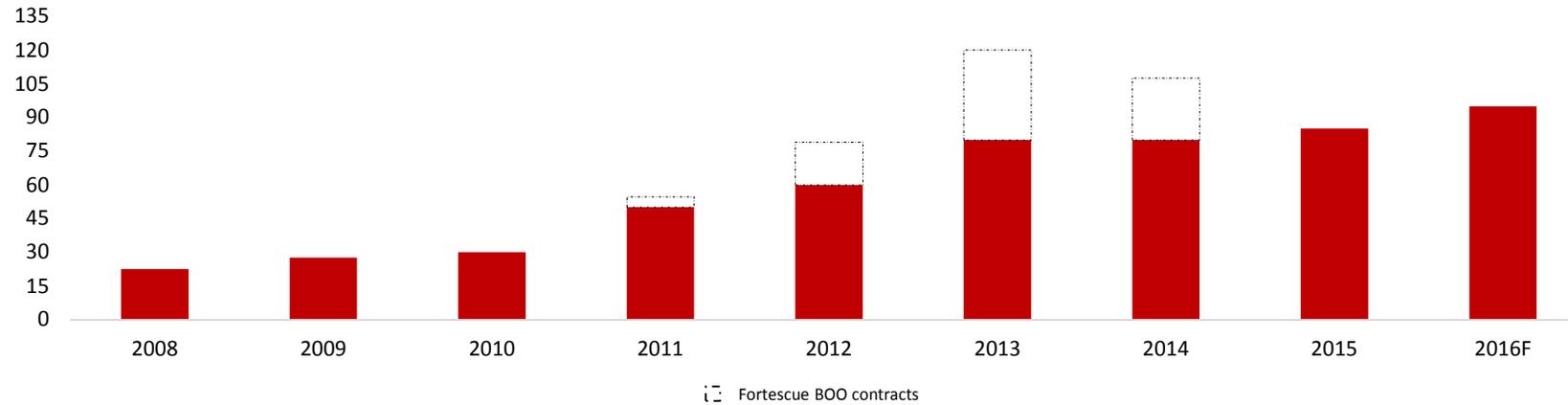
# Achievements and track record



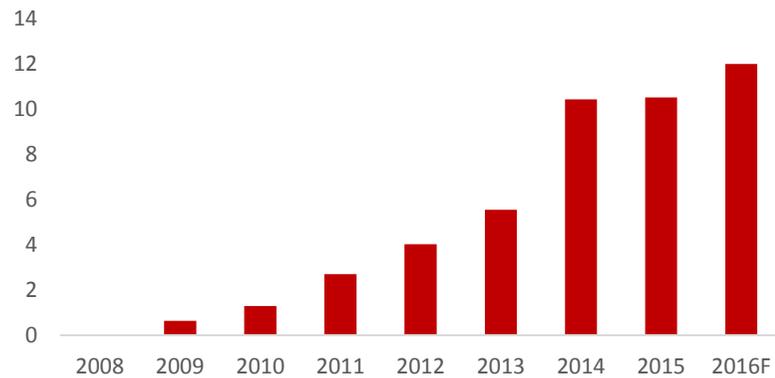
Train loading circuit for the Carina operation - Yilgarn region

# Track record of growth

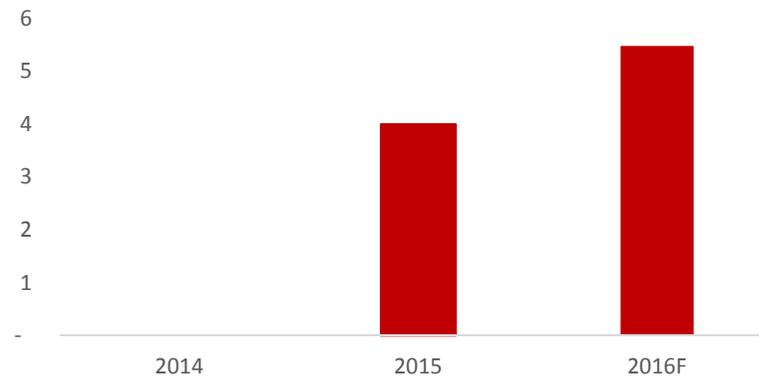
Equivalent Crushing Capacity  
(millions tonnes)



Exported tonnes with profit share  
(millions)



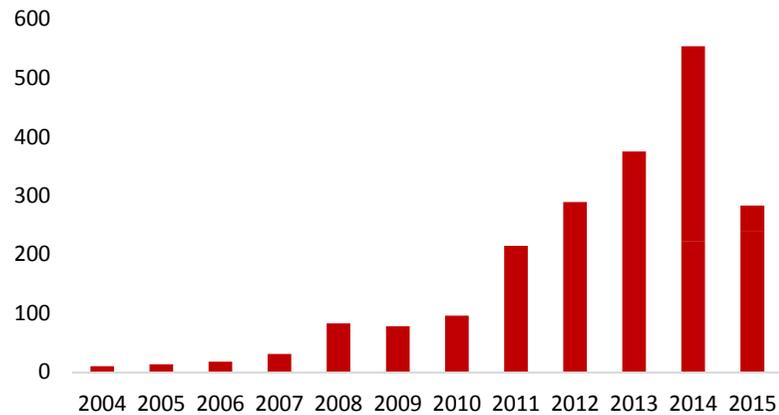
Managed rail logistics  
(million tonnes)



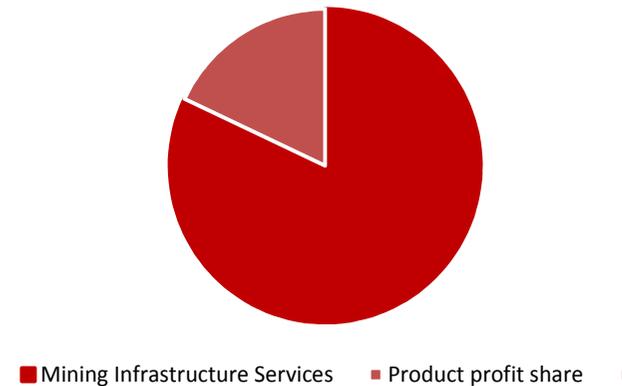
# Track record of growth

*Looking to resume growth following a challenging 2015*

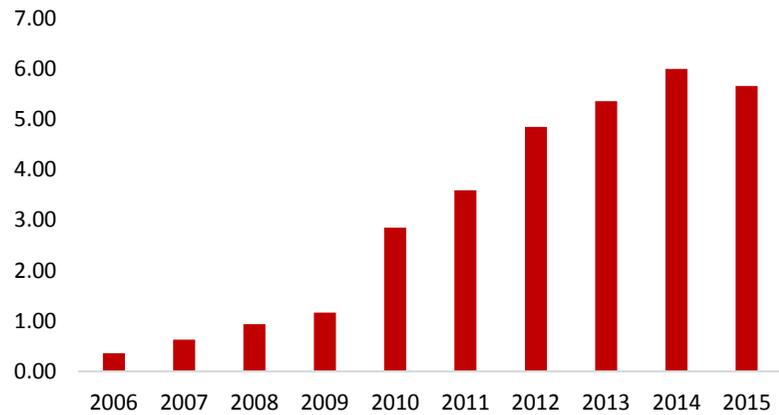
EBITDA (\$m)



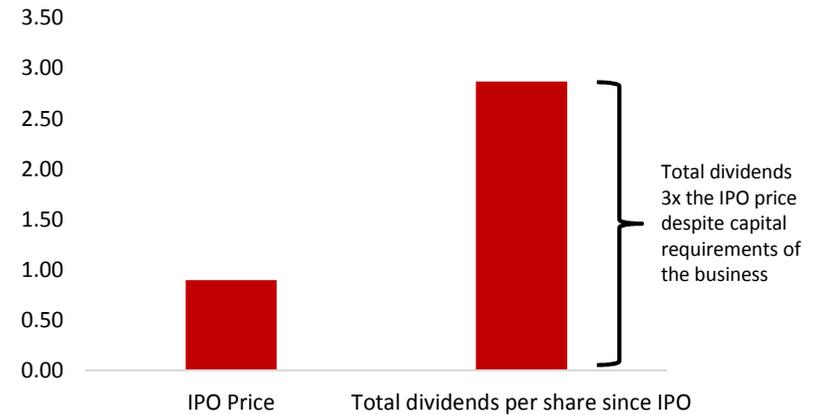
Breakdown of 2015 EBITDA



Net assets per share (\$)



Dividends since IPO (\$ per share)



# 2015 operational highlights



MRL locomotives in action - Yilgran region



# Mining Infrastructure Services

***MRL is currently operating across 26 sites and 5 different commodity types***

## **Annuity style earnings**

- Strong customer retention for crushing and processing business
  - Some existing contracts with blue chip companies renewed for terms up to 10 years
- Work underway on Mt Marion project to deliver mine to port solution
- Ramp up commenced in July / August 2014 for MRL to own and operate the rail rolling stock for the Yilgarn project
- Average weighted contract term for existing crushing and screening contracts is approx. 6 years
- Significant pipeline of build own operate opportunities across crushing and screening, accommodation and supply chain infrastructure

## **Transactional earnings**

- Delivered Rio Tinto's 25m tonne Nammuldi Below Water table EPC project (phase 1) on time and budget
- Other major completed projects include:
  - Nammuldi dewatering project
  - Hope Downs 4 dewatering project
  - Supply to Roy Hill Mine Slurry Pipeline and Spool package
- Awarded and commenced works on Rio Tinto's Nammuldi incremental tonnes wet plant extension EPC contract
- Secured significant pipeline and dewatering work for FY2016 completion

# Projects with profit share

## Key statistics for MRL projects with profit share arrangements

	Iron Ore		Lithium	Manganese
<b>Project name</b>	Iron Valley	Yilgarn	Mt Marion	Mesa
<b>% of product profit</b>	100% less mine gate price	100%	30% + option to acquire additional 13.1%	81.5%
<b>Production per annum (tonnes)</b>	7m	5 to 6m	+200k - 6% Li2O	On hold
<b>Potential production per annum (tonnes)</b>	16m tonnes with a mine / port supply chain upgrade	5 to 6m	+200k - 6% Li2O	200k tonnes
<b>Project Life</b>	> 10 years	15 to 20 years <sup>1</sup>	> 10 years <sup>2</sup>	> 10 years

<sup>1</sup> Subject approval of mining applications for J5 / Bungalbin East

<sup>2</sup> Subject to confirmation once existing drilling program is completed

# Projects with profit share

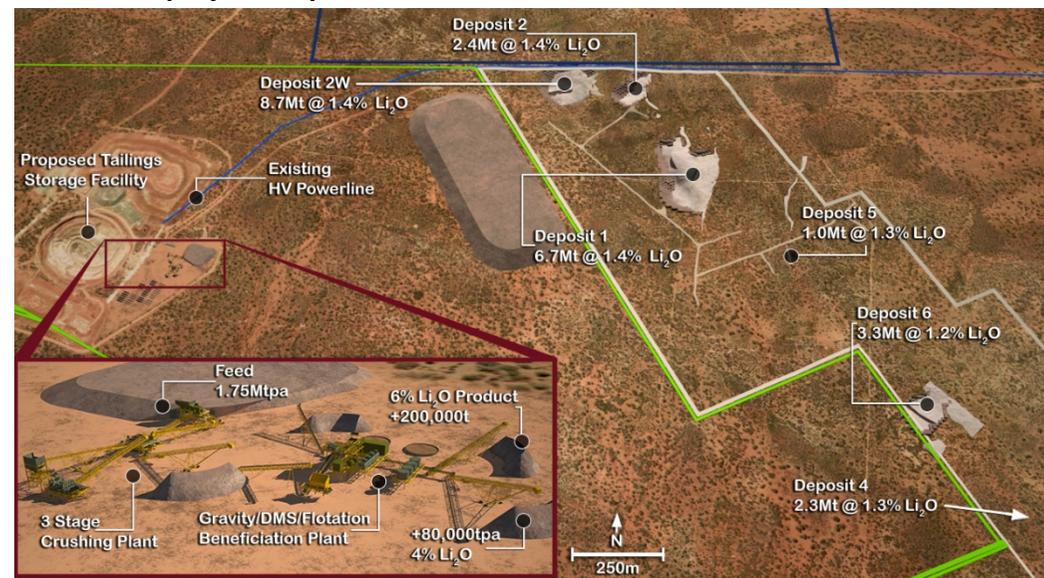
- Projects with profit share are currently in iron ore, manganese and lithium
- Working through a range of current and future supply chain initiatives/efficiencies to progressively reduce mine to China cost of iron ore to below AUD\$40 per WMT. This compares to costs of AUD\$57.3 per WMT in 1Q16 (costs include arms length mining infrastructure service agreements with MRL)
- Pilbara lump iron ore attracting a premium price. Planned beneficiation plant to turn Pilbara fines into >60% Fe product
- Mining applications in the Yilgarn for J5 / Bungalbin East are subject to Public Environmental Review – outcome expected in 2016 and if granted would increase mine life to beyond 2030
- Manganese projects currently on hold due to market conditions
- Lithium project construction expected to commence in December 2015 and the first shipment in mid CY2016

## Key per tonne statistics for iron ore projects with profit share

\$A per wet metric tonne (WMT)	1H 14	2H14	1H 15	2H 15	1Q16
Platts 62% Fe (adjusted for moisture)	137.3	114.3	87.6	74.0	72.3
Number of tonnes	5.1	5.4	5.5	4.8	2.6
Revenue per tonne	124.6	98.0	76.5	70.4	68.8
Expenses per tonne <sup>1</sup>	88.6	87.7	72.9	63.1	57.3
EBITDA per tonne	35.8	10.5	3.6	7.3	11.5

<sup>1</sup> Costs include arms length mining infrastructure service agreements with MRL

## Mt Marion project map

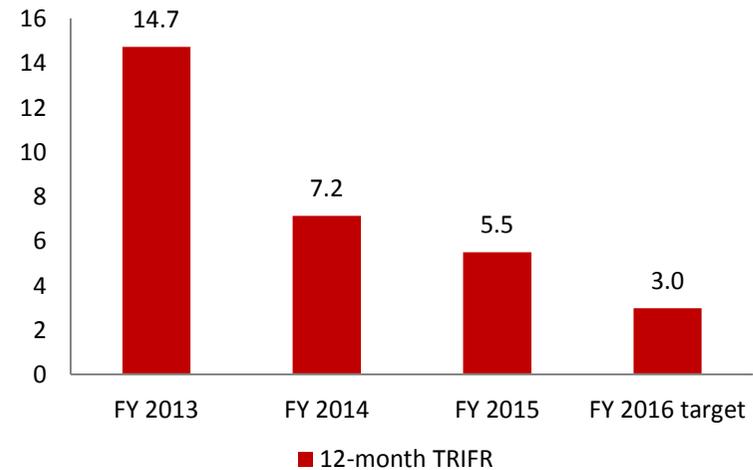


# Safety performance

## *Continued improvement in safety to a global best practice standard*

- In 2015, the 12 month Total Recordable Injury Frequency rate (**TRIFR**) declined 23% from 7.2 to 5.5
- The current 3 month TRIFR is 2.2
- Development of Safe Production Program - comprehensive 19 day program designed to provide line management with skills and qualifications to manage safety function
- Roll out of 'Crossroads' Safety Intervention Program - program outlines business strategy to improve safety, performance and culture across the wider group which is shared with all employees
- Occupational Health Management (**OHM**) system overhaul: Improved to align with industry best practice
- New OHM operating model transfers accountability and responsibility of OHM function to line management
- Development of 'Visible' leadership model: Designed to promote leader's engagement with the workforce at the coal face
- One MRL Model: Development of business values and behaviours that compliment the safe production culture

MRL safety track record



# 2015 financial summary



MRL's first Super Quad road train on site at Iron Valley in the Pilbara region - the world's largest on-highway road train

# Profit and loss statement

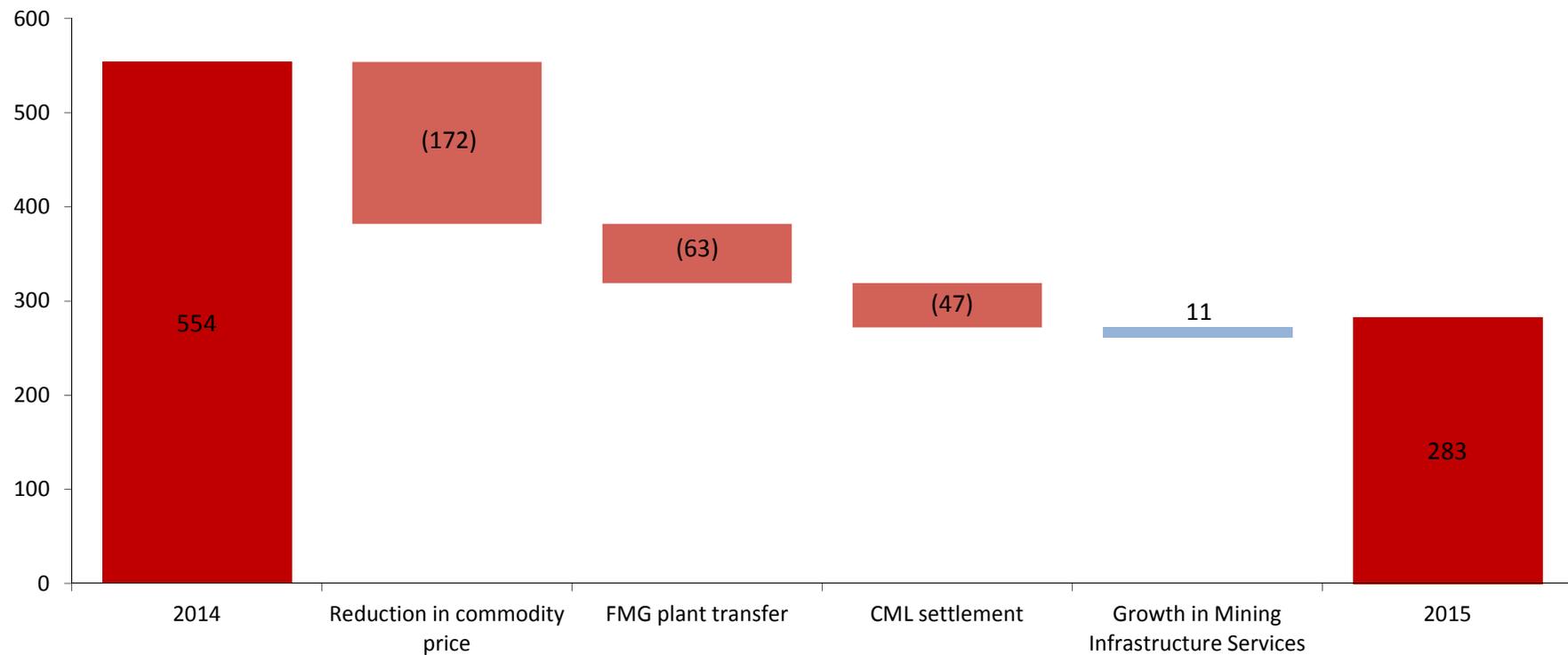
**2015 was a challenging year with a significant reduction in the product profit share**

<b>\$ million</b>	<b>FY2014</b>	<b>FY2015</b>
<b>Revenue</b>	<b>2,015</b>	<b>1,307</b>
<b>EBITDA</b>	<b>554</b>	<b>283</b>
<i>EBITDA margin</i>	<i>28%</i>	<i>22%</i>
Depreciation and amortisation	(196)	(126)
<b>EBIT</b>	<b>358</b>	<b>157</b>
<i>EBIT margin</i>	<i>18%</i>	<i>12%</i>
Net finance costs	(13)	(5)
<b>Profit before tax</b>	<b>345</b>	<b>152</b>
Tax	(102)	(43)
<b>Net profit after tax</b>	<b>243</b>	<b>109</b>
<i>NPAT margin</i>	<i>12%</i>	<i>8%</i>

- Lower revenue and EBITDA was driven by:
  - Reduction in product profit share due to the significant fall in commodity prices
  - Significant reduction in transaction earnings
    - Sale of Fortescue (FMG) plant and Consolidated Minerals (CML) proceeds not being replaced with other earnings
- The FMG transaction improved the cash position by over \$320m
- EBITDA (excluding the three items above) increased by 4%
- Depreciation and amortisation reduced by 35% primarily due to the sale of Fortescue plant in 2014
- Finance costs reduced due to movement from net debt in 2014 to a net cash position in 2015

# EBITDA bridge

*The decline in 2015 EBITDA can be attributed to 3 major areas*



# Statement of financial position

## *Significant balance sheet flexibility to grow the business in the future*

\$ million	30-Jun-14	30-Jun-15
<b>Current assets</b>		
Cash and cash equivalents	206	210
Trade and other receivables	143	136
Inventories	111	73
Other current assets	194	9
<b>Total current assets</b>	<b>654</b>	<b>428</b>
<b>Non-current assets</b>		
Plant and equipment	661	672
Deferred tax assets	88	38
Intangibles and mine development	445	434
Other non current assets	10	19
<b>Non-current assets</b>	<b>1,204</b>	<b>1,163</b>
<b>Total assets</b>	<b>1,858</b>	<b>1,592</b>
<b>Current liabilities</b>		
Trade and other payables	327	162
Borrowings	44	21
Other current liabilities	87	39
<b>Total current liabilities</b>	<b>458</b>	<b>222</b>
<b>Non-current liabilities</b>		
Borrowings	82	71
Provisions	11	34
Deferred tax assets	168	183
<b>Total non-current liabilities</b>	<b>261</b>	<b>288</b>
<b>Total liabilities</b>	<b>719</b>	<b>509</b>
<b>Net assets</b>	<b>1,139</b>	<b>1,082</b>
<b>Equity</b>		
Issued capital	496	505
Retained profits	617	556
Other	1,145	1,084
<b>Total equity</b>	<b>1,139</b>	<b>1,082</b>

- Net cash of \$118 million and unused debt facility of approximately \$400m to provide significant capital flexibility to grow the business over time
- Net cash position will increase in 2016
- \$672m of plant and equipment on balance sheet which excludes a significant amount (in the order of \$200 million) of second hand equipment, spare parts and consumables held off balance sheet that can be used to reduce the cost of building and maintaining build own operate projects

# Cash Flow Statement

\$ million	FY2014	FY2015
<b>EBITDA</b>	<b>554</b>	<b>283</b>
Movement in working capital	118	(135)
<b>Net cash flow from operating activities before financing activities and tax</b>	<b>672</b>	<b>148</b>
Maintenance capital expenditure	(37)	(18)
<b>Operating free cash flow (before growth capital expenditure)</b>	<b>635</b>	<b>130</b>
Growth capital expenditure	(148)	(109)
<b>Net free cash flow (before financing and tax)</b>	<b>487</b>	<b>21</b>
Tax paid	(55)	(94)
Net interest paid	(11)	(2)
Dividends paid	(116)	(69)
Proceeds / (payments for) Aquila interest	(197)	179
Proceeds from sale of property, plant and equipment	322	2

- Movement in working capital between 2014 and 2015 was a timing issue relating to EPC work
- 'Maintenance' capital expenditure continues to run well below depreciation
- Track record of deploying 'growth' capital expenditure at high rates of returns
- Dividend payout was 50% of reported NPAT (pre MRRT write back)
- Sale of Aquila interest settled in 2015

# Priorities for growth



Nammuldi Below Water Table process plant - Pilbara region

# Priorities for growth

## *Immediate multiple drivers of organic growth*

1

### **Growth of existing business**

- Expand annuity build own operate business through contract extensions and new contracts with existing and new clients
- Relocate Yilgarn iron ore export to Esperance Port to generate cost savings
- Opportunistically increase the number of profit share partnerships

2

### **Supply chain infrastructure on a build own operate basis underwritten by long term contracts**

- Expand remote power supply chain services through the installation and operation of remote LNG plants which supply power to mine equipment and infrastructure with cost savings of up to 50%
- Build own and operate MRL's proprietary, mine-to-port transport and infrastructure service ('Bulk Ore Transport System' or BOTS) under a long term contract with MRL's profit share project at Iron Valley
  - MRL to explore further opportunities where this new solution can be offered as a low cost transport alternative to MRL's client's stranded deposits

3

### **Innovation**

- Replace MRL's mining truck trays with newly developed carbon fibre exoskeletons to generate mine to process plant cost savings of up to 15%. MRL to explore opportunities to expand and commercialise this service to MRL customers
- Continue to develop innovative, cost saving solutions for MRL clients through investing in research and development via commercial and collaborative relationships with select universities and institutions

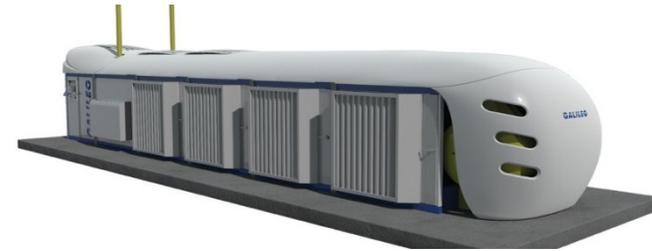
# Supply chain infrastructure

## *MRL's expanded remote power service offering is looking to create significant savings*

- MRL will install and operate remote LNG plants to power mine equipment and infrastructure underwritten by long term contracts
- MRL's new solution will provide certainty over energy costs and energy cost savings of up to 50%
  - one-off cost of converting MRL's mobile mine plants to run on LNG
- LNG plants to be tested initially on MRL's profit share projects with opportunities to expand services to MRL's other customers
- 1<sup>st</sup> plant expected to be installed in early CY2016

### Key features

- Low costs to run (automated operation and remote monitoring)
- Highly scalable solution: installation can grow according to demand
- Safe to operate
- Substantial environmental benefits



Cryogenic plants for converting natural gas

# Supply chain infrastructure

## ***'Bulk Ore Transport System' (BOTS) and port infrastructure services will create significant annuity profit streams for MRL and its customers***

- BOTS is MRL's targeted proprietary, mine-to-port transport and infrastructure service
- BOTS comprises an elevated, relocatable below rail system with autonomous locomotives. BOTS is less capital intensive than traditional heavy-haul rail
- Low cost benefit of BOTS enables MRL to provide a mine to port or mine to existing processing / transport hubs solution to ore bodies that would otherwise be uneconomic to develop

### **Near term priorities**

- Build own and operate MRL's first application of BOTS for MRL's Profit Share at Iron Valley comprising 400kms of rail to Port Hedland (with capacity of up to 40 million tonne per annum capacity)
- Build own and operate a new bulk ore wharf or transhipping facility in Port Hedland to enable MRL to provide a complete mine to port supply chain solution

### **Long term priorities**

- Pending a successful proof of concept at Iron Valley, MRL will explore further opportunities (already identified) where this new solution can be offered as a low cost transport alternative to client's stranded deposits
- Look to leverage BOTS and port infrastructure solutions to secure additional contract crushing contracts from existing and new clients

# Supply chain infrastructure

## Iron Valley to Port Hedland 'Bulk Ore Transport System' (BOTS)

### Construction

- 403km total length (Iron Valley operation to Port including sidings, loops and marshalling yard)

### Operation

- 6 BOTS delivering 16 million tonnes p.a.
- Each BOTS is 1.7 km in length comprising 12 power cars and 108 wagons transporting 4,600 tonnes
- Total BOTS capacity for MRL and 3rd party users between Iron Valley and Port Hedland will be approximately 40 million tonnes pa

### Timing

- MRL currently optimising engineering and rolling stock design and exploring financing alternatives (update to be provided in February 2016)
- 15 months on-site construction time



# Innovation

## ***New composite products have the potential to drive significant savings***

- Innovative mining truck trays that utilise carbon fibre components to replace traditional steel structures
  - light weight, high strength technology with significant safety and wear life advantages compared to steel
- Total costs savings of up to 15% across the pit to process plant operation
  - MRL's carbon fibre trays facilitate a 15 tonne payload increase on a 150 tonne truck tray

### **Project update**

- MRL has completed the design and construction of manufacturing equipment to produce carbon fibre components (tubes, beams and fittings)
- Prototype has successfully completed a simulated 12 month trial in a specifically designed, computer controlled and monitored test bed
- MRL has commenced the manufacture of two 150 tonne trays to be trialled on MRL mining trucks in the field
- Pending a successful trial, MRL will replace all mining truck trays on MRL profit share projects and explore opportunities to expand this service to 3<sup>rd</sup> parties providing substantial cost savings for MRL customers

# Outlook



3D model of a MRL crushing plant

# 2016 Outlook

## **Profit guidance**

- MRL is targeting EBITDA between \$250m and \$290m in 2016.
- The key assumptions in this target include:
  - 62% CFR iron ore to average USD\$50 per tonne from 1 November to 30 June 2016
  - AUD / USD to average 0.69 from 1 November to 30 June 2016
  - 12m tonnes exported where MRL shares in the product profit
  - 95m tonnes of equivalent crushing capacity
  - 5m to 6m tonnes under rail logistics management
- Capital expenditure is expected to be in the range of \$100m to \$120m

## **Capital management**

- MRL will enter into an on-market share buyback scheme
- MRL has determined to allocate \$40 million in FY2016 to a combination of fully franked dividends and a on-market share buyback comprising
  - A minimum \$10m for the first half interim dividend
  - The residual \$30 million to buyback MRL shares during the course of the year

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