



17 November 2016

**CHAIRMAN'S ADDRESS TO
ANNUAL GENERAL MEETING
THURSDAY 17 NOVEMBER 2016, 10:00AM WST**

I am pleased to welcome you to our 11th Annual General Meeting. This year, Mineral Resources Limited celebrates being a listed company for 10 years. Accordingly, I think it is appropriate to look at the changes and growth of the company that have occurred over that time.

In 2006 we listed at 90 cents per share; today the share price is \$11.80.

In 2006 the market capitalisation was \$108 million; this year's market capitalisation is \$2.2billion.

In 2006 the company earned revenue of \$149 million; this year's revenue is \$1.18 billion.

In 2006 the company employed 284 people; today we employ 1400 people.

And over the 10 years we have paid dividends totalling \$3.18 per share.

By any measure Mineral Resources has been outstandingly successful and that reflects the skill, commitment and strength of the Board, the management team and all our employees.

But in the words of a Frank Sinatra song 'the best is yet to come'!

OVERVIEW OF 2016

In 2016 the commodity sector continues to experience significant volatility, linked to the uncertainty of the Chinese economy.

The continued strength of iron ore prices has defied the expert's pessimistic predictions and held up at a healthy level for most of the year. The Aussie dollar has, however, remained stubbornly strong as the US hold out on increasing their interest rates.

The resources sector, albeit still experiencing significant volatility, has taken the opportunity to right-size and the keywords are work hard on cost control and production efficiency. In the case of our core mining services businesses we have seen our customers respond significantly during the year with management and cultural changes focusing on the new paradigm of lower cost and reduced capital availability to prepare for the future. This environment provides strong opportunities for us to assist them with more efficient models of operation. Despite this volatility in the industry, I am pleased to report that the Company achieved a solid financial



17 November 2016

result in 2016 and is well placed for an improved result in 2017. We have an exceptionally strong balance sheet, cash balance and financial position to enable us to develop and take advantage of the large number of commercial opportunities presenting themselves. We also continue to achieve operational cost reductions and productivity improvements across both the mining services and commodity businesses. Importantly, these measures helped to ensure that we are able to continue to achieve profits across all of our business activities and to develop new business strategies to build on the base.

We continue to develop a range of innovative mining services initiatives in materials handling and transport, which are designed to further reduce costs and improve efficiencies for both our clients and Mineral Resources' own operations. The Managing Director will say more about these activities in his address.

BOARD AND CORPORATE GOVERNANCE

We continue to make changes to the composition of the Board following on from the appointment of James McClements as the Lead Independent non-executive director last year. We have taken the time to assess what skills and experience will best suit the business and ensure that the Board has the right balance to establish the strategic direction for the business now and for future decades.

Importantly, I would like to take this opportunity to acknowledge the contribution of Joe Ricciardo, who retired from the Board this year. Joe was one of the Company's foundation directors, joining on listing in 2006. His contribution to the Company derives from his wide experience in engineering and operations management in the mining sector and his strong commitment to grow the business by quality performance across all corporate and operational activities. He participated in setting a solid foundation for Mineral Resources in its first decade as a listed company. The Board and management join me in wishing Joe and his family the very best in his retirement.

To complement and enhance the Board composition, we today welcome Tim Roberts as an independent non-executive director of the Company. Tim is currently managing director of the private investment group, Warburton Group having previously played a key role in the transformation of the Multiplex construction group from a construction contractor to a broadly based property group. He is also on the board of Crown Resorts Perth, the Perth Symphony Orchestra and a member of the Board of Trustees of the Telethon Institute. Tim brings a wide range of commercial skill, social awareness, business development and marketing acumen to the Board and we look forward to his contribution.

In addition, we have identified an outstanding candidate for an additional Board position. We will advise the markets at the appropriate time of this appointment. This additional position



17 November 2016

will provide the Board with the right size and composition to assist the Company develop and grow to its potential.

CAPITAL MANAGEMENT

The Company continues its disciplined approach to capital management, while continuing to progress ongoing investments and opportunities. As a result of this disciplined approach, the balance sheet remains in a very strong position with net cash and substantial debt facilities to fund its operations and growth.

The Company's strong financial position has facilitated its entry into a number of unique investments this year which is entirely consistent with the Company's approach to capital allocation which targets long term growth in strategic business areas.

As part of the Board's ongoing considerations in this area, we also continue to consider both the economic conditions and the Company's short term capital expenditure and development requirements, in determining the level of dividends. The decision to declare total fully franked dividends of 29.5 cents per ordinary share to shareholders in 2016, represents a distribution of approximately 50% of normalised after-tax earnings and is in line with the policy established when the Company first listed in 2006. It is a clear acknowledgement that the Board is comfortable with our current level of cash generation and our ongoing ability to fund both growth and shareholder dividend returns.

In line with our approach to prudent financial management, the Board impaired the Company's manganese investment and some iron ore resources in 2016 by \$130 million (after tax). This action is based on current market conditions for manganese which have been subdued for a number of years now and, even though we have seen some strengthening in recent months, the Board's view is that manganese prices will likely continue to remain challenging. This action does not detract from the original decision to purchase the assets in 2010 but simply reflects economic circumstances of the day. The Board is still of the view that manganese is a good business and will provide an acceptable return on investment over the long term.

GENERAL OUTLOOK

I think that commodity prices have now responded to global commodity demand and supply tension and appears to have re-balanced. China appears to have found a new, sustainable level of steel demand and commodity prices have moved to their new level. My outlook for iron ore is for continuing volatility around a slightly higher pricing level than has occurred in Q1 2017. Whilst this stage of the resources cycle is very challenging, it also presents opportunities for a company like Mineral Resources as resource companies continue to focus on operational cost



17 November 2016

reductions and productivity enhancements in order to remain profitable.

The Company and its employees have responded well to the new economic environment. The ongoing delivery of innovative and cost-effective solutions has been and continues to be a major point of differentiation between Mineral Resources and other mining services companies. This model is equally applicable to independent projects that need assistance on the path to development.

Mineral Resources is in the fortunate position of having a committed and highly skilled workforce, strong relationships with key customers, a strong technical and financial base and a range of products and services which are well suited to meet the requirements of an increasingly cost conscious customer base. This commitment has not changed and is the core strength of Mineral Resources.

Through the stewardship of Chris Ellison, the Company's founder and Managing Director, the Company is in great shape and set to take advantage of the significant opportunities that are presenting themselves. We have taken the opportunity in the current resource pricing downturn to strengthen our management team and cherry-pick outstanding executive and operational staff which will stand us in good stead as the pace of economic growth lifts. The performance of the Company and its outstanding reputation is a credit to Chris Ellison and his team and on behalf of the board I congratulate them on continuing the tradition of quality performance and profitability for shareholders.

Peter Wade
Chairman