

Mineral Resources Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Mineral Resources Limited
ABN:	33 118 549 910
Reporting period:	For the half-year ended 31 December 2016
Previous period:	For the half-year ended 31 December 2015

2. Results for announcement to the market

		\$'000
Revenues from ordinary activities	up	35.6% to 782,721
Profit from ordinary activities after tax attributable to the owners of Mineral Resources Limited	up	191.1% to 140,349
Profit attributable to the owners of Mineral Resources Limited	up	191.1% to 140,349

Comments

Results reflect a record 6.9 million tonnes of commodity exports, up 16% on prior corresponding period (pcp), higher achieved prices on iron ore exports (up 23% on pcp) and increased crushing and processing production; all partially offset by lower EPC construction activity.

During the reporting period Mineral Resources Limited (the Group) completed the acquisition of Global Advanced Metals Pty Ltd's (GAM's) mining tenements and associated infrastructure at the Wodgina mine site, other than Tantalum. Included in the assets purchased were contractual offtake/royalty rights over Pilbara Minerals Limited (PLS) Pilgangoora Lithium-Tantalum Project (Pilgangoora). In October 2016, the Group agreed to extinguish these rights in return for \$50 million in PLS shares and an agreement to collaborate with PLS to explore and exploit possible synergies between the Group's Wodgina and PLS's Pilgangoora projects. The Group recognised Income of \$50 million in the financial period in relation to this transaction.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>569.19</u>	<u>550.97</u>

4. Dividends

	Cents	Franked %	\$'000
2017 Interim Dividend – declared 16/02/2017	21.00	100%	39,278
2016 Final Dividend – paid 15/09/2016	21.00	100%	39,235
2016 Interim Dividend – paid 04/03/2016	8.50	100%	15,866
2015 Final Dividend – paid 8/10/2015	15.00	100%	28,147

Record date for determining entitlements to the 2017 interim dividend

24 February 2017

Payment date for the 2017 interim dividend

15 March 2017

Mineral Resources Limited**Appendix 4D****Half-year report****5. Dividend reinvestment plans**

Shareholders are able to elect to participate in the following Dividend Reinvestment Plan (DRP) for the interim dividend:

Date of interim dividend declaration	16 February 2017
Record date for determining entitlements to the interim dividend	24 February 2017
Closing date for election to participate in the DRP	27 February 2017
Closing date for calculation of DRP share issue price, based on the Volume Weighted Average Price ("VWAP") for Mineral Resources Limited shares sold on the ASX in the five business days following record date (rounded to the nearest whole cent)	6 March 2017
DRP discount to be applied	None
DRP to be underwritten	No
Payment date for interim dividend/issue of shares under the DRP	15 March 2017
DRP share ranking with existing Mineral Resources Limited shares	Equally in all respects
Date by which DRP participant's holdings will be updated with additional shares issued under the DRP	31 March 2017

Details of the DRP are available on the Group's website www.mineralresources.com.au

6. Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

Mineral Resources Limited

ABN 33 118 549 910

Interim Report - 31 December 2016

Mineral Resources Limited
Corporate directory
31 December 2016

Directors	Peter Wade (Chairman) Chris Ellison (Managing Director) Kelvin Flynn James McClements (Lead Independent Non-Executive Director) Tim Roberts (appointed 17 November 2016)
Company Secretary	Bruce Goulds
Registered office	1 Sleat Road Applecross WA 6153 P: + 61 8 9329 3600 F: + 61 8 9329 3601 Postal address: Locked Bag 3, Canning Bridge, Applecross WA 6153
Principal place of business	1 Sleat Road Applecross WA 6153
Share register	Computershare Investor Services Pty Limited Level 2, Reserve Bank Building 45 St Georges Terrace Perth WA 6000 P: + 61 8 9323 2000 F: + 61 8 9322 2033 www.computershare.com/au
Auditor	RSM Australia 8 St Georges Terrace Perth WA 6000 P: + 61 8 9261 9100 F: + 61 8 9261 9111 www.rsm.com.au
Bankers	National Australia Bank 100 St Georges Terrace Perth WA 6000 www.nab.com.au
Stock exchange listing	Mineral Resources Limited shares are listed on the Australian Securities Exchange (ASX code: MIN)
Website	www.mineralresources.com.au

Mineral Resources Limited

Directors' report

31 December 2016

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Mineral Resources Limited (referred to hereafter as the 'Company') and the entities it controlled at the end of, or during, the half-year ended 31 December 2016.

Directors

The following persons were Directors of the Company during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Peter Wade
Chris Ellison
Kelvin Flynn
James McClements (Lead Independent Non-Executive Director)
Tim Roberts (appointed 17 November 2016)

Principal activities

During the half-year, the principal continuing activities of the Group consisted of the integrated supply of goods and services to the resources sector.

Dividends

	Cents	Franked %	\$'000
2017 Interim Dividend – declared 16/02/2017	21.00	100%	39,278
2016 Final Dividend – paid 15/09/2016	21.00	100%	39,235
2016 Interim Dividend – paid 04/03/2016	8.50	100%	15,866
2015 Final Dividend – paid 8/10/2015	15.00	100%	28,147

On 16 February 2017, the Directors declared a total interim dividend for the year ending 30 June 2017 of 21 cents per ordinary share to be paid on 15 March 2017, a total estimated distribution of \$39,278,000.

Review of operations

Financial performance

The Group achieved revenues from ordinary activities of \$783 million for the half-year ended 31 December 2016 (1H FY17), which was up 36% on the prior corresponding period ('pcp') reflecting a record 6.9 million tonnes of commodity exports (up 16% on pcp), higher achieved prices on iron ore exports (up 23% on pcp), increased crushing and processing production, extinguishment of contractual rights to offtake/royalty rights over Pilbara Minerals Limited (PLS) Pilgangoora Lithium Project, partially offset by lower EPC construction activity.

The Group produced earnings before interest, tax, depreciation and amortisation (EBITDA) of \$282 million for 1H FY17 which was up \$149 million (112%) on pcp. This led to net profit after tax (NPAT) of \$140 million which was up \$93 million (195%) on pcp.

Depreciation and amortisation of \$78 million in 1H FY17 was \$14 million (22%) higher on pcp primarily from increased commodity production and the larger mining fleet implemented in the Yilgarn in the previous financial year.

Mineral Resources Limited

Directors' report

31 December 2016

Operational performance

Mining Services & Processing

Mining Services & Processing revenues of \$201 million were above pcp. Increased crushing, processing and mining production, together with the opportunistic sale of Manganese stock holdings, were offset by lower EPC construction revenues.

Highlights in the period included:

- In early 1H FY17 the Group completed the construction and commissioning of Rio Tinto's Nammuldi Below Water Table Extension – Phase 2 (NP2) EPC contract. The project has been progressively handed over to the client's operations team since October 2016. Revenue on NP2 has been recognised in 1H FY17. The prior corresponding period contained revenue and margin on the larger Nammuldi Below Water Table Phase 1 EPC contract.
- Construction activities for the first stage Mount Marion build-own-operate (BOO), life-of-mine mining services contract were materially completed in 1H FY17 and mining and processing commenced in the half-year. The crushing plant was commissioned and has been ramped-up and the processing plant continues in its commissioning and ramp-up stage. Addition of second stage equipment will be completed by end of 2017.
- The Group increased crushing and processing production in 1H FY17 when compared against pcp. The growth resulted from a continuation of the volume enhancement program undertaken for clients, increased production at the Group's mining operations, and the commencement of the Mount Marion mining services operation.
- Site Services continued to deliver a solid contribution to earnings based on its strategy of providing accommodation services to the Group's internal projects as well as other existing long term contracts to external customers. In November, PMI took over the provision of accommodation services at the Wodgina mine site.

Mining

The Group's actual commodity export sales volumes in the period were as follows:

Commodity exports ('000 WMT)	1H FY16		1H FY17	
	Produced	Shipped	Produced	Shipped
Utah Point				
Iron Valley	3,567	3,126	4,337	4,209
Other Iron Ore	-	42	-	-
Manganese	-	-	-	146
Total Utah Point	3,567	3,168	4,337	4,355
KBT2 / Yilgarn				
	2,590	2,733	2,588	2,506
Total Iron Ore	6,157	5,901	6,925	6,715
Total Manganese	-	-	-	146
Total Commodity Exports	6,157	5,901	6,925	6,861

The Group has another record six months, with total iron ore export volumes of 6.7 million wet tonnes, which were up 14% from 5.9 million (pcp). Mining revenues of \$532 million were \$151 million (40%) greater than pcp, driven by increased iron ore exports and increases in the global iron ore prices in November and December.

Mineral Resources Limited
Directors' report
31 December 2016

The Platts 62% Index (Platts) expressed in Australian dollars and adjusted for moisture is set out in the table below.

Month	Jul	Aug	Sep	Oct	Nov	Dec	1H FY17	1H FY16
Platts 62% Index (AU\$/wmt)	72.0	75.7	71.2	72.8	91.7	103.2	81.0	66.9

Platts averaged \$81.00/wet tonne for 1H FY17, an increase of 21% on pcp, reflecting global iron ore market conditions. The substantial increase was experienced in November and December.

The Group's average iron ore price achieved for 1H FY17 was \$79.30/wet tonne reflecting a net 2.1% discount to Platts and this compares favourably to the 3.5% discount in the previous corresponding period.

The Group typically sells its iron ore by reference to Platts with the final price determined up to 2 months after export. The significant increase in Platts towards the end of the period had a material uplift on revenues booked for tonnes exported in the half-year. This resulted in an increase in the average price received over the six months and a material increase in the Group's iron ore receivables at 31 December 2016.

The Group continued its focus on cost savings and operational improvements in the period. Mining segment costs of \$55.9/wet tonne were 2% lower than \$57.2/wet tonne in pcp. C1 costs of \$39.40 were \$1.30 (3%) lower than the pcp.

Mining EBITDA of \$157 million was \$114 million (265%) greater than pcp, reflecting increased production and exports, increased global iron ore prices and cost reduction initiatives. On a wet tonne basis, EBITDA increased 221% from \$7.30 to \$23.40.

Highlights in the period included:

- At Iron Valley, crushing plant modifications were completed in the period to enable processing of below water table ore. In addition, all approvals to commence below water table mining were secured in 1H FY17, allowing access to the balance of the ore reserve.
- Iron Valley crushing plant performance improved further in 1H FY17 with production in the second quarter above 8.9 million tonnes on an annualised basis, 27% greater than the target of 7 million tonnes per annum.
- In the Yilgarn, the Carina pit was completed on plan in the period and production was shifted to the Jackson 4 (J4) pit. In order to ensure all weather access to the operations, bitumen sealing was completed in 1H FY17 on the 75 kilometre haul road that connects J4 to the existing processing facilities at Carina.
- Clearing activities commenced in the half-year at Carina-extended pit which will be utilised as a source of blending material. Carina-extended will operate as a satellite open pit, with the ore hauled 2 kilometres to the existing Carina processing facilities. Mining operations will commence at Carina-extended in the second half of FY17.
- The first shipment of 15,000 tonnes of Mount Marion Lithium concentrate departed Utah Point for China on 6 February 2017.
- In October, the Group revised the JORC compliant Mount Marion mineral resource estimate resulting in increases to Indicated and Inferred Mineral Resources now totalling 77.8Mt at 1.37% Li₂O and 1.09% Fe reported above a cut-off grade of 0.5% Li₂O. The revised estimate represented an increase in contained Lithium content of 29.5% with a slightly increased cut-off grade to align with pit optimisation parameters (see ASX announcement on 27 October 2016).
- The Wodgina drilling program commenced in the period to enable a JORC compliant mineral resource statement to be established in due course.

Cash and working capital

At 31 December 2016, the Group had net cash (cash and cash equivalents less debt) of \$86 million.

Net cash from operating activities before interest and tax of \$131 million in 1H FY17 was impacted by:

- The revaluation of iron ore exports incorporating the period end Platts price, which temporarily increased iron ore receivables by \$72 million;
- The non-cash PLS settlement of \$50 million; and
- An increase in Mount Marion mining services agreement third-party receivables and early stage cost recovery items.

At end December 2016, the Group had iron ore receivables of \$80 million. At end January 2017, \$34 million of this balance had been received in cash and \$38 million was finally priced awaiting payment under the Group's normal trading terms (and supported by confirmed letters of credit).

Net cash used in investing activities in 1H FY17 was \$157 million, up \$75 million from \$82 million in pcp. Investment in the period included the purchase of the Wodgina assets, completion of the Mount Marion BOO assets, infrastructure to support LNG power generation at the Group's mine sites, Iron Valley crushing plant below water table modifications, the Wodgina drilling program, and the drawdown by Empire Oil & Gas Limited on the Group financing facility.

In addition to its period end cash holdings of \$389 million, the Group has access to over \$200 million of undrawn debt facilities to support business development activities.

Capital management

The Group continues to maintain a strong and conservative balance sheet that provides flexibility to facilitate the growth of the business. This includes maintaining a significant cash balance to ensure that it is available for strategic investments as the opportunity arises.

A fully franked interim dividend of 21.0 cents per ordinary share has been declared for shareholders as at 24 February 2017, with a payment date of 15 March 2017.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial half-year.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investment Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out in this report.

Mineral Resources Limited
Directors' report
31 December 2016

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Chris Ellison
Managing Director

16 February 2017
Perth



RSM Australia Partners

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

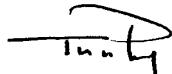
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Mineral Resources Limited for the half-year ended 31 December 2016, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

The RSM logo, consisting of the letters "RSM" in a stylized, handwritten font.

RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 16 February 2017

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

Mineral Resources Limited**Contents****31 December 2016**

Consolidated statement of profit or loss and other comprehensive income	9
Consolidated statement of financial position	10
Consolidated statement of changes in equity	11
Consolidated statement of cash flows	12
Notes to the consolidated financial statements	13
Directors' declaration	18
Independent auditor's review report to the members of Mineral Resources Limited	19

General information

The financial statements cover Mineral Resources Limited as a consolidated entity consisting of Mineral Resources Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Mineral Resources Limited's functional and presentation currency.

Mineral Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

1 Sleat Road
Applecross WA 6153

A description of the nature of the Group's operations and its principal activities are included in the notes to the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 16 February 2017.

Mineral Resources Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2016

	Note	31 Dec 2016 \$'000	31 Dec 2015 \$'000	Group
Revenue		782,721	577,160	
Other income	3	3,270	12,453	
Expenses				
Changes in closing stock		11,529	6,579	
Raw materials and consumables		(67,907)	(82,573)	
Equipment costs		(17,338)	(13,164)	
Subcontractors		(42,801)	(53,298)	
Employee benefits expense		(99,085)	(87,625)	
Transport and freight		(224,588)	(193,469)	
Depreciation and amortisation		(78,161)	(63,994)	
Other expenses		(62,693)	(32,053)	
Finance costs		(6,109)	(3,163)	
Operating profit before impairment charges and income tax expense		198,838	66,853	
Income tax on operating profit before impairment charges		(58,789)	(18,738)	
Profit after tax before impairment charges for the half-year		140,049	48,115	
Impairment charges	4	373	(825)	
Income tax on impairment charges		(112)	248	
Profit after income tax expense and impairment charges for the half-year		140,310	47,538	
Included within profit after income tax expense and impairment charges for the half-year is total income tax expense of \$58,901,000 (2015: \$18,490,000)				
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Gain on asset revaluation reserve, net of tax		3,241	90	
Cash flow hedges transferred to profit or loss, net of tax		385	-	
<i>Items that may be reclassified subsequently to profit or loss</i>				
Gain on the revaluation of available-for-sale financial assets, net of tax		-	90	
Other comprehensive income for the half-year, net of tax		3,626	180	
Total comprehensive income for the half-year		143,936	47,718	
Profit for the half-year is attributable to:				
Non-controlling interest		(39)	(675)	
Owners of Mineral Resources Limited		140,349	48,213	
		140,310	47,538	
Total comprehensive income for the half-year is attributable to:				
Non-controlling interest		(39)	(675)	
Owners of Mineral Resources Limited		143,975	48,393	
		143,936	47,718	
Basic and diluted earnings per share		Cents	Cents	
		75.05	25.67	

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Mineral Resources Limited
Consolidated statement of financial position
As at 31 December 2016

	Note	31 Dec 2016 \$'000	30 June 2016 \$'000	Group
Assets				
Current assets				
Cash and cash equivalents		388,670	407,293	
Trade and other receivables		176,368	83,334	
Inventories		90,122	80,019	
Financial assets		5,821	-	
Current tax assets		-	3,624	
Other		7,723	12,262	
Total current assets		668,704	586,532	
Non-current assets				
Receivables		17,374	11,034	
Investments accounted for using the equity method		-	3,571	
Financial assets		67,956	8,362	
Property, plant and equipment		725,448	683,545	
Intangibles		51,848	49,229	
Exploration & mine development		317,827	242,799	
Deferred tax		42,198	33,297	
Total non-current assets		1,222,651	1,031,837	
Total assets		1,891,355	1,618,369	
Liabilities				
Current liabilities				
Trade and other payables		151,165	198,040	
Borrowings		237,569	147,983	
Income tax		33,352	-	
Employee benefits		21,251	16,897	
Provisions		56,771	13,870	
Total current liabilities		500,108	376,790	
Non-current liabilities				
Borrowings		64,687	71,445	
Deferred tax		136,123	124,445	
Provisions		73,998	37,035	
Total non-current liabilities		274,808	232,925	
Total liabilities		774,916	609,715	
Net assets		1,116,439	1,008,654	
Equity				
Issued capital	5	504,666	502,353	
Reserves		4,008	382	
Retained profits		588,940	487,055	
Equity attributable to the owners of Mineral Resources Limited		1,097,614	989,790	
Non-controlling interest		18,825	18,864	
Total equity		1,116,439	1,008,654	

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Mineral Resources Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2016

Group	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2015	504,771	1,371	555,925	20,086	1,082,153
Profit/(loss) after income tax expense for the half-year	-	-	48,213	(675)	47,538
Other comprehensive income for the half-year, net of tax	-	180	-	-	180
Total comprehensive income for the half-year	-	180	48,213	(675)	47,718
Share issued under Dividend Reinvestment Plan	940	-	-	-	940
Dividends paid (note 6)	-	-	(38,147)	-	(38,147)
Balance at 31 December 2015	<u>505,711</u>	<u>1,551</u>	<u>565,991</u>	<u>19,411</u>	<u>1,092,664</u>
Group	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2016	502,353	382	487,055	18,864	1,008,654
Profit/(loss) after income tax expense for the half-year	-	-	140,349	(39)	140,310
Other comprehensive income for the half-year, net of tax	-	3,626	-	-	3,626
Total comprehensive income for the half-year	-	3,626	140,349	(39)	143,936
Share issued under Dividend Reinvestment Plan	2,313	-	-	-	2,313
Acquisition of subsidiary	-	-	-	771	771
Acquisition of non-controlling interests	-	-	771	(771)	-
Dividends paid (note 6)	-	-	(39,235)	-	(39,235)
Balance at 31 December 2016	<u>504,666</u>	<u>4,008</u>	<u>588,940</u>	<u>18,825</u>	<u>1,116,439</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Mineral Resources Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2016

	Group	
	31 Dec 2016	31 Dec 2015
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	685,361	599,859
Payments to suppliers and employees (inclusive of GST)	(554,402)	(410,194)
	130,959	189,665
Interest received	1,515	457
Interest and other finance costs paid	(4,175)	(2,645)
Income taxes paid	(19,715)	(22,511)
Net cash from operating activities	108,584	164,966
Cash flows from investing activities		
Payments for property, plant and equipment	(64,900)	(87,228)
Proceeds from disposal of property, plant and equipment	7,262	9,268
Payments for exploration and evaluation	(38,289)	(3,262)
Payments for mine development	(25,955)	(112)
Payments for investments and subsidiaries	(13,825)	(400)
Amounts advanced to joint operations	(2,002)	-
Amounts advanced to other parties	(15,100)	-
Payments for intangibles	(3,848)	(264)
Net cash used in investing activities	(156,657)	(81,998)
Cash flows from financing activities		
Proceeds from borrowings	357,850	37,485
Repayment of borrowings	(293,398)	(11,442)
Dividends paid	(36,921)	(27,207)
Net cash from/(used in) financing activities	27,531	(1,164)
Net (decrease)/increase in cash and cash equivalents	(20,542)	81,804
Cash and cash equivalents at the beginning of the financial half-year	407,293	209,814
Effects of exchange rate changes on cash and cash equivalents	1,919	-
Cash and cash equivalents at the end of the financial half-year	388,670	291,618

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Mineral Resources Limited
Notes to the consolidated financial statements
31 December 2016

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2016 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Operating segments

Business segment

The Group has identified its operating segments based on internal management reports that are reviewed by the Board (who are identified as the Chief Operating Decision Makers ("CODM")) in assessing performance and in determining the allocation of resources.

The Group continues to report its business results as three operating segments being Mining Services & Processing, Mining and Central. All are operating within the resources sector of the Australian economy.

The measurement of segment results is in line with the basis of information presented to management for internal management reporting purposes and the performance of each segment is measured based on underlying Earnings before Interest and Tax ("EBIT") contribution.

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of the financial statements.

Mineral Resources Limited
Notes to the consolidated financial statements
31 December 2016

Note 2. Operating segments (continued)

	Mining Services & Processing \$'000	Mining \$'000	Central \$'000	Total \$'000
Group - 31 Dec 2016				
Total revenue from ordinary activities⁽ⁱ⁾	201,066	532,241	49,414	782,721
Other income	(141)	1,879	-	1,738
Expenses	(135,666)	(377,316)	10,100	(502,882)
Earnings before interest, tax, depreciation and amortisation	65,259	156,804	59,514	281,577
Depreciation and amortisation	(33,526)	(44,357)	(278)	(78,161)
Interest income	-	27	1,503	1,530
Finance costs	(1,542)	(685)	(3,882)	(6,109)
Operating profit	30,191	111,790	56,857	198,838
Income tax on operating profit				(58,789)
Profit after tax before impairment charges				140,049
Impairment charges				373
Income tax on impairment charges				(112)
Profit after income tax expense				140,310

⁽ⁱ⁾ In the half-year ended 31 December 2016, the Group recognised revenue of \$50,000,000 arising from the Group being issued 104,166,667 shares in Pilbara Minerals Limited at \$0.48 per share in exchange for the relinquishment of the Right of First Refusal or 2.5% royalty that had been held by the Group's wholly owned subsidiary, Wodgina Lithium Pty Ltd.

Assets				
Segment assets	619,744	668,044	603,567	1,891,355
Liabilities				
Segment liabilities	239,925	274,961	260,030	774,916

	Mining Services & Processing \$'000	Mining \$'000	Central \$'000	Total \$'000
Group - 31 Dec 2016				
Revenue				
Sales to internal and external customers from ordinary activities	304,200	532,241	49,414	885,855
Intersegment sales	(103,134)	-	-	(103,134)
Total revenue	201,066	532,241	49,414	782,721

Mineral Resources Limited
Notes to the consolidated financial statements
31 December 2016

Note 2. Operating segments (continued)

Operating segment information

	Mining Services & Processing \$'000	Mining \$'000	Central \$'000	Total \$'000
Group - 31 Dec 2015				
Total revenue from ordinary activities	196,301	380,794	65	577,160
Other income	10,392	768	60	11,220
Expenses	(117,380)	(338,585)	362	(455,603)
Earnings before interest, tax, depreciation and amortisation	89,313	42,977	487	132,777
Depreciation and amortisation	(33,218)	(30,141)	(635)	(63,994)
Interest income	-	227	1,006	1,233
Finance costs	-	385	(3,548)	(3,163)
Operating profit	56,095	13,448	(2,690)	66,853
Income tax on operating profit				(18,738)
Profit after tax before impairment charges				48,115
Impairment charges				(825)
Income tax on impairment charges				248
Profit after income tax expense				47,538

Group – 30 June 2016

Assets				
Segment assets	625,417	494,344	498,608	1,618,369
Liabilities				
Segment liabilities	274,786	185,394	149,535	609,715

Intersegment revenue

	Mining Services & Processing \$'000	Mining \$'000	Central \$'000	Total \$'000
Group - 31 Dec 2015				
Revenue				
Sales to internal and external customers from ordinary activities	250,829	380,770	531	632,130
Intersegment sales	(54,528)	24	(466)	(54,970)
Total revenue	196,301	380,794	65	577,160

Mineral Resources Limited
Notes to the consolidated financial statements
31 December 2016

Note 3. Other income

	Group	
	31 Dec 2016	31 Dec 2015
	\$'000	\$'000
Net (loss)/gain on disposal of property, plant and equipment	(536)	1,479
Interest income	1,530	1,234
Share of losses of associates and joint ventures accounted for using the equity method	(389)	-
Other	2,665	9,740
 Other income	 3,270	 12,453

Note 4. Impairment charges

	Group	
	31 Dec 2016	31 Dec 2015
	\$'000	\$'000
Inventory	3,049	(238)
Investments	(2,676)	(327)
Other	-	(260)
 373	 (825)	

Note 5. Equity - issued capital

	31 Dec 2016	30 June 2016	31 Dec 2016	30 June 2016
	Shares	Shares	\$'000	\$'000
Ordinary shares	187,036,681	186,829,800	504,666	502,353
 <i>Movements in ordinary share capital</i>				
Details	Date	Shares	Issue price	\$'000
Balance	1 July 2015	187,637,090		504,771
Share issued for dividend reinvestment		378,087	\$5.00	1,890
Share buy-back		(1,185,377)	\$3.63	(4,308)
Balance	30 June 2016	186,829,800		502,353
Share issued for dividend reinvestment		206,881	\$11.16	2,313
Balance	31 December 2016	187,036,681		504,666

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Mineral Resources Limited
Notes to the consolidated financial statements
31 December 2016

Note 6. Equity - dividends

	31 Dec 2016	31 Dec 2015		
	Dividend per share Cents	Total \$'000	Dividend per share Cents	Total \$'000
Declared and paid during the period				
Final franked dividend	21.00	39,235	15.00	28,147
Declared and provided for during the period				
Interim franked dividend	-	-	5.30	10,000
Proposed				
Interim franked dividend	21.00	39,278	3.20	5,866

On 16 February 2017, the Directors declared a total interim dividend for the year ending 30 June 2017 of 21 cents per ordinary share to be paid on 15 March 2017, a total estimated distribution of \$39,278,000.

Note 7. Contingent liabilities

Since the last annual report, there has been no material change in contingent liabilities.

Note 8. Events after the reporting period

Apart from the dividend declared as disclosed in Note 6, no other matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Mineral Resources Limited
Directors' declaration
31 December 2016

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Chris Ellison
Managing Director

16 February 2017
Perth



RSM Australia Partners

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
MINERAL RESOURCES LIMITED**

We have reviewed the accompanying half-year financial report of Mineral Resources Limited which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mineral Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Mineral Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Mineral Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

RSM

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink, appearing to read "Tutu Phong".

TUTU PHONG
Partner

Perth, WA
Dated: 16 February 2017