



Thursday, 29 June 2017

Market Announcements Office  
Australian Securities Exchange Limited  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir / Madam

### **Continuous Disclosure**

#### **Market update: lowered profit guidance for FY17**

Mineral Resources Limited (**MRL** or the **Company**) wishes to announce a revision to its expected earnings for the financial year ending 30 June, 2017 (FY17).

In February 2017 following the release of the half yearly results, MRL provided a guidance update to the market for the expected FY17 full year results. That guidance was an EBITDA range of \$480 million - \$520 million and was based upon the stated specific assumptions as to iron ore pricing and tonnages for the second half of the year. The Board at that time considered the following assumptions to be sensible, conservative and achievable:

1. An index price of \$70 (USD) for the 62% Fe Platt's index
2. A discount of 25% for the lower grade nominal 58% Fe fines, and
3. An AUD rate of 75 cents.

That has not played out in practice and the significant reduction in index pricing coupled with the widening discount for lower grade ore has seriously impacted the EBITDA outcomes for all producers of lower grade iron ore.

Over the period of this review, the iron ore index pricing has fallen from around \$80 (USD) per tonne to a low of \$54 (USD) per tonne and the discount has widened from around 18% to 35%. Under this scenario, all low grade ore producers are subject to a major impact on projected profitability.

While this applies to MRL's mining division, it is pleasing to note that the diversity of our business model incorporating the strength of our mining services operation and the expansion into lithium production has enabled the Company to mitigate in large part the serious reduction in achieved iron ore pricing. This diversity provides a proper validation of the strategy we have adopted since listing in 2006 and which has allowed us to manage the growth in business earnings notwithstanding significant market changes outside the control of management.

Given these changes to iron ore profitability, the Board has determined that a revised guidance range of \$460 million - \$480 million is appropriate for FY17. The spread of the range at this late time in the financial year is to accommodate the volatility of iron ore prices as seen by the 10% increase over the past 48 hours.

While the FY17 results have been impacted by the significantly reduced iron ore prices, it is important to recognise that the FY17 earnings are an increase of more than 60% over FY16 results. The continuing strength of our mining services operations and the improving performance of our lithium production sites bode well for an improved performance outcome for FY18.

The Board thanks all of its shareholders for their continued support through the year and commits itself to continuing to grow the company across all business cycles.

For further information, contact:

Peter Wade – Chairman  
Chris Ellison – Managing Director

Yours faithfully

A handwritten signature in black ink, appearing to read "Chris Ellison".

**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.