**Thursday, 21 February 2019**

# MEDIA RELEASE

## Half Year Profit Announcement

**Mineral Resources Limited (ASX: MIN) ('MRL' or 'the Company')** is pleased to announce its financial results for the half year ended 31 December 2018 (H1 FY19) and provide an update on initiatives carried out during the period as part of the Company's strategy to become Australia's leading integrated mining services provider.

Guidance provided previously at the Annual General Meeting (AGM) in November 2018[1] was for full 2019 financial year (FY19) Earnings Before Interest Tax, Depreciation and Amortisation (EBITDA) of between $280 million to $320 million, weighted 35% to the first half and 65% to the second half of the financial year.

H1 FY19 EBITDA for MRL is broadly in line with this guidance, with EBITDA of $72 million after an unrealised accounting loss in respect of the Group's investment in Pilbara Minerals Limited (ASX: PLS) of $30 million. Normalised EBITDA, after adding back this unrealised loss, is $102 million. After providing for income tax and non-controlling interest, profits amounted to $13 million.

During the six months to 31 December 2018, the Company delivered on a number of major initiatives including:

- Execution of a transaction with Albemarle Corporation to sell 50% of the Wodgina Lithium Project for US$1.15 billion and, upon completion, establish a 50:50 joint venture;
- Expenditure of almost $400 million on the construction of world-class lithium mining and processing facilities at Wodgina and Mt Marion;
- Acquisition of additional equity in Mt Marion to take MRL's stake to 50%;
- Completion of the acquisition of the Koolyanobbing Iron Ore Project, enabling operations in the Yilgarn region to continue;
- Establishment of a 50:50 joint venture with Brockman Mining Limited in relation to the Marillana Iron Ore Project in the Pilbara;
- Acquisition of the Kumina Iron Ore Project in the Pilbara; and
- Achievement of substantial progress across the portfolio of innovation projects including:
    - completing the detailed design of the Bulk Ore Shuttle System;
    - completing the third carbon fibre dump tray; and
    - commencing construction of a hydrogen/synthetic graphite test plant.

[1] ASX:20181122 AGM - Managing Directors Presentation Pg.13

MRL's Managing Director Chris Ellison said, "This has undoubtedly been the most significant year in the Company's history. The financial results for the first half of FY19 reflect our strategic decision to invest in a number of longer term growth projects.

These projects will assist us maximise the value of our lithium ore bodies while the infrastructure and innovation initiatives we have been developing over the past 3 to 5 years will provide us with additional, industry changing mining services capability.

Together, these projects will create long-term shareholder value through the development of our world-class resources assets and increased annuity style earnings from enhanced mining services offerings."

**Financial performance**

Revenue and profits for H1 FY19 were lower than the previous corresponding period (pcp) in H1 FY18 as the Company:

- suspended Direct Ship Ore (DSO) activities at the Wodgina Lithium Project in September 2018 in favour of higher-value beneficiation of spodumene concentrate;
- experienced delays in approvals for the start-up of the Koolyanobbing Iron Ore Project, resulting in first ore shipped in December 2018 rather than at the end of September 2018;
- received lower pricing for its iron ore from the Iron Valley Project, due to higher discounts for fines and impurities; and
- experienced delays in ramp-up of all-in 6% spodumene concentrate from Mt Marion, with all-in 6% shipments now scheduled to commence in the second half of FY19 rather than within the second quarter of FY19 as originally planned.

| | H1 FY19 | H1 FY18 | Comparison to pcp[2] |
|---|---|---|---|
| Revenue | **$555m** | $926m | ↓ 35% |
| EBITDA (reported) | **$72m** | $349m | ↓ 80% |
| EBITDA (normalised)[3] | **$102m** | $247m | ↓ 59% |
| Net profit after tax (NPAT) | **$13m** | $163m | ↓ 92% |
| NPAT (normalised)[4] | **$34m** | $92m | ↓ 63% |
| Capex | **$494m** | $71m | ↑ 598% |
| Fully Franked Dividends (Interim) | **13.0cps** | 25.0cps | ↓ 48% |

[2] Comparison to pcp being H1 FY18
[3] Normalised EBITDA of $102m excludes unrealised fair value adjustments for the PLS investment – a loss of ($30m) in H1 FY19 (in pcp this was a gain of $93m)
[4] Normalised NPAT of $34m excludes the after tax adjustments for the PLS investment

**Operational highlights**

- Iron ore exports totalled 4 million tonnes for the half year with realised prices of $65.2/wmt, representing 77% of the average Platts 62% index price;
- Mt Marion spodumene operation shipped 186k wmt with production at 483k wmt per annum run rate; and
- Wodgina Lithium Project exported 746k wmt of DSO. Wodgina DSO operations ceased during H1 FY19 in favour of the higher value of beneficiation for spodumene concentrate.

**Capital / Financial Management:**

During the period, the Company invested heavily across a number of strategically important projects. This programme of investment will continue into the second half of FY19 as the Company completes major projects at Wodgina and Mt Marion. At the end of the period, MRL had cash and undrawn cash debt facilities of $251 million.

Based on the Company's dividend policy, which sees 50% of forecast net profit after tax made available for distribution, of which 1/3 is payable as an interim dividend, on the 21 February 2019 the directors resolved to distribute a fully franked interim dividend of 13.0 cents per share, for shareholders on the register as at 18 March 2019. This represents a decrease of 48% on the interim dividend of 25.0 cents per share for 2018, again reflective of the Company's current investment in longer term growth projects.

**Financial Guidance for FY19**

The Company notes recent material price movements both for iron ore (positive) and for lithium (negative). At this time the Company is not providing updated guidance, other than to note that it remains on track to deliver the forecast EBITDA based on the assumptions (including commodity pricing) made at the time of its guidance at the AGM in November 2018 of between $280 million to $320 million. The Company has affirmed the guidance for its Mining Services Division which is expected to contribute at least $240 million of EBITDA.

**ENDS**

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**About Mineral Resources**

Mineral Resources Limited (ASX: MIN) is a Perth-based leading mining services provider, with a particular focus on the iron ore and hard-rock lithium sectors in Western Australia. Using technical know-how and an innovative approach to deliver exceptional outcomes, Mineral Resources has become one of the ASX's best-performing contractors since listing in 2006.

To learn more, please visit www.mineralresources.com.au.

# HALF YEAR FINANCIAL REPORT

## 31 DECEMBER 2018

MINERAL RESOURCES LIMITED
ABN 33 118 549 910

www.mineralresources.com.au

**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 2018 |
| Previous period: | For the half-year ended 31 December 2017 |

## 2. Results for announcement to the market

| | | | | $'000 |
|---|---|---|---|---|
| Revenues from ordinary activities | down | 35.1% | to | 554,695 |
| Profit from ordinary activities after tax attributable to the owners of Mineral Resources Limited | down | 91.7% | to | 13,519 |
| Profit for the half-year attributable to the owners of Mineral Resources Limited | down | 91.7% | to | 13,519 |

*Comments*
Guidance provided previously at the Annual General Meeting (AGM) in November 2018[1] was for full 2019 financial year (FY19) Earnings Before Interest Tax, Depreciation and Amortisation (EBITDA) of between $280,000,000 to $320,000,000, weighted 35% to the first half and 65% to the second half of the financial year. EBITDA for the half-year ended 31 December 2018 (H1 FY19) for Mineral Resources Ltd (the Group) is broadly in line with this guidance, with EBITDA of $71,685,000 (31 December 2017: $352,191,000) after an unrealised accounting loss in respect of the Group's investment in Pilbara Minerals Limited (ASX: PLS) of $30,315,000. Normalised EBITDA, after adding back this unrealised loss, is $102,000,000 (31 December 2017: $250,000,000[2]). After providing for income tax and non-controlling interest, profits amounted to $13,519,000 (31 December 2017: $163,631,000).

Revenue and profits for H1 FY19 were lower than the previous corresponding period (H1 FY18) primarily due to:
- Suspended Direct Ship Ore (DSO) activities at the Wodgina Lithium Project in September 2018 in favour of higher value beneficiation of spodumene concentrate;
- Experienced delays in approvals for the start-up of the Koolyanobbing Iron Ore Project, resulting in first ore shipped in December 2018 rather than at the end of September 2018;
- Received lower pricing for its iron ore from the Iron Valley Project, due to higher discounts for fines and impurities;
- Experienced delays in ramp-up of all-in 6% spodumene concentrate from Mt Marion, with all-in 6% shipments now scheduled to commence in the second half of FY19 rather than within the second quarter of FY19 as originally planned.

## 3. Net tangible assets

| | Reporting period Cents | Previous period Cents |
|---|---|---|
| Net tangible assets per ordinary security | 618.03 | 620.54 |

[1] ASX:20181122 AGM - Managing Directors Presentation Pg.13
[2] ASX:20180208 H1FY18 Information Pack Pg. 6

## 4. Dividends

| | Cents | Franked % | $'000 |
|---|---|---|---|
| 2019 Interim Dividend – declared 21 February 2019 | 13.00 | 100% | 24,378 |
| 2018 Final Dividend – paid 27 September 2018 | 40.00 | 100% | 75,015 |
| 2018 Interim Dividend – paid 8 March 2018 | 25.00 | 100% | 46,796 |
| 2017 Final Dividend – paid 20 September 2017 | 33.00 | 100% | 61,699 |

| | |
|---|---|
| Record date for determining entitlements to the 2019 interim dividend | 18 March 2019 |
| Payment date for the 2019 interim dividend | 17 April 2019 |

## 5. Dividend reinvestment plans

Shareholders are able to elect to participate in the following Dividend Reinvestment Plan (DRP) for the 2019 interim dividend:

| | |
|---|---|
| Date of interim dividend declaration | 21 February 2019 |
| Record date for determining entitlements to the interim dividend | 18 March 2019 |
| Closing date for election to participate in the DRP | 19 March 2019 |
| 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) | 26 March 2019 |
| DRP discount to be applied | None |
| DRP to be underwritten | No |
| Payment date for interim dividend/issue of shares under the DRP | 17 April 2019 |
| 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 | 23 April 2019 |

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 2018

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' or 'MRL') and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

## 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
Xi Xi

## 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

Dividends declared and/or paid during the financial half-year were as follows:

| | Cents | Franked % | $'000 |
|---|---|---|---|
| 2019 Interim Dividend – declared 21 February 2019 | 13.00 | 100% | 24,378 |
| 2018 Final Dividend – paid 27 September 2018 | 40.00 | 100% | 75,015 |
| 2018 Interim Dividend – paid 8 March 2018 | 25.00 | 100% | 46,796 |
| 2017 Final Dividend – paid 20 September 2017 | 33.00 | 100% | 61,699 |

On 21 February 2019, the Directors declared a total interim dividend for the financial year ending 30 June 2019 of 13 cents per ordinary share to be paid on 17 April 2019, a total estimated distribution of $24,378,000.

## Review of operations

### Financial performance

The Group achieved revenue of $555 million for the half-year ended 31 December 2018, which was down $300 million (35%) on the prior corresponding period (pcp). The reduction in Group revenue was driven primarily by ceasing of Direct Shipping Ore (DSO) sales from Wodgina in favour of higher value beneficiation of spodumene concentrate, and a temporary pause in mining activity in the Yilgarn region of Western Australia. This saw mining activities at Carina cease in the latter half of FY18, and re-commencement of mining activity at Koolyanobbing delayed by government approvals.

As announced to the market on 22 November 2018, the full year forecast result is weighted to the second half. The Group produced earnings before interest, tax, depreciation and amortisation (EBITDA) of $72 million for the first half of FY19 (H1 FY19) which was down $280 million (80%) on pcp. This included a $30 million unrealised fair value decrease in the value of listed investments (pcp was a $93 million fair value gain). Underlying EBITDA was therefore $102 million, consistent with FY19 guidance provided to the markets during the half. Net profit after tax (NPAT) of $13 million was down 92% on pcp.

Steady state operations at Koolyanobbing are expected to be achieved in the second half of FY19 (H2 FY19). Construction of the Wodgina spodumene concentrate plant is expected to be completed in the last quarter of FY19, with construction of the first of the three 6% spodumene trains currently nearing completion. Mt Marion's plant upgrade, to produce all-in 6% concentrate, is likewise expected to be completed in H2 FY19.

The effective tax rate during the period was 30%.

## Operational performance

### *Mining Services & Processing*

Total Mining Services & Processing revenue of $467 million (internal and external) was $64 million (12%) lower than pcp. EBITDA of $88 million was $42 million (32%) below pcp.

Decreased revenue and EBITDA was primarily a result of decreases in mining services provided to Wodgina, pending commissioning of the spodumene concentrate plant. Lower crushing, processing and mining production was likewise driven by the temporary pause in mining activity in the Yilgarn. These results are expected to normalise in H2 FY19, on completion of the Wodgina spodumene project and achievement of steady-state Koolyanobbing operations.

### *Mining*

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

| '000 WMTs | H1 FY19 | | H1 FY18 | |
|---|---|---|---|---|
| | Produced | Shipped | Produced | Shipped |
| **IRON ORE** | | | | |
| Iron Valley | 3,629 | 3,673 | 3,996 | 3,058 |
| Koolyanobbing | 652 | 292 | - | - |
| Carina & J4 | - | - | 2,046 | 1,777 |
| **TOTAL IRON ORE** | 4,281 | 3,965 | 6,042 | 4,835 |
| **SPODUMENE** | | | | |
| Mt Marion [1] | 226 | 185 | 221 | 201 |
| **TOTAL SPODUMENE** | 226 | 185 | 221 | 201 |
| **DSO LITHIUM** | | | | |
| Wodgina | 398 | 422 | 2,017 | 1,772 |
| **TOTAL DSO LITHIUM** | 398 | 422 | 2,017 | 1,772 |
| | | | | |
| **GRAND TOTAL** | **4,905** | **4,572** | **8,280** | **6,808** |

*[1] Volume produced and shipped is presented as 100% for the Mt Marion project.*
*MRL's ownership interest in the Mt Marion project for the quarters shown above is 43.10%, increasing to 50% in calendar year 2019 (ASX: 211218).*

Mining revenue of $408 million, was $277 million (40%) down on pcp, driven by downscaled operations at Wodgina and the pause in Yilgarn mining operations.

The Platts 62% Iron Ore 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 FY19 | 1H FY18 |
|---|---|---|---|---|---|---|---|---|
| Platts 62% Index (AU$ / wmt) | 77.9 | 82.1 | 84.9 | 89.9 | 89.7 | 85.5 | 85.3 | 82.9 |

Platts averaged $85.0/wet tonne (adjusted for moisture) for H1 FY19, an increase of 2.5% on pcp, reflecting global iron ore market conditions.

The Group's average iron ore price achieved in H1 FY19 for the two operational sites, incorporating all statutory and index adjustments was $63.8/wet tonne shipped at Iron Valley, a net 24.9% discount to Platts (adjusted for moisture), and $81.1/wet tonne shipped at Koolyanobbing, a net 7.0% discount to Platts (adjusted for moisture). The results were driven by an unfavourable mix of fines to lump iron ore sales at Iron Valley, with both fines iron ore, and products with higher impurities, being subject to a heavily discounted market.

The decrease in iron ore's contribution to EBITDA was compounded by the reduced lithium DSO sales at Wodgina with ceasing of shipments in favour of retaining ore stockpiles for higher value beneficiation of spodumene concentrate. The negative EBITDA result was partially offset by lithium exports at Mt Marion with a higher proportion of 6% lithium product being produced and sold due to higher than expected yields from mining activities.

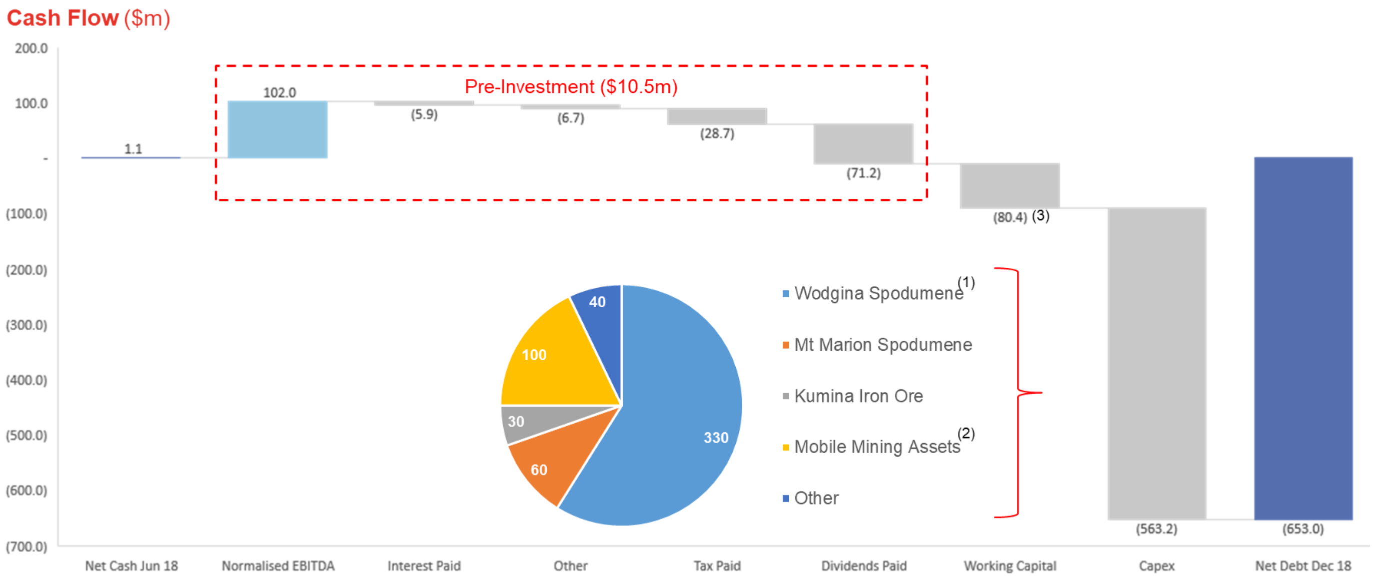
**Cash and capital management**

At 31 December 2018, the Group held cash and cash equivalents of $136 million, down from $240 million at 30 June 2018, reflecting the capital expenditure and working capital outflows of the Wodgina Spodumene Concentrate Project, the Mt Marion Upgrade Project, ramp up of the Koolyanobbing Iron Ore Project as well as acquisition of Kumina tenements.

Net cash from operating activities before interest and tax was $22 million in H1 FY19, a decrease from $222 million in pcp as a result of a temporarily low EBITDA and increases in working capital associated with the growth and development phase of the business.

Net cash used in investing activities in H1 FY19 was $488 million, up $422 million from $66 million on pcp. Investments during the period included:

- Construction on the Wodgina spodumene concentrate plant and related infrastructure
- Mt Marion beneficiation plant upgrade and related infrastructure
- Acquisition of Kumina tenements
- Innovation costs, including progressing the development and testing of CarbonArt's carbon fibre trays.




Notes
(1) Includes capitalised finance charges of $12m. Forecast outturn capex excluding capitalised finance charges currently in line with $610m budget announced to ASX on 24 July 2018.
(2) Supporting both current and growth projects.
(3) Primarily increased inventory at Koolyanobbing, RIM and Wodgina, together with increased receivables at Koolyanobbing.

In addition to its period end cash holdings of $136 million, the Group had in excess of $125 million of undrawn debt facilities to support business development activities, and this increased to $325m with an additional $200m working capital facility being made available by the Group's banking syndicate in January 2019.

Reflecting the reduction in earnings during the half, and consistent with the Group's dividend policy, a reduced fully franked interim dividend of 13 cents per ordinary share has been declared for shareholders on the register as at 18 March 2019, with a payment date of 17 April 2019.

**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 other than as disclosed in this report.

**Rounding of amounts**
The Company is a company of the kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, unless otherwise indicated.

**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.

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

21 February 2019
Perth

**RSM Australia Partners**

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**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 2018, 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.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 21 February 2019

JAMES KOMNINOS
Partner

## 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 directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 21 February 2019.

**Mineral Resources Limited**
**Consolidated statement of profit or loss and other comprehensive income**
**For the half-year ended 31 December 2018**

| | Note | Group 31 Dec 2018 $'000 | Group 31 Dec 2017 $'000 |
|---|---|---|---|
| **Revenue** | 3 | 554,695 | 854,491 |
| Other income | 4 | 2,070 | 107,439 |
| **Expenses** | | | |
| Changes in closing stock | | 37,725 | 21,705 |
| Raw materials and consumables | | (60,659) | (76,908) |
| Equipment costs | | (25,020) | (38,309) |
| Subcontractors | | (37,395) | (85,250) |
| Employee benefits expense | | (120,529) | (106,897) |
| Transport and freight | | (195,448) | (255,064) |
| Depreciation and amortisation | | (45,791) | (59,112) |
| Impairment charges | 5 | - | (56,548) |
| Other expenses | 6 | (82,844) | (67,132) |
| Finance costs | | (8,046) | (5,093) |
| **Profit before tax** | | 18,758 | 233,322 |
| Income tax expense | | (5,651) | (70,007) |
| **Profit after tax for the half-year** | | 13,107 | 163,315 |
| Other comprehensive income for the half-year, net of tax | | - | - |
| **Total comprehensive income for the half-year** | | 13,107 | 163,315 |
| Profit for the half-year is attributable to: | | | |
| Non-controlling interest | | (412) | (316) |
| Owners of Mineral Resources Limited | | 13,519 | 163,631 |
| | | 13,107 | 163,315 |
| Total comprehensive income for the half-year is attributable to: | | | |
| Non-controlling interest | | (412) | (316) |
| Owners of Mineral Resources Limited | | 13,519 | 163,631 |
| | | 13,107 | 163,315 |
| | | **Cents** | **Cents** |
| Basic and diluted earnings per share | | 7.20 | 87.30 |

*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 2018**

| | Note | Group 31 Dec 2018 $'000 | Group 30 Jun 2018 $'000 |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | 136,202 | 240,406 |
| Trade and other receivables | | 123,099 | 101,838 |
| Inventories | | 174,471 | 132,189 |
| Current tax assets | | 57,607 | 33,607 |
| Other | | 34,572 | 14,531 |
| Total current assets | | 525,951 | 522,571 |
| **Non-current assets** | | | |
| Receivables | | 24,812 | 250 |
| Financial assets | | 85,932 | 118,113 |
| Property, plant and equipment | 7 | 1,410,203 | 972,531 |
| Intangibles | | 76,172 | 69,302 |
| Exploration & mine development | | 422,243 | 364,484 |
| Deferred tax | | 46,768 | 38,084 |
| Total non-current assets | | 2,066,130 | 1,562,764 |
| **Total assets** | | 2,592,081 | 2,085,335 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | | 254,414 | 261,571 |
| Borrowings | 8 | 72,570 | 63,852 |
| Employee benefits | | 37,267 | 42,176 |
| Provisions | | 7,848 | 7,115 |
| Total current liabilities | | 372,099 | 374,714 |
| **Non-current liabilities** | | | |
| Borrowings | 8 | 716,595 | 175,437 |
| Deferred tax | | 174,842 | 165,736 |
| Provisions | | 90,668 | 64,882 |
| Total non-current liabilities | | 982,105 | 406,055 |
| **Total liabilities** | | 1,354,204 | 780,769 |
| **Net assets** | | 1,237,877 | 1,304,566 |
| **Equity** | | | |
| Issued capital | 9 | 507,691 | 511,188 |
| Reserves | | 1,442 | 1,442 |
| Retained profits | | 711,491 | 774,126 |
| Equity attributable to the owners of Mineral Resources Limited | | 1,220,624 | 1,286,756 |
| Non-controlling interest | | 17,253 | 17,810 |
| **Total equity** | | 1,237,877 | 1,304,566 |

*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 2018**

| Group | Issued capital $'000 | Reserves $'000 | Retained profits $'000 | Non-controlling interest $'000 | Total equity $'000 |
|---|---|---|---|---|---|
| Balance at 1 July 2017 | 502,448 | 1,152 | 610,130 | 18,362 | 1,132,092 |
| Profit/(loss) after tax for the half-year | - | - | 163,631 | (316) | 163,315 |
| Other comprehensive income for the half-year, net of tax | - | - | - | - | - |
| Total comprehensive income for the half-year | - | - | 163,631 | (316) | 163,315 |
| Share issued under Dividend Reinvestment Plan | 3,035 | - | - | - | 3,035 |
| Acquisition of non-controlling interests | - | - | - | 97 | 97 |
| Dividends paid (note 10) | - | - | (61,699) | - | (61,699) |
| Balance at 31 December 2017 | 505,483 | 1,152 | 712,062 | 18,143 | 1,236,840 |

| Group | Issued capital $'000 | Reserves $'000 | Retained profits $'000 | Non-controlling interest $'000 | Total equity $'000 |
|---|---|---|---|---|---|
| Balance at 1 July 2018 | 511,188 | 1,442 | 774,126 | 17,810 | 1,304,566 |
| Prior period remeasurement on adoption of AASB 15 (note 1) | - | - | (1,139) | - | (1,139) |
| Balance at 1 July 2018 - restated | 511,188 | 1,442 | 772,987 | 17,810 | 1,303,427 |
| Profit/(loss) after tax for the half-year | - | - | 13,519 | (412) | 13,107 |
| Other comprehensive income for the half-year, net of tax | - | - | - | - | - |
| Total comprehensive income for the half-year | - | - | 13,519 | (412) | 13,107 |
| Employee share awards vested | 5,702 | - | - | - | 5,702 |
| Purchase of shares under employee share plans | (13,020) | - | - | - | (13,020) |
| Share issued under Dividend Reinvestment Plan | 3,821 | - | - | - | 3,821 |
| Other | - | - | - | (145) | (145) |
| Dividends paid (note 10) | - | - | (75,015) | - | (75,015) |
| Balance at 31 December 2018 | 507,691 | 1,442 | 711,491 | 17,253 | 1,237,877 |

*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 2018**

| | Group | |
|---|---|---|
| | **31 Dec 2018 $'000** | **31 Dec 2017 $'000** |
| **Cash flows from operating activities** | | |
| Receipts from customers | 531,171 | 845,928 |
| Payments to suppliers and employees | (509,555) | (624,367) |
| | 21,616 | 221,561 |
| Interest received | 910 | 2,021 |
| Interest and other finance costs paid | (6,812) | (5,015) |
| Income taxes paid | (28,739) | (81,735) |
| Net cash (used in)/from operating activities | (13,025) | 136,832 |
| **Cash flows from investing activities** | | |
| Payments for property, plant and equipment | (428,009) | (55,131) |
| Proceeds from disposal of property, plant and equipment | 7,694 | 4,551 |
| Payments for exploration and evaluation | (38,114) | (2,315) |
| Payments for mine development | (20,215) | (7,845) |
| Payments for investments and subsidiaries | (2,150) | - |
| Amounts received from joint operations | 6,754 | - |
| Amounts advanced to other parties | (10,000) | - |
| Payments for intangibles | (7,838) | (5,374) |
| Proceeds from disposal of investments | 4,000 | - |
| Net cash used in investing activities | (487,878) | (66,114) |
| **Cash flows from financing activities** | | |
| Proceeds from borrowings | 515,000 | 113,438 |
| Repayment of borrowings | (34,610) | (181,769) |
| Dividends paid | (71,195) | (58,665) |
| Purchase of shares under employee share plans | (13,042) | - |
| Net cash from/(used in) financing activities | 396,153 | (126,996) |
| Net decrease in cash and cash equivalents | (104,750) | (56,278) |
| Cash and cash equivalents at the beginning of the financial half-year | 240,406 | 378,169 |
| Effects of exchange rate changes on cash and cash equivalents | 546 | (2,531) |
| Cash and cash equivalents at the end of the financial half-year | 136,202 | 319,360 |

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

## Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 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 2018 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, except for the policies stated below.

### 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.

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

The nature and the effect of the adoption of new Accounting Standards and Interpretations that are most relevant to the Group are described below:

***AASB 15 Revenue from Contracts with Customers***

The Group has adopted AASB 15 ‘Revenue from Contracts with Customers’ (AASB15) from 1 July 2018. AASB15 supersedes AASB 118 ‘Revenue’, AASB 111 ‘Construction Contracts’ and related Interpretations. AASB15 applies to all revenue arising from contracts with customers, unless those contracts are within the scope of other accounting standards.

AASB 15 provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduces a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. The adoption has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements as described below.

The change in the accounting policies has no impact on the commercial arrangements, current or future cash flows.

In accordance with the transition provisions of the AASB 15, the Group has adopted the modified retrospective transition approach to implement the new standard. Under this approach, comparatives are not restated. Instead, the cumulative effect of adopting the new standard is applied only to contracts that remain in force at 1 July 2018 and recognised in the opening balance of retained earnings in the current reporting period.

*Adoption adjustment to the opening balance of retained earnings*

A $1,139,000 ($1,627,000 pre-tax) transition adjustment has been recognised in retained earnings on transition at 1 July 2018 without adjustment of comparatives. The transition adjustment related to mobilisation charges which were recognised as revenue during the period to 30 June 2018 for which the related performance obligation was partially completed as at that date. Under AASB 15, such charges cannot be recognised as revenue until the performance obligation is delivered over the contractual period. This resulted in a decrease to the opening balance of retained earnings as follows:

| | Group<br>31 Dec 2018<br>$'000 |
|---|---|
| Opening retained earnings 1 July 2018 as previously reported | 774,126 |
| Decrease due to deferral of revenue under AASB 15 | (1,627) |
| Deferred tax effect | 488 |
| Opening retained earnings 1 July 2018 restated | 772,987 |

**Note 1. Significant accounting policies (continued)**

The impact of all other measurement differences identified between AASB 118 and AASB 15 were immaterial at 30 June 2018 and 1 July 2018.

*Impact of adoption on the current reporting period*
The impact of adopting the new standard for the half year ended 31 December 2018 is a decrease of $8,289,000 in sales revenue compared with the amount that would have been reflected under AASB 118, as the recognition of freight revenue is now deferred until the product is delivered. Correspondingly, freight costs of $12,199,000 have also been deferred.

The impact of all other measurement differences identified between AASB 118 and AASB 15 were immaterial for the half year ended 31 December 2018.

*Revenue recognition*
The Group recognises revenue in accordance with AASB 15 as follows:

**(a) Sale of goods**
The Group earns revenue by mining, processing, and subsequently selling commodity products (including iron ore and lithium) by export to customers under a range of commercial terms. Revenue from the sale of product is recognised at the point in time when control has been transferred to the customer, no further work or processing is required by the Group, the quantity and quality of the goods has been determined with reasonable accuracy, the price is fixed or determinable, and collectability is reasonably assured. This is generally when title passes. The majority of the Group's sales agreements specify that title passes when the product is delivered to the destination specified by the customer, which is typically the vessel on which the product will be shipped. In practical terms, revenue is generally recognised on the bill of lading date, which is the date the commodity is delivered to the shipping agent.

The Group's sales agreements may provide for provisional pricing of sales with pricing subsequently adjusted to reflect market prices over a quotation period stipulated in the sales contract, typically on or after the vessel's arrival to the port of discharge. The estimated consideration in relation to provisionally priced contracts is marked to market using the spot price at the end of each reporting period with the impact of the price movements recorded as an adjustment to sales revenue. These sales agreements also allow for an adjustment to the sales price based on a survey of the goods by the customer (an assay for mineral content), therefore recognition of the sales revenue is based on the most recently determined estimate of product specifications. The effect of variable consideration arising from these arrangements with customers is included in revenue to the extent that it is highly probable that there will be no significant reversal of the cumulative amount of revenue recognised when any pricing uncertainty is resolved.

Therefore, the adoption of AASB 15 did not have an impact on the timing of revenue recognition for the sale of product. However, the amount and timing of revenue recognised was affected for the component of revenue relating to freight/insurance services provided for sale of products under CFR (Cost and Freight) or CIF (Cost, Insurance and Freight) incoterms. Freight/insurance revenue is allocated from the overall contract price at its standalone selling price (where observable) or otherwise at its estimated cost plus margin. The recognition of freight/insurance revenue is deferred until the product is delivered rather than when the product is shipped.

**(b) Rendering of services**
The Group's Mining Services & Processing segment earns contract and operational revenue from the provision of a range of mining services, including crushing services. Prior to the adoption of AASB 15, the Group recognised contract and operational revenue based on the invoiced amounts.

Under AASB 15, the Group concluded that revenue from mining services will continue to be recognised over time as the services are rendered. As mining services are invoiced based on the actual services provided or at cost plus margin incurred to date, the Group will use the practical expedient available under AASB 15 to recognise revenue based on the right to invoice, on the basis that the invoiced amount corresponds directly with the value to the customer of the Group's performance completed to date.

For crushing service contracts specifically, the Group assessed that under AASB 15, each tonne of ore crushed represents a separate performance obligation. Revenue from the rendering of crushing services will be recognised as each tonne is crushed based on a schedule of rates. However, mobilisation / demobilisation charges on crushing service contracts constitute variable charges that will be associated and allocated to each tonne crushed (each performance obligation) and therefore recognised based on the actual tonnes crushed each period, rather than when invoiced.

## 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 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 measure based on underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) contribution.

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

*Operating segment information*

| **Group - 31 Dec 2018** | **Mining Services & Processing $'000** | **Mining $'000** | **Central $'000** | **Inter-segment $'000** | **Total $'000** |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| External sales | 146,573 | 408,070 | 52 | - | 554,695 |
| Intersegment sales | 320,502 | - | - | (320,502) | - |
| **Total revenue** | 467,075 | 408,070 | 52 | (320,502) | 554,695 |
| Other income | 600 | - | 560 | - | 1,160 |
| Expenses | (380,125) | (362,949) | (33,022) | 291,926 | (484,170) |
| **EBITDA** | 87,550 | 45,121 | (32,410) | (28,576) | 71,685 |
| Depreciation and amortisation | (37,545) | (7,882) | (892) | 528 | (45,791) |
| Interest income | 1 | 165 | 1,359 | (615) | 910 |
| Finance costs | (3,009) | (1,225) | (4,427) | 615 | (8,046) |
| **Profit before tax** | 46,997 | 36,179 | (36,370) | (28,048) | 18,758 |
| Income tax expense | | | | | (5,651) |
| **Profit after tax for the half-year** | | | | | 13,107 |
| **Assets** | | | | | |
| Segment assets | 1,403,046 | 866,291 | 361,602 | (38,858) | 2,592,081 |
| **Liabilities** | | | | | |
| Segment liabilities | 392,229 | 270,281 | 691,694 | - | 1,354,204 |

## Note 2. Operating segments (continued)

| Group - 31 Dec 2017 | Mining Services & Processing $'000 | Mining $'000 | Central $'000 | Inter-segment $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| External sales | 169,961 | 684,517 | 13 | - | 854,491 |
| Intersegment sales | 361,448 | - | - | (361,448) | - |
| **Total revenue** | 531,409 | 684,517 | 13 | (361,448) | 854,491 |
| Other income | 2,831 | 85 | 102,641 | - | 105,557 |
| Expenses | (403,909) | (558,579) | (6,817) | 361,448 | (607,857) |
| **EBITDA** | 130,331 | 126,023 | 95,837 | - | 352,191 |
| Depreciation and amortisation | (33,614) | (24,800) | (698) | - | (59,112) |
| Impairment charges | - | (53,277) | (3,271) | - | (56,548) |
| Interest income | 6 | 243 | 2,031 | (396) | 1,884 |
| Finance costs | (1,852) | (783) | (2,854) | 396 | (5,093) |
| **Profit before tax** | 94,871 | 47,406 | 91,045 | - | 233,322 |
| Income tax expense | | | | | (70,007) |
| **Profit after tax for the half-year** | | | | | 163,315 |
| **Group – 30 Jun 2018** | | | | | |
| **Assets** | | | | | |
| Segment assets | 982,414 | 758,869 | 354,498 | (10,446) | 2,085,335 |
| **Liabilities** | | | | | |
| Segment liabilities | 378,286 | 227,106 | 175,377 | - | 780,769 |

## Note 3. Revenue

*Disaggregation of revenue*
Set out below is the disaggregation of the Group's revenue from contracts with customers:

| Group - 31 Dec 2018 | Mining Services & Processing $'000 | Mining $'000 | Central $'000 | Total $'000 |
|---|---|---|---|---|
| *Type of goods or service* | | | | |
| Sale of iron ore | - | 258,654 | - | 258,654 |
| Sale of lithium | - | 149,416 | - | 149,416 |
| Contract and operational revenue | 145,419 | - | - | 145,419 |
| Other | 1,154 | - | 52 | 1,206 |
| Total external revenue from contracts with customers | 146,573 | 408,070 | 52 | 554,695 |
| *Geographical information (by location of customers)* | | | | |
| Australia | 146,521 | - | 52 | 146,573 |
| China | - | 327,658 | - | 327,658 |
| Singapore | - | 80,412 | - | 80,412 |
| Other | 52 | - | - | 52 |
| Total external revenue from contracts with customers | 146,573 | 408,070 | 52 | 554,695 |

## Note 3. Revenue (continued)

| Group - 31 Dec 2017 | Mining Services & Processing $'000 | Mining $'000 | Central $'000 | Total $'000 |
|---|---|---|---|---|
| *Type of goods or service* | | | | |
| Sale of iron ore | - | 350,889 | - | 350,889 |
| Sale of lithium | - | 333,628 | - | 333,628 |
| Contract and operational revenue | 161,691 | - | - | 161,691 |
| Other | 8,270 | - | 13 | 8,283 |
| Total external revenue from contracts with customers | 169,961 | 684,517 | 13 | 854,491 |
| *Geographical information (by location of customers)* | | | | |
| Australia | 169,961 | - | 13 | 169,974 |
| China | - | 627,135 | - | 627,135 |
| Singapore | - | 41,118 | - | 41,118 |
| Other | - | 16,264 | - | 16,264 |
| Total external revenue from contracts with customers | 169,961 | 684,517 | 13 | 854,491 |

## Note 4. Other income

| | Group 31 Dec 2018 $'000 | Group 31 Dec 2017 $'000 |
|---|---|---|
| Net fair value gain on investments held at fair value through profit or loss | 568 | 93,468 |
| Gain on bargain purchase | - | 9,173 |
| Net (loss)/gain on disposal of property, plant and equipment | (97) | 2,809 |
| Interest income | 910 | 1,882 |
| Other | 689 | 107 |
| Other income | 2,070 | 107,439 |

## Note 5. Impairment charges

Non-financial assets are reviewed at the end of each reporting period to determine whether there is an indication of impairment. Where an indicator of impairment exists, detailed impairment testing has been completed and an estimate of the recoverable amount is made.

Following completion of the impairment assessments, no impairment charge has been recognised during the current period.

All methodology and assumptions remained consistent with those used in the year ended 30 June 2018.

## Note 5. Impairment charges (continued)

| | Group | |
|---|---|---|
| | **31 Dec 2018 $'000** | **31 Dec 2017 $'000** |
| Inventory | - | (23,490) |
| Financial assets | - | (3,270) |
| Property, plant and equipment | - | (6,500) |
| Goodwill | - | (6,446) |
| Exploration and mine development | - | (16,842) |
| | - | (56,548) |

## Note 6. Other expenses

| | Group | |
|---|---|---|
| | **31 Dec 2018 $'000** | **31 Dec 2017 $'000** |
| Net fair value loss on investment held at fair value through profit or loss (i) | (30,315) | - |
| Corporate and other expenses | (52,529) | (67,132) |
| Other expenses | (82,844) | (67,132) |

(i) Other Expenses for the half year ended 31 December 2018 includes a fair value loss of $30,315,000 relating to the unrealised decrease in the value of the Group's investment in Pilbara Minerals Limited (ASX: PLS) recorded as a financial asset (31 December 2017: fair value gain of $93,468,000 recorded within Other Income).

## Note 7. Property, plant and equipment

*Acquisitions and disposals*
During the half year to 31 December 2018, the Group continued to progress construction on the Wodgina spodumene concentrate plant and related infrastructure. Costs capitalised to the construction project during the half year to 31 December 2018 totalled $317,000,000. Construction of the plant is expected to be completed in quarter four of FY19.

Refer note 11 for capital commitments.

## Note 8. Borrowings

| | Group | |
|---|---|---|
| | 31 Dec 2018 $'000 | 30 Jun 2018 $'000 |
| Lease liability | 72,570 | 57,102 |
| Payable to joint operation partners | - | 6,750 |
| | 72,570 | 63,852 |
| Bank loans (Syndicated Financing Loan Facilities) (i) | 615,000 | 100,000 |
| Lease liability | 101,595 | 75,437 |
| | 716,595 | 175,437 |

(i) During the half year to 31 December 2018, the Group arranged an A$450 million Term Bridge Loan Facility (TBLF) extension to its existing A$290 million Syndicated Financing Loan Facility (SFLF). The TBLF provides bridging finance to facilitate funds for the construction of the Wodgina spodumene concentrate plant. The TBLF is repayable by 29 February 2020 and has a margin of 2.18%. The margin on any drawn portion of the SFLF correspondingly increases to 2.18% for the duration that the TBLF is outstanding. Subsequent to 31 December 2018, the Group arranged a $200 million Working Capital Facility (Tranche B) extension to the existing TBLF. Refer note 14 for further details.

## Note 9. Equity - issued capital

| | Group | | | |
|---|---|---|---|---|
| | 31 Dec 2018 Shares | 30 Jun 2018 Shares | 31 Dec 2018 $'000 | 30 Jun 2018 $'000 |
| Ordinary shares | 187,968,322 | 187,701,751 | 518,233 | 514,413 |
| Less: Treasury shares | (715,390) | (304,559) | (10,542) | (3,225) |
| | 187,252,932 | 187,397,192 | 507,691 | 511,188 |

## Note 9. Equity - issued capital (continued)

*Movements in issued capital*

| **Details** | **Ordinary shares Number** | **Less: Treasury shares Number** | **Total Number** |
|---|---|---|---|
| Balance at 1 July 2017 | 187,330,196 | (516,695) | 186,813,501 |
| Shares issued under Dividend Reinvestment Plan | 371,555 | - | 371,555 |
| Employee share awards vested | - | 212,136 | 212,136 |
| Balance at 30 June 2018 | 187,701,751 | (304,559) | 187,397,192 |
| Shares issued under Dividend Reinvestment Plan | 266,571 | - | 266,571 |
| Purchase of shares under employee share plans | - | (845,000) | (845,000) |
| Employee share awards vested | - | 434,169 | 434,169 |
| Balance at 31 December 2018 | 187,968,322 | (715,390) | 187,252,932 |

| **Details** | **Ordinary shares $'000** | **Less: Treasury shares $'000** | **Total $'000** |
|---|---|---|---|
| Balance at 1 July 2017 | 507,920 | (5,472) | 502,448 |
| Shares issued under Dividend Reinvestment Plan | 6,493 | - | 6,493 |
| Employee share awards vested | - | 2,247 | 2,247 |
| Balance at 30 June 2018 | 514,413 | (3,225) | 511,188 |
| Shares issued under Dividend Reinvestment Plan | 3,820 | - | 3,820 |
| Purchase of shares under employee share plans | - | (13,020) | (13,020) |
| Employee share awards vested | - | 5,703 | 5,703 |
| Balance at 31 December 2018 | 518,233 | (10,542) | 507,691 |

*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.

*Treasury shares*
Movements in treasury shares represent acquisition of the Company's shares on market to be reissued to the Company's employees from the vesting of awards and exercise of rights under the employee share-based payment plans. These re-acquired shares are disclosed as treasury shares and deducted from contributed equity.

## Note 10. Equity - dividends

| | **31 Dec 2018** | | **31 Dec 2017** | |
|---|---|---|---|---|
| | **Dividend per share Cents** | **Total $'000** | **Dividend per share Cents** | **Total $'000** |
| **Declared and paid during the period** | | | | |
| Final franked dividend | 40.00 | 75,015 | 33.00 | 61,699 |
| **Proposed** | | | | |
| Interim franked dividend | 13.00 | 24,378 | 25.00 | 46,796 |

## Note 11. Commitments and contingencies

*Contingent liabilities*
Since the last annual report, there has been no material change to contingent liabilities.

*Commitments*
At 31 December 2018, the Group had capital commitments of $214,977,000 relating to the completion of the Wodgina Spodumene Development Project.

There has been no other material change to capital commitments since the last annual report.

## Note 12. Business combinations

*Information on prior year acquisition*
On 8 November 2017, the Group acquired 100% of the ordinary shares of Energy Resources Pty Ltd (previously Empire Oil Company (WA) Limited) and 90% of the ordinary shares of Cattamarra Farms Pty Ltd (Cattamarra Farms) through the effectuation of a Deed of Company Arrangement (DOCA).

As at 30 June 2018, the acquisition accounting balances recognised were based on a provisional assessment of their fair value. The valuations and tax–related matters affecting the acquisition accounting entries were finalised in the half year ended 31 December 2018 with no changes required to the provisional fair values of the identifiable assets acquired and liabilities assumed at the date of acquisition from those disclosed in the 30 June 2018 financial statements.

## Note 13. Fair value measurement

*Fair value hierarchy*
The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

| **Group - 31 Dec 2018** | **Level 1 $'000** | **Level 2 $'000** | **Level 3 $'000** | **Total $'000** |
|---|---|---|---|---|
| *Assets* | | | | |
| Financial assets held at fair value through profit or loss | 85,932 | - | - | 85,932 |
| Total assets | 85,932 | - | - | 85,932 |

| **Group - 30 Jun 2018** | **Level 1 $'000** | **Level 2 $'000** | **Level 3 $'000** | **Total $'000** |
|---|---|---|---|---|
| *Assets* | | | | |
| Financial assets held at fair value through profit or loss | 118,113 | - | - | 118,113 |
| Total assets | 118,113 | - | - | 118,113 |

*Fair value of financial assets and financial liabilities that are not measured at fair value*
Unless otherwise stated, the carrying amount of all of the Group's financial assets and financial liabilities recognised in the financial statements are considered to approximate their fair value.

## Note 14. Events after the reporting period

*Proposed interim dividend for the year ended 30 June 2019*
On 21 February 2019, the directors declared an interim fully franked dividend for the year ended 30 June 2019 of 13 cents per share to be paid on 17 April 2019, a total estimated distribution of $24,378,000 based on the number of ordinary shares on issue as at 18 March 2019.

*Wodgina Lithium Project - Sale Process*
On 14 December 2018, the Group announced that it had entered into a binding Asset Sale and Share Subscription Agreement with Albemarle Corporation (NYSE: ALB) in relation to the sale of a 50% interest in the Group's Wodgina Lithium Project, and formation of a 50:50 joint venture that will produce spodumene concentrate and lithium hydroxide.
The assets of the Wodgina Lithium Project have not been classified as held-for-sale in these financial statements because the disposal group as defined is not available for sale in its present condition as at 31 December 2018 and sale is subject to conditions precedent, including regulatory approvals. The Group anticipates completion of the sale to occur during the 2019 calendar year.

*Mt Marion Lithium Project - acquisition of additional equity*
On 21 December 2018, the Group announced that it had executed a conditional sale agreement with Neometals Limited (ASX: NEO, Neometals) for Jiangxi Ganfeng Lithium Co., Ltd (Ganfeng) and MRL to jointly and equally acquire Neometals' 13.8% share in the Mt Marion Lithium Project. MRL's equity interest will increase to 50% upon completion, which is anticipated to occur in the early 2019 calendar year.

*Marillana Iron Ore Project - Farm-in and Joint Venture Agreement*
On 22 January 2019, the Group announced that following the execution of the Mine to Ship Logistics Agreement, the Farm-in and Joint Venture Agreement (FJVA) which was entered into between Brockman Mining Limited (SEHK Stock Code: 159; ASX: BCK; Brockman) and MRL on 27 July 2018 in relation to the Marillana Iron Ore Project (Marillana) has become unconditional and the farm-in period has commenced. Upon satisfaction of the farm-in obligation under the FJVA, Brockman and MRL will form an unincorporated 50:50 joint venture which will proceed to develop Marillana.

The Mine to Ship Logistics Agreement, which was executed on 21 January 2019, remains subject to a number of conditions precedent. Once unconditional, the Mine to Ship Logistics Agreement provides that MRL will construct, commission and operate the rail, rollingstock and port infrastructure required to transport the Marillana iron ore product from the mine site to Port Hedland and load it on to vessels for export, for the life of Marillana.

*$200 million Working Capital Facility extension*
On 31 January 2019, MRL completed an amendment to the Syndicated Bridge Loan Facility Agreement and Supplemental Deed to include a new $200 million Working Capital Facility (Tranche B) with the same maturity date as the existing facility of 29 February 2020. The funds will be used to fund the working capital requirements of the Wodgina Spodumene Project as it enters into production anticipated to be during the 2019 calendar year.

No other matter or circumstance has arisen since 31 December 2018 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 2018**

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 2018 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

21 February 2019
Perth

**RSM Australia Partners**

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**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 2018, 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 2018 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.

*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 2018 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

Perth, WA
Dated: 21 February 2019

JAMES KOMNINOS
Partner