



# Mineral Resources Limited

An integrated supplier of goods and services to the Resources Sector



## 2007 Interim Results

“A Successful First Six Months”



# Consolidated Group Structure

## Mineral Resources Limited

ACN 118 549 910

“An integrated supplier of goods and services to the Resource sector”





# Board and Management

## Mineral Resources Limited Board

Michael Kiernan	- Chairman and Non-Executive Director
Joe Ricciardo	- Non-Executive Director
Christopher Ellison	- Executive Director
Peter Wade	- Executive Director / Managing Director

PIHA  
Bob Gavranich  
General Manager

CSI  
Steve Wyatt  
General Manager

PMI  
David Geraghty  
General Manager

Finance  
Bruce Goulds  
CFO



# About Mineral Resources Limited

- Leading integrated mining services and processing company
- Formed through the consolidation of 3 associated, long established and successful operations
- PIHA – manufacturing and contracting business involved in construction of pipelines and site infrastructure formed in 1993
- CSI – successful contract crushing company with a build, own, operate business model formed in 1995
- PMI – minerals processing company operating in NW of WA and commencing in the Philippines formed in 1996





# Agenda

- 1 Highlights
- 2 Financial Results and Analysis
- 3 Operational Review
- 4 Outlook



# Highlights - Operational

- Full integration of three subsidiaries into ASX listed company
- Successful commissioning and operation of Nammuldi iron ore contract crushing plant
- Annual 280,000 tonne manganese sales contract formalised with CITIC
- Maintenance of world best practice HSE results
- Approval of exploration licenses on Philippine iron sands tenements
- Upgrade of polyethylene fittings manufacturing facility





**Nammuldi Iron Ore Operation**



# Highlights - Financial

- Strong earnings growth
- Interim normalised 6 month NPAT of \$8.014 million  
– on target for annualised 17% increase over Prospectus forecast
- Debt to Equity ratio 17.7% with strong cash generation
- Interest cover 15 times
- Balance sheet strength to support growth targets





# Highlights – Financial

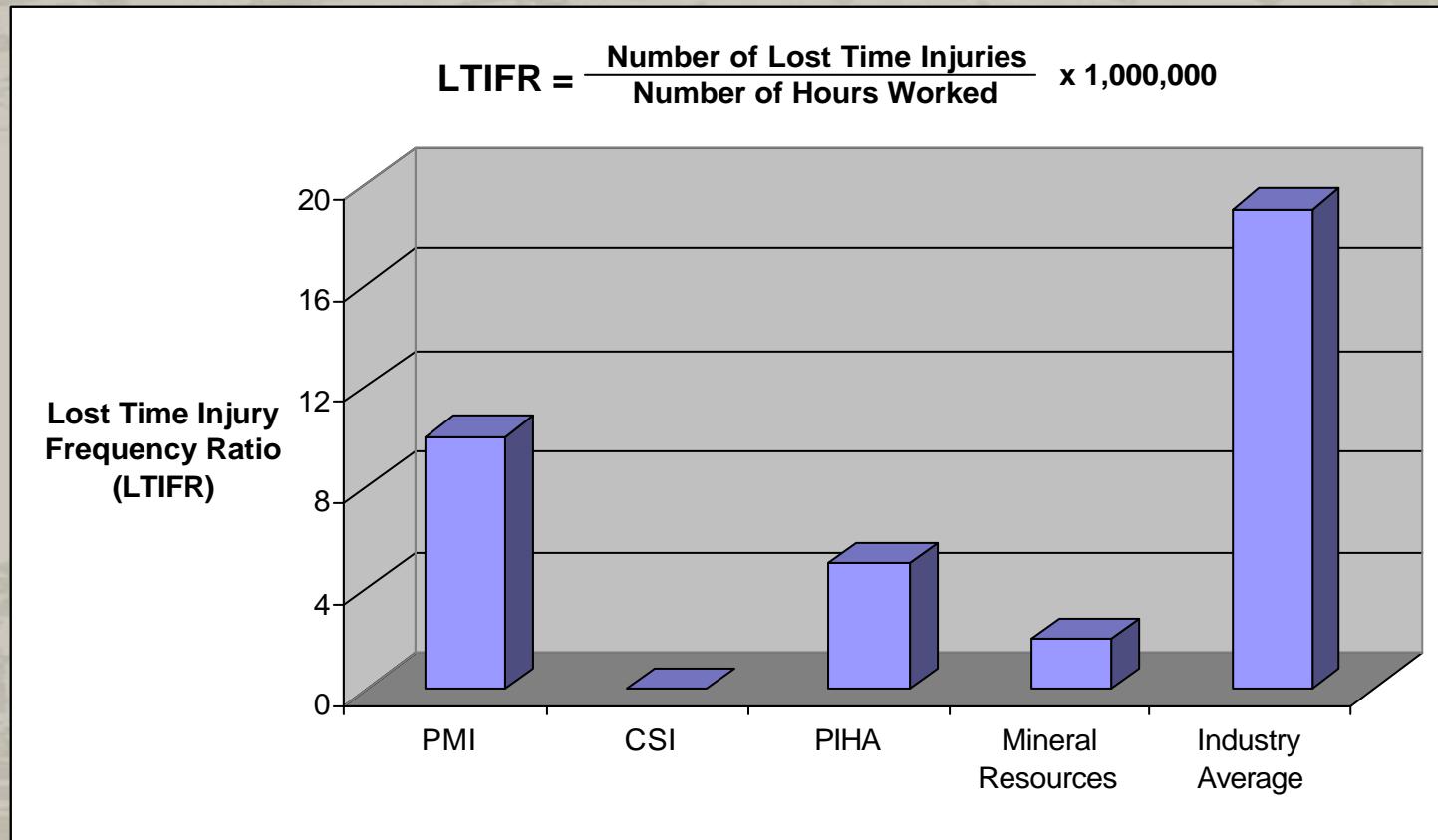
## Comparison of Actual V Prospectus Forecast

	<b>Actual half-year 2006/07</b>	<b>Prospectus half- year 2006/07</b>	<b>Variance %</b>
Revenue	72,819	60,345	20.7%
EBITDA	18,712	17,274	8.3%
NPAT	8,014	6,860	16.8%

The actual half year result is compared to 50% of the 2006/07 Prospectus forecast issued at the time of the Company's listing

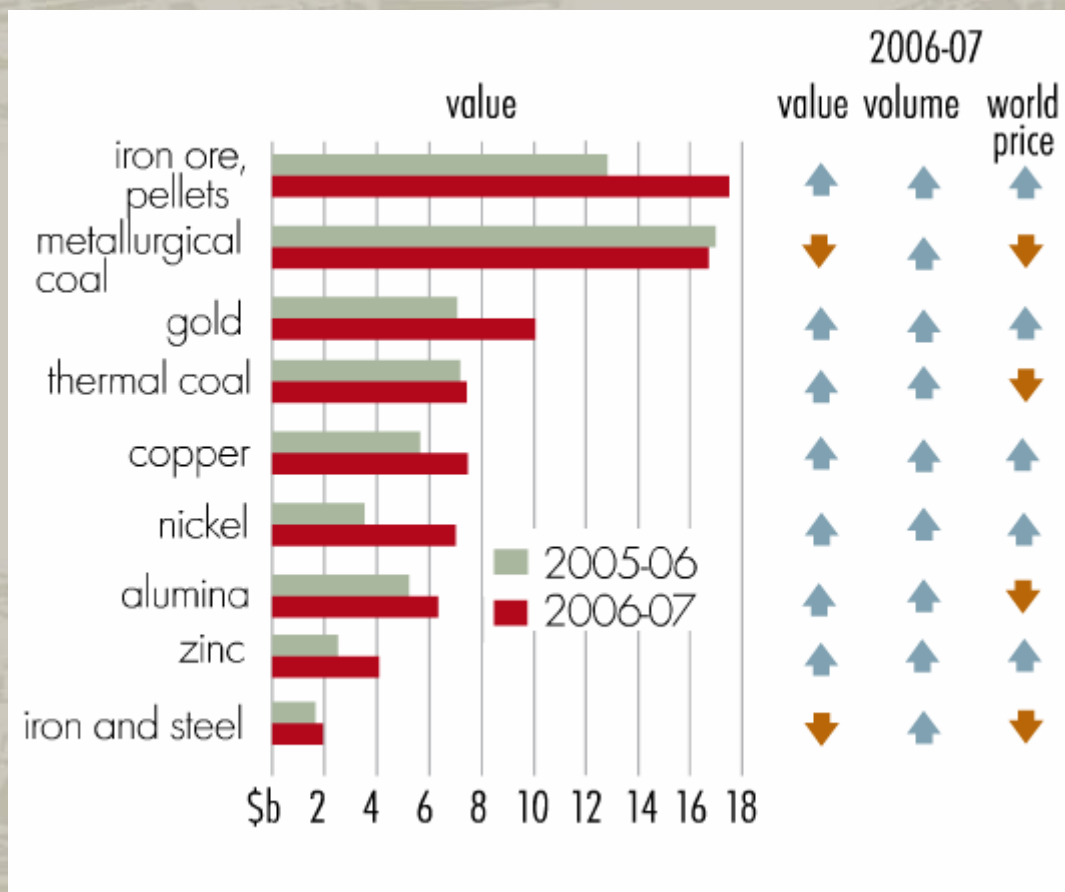


# World Best Practice HSE Performance





# Australian Mineral Exports

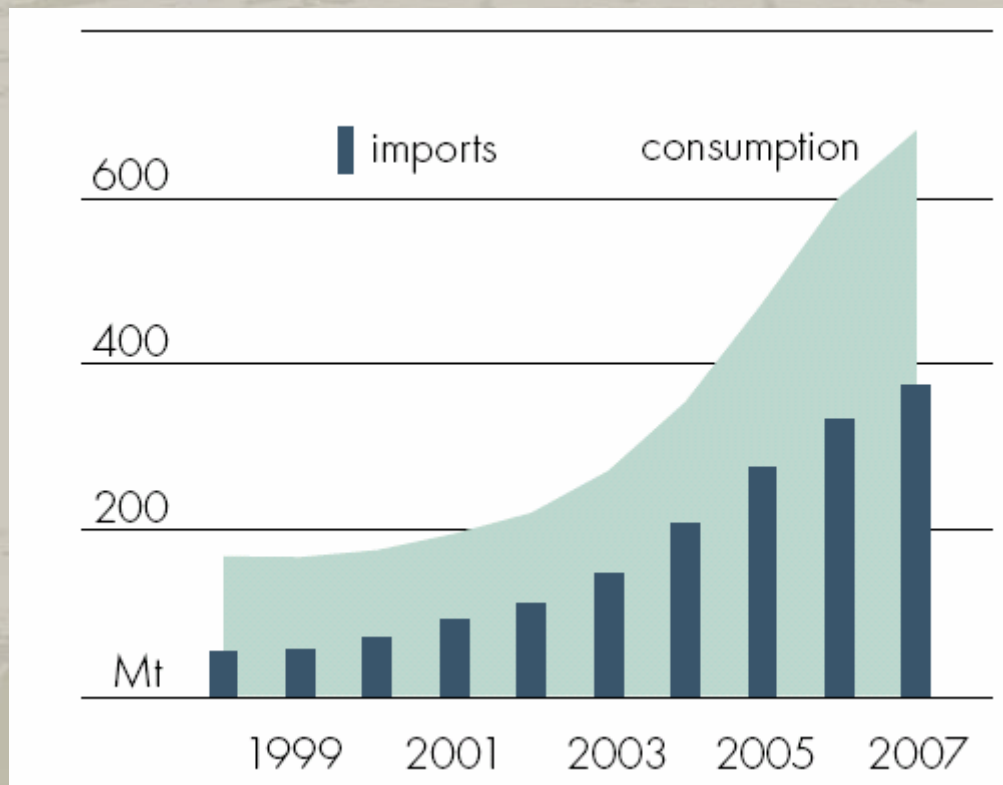


Abare Australian Commodities December 2006





# China's Iron Ore Consumption and Imports



Abare Australian Commodities 13-4



# World Zinc Price and Stocks



Abare Australian Commodities 13-4



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# Financial Performance

**\$AUD millions**

**\* 6 months to  
December '06**

<b>Revenue</b>	<b>72.8</b>
<b>EBITDA</b>	<b>18.7</b>
<b>Depreciation</b>	<b>6.4</b>
<b>EBIT</b>	<b>12.3</b>
<b>Interest</b>	<b>0.8</b>
<b>PBT</b>	<b>11.5</b>
<b>Tax Expense</b>	<b>3.5</b>
<b>NPAT</b>	<b>8.0</b>
<b>EBITDA / Revenue</b>	<b>25.7%</b>
<b>EPS (cents) [half year]</b>	<b>6.78</b>

\*Results exclude share based payment expense of \$0.692 million



# Balance Sheet Strength to Facilitate Growth

<b>\$AUD millions</b>	<b>June 2006</b>	<b>December 2006</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Total Assets</b>	<b>123.6</b>	<b>140.6</b>	<b>17.0</b>	<b>13.8%</b>
<b>Total Liabilities</b>	<b>(79.9)</b>	<b>(76.3)</b>	<b>3.6</b>	<b>(4.5%)</b>
<b>Net Assets</b>	<b>43.7</b>	<b>64.3</b>	<b>20.6</b>	<b>47.1%</b>
<b>Net Debt</b> (inc. cash balances)	<b>(33.5)</b>	<b>(11.4)</b>	<b>22.1</b>	<b>(66.0%)</b>
<b>Funds Employed</b>	<b>77.2</b>	<b>75.8</b>	<b>(1.4)</b>	

	<b>December 2006</b>
<b>ROFE % [EBIT (annualised) / Funds Employed]</b>	<b>32.6%</b>
<b>ROE % [NPAT (annualised) / Total Equity]</b>	<b>24.9%</b>
<b>Actual special interim fully franked dividend (cents per share) paid Nov '06</b>	<b>1.2</b>
<b>Recommended fully franked dividend for record on 9 March '07 and payable on 30 March '07</b>	<b>2.0</b>
<b>Debt : Equity</b>	<b>17.7%</b>
<b>Interest Cover (times) [EBIT / Interest]</b>	<b>15</b>



# Strong Operational Cashflows

**\$AUD millions**

**6 months to  
December '06**

<b>EBITDA</b>	<b>18.7</b>
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<b>CAPEX (net)</b>	<b>(3.6)</b>
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<b>Net Interest Payments</b>	<b>(0.8)</b>
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<b>Working Capital and Other</b>	<b>(0.6)</b>
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<b>Net Operating and Investing Cashflow</b>	<b>13.7</b>
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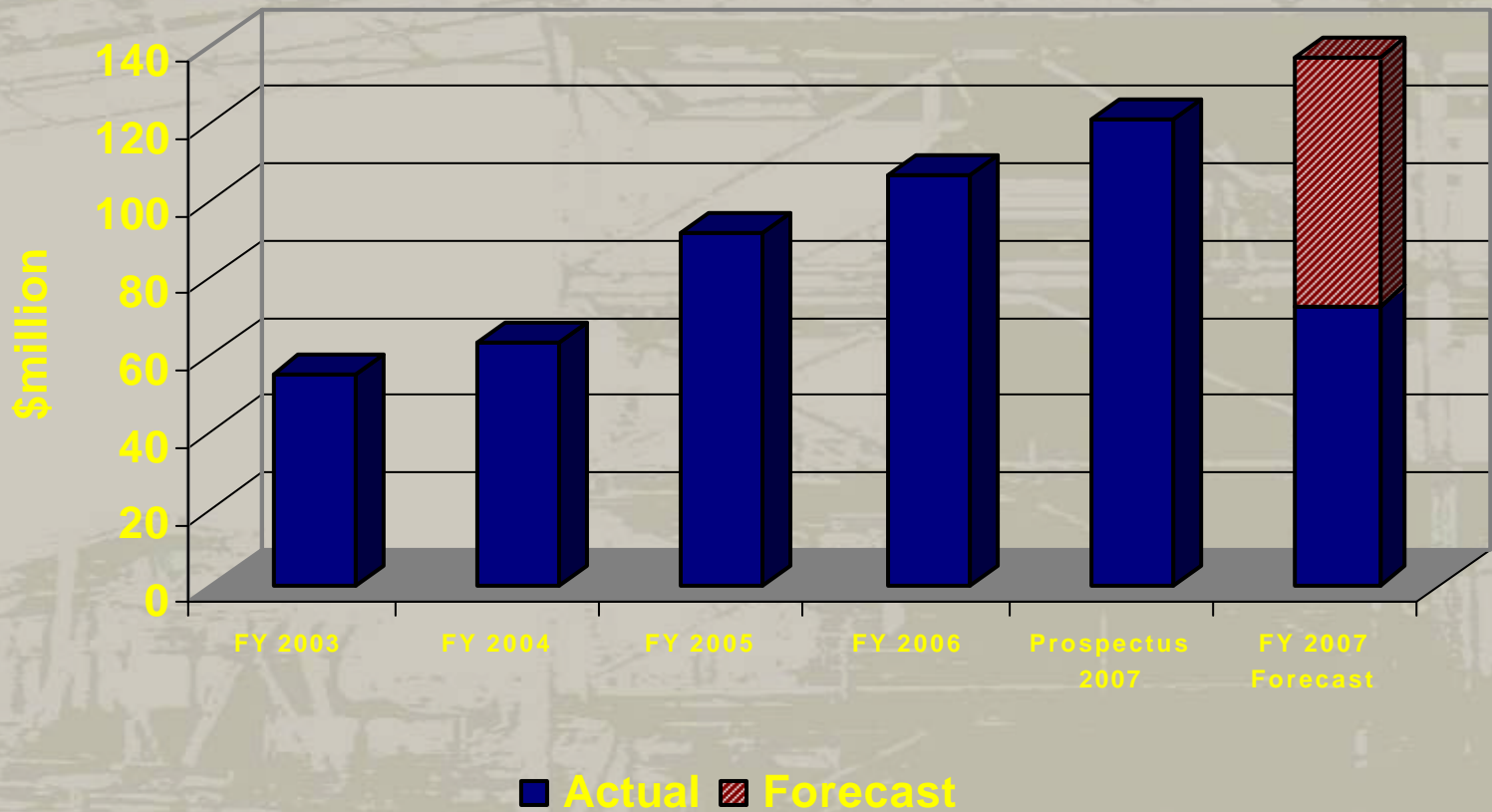
<b>Financing Cashflow</b>	<b>5.9</b>
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<b>Total Increase in Cash</b>	<b>19.6</b>
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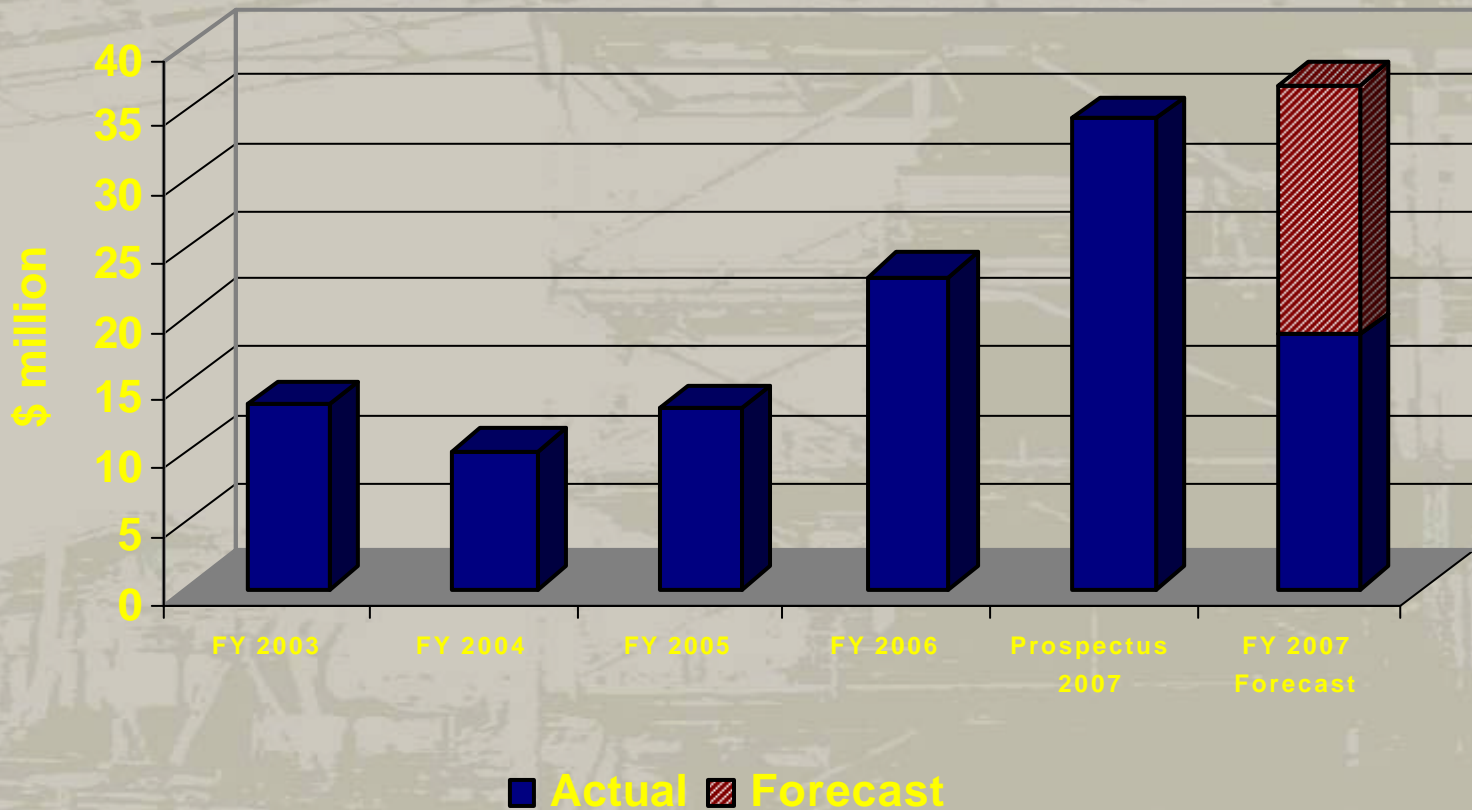


# Revenue Performance





# EBITDA Performance





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# Business Model

**Core Business + Market Opportunities + Focus Areas = Success in Outcomes**

Integrated  
supplier of  
goods and  
services to the  
resources sector

+

- Contract crushing
- Mineral processing
- Infrastructure and mining sector service
- Acquisitions

+

- HSE performance
- Margins and profitability
- Cost control
- Client relationships
- Risk management
- Quality staffing
- Shareholder support

=

- Safety recognition
- Increased
  - NPAT
  - ROFE
  - EPS
- Reduced gearing
- Corporate Reputation



# Operational Review of Interim 6 month Performance

- Subsidiary businesses performing above forecast targets
- Successful consolidation of subsidiary companies into Mineral Resources Limited
- Margin improvements across services supply chain
- Business climate for resources and mineral processing continuing strong
- Strong growth in project pipeline
- Client relationships support corporate objective of 'contractor of choice' to the resources services sector
- Potential acquisition targets identified



# Review of Contracting Services Operations

- Strong 6 month project pipeline
- Market leader in niche contracting markets of pipelining, polyethylene fittings manufacture and mine site infrastructure and services installation
- Targeting longer term maintenance support contracts
- Significant short term pipeline and pipelining opportunities being negotiated
- Workshop facilities and construction fleet upgraded to meet anticipated demand requirements



















# Review of Contract Crushing Operations

- All existing sites performing above client expectations for HSE and production targets
- Nammuldi iron ore operation achieving results in excess of 25% above target tonnage
- Confirmed focus on personnel safety and plant maintenance as key drivers for performance and reputation
- Cost management controls contributing to strong financial performance
- Priority focus by management on staff recruitment and training
- Upgrading of workshop facilities storage and layout to capture process improvements









**Construction of Gold Crushing Plant**







# Review of Processing Operations

- Manganese processing plant Woodie Woodie upgraded to improve grade quality and increase plant production by 10%
- Focussed preliminary planning for development of iron sands project in Philippines
  - Formalisation of exploration leases on 8 tenements (44,000 hectares)
  - Additional lease areas identified
  - Program for confirmation drilling under development
  - 500,000 tonne per annum pilot process plant to be established
- Negotiation of processing rights for reject non-ferrous mineral stockpiles commenced







**Loading Manganese for Export, Port Hedland**





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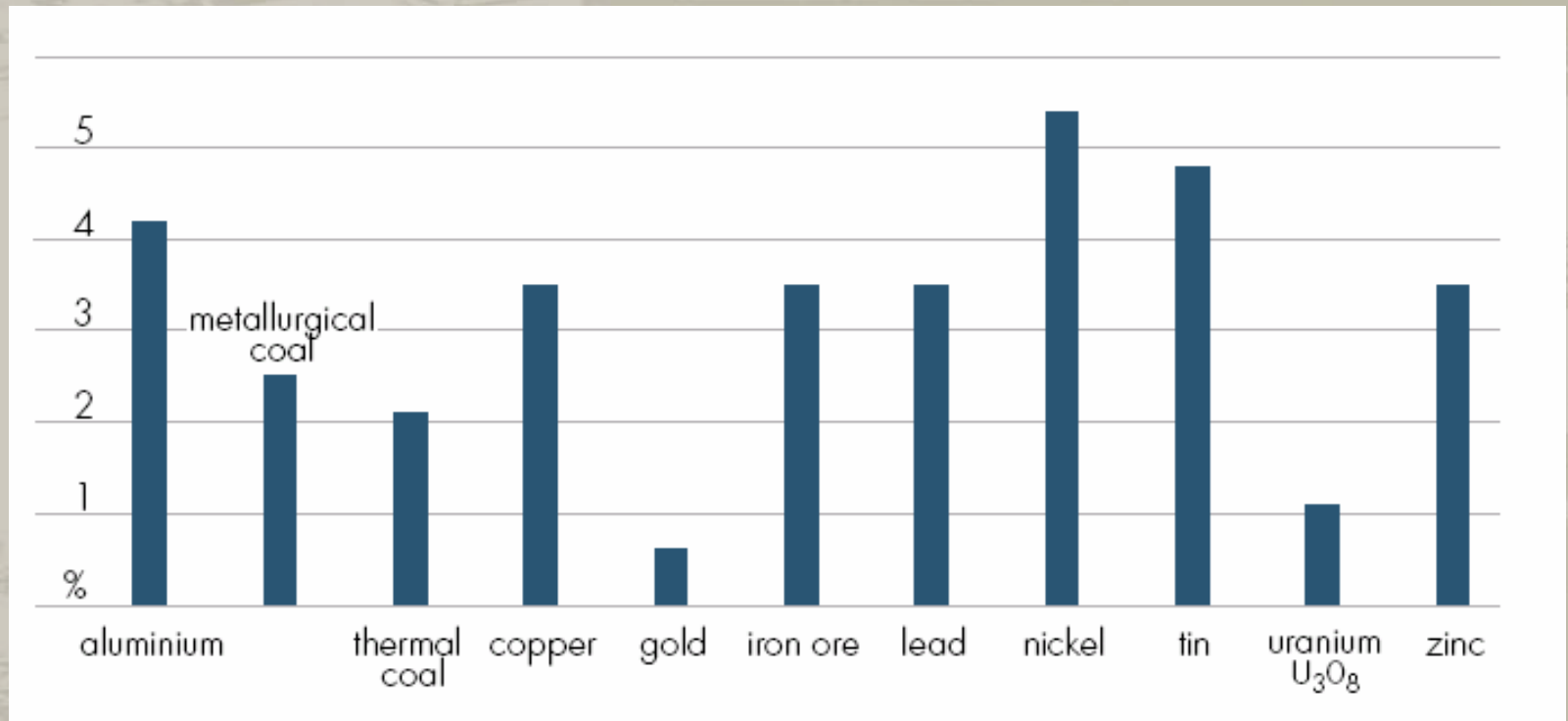
# Outlook - Market

- Continuing strong global demand for commodities
- ‘China story’ to remain expansive in the long term
- Brownfield and greenfield iron ore upgrades being fast tracked
- Cost pressures and supply side constraints promote outsourcing culture
- National infrastructure improvements and upgrades foreshadowed by Government – water, power, environment
- Significant junior mining company production activity planned
- Strengthening manganese prices





# Average Annual Growth in Minerals Consumption, 2005-11



Abare Research Report 07.3



# Outlook - Operational

- Continuing focus on HSE quality performance to maintain world best practice
- Commencement of processing plant for iron sands in Philippines
- Formalisation of local opportunistic mineral processing contracts within Australia
- Achievement of increased tonnages from existing contract crushing opportunities



# Outlook - Corporate

- FY2007 results on target for NPAT in excess of \$16 million (excluding share based payments)
- Balance sheet capable of supporting significant additional projects and acquisition initiatives
- Dividend payout ratio of 50% confirmed by Board as long term commitment
- Continuation of skills training and labour procurement strategies utilising local and overseas labour sources



# Outlook – Business Strategy

- Maintain core business focus
- Add value to clients and shareholders
- Develop high quality Board, management and operating team
- Grow business as measured by profitability, reputation and share price
- Acquisition of complementary, earnings accretive business operations
- Implement geographic and commodity diversification strategies