



Mineral Resources Limited (ASX:MIN)

Integrated Mining Services

## FY2014 HALF YEAR RESULTS Investor Presentation



# CORPORATE PROFILE



## SERVICES PROVIDER

## MINERALS PRODUCER



### PROCESS MINERALS

- Mineral Processing
- Logistics
- Ship Loading
- Commodity Marketing
- Camp Development
- Camp Management
- Manganese operations



### CRUSHING SERVICES

- Crushing & Screening
- Mineral processing
- Mining & Haulage
- Construction
- Beneficiation



### PIHA

- Services Infrastructure
- Pipeline Solutions
- Water Solutions
- Fittings Manufacture & Supply
- Equipment Hire



### POLARIS METALS

- Iron Ore Exploration
- Fe Tenement Ownership
- Iron Ore Producer



### MESA MINERALS \*

- Manganese Technology
- Tenement Ownership
- \*[56% Owned]



## CORPORATE PROFILE

- Mineral Resources Limited (MRL) is a Perth based integrated mining services provider, commodity producer and infrastructure company
- MRL is an ASX100 Company with a market capitalisation of over \$2 billion
- The Total Shareholder Return since listing in July 2006 is 1,471%
- The business was founded in 1993 by the current management team of Chris Ellison, Steve Wyatt and Bob Gavranich and the current Chairman, Peter Wade, who joined the business in 1999
- Management and board ownership is approximately 22% of the issued capital



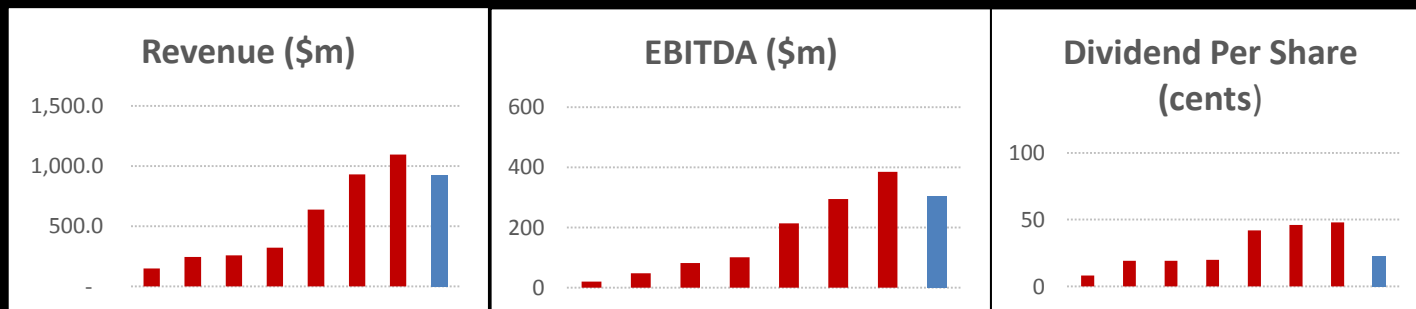
# FINANCIAL HIGHLIGHTS

- Half year EBITDA of \$305.1 million, up 110% on the previous corresponding period
- Annualised return on equity increased from 17.7% in 2013 to 23.9% for the half year
- Total Shareholder Return (TSR) growth of 47.8% in the half year
- Debt to equity position reduced to 18% as at 31<sup>st</sup> December, 2013, moving to a net cash positive position in January 2014
- Net tangible assets per share increased to \$5.51 from \$5.08, an increase of 8.5% for the half year
- Capital expenditure \$61.4 million skewed to second half

(\$m)	2013 First Half	2014 First Half	% Change
Revenue	498.1	928.4	86%
EBITDA	145.1	305.1	110%
EBIT	92.4	198.8	115%
Profit before tax	89.8	190.2	112%
NPAT	62.3	130.4	109%
Operating cashflow	93.3	367.6	294%
Earnings Per Share (cents)	34.1	70.2	106%
Dividends Per Share (cents) (interim)	16.0	30.0	88%
NTA (\$ per share)	5.08	5.51	8%
Capex (including funded items)	271.9	61.4	
Net debt	310.3	59.0	
Net assets	1,017.7	1,091.3	
Return on equity	12.2%	23.9%	

## Dividend Policy

The Board maintained 50% dividend payout and declared a fully franked interim dividend of 30.0 cents

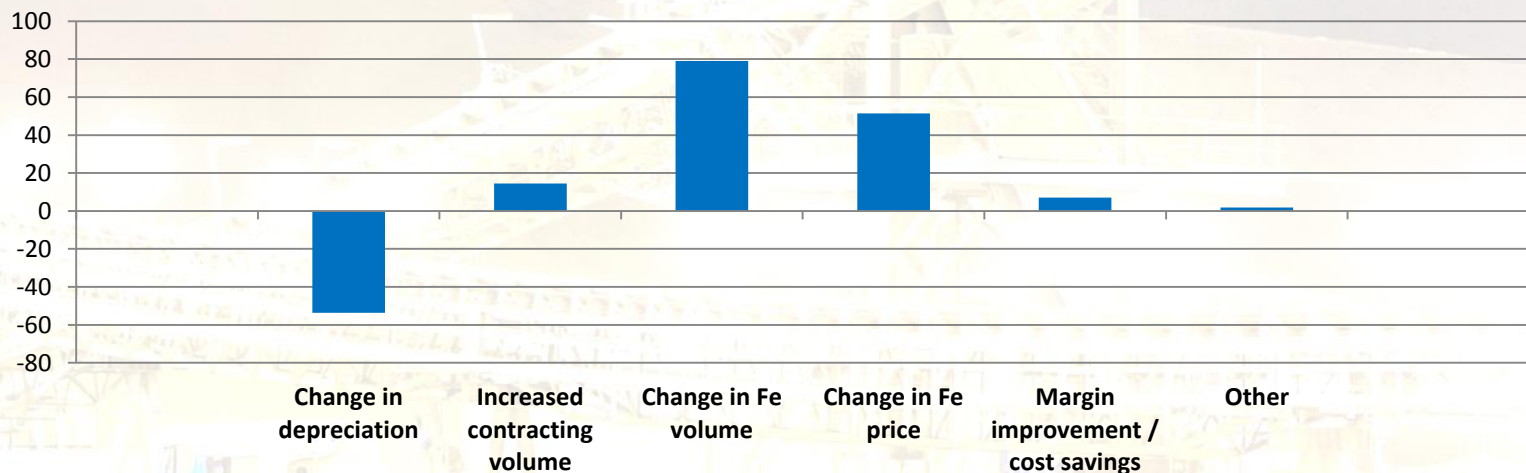




## FY2014 HALF YEAR RESULTS

### Movement in Profit before Tax

**Movement in PBT  
HY2013 to HY2014**



- Depreciation increase reflects proportion of new projects
  - B00, Phil's Creek, Spinifex Ridge; and clean-up of extinguished mine at Poondano
- Change in Iron Ore price, significant turnaround from previous corresponding period



# FY2014 HALF YEAR RESULTS

## Operational Highlights

### Mining Services

- CSI exited FMG contracts in January 2014 - plants sold
- Installed B00 crushing capacity 75-80mtpa, post FMG
- New B00 crushing contracts in operation
- EPC contracts on schedule and on budget
- CSI Mining provides valuable value-adding services to existing and internal customers

### PMI

- Site services growth on target with installed capacity of 1068 beds
- Jerriwah village EPC and operations contract in advanced stage

### PIHA

- Oil and gas sector work continues to develop
- Increasing construction activity in mining and infrastructure areas

### Mining

- Record 5 million wmt exported in half year
- Fe prices remained stable in the first half
- AUD / USD conversion improved
- Manganese market under review

### Pilbara iron ore

- Phil's Creek increases production on completion of infrastructure
- Poondano mine at end of life
- Iron Valley under construction
- Spinifex Ridge in operation

### Yilgarn iron ore

- Carina iron ore production on target
- Logistics and volume expansion, opex cost initiatives a focus for 2014
- Resource development in progress





**CSI**

CSI Crushing – CC2, Carina

- Crushing
  - Strong pipeline of new and existing B00 contracts identified in:
    - Volume enhancement
    - Efficiency improvements and;
    - Beneficiation projects for major iron ore miners
- Construction Projects:
  - Nammuldi Below Water Table Project
  - Iron Valley
  - Poondano Village
  - Jerriwah Village – final stage



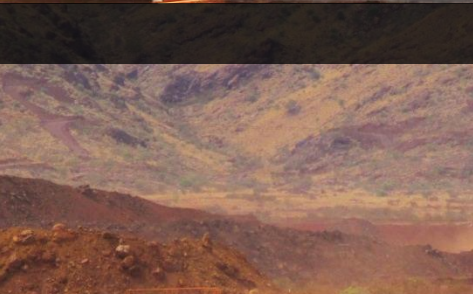
CSI Construction – NBWT, Jerriwah Village

- Mining
  - Supports traditional B00 projects:
    - Ramp up mining operations at Phil's Creek to target production levels
    - Change from OEM provided maintenance for mobile mining equipment to self-performed maintenance across all mining projects
    - Successfully completed the mining activities at Poondano



CSI Mining - Carina





## CSI – Nammuldi Below Water Table Project

- Formal award of project in the period
- Scope of work
  - Design and construct, 25mtpa below water table process facility
  - Remote primary crushing facility and overland conveyor
  - Secondary crushing facility
  - Dewatering and thickening facility
  - Waste lines transfer pipeline



Secondary Crushing Facility



Overland Conveyor Civil Work, Process Plant Work

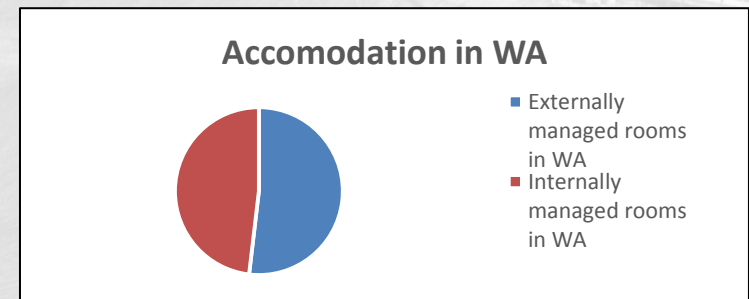
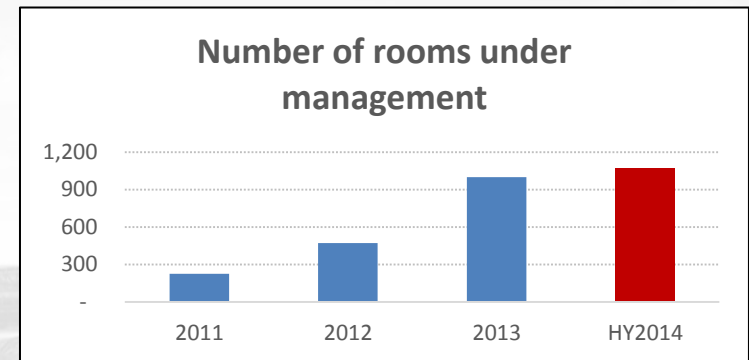




# FY2014 HALF YEAR RESULTS

## PMI Site Services

- 7% growth to 1068 rooms for half year
- Pipeline of opportunities with potential to double room inventory in 2 years
- Jerriwah Village construction and operations awarded, peak occupancy by Q3 FY2014
- Poondano 70 bed camp under construction for occupancy in July 2014



Jerriwah Village Construction



# FY2014 HALF YEAR RESULTS

## Logistics & Infrastructure

### HAULAGE MANAGEMENT

- PMI provides the coordination of bulk haulage fleets for all MRL mining activities
- In 2013 haulage operations commenced from:
  - Phil's Creek
  - Spinifex Ridge
- Ongoing operations from:
  - Woodie Woodie
  - Poondano (mining operations ceased in January 2014)

### PORT MANAGEMENT

- Management and coordination provided for stock yards, ship loading and shipment at Kwinana and Utah Point

### CARINA / RAIL

- MRL has taken delivery of 2 prototype wagons as part of a 322 wagon construction program, with the new wagons to be in service by September 2014.
- The wagon program will be complimented with the purchase of 5 locomotives which will be brought into service to coincide with the wagon start date.





# FY2014 HALF YEAR RESULTS

## PIHA

- Services infrastructure supply & installation projects
  - Cape Lambert Port B
  - Homestead
  - Solomon
  - Nui Phao (Vietnam)
  - Western Turner Syncline, advanced stage
- Manufacture specialist HDPE fittings
  - Oil & Gas Market
  - Expansion into NZ market
  - Traditional Mining Market strength continues

- Turnkey dewatering systems

- Projects underway with RTIO and BHPB

- Composite Piping Systems

- Strategic alignment as preferred supplier
- Preferred alternative for high pressure gas market with capability up to 3000psi

- Design & Construct Contracts

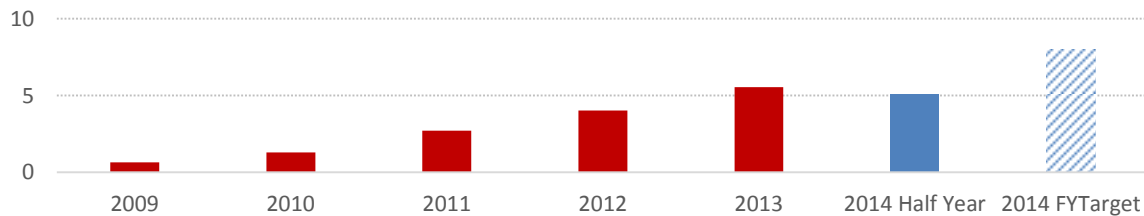
- RTIO



# FY2014 HALF YEAR RESULTS

## Mining Operations

Export Tonnes Volume Growth (wmt)



Export Volumes (‘000 WMT’s)	First Half 2012-13	Second Half 2012-13	Total 2012-13	First Half 2013-14
Iron ore				
Phil’s Creek	-	464	464	1,721
Spinifex Ridge	-	-	-	653
Poondano & other	1,015	386	1,401	319
<b>Total Pilbara</b>	<b>1,015</b>	<b>850</b>	<b>1,865</b>	<b>2,693</b>
Carina	1,528	2,016	3,544	2,376
<b>Total Iron Ore</b>	<b>2,543</b>	<b>2,866</b>	<b>5,409</b>	<b>5,069</b>
Manganese	117	30	147	-
<b>Total Commodity Sales</b>	<b>2,660</b>	<b>2,896</b>	<b>5,556</b>	<b>5,069</b>

## MRL IRON ORE OPERATIONS







# FY2014 HALF YEAR RESULTS



## CARINA

- Carina Iron Ore operations shipped a record 2.4wmt for the half, (up 55% from the previous half) with 50 vessels loaded at Kwinana berth
- Rail achieved 2.3wmt for the period, which was also a record
- Stage 2 (cut back) of the Carina Pit, which incorporates the final pit design, commenced during the quarter



## FY2014 HALF YEAR RESULTS

### IRON VALLEY

- Exploration in-fill drilling at the new Iron Valley Iron Ore operations progressed during the period
- Final Government approvals have been received and construction work is scheduled to commence in late February 2014.
- First Iron Ore due FY2015

### SPINIFEX RIDGE

- Project operational 1 July 2013
- ~ 2.5MT resource available
- Mine production has been lifted to +1.5mtpa
- Utah Point port access assigned to MRL
- Additional resource definition drilling in area

### PHIL'S CREEK

- Shipped 1.7wmt for the half, up 270% on the previous half, through Utah Point berth in Port Hedland
- Results achieved in spite of heavy rain resulting from tropical cyclone Christine in late December 2013







# FY2014 HALF YEAR RESULTS

## Exploration & Drilling Program

### Greenfields Exploration

- Yilgarn Precinct
- Weelumurra
- Tenement watch and pegging program implemented

### Resource Definition

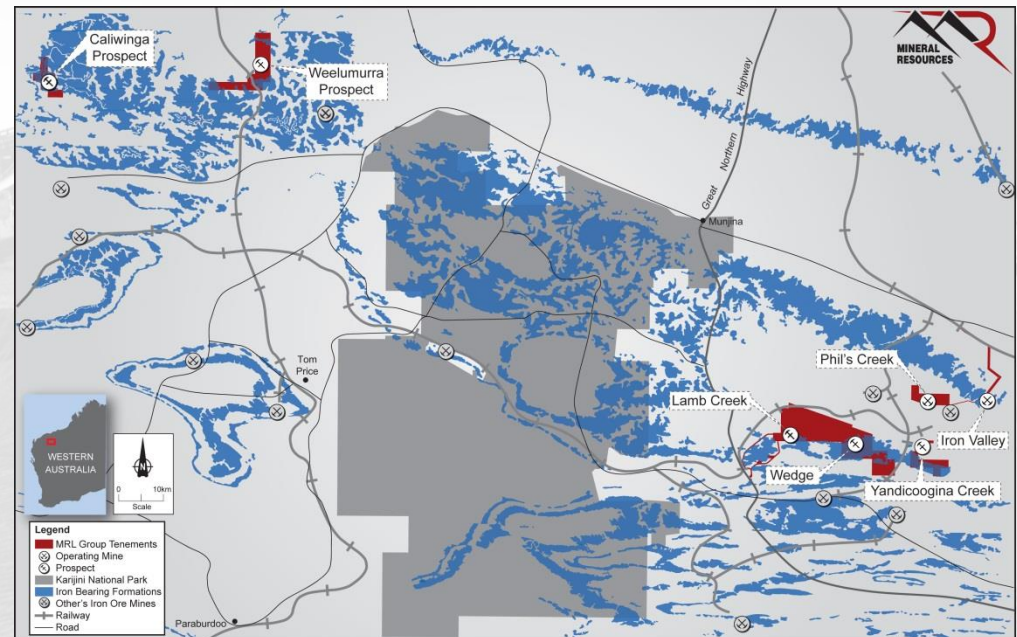
To facilitate mid-term mining activities

- Carina Extended / Chameleon
- Spinifex Ridge
- Hunt Range
- J4
- Infill drilling at Iron Valley underway

### Geotechnical & Metallurgical

Optimise future pit design to maximise ore production

- Carina
- Carina Extended / Chameleon
- J4

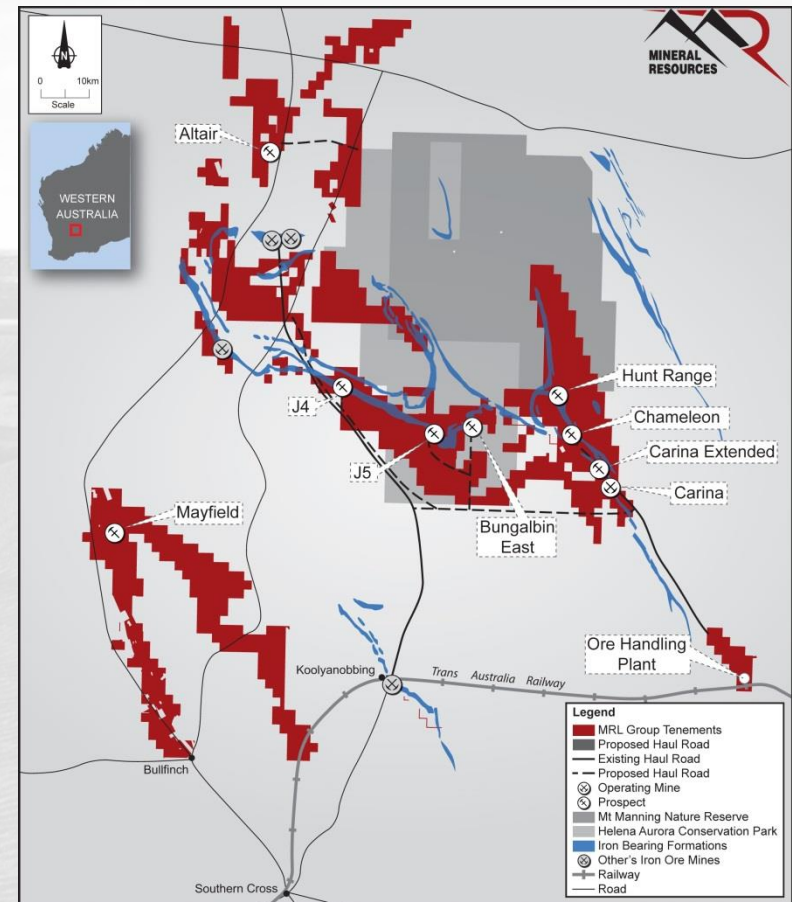


# FY2014 HALF YEAR RESULTS

## Environmental Approvals

### YILGARN REGION

- J5, Bungalbin East mining project approvals to be referred to the State and Commonwealth government departments by Q3 FY2014
- Carina Extended has been approved
- Environmental initiatives:
  - Yilgarn landscape modelling project undertaken by Curtin University in support of environmental approvals







# FY2014 HALF YEAR RESULTS

## Commodities Market

### IRON ORE MARKET

- Pricing:
  - H1 FY 2014 sales prices remained solid
  - Australian and international costs increasing (factors higher strip ratios; increasing Asian labour costs; deeper mines)
  - USD will strengthen on an improving US economy and US Fed scaling back on stimulus, AUD to remain below parity
- Demand:
  - Improving demand for MRL product. Yilgarn and Pilbara products have developed a reputation for consistently reliable quality. A number of term contracts are currently being negotiated with high end users and traders. Markets opened in China, Korea and potential for Japanese sales

### EXPORT VOLUMES

- Second half exports dependant on weather and demand
- Expectation to increase export volumes over time
- Guidance 8mtpa annualised rate with 15-20% improvement capability



# FY2014 HALF YEAR RESULTS

## Strategic Positioning

Diversified Revenue Streams	Strong Balance Sheet	Contractor of Choice	Iron Ore Sector	Resource Developments	Infrastructure Owner/Operator
<ul style="list-style-type: none"><li>• Mining services comprising contract crushing, site accommodation and mine infrastructure</li><li>• Commodity mining and exporting of iron ore and manganese</li></ul>	<ul style="list-style-type: none"><li>• Corporate strength supports major business opportunities</li><li>• Extensive spares and consumables inventory supports traditional balance sheets assets</li></ul>	<ul style="list-style-type: none"><li>• Recognised as world leader in Build Own Operate (BOO) contract crushing</li><li>• Reputation and performance recognition wins major contracts with blue chip mining companies</li></ul>	<ul style="list-style-type: none"><li>• MRL is an experienced player in the hard rock, bulk materials sector.</li><li>• Developed expertise makes MRL one of the premier iron ore operators</li><li>• Sector provides long term opportunities and solid basis for business development</li></ul>	<ul style="list-style-type: none"><li>• MRL excels at project execution and mine development</li><li>• A strategic opportunity to develop resource based projects for on-selling to long-term mine owners. MRL continues to provide mine services</li></ul>	<ul style="list-style-type: none"><li>• MRL has skills base to own and operate key infrastructure (roads, ports, ship loading)</li><li>• Financial capacity to fund infrastructure assets</li><li>• Infrastructure development depends on baseline project to underwrite initial investment</li></ul>



# FY2014 HALF YEAR RESULTS

## Strategic Direction

- Services offering built by product development, diversification and experience
- Incorporate product offering and service delivery to maximise value-add for clients
- Product lines (BOO, EPC, O&M)

## TARGET

- Build a strong portfolio of contracts
- Extend contract life for Life of Mine (LOM)

## CONTRACT DELIVERY

- CSI Crushing volumes 75-80MT in 2014, Post FMG
- BOO model suits the current business cycle

## STRATEGIC GROWTH PROJECTS

- EPC Construction
- Beneficiation
- Volume enhancement projects
- Mid range plant installations; 5 – 20mtpa
- Other support services to processing activities (ie.Haulage)

## WHOLE OF MINE LIFECYCLE SERVICES



# FY2014 HALF YEAR RESULTS

## Future Prospects & Opportunities

### INFRASTRUCTURE DEVELOPMENT

- New projects of interest, currently under negotiation, have a long term horizon to support investment case
- New developments are sought with potential for multi user infrastructure assets including:
  - Haul roads / Rail solutions
  - Port infrastructure
  - Logistics – including transhipping

### FINANCIAL CAPACITY FOR GROWTH

- Balance sheet currently under geared (cash positive)
- MRL can support major, integrated projects within the strategic framework
- Key mineral assets on balance sheet require further development prior to decision to monetise



Transhipment, Kwinana Port, Port Hedland Berth







# FY2014 HALF YEAR RESULTS

## Sustainability

### HEALTH & SAFETY

- MRL's number one priority is to maintain a safe and healthy working environment for all
- MRL recognises that managing safety is about the ability to prevent hazards and control risk

### Books in Homes at Yandeyarra Community School



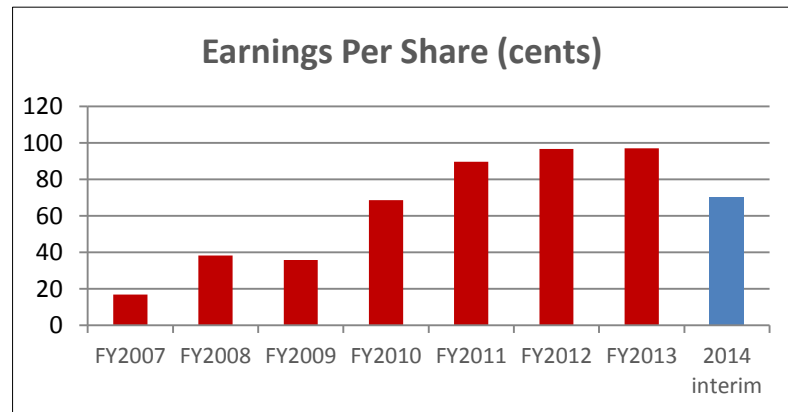
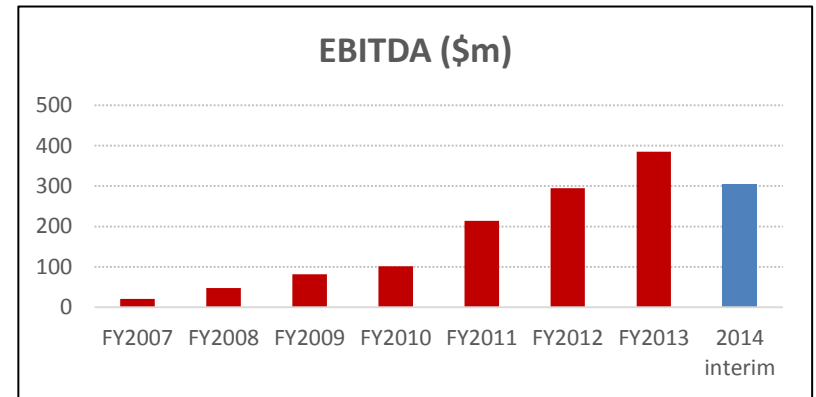
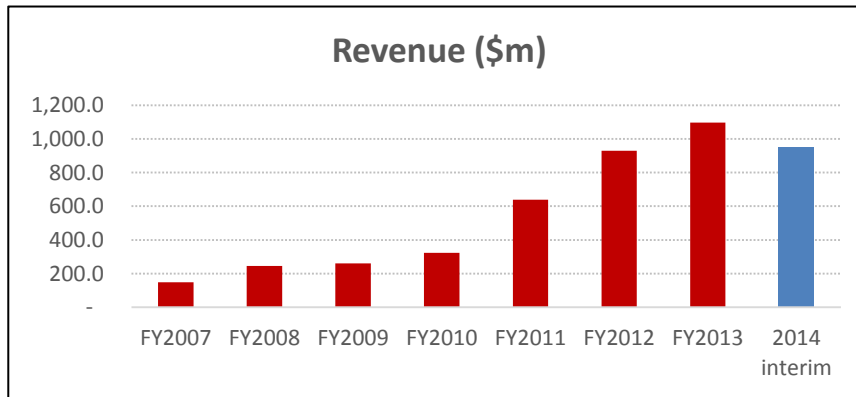
### PEOPLE & COMMUNITY

- The MRL sponsorship program continues to be a highlight for staff and community engagement
- Highlights for the period include:
  - FIFO Families membership rollout
  - Implementation of an Indigenous Traineeship in joint venture with BHPB
  - Collaborating with key Traditional Owners to develop cultural workshops
  - Development of a Reconciliation Plan with Reconciliation Australia
  - Books In Homes Program continues at remote community schools



# FY2014 HALF YEAR RESULTS

## Financial History (Since Listing)







QUESTIONS?





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