Mineral Resources Limited

ABN 33 118 549 910

Annual Report - 30 June 2016

Mineral Resources Limited
Appendix 4E

1. Company details

Name of entity:	Mineral Resources Limited
ABN:	33 118 549 910
Reporting period:	For the year ended 30 June 2016
Previous period:	For the year ended 30 June 2015

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	down	9.3%	to	1,177,641
Normalised profit after tax (before non cash impairment charges)	up	0.9%	to	109,845
Loss from ordinary activities after tax attributable to the owners of Mineral Resources Limited (1)	down	294.0%	to	(24,857)

Comments
The loss for the Group after providing for income tax and non-controlling interest amounted to $24,857,000 (30 June 2015: profit of $12,814,000).

(1) Loss from ordinary activities after tax includes impairment charges of $130,354,000 (after tax effect).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	513.53	536.99

4. Dividends

Current period

	Amount per security	Franked amount per security
Interim dividend	8.5 cents	8.5 cents
Final dividend	21.0 cents	21.0 cents
Total dividend	29.5 cents	29.5 cents

Record date for determining entitlements to the final dividend will be 1 September 2016 and the final dividend will be paid on 15 September 2016.

Previous corresponding period

	Amount per security	Franked amount per security
Interim dividend	7.5 cents	7.5 cents
Final dividend	15.0 cents	15.0 cents
Total dividend	22.5 cents	22.5 cents

5. Dividend reinvestment plans

The following dividend or distribution plans are in operation:

The record date for determining entitlements to the final dividend will be 1 September 2016 and paid on 15 September 2016. The Company has a dividend reinvestment plan ("DRP") in place and it will be available to shareholders for the 2016 final dividend. Directors have determined that the DRP shares allocated in the payment of this dividend will be priced at the Volume Weighted Average Price ("VWAP") for fully paid Mineral Resources Limited ("MRL") shares sold on the ASX in the five business days following the record date, rounded to the nearest whole cent. No discount will be applied. The DRP will not be underwritten. Shares issued under the DRP will rank equally in all respects with existing fully paid MRL shares and will be credited to the Participant's shareholding. Full particulars of the operation of the DRP are available on the Company's website, www.mineralresources.com.au.

The last date for receipt of election notices for the dividend or distribution plans: 2 September 2016

6. Investment in Associate and Investment in Joint Operation

Investment in Associate
During the financial year the Group classified its 25% investment in Roadtrim Mining and Civil Contracting Pty Ltd (Roadtrim) as an associate and has equity accounted its investment in Roadtrim for the financial period.

Investment in Joint Operation
The Group’s interests in Reed Industrial Minerals Pty Ltd (RIM) were increased from 30% to 43.1% in June 2016. The Group has classified its investment in RIM as a joint operation.

7. Matters subsequent to the end of the Financial Year

The following matters arose subsequent to the end of the Financial Year

Investment in Roadtrim
On 8 July 2016 the Group increased it's holding in Roadtrim from 25% to 90% and on 1 August 2016 from 90% to 100%. Roadtrim provides specialist bulk haulage services to Australia’s leading mining and resource companies. The combination of both businesses will result in both increased revenue and cost savings to the Group.

Empire Oil and Gas NL
On 11 August 2016 the Group and Empire Oil and Gas NL executed final documentation in relation to a A$15.1m revolving working capital facility to refinance the ERM Power debt obligation maturing 31 August 2016. Payment was effected 12 August 2016.

Mesa Minerals Ltd
On 13 July 2016 Mesa Minerals Limited (Mesa), a 59.4% subsidiary, was placed in administration. The current manganese market makes it uneconomical to develop Mesa’s manganese deposits in the short term. Mesa is unable to generate positive cash flow without the direct assistance. The Group is no longer willing to support Mesa without a significant reduction in the debts outstanding. The administrators have assumed control of Mesa’s assets and are working with the Mesa Board to maximize the outcome for all stakeholders of the company. The impact on the financial position of Mineral Resources Ltd is not material.

8. Audit qualification or review

The financial statements have been audited and an unqualified opinion has been issued.

Directors	Peter Wade Chris Ellison Joe Ricciardo (retired 18 April 2016) Kelvin Flynn James McClements
Company secretary	Bruce Goulds
Registered office	1 Sleat Road Applecross WA 6153 P: + 61 8 9329 3600 F: + 61 8 9329 3601 Postal address: Locked Bag 3, Canning Bridge, Applecross WA 6153
Principal place of business	1 Sleat Road Applecross WA 6153
Share register	Computershare Investor Services Pty Limited Level 2, Reserve Bank Building 45 St Georges Terrace Perth WA 6000 P: + 61 8 9323 2000 F: + 61 8 9322 2033 www.computershare.com/au
Auditor	RSM Australia Partners 8 St Georges Terrace Perth WA 6000 P: + 61 8 9261 9100 F: + 61 8 9261 9111 www.rsm.com.au
Bankers	National Australia Bank 100 St Georges Terrace Perth WA 6000 www.nab.com.au
Stock exchange listing	Mineral Resources Limited shares are listed on the Australian Securities Exchange (ASX code: MIN)
Website	www.mineralresources.com.au

Mineral Resources Limited
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General information

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

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

1 Sleat Road
Applecross WA 6153

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 18 August 2016. The directors do not have the power to amend and reissue the financial statements.

The directors present their report, together with the financial statements, for the Group for the year ended 30 June 2016.

Directors

The following persons were directors of Mineral Resources Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Peter Wade
Chris Ellison
Joe Ricciardo (retired 18 April 2016)
Kelvin Flynn
James McClements

Principal activities

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

Dividends

Dividends paid during the financial year were as follows:

	Group	
	2016 $'000	**2015 $'000**
Final dividend for the year ended 30 June 2015 (2015: 30 June 2014) of 15 cents (2015: 32 cents) per ordinary share franked at a tax rate of 30% paid on 8 October 2015 (2015: 10 October 2014)	28,147	59,701
Interim dividend for the year ended 30 June 2016 (2015: 30 June 2015) of 8.5 cents (2015: 7.5 cents) per ordinary share fully franked at a tax rate of 30% paid on 4 March 2016 (2015: 23 April 2015)	15,866	14,048
	44,013	73,749

Review of Operations

The Group achieved revenues of $1.2 billion for the year ended 30 June 2016 (the 2016 Financial Year), which were materially in line with the previous corresponding period. Lower construction revenue in Mining Services and Processing and further declines in global iron ore prices were materially offset by a 14% increase in commodity export volumes to a record 12.1 million wet tonnes.

The Group produced normalised earnings before interest, tax, depreciation and amortisation (EBITDA) of $286 million which was in line with the previous corresponding period and at the high end of the guidance range of $250 million to $290 million. This led to a normalised net profit after tax (NPAT) of $110 million in line with the 2015 Financial Year result.

The Group's EBITDA and NPAT result was underpinned by increased commodity exports, increased crushing and mining production and significant decreases in mining cash costs. All of which were offset by lower construction revenue and lower global iron ore prices.

Depreciation and amortisation of $134 million in the 2016 Financial Year was 6% greater than the previous corresponding period primarily from increased commodity production.

The Group delivered an effective tax rate of 25% in the 2016 Financial Year from tax relief on research and development activities.

Reported net loss after tax of $26 million in the 2016 Financial Year included $130 million of non-cash, after-tax impairment which principally related to:

- A $76 million after-tax reduction in the carrying value of the Group's investment in manganese resources held in Mesa Minerals Limited (in administration) and Auvex Resources Pty Ltd, due to prolonged weakness in manganese prices making development of the Ant Hill and Sunday Hill projects unprofitable; and

- A $49 million after-tax reduction in the carrying value of iron ore tenements, reflecting the current iron ore market and management's view on iron ore prices in the medium term.

Mining Services and Processing
Mining Services and Processing revenues of $399 million were $171 million less than the previous corresponding period as a result of lower levels of construction revenue from the completion of Rio Tinto's Nammuldi Below Water Table project in the 2015 Financial Year, together with the closure of the Spinifex Ridge mine gate operation at the end of its economic life, and a reduction in the opportunistic sale of Manganese stock holdings.

Mining Services and Processing normalised EBITDA of $187 million was $49 million lower than the previous corresponding period. The shortfall relates to lower levels of construction revenue, partially offset by volume and profitability growth in mineral crushing and processing.

The Group increased its equivalent crushing capacity by 11% in the 2016 Financial Year when compared against the previous corresponding period. This growth resulted from a continuation of the volume enhancement program undertaken for clients and increased production at the Group's Mining operations.

In the first half of the 2016 Financial Year, the Group was awarded and commenced works on Rio Tinto's Nammuldi Below Water Table Extension – Phase 2 (NP2) EPC contract. Progress on the project to date is on budget and ahead of schedule, with completion scheduled for the first half of the 2017 Financial Year.

The construction activities for the Mount Marion build-own-operate (BOO), life of mine contract is well advanced and progressing according to budget. The Group's contract includes mining, processing and supply chain activities from mine to the customer's nominated port in China. The Group's construction team is undertaking the manufacture and assembly of key on-site equipment for the processing plant. The first shipment is expected in October 2016.

PMI Site Services also delivered a solid contribution to earnings based on its strategy of providing accommodation services to the Group's internal projects as well as other existing long term customers.

Review of Operations (continued)

Mining

The Group's Mining segment had a strong year both operationally and financially despite the difficult commodity price environment.

Mining revenues of $778 million were $49 million (7%) greater than the previous corresponding period. The Group had another record year with total export volumes of 12.1 million wet tonnes which were up 14% from 10.6 million tonnes in the previous corresponding period.

The Platts 62% Index (Platts) expressed in Australian Dollars and adjusted for moisture averaged $66.8/wet tonne in 2016, a reduction of 18% from the previous corresponding period, reflecting global iron ore market conditions.

The Group's average iron ore price achieved for 2016 was $64.50/wet tonne reflecting a net 3.4% discount to Platts. This compares favourably to the 10% discount for the Group's ore in the previous corresponding period. The improvement in discount was mainly a result the introduction of the Iron Valley lump product in the 2015 Financial Year, increased demand for the Yilgarn fines product, and the sale of over 1 million wet tonnes of Iron Valley Fines in the first half of 2016 at a fixed price.

The Group continued its focus on cost savings and operational improvements in the year. Mining segment cash costs of $55.90/wet tonne were 18% lower than the $68.10/wet tonne in the previous corresponding period.

Mining EBITDA of $104 million was $51 million (94%) greater than the previous corresponding period, reflecting increased production and exports, cost reduction initiatives, both partially offset by further declines in iron ore prices. On a per wet tonne basis, EBITDA increased by 59% from $5.40 to $8.60.

<u>Pilbara</u>

In the Pilbara region, the Group exported 6.7 million wet tonnes of iron ore in the 2016 Financial Year, an increase of 18% over the previous corresponding period.

The current stage of mining at Iron Valley requires access to below water table ore later this calendar year and the initial required environmental approvals were gained in 2016. The preliminary 100 litres/second dewatering scheme has been achieved through the completion of large scale production bores, pumping, piping and monitoring infrastructure. Further approvals are expected in the first quarter of the 2017 Financial Year to allow the dewatering discharge rates to increase to the full level.

At Iron Valley, operational cost savings were achieved in the year from efficiency improvements in crushing operations, mining fleet performance (including increased run hours and pay loads) and increased utilisation of Super-Quad road trains which deliver improved safety and lower costs. The operations also benefited from lower global shipping costs and the interim cost relief package introduced by Government at the Utah Point berth.

<u>Yilgarn</u>

Development of the Yilgarn region continued in the current year with iron ore export volumes increasing to a record 5.4 million wet tonnes, up 10% on the previous corresponding period.

In line with initial estimates, the Carina pit achieved completion in the year, with 20 million wet tonnes being mined and exported from the mine since late 2010. The last truck left the pit in April 2016.

The Group's plans to maximise the utilisation of the Carina central processing infrastructure hub through the mining of additional deposits in the region progressed well during the year with the completion of the haul road and mine development for the J4 deposit. The first ore from J4 was hauled to the Carina crushing facility during November 2015 and production was ramped up in the second half of the 2016 Financial Year. Development of the West Pit and Carina Extended will commence in 2017 Financial Year in accordance with the long term mining plans for the region.

In the Yilgarn, operational cost savings were achieved in the year from the continuation of in-pit dumping of waste, drill and blast improvements, and maximising direct tipping to reduce re-handling.

The Yilgarn mining fleet was optimised during the year with the introduction of two new EX2600 Hitachi excavators and eight Komatsu 8HD1500 trucks. The use of larger capacity equipment delivered further operational efficiency improvements and cost reductions. The Yilgarn operations also benefited from lower global shipping costs.

With mining at Carina now complete, the Group has an environmental commitment to complete rehabilitation of the site prior to official closure. Progressive rehabilitation started in 2014 and is now close to completion. This has included the re-profiling, ripping and seeding of the Carina waste rock dump, as well as many access roads, exploration pads, and borrow pits around site that are no longer required. Progressive rehabilitation is already underway at part of the J4 operation despite this operation commencing production in the 2016 Financial Year.

The next stage of the Yilgarn development is the J5 and Bungalbin East Iron Ore Project, which is being assessed by the Environmental Protection Agency (EPA) by way of a Public Environmental Review (PER).

Environmental approval moved a step closer in the year with the submission of the draft potential environmental impacts of the project, taking into account the Group's strategy to mitigate these in the first instance, minimise impacts during the mining operations and rehabilitate the environment following mining. The PER is expected to be open for public comment during the first quarter of the 2017 Financial Year.

<u>Mount Marion</u>
In June 2016, the Group exercised an option to purchase a further 13.1% of the project at an agreed price, lifting its equity interest to 43.1%. The other project partners are Neometals Ltd, now with a reduced 13.8% interest, and Jiangxi Ganfeng Lithium Co. Ltd (one of the world's largest Lithium producers) remaining with a 43.1% interest. Ganfeng has entered into an offtake agreement for 100% of the mine's initial production.

The exploration drilling programme approved by the project partners in 2015 is substantially complete. The results increased the Mineral Resource Estimate by 160% to Indicated and Inferred Mineral Resources of 60.5 million tonnes at 1.36% Li_2O and 1.09% Fe, at a cut-off grade of 0.3% Li_2O. This compared previously to 23.2 million tonnes at 1.39% Li_2O, at a cut-off grade of 0% Li_2O. Further drilling was undertaken and a resource upgrade is expected once laboratory testing is completed.

Shipping and storage have been negotiated with Fremantle Port securing an export pathway. Annual exports of approximately 400,000 tonnes are planned with the ramp-up being achieved in the 3rd quarter of 2017 Financial Year. The Group will look to divest its shareholding in the project (whilst retaining its life of mine, BOO contract) in the future

Actual commodity export sales volumes ('000 wet metric tonnes) were as follows
:

Commodity exports ('000 WMT)	**1H FY15**	**2H FY15**	**Total FY15**	**1H FY16**	**2H FY16**	**Total FY16**
<u>Utah Point</u>						
Iron Valley	823	2,153	2,976	3,126	3,389	6,515
Phil's Creek	1,862	173	2,035	6	-	6
Other Iron Ore	365	22	387	36	117	153
Manganese	315	-	315	-	93	93
Total Utah Point	**3,365**	**2,348**	**5,713**	**3,168**	**3,599**	**6,767**
<u>KBT2 / Yilgarn</u>	**2,435**	**2,472**	**4,907**	**2,733**	**2,648**	**5,381**
Total Iron Ore	5,485	4,820	10,305	5,901	6,154	12,055
Total Manganese	315	-	315	-	93	93
Total Commodity Exports	**5,800**	**4,820**	**10,620**	**5,901**	**6,247**	**12,148**

Review of Operations (continued)

Innovation & Growth

Wodgina Project
In June 2016, the Group entered into an agreement with Global Advanced Metals Pty Ltd (GAM) for the purchase of GAM's Wodgina assets.

The acquisition is a strategic fit with existing Group operations and is located 100 kms from Port Hedland. The agreement involves the Group acquiring the Wodgina site and all associated infrastructure assets, including a 13MW gas fired power station, 387 bed camp, mineral processing assets and mineral rights other than Tantalum, which are retained by GAM. The transaction is currently subject to the completion process. The Group will provide further details over the course of the 2017 financial year.

The region also is highly prospective for lithium product in quantities economical for export or downstream processing.

LNG and Gas Strategy
The Group continues to progress the development of its own LNG and gas power generation capabilities. The Group's new solution will provide certainty over energy costs and energy cost savings. The Group will install and operate remote LNG plants to power mine equipment and infrastructure underwritten by long term contracts.

The Group will install its first gas power generation system at Mount Marion. Three LNG generators having been delivered to site and a design upgrade to incorporate two additional LNG generators has been completed. The site will be initially powered by a diesel fuelled power station until the gas units are commissioned.

In June 2016, the Group made a strategic 19.36% investment in Empire Oil and Gas NL (Empire). Empire is a Perth-based, onshore conventional gas and condensate producer and explorer. Its Red Gully production and processing facility is located 150km north of Perth and 2km from the Dampier to Bunbury Natural Gas Pipeline to which it is connected with its own service pipeline spur. Empire also has significant undeveloped resources.

MRL's strategic investment in Empire expands on the Group's growth in power generation activities by securing access to gas supplies. It supports development of the Group's LNG power strategy whereby mine sites and heavy plant will be progressively converted from diesel to the more economical and environmentally friendly LNG.

Subsequent to the acquisition of its Empire stake, the Group executed a binding term sheet to refinance Empire's $15.1m pre-existing debt obligation through a 2 year working capital facility.

Composite materials
The Group completed construction of its carbon fibre winding machinery in the year, together with initial prototype haul pack tray testing. Work commenced on the manufacture of two 150 tonne haul pack trays for full-scale in-service testing at the Group's Yilgarn mining operation. Commercial production of carbon fibre haul pack trays is expected to start in the 2017 Financial Year, with next stage of the project focusing on carbon fibre rail haulage solutions

Bulk Ore Transport System ('BOTS') and Bulk Ore Shuttle System ('BOSS')
BOTS is the Group's proprietary, mine-to-port transport and infrastructure service comprising an elevated, relocatable below rail system with autonomous locomotives. BOTS is significantly less capital intensive than traditional heavy-haul rail.

BOSS is MRL's proprietary bulk ore shuttle system that combines the efficiency of a track mounted vehicle with modern fuel efficient automotive hybrid technology that is more flexible, and a cost efficiency vastly superior to an overland belt conveyor.

MRL will continue to explore new opportunities where BOTS and BOSS solutions can be offered as a low cost transport alternative for client's otherwise stranded deposits. The timing and location of BOTS's or BOSS's first implementation will be assessed in the context of current market conditions and return on invested capital compared with alternative potential projects and uses of capital.

Review of Operations (continued)

Cash and working capital
The balance sheet continues to benefit from the Group's cash generation through the strong operational performance of the businesses and focused working capital management. At 30 June 2016, the Group had net cash (cash and cash equivalents less debt) of $188 million, which was up $70 million (59%) in the year and was achieved whilst continuing to fund significant ongoing capital expenditure, investment, and research and development programs.

The Group delivered $316 million of operating cash flow in the 2016 Financial Year, up from $52 million in the previous corresponding period. This result was achieved through solid operating cash flow, together with working capital management, improved payment terms and favourable cash flow on EPC construction projects.

Net cash at the period end included $28 million of working capital inflows from EPC construction activity which are expected to reverse in the 2017 Financial Year.

Cash generation in the year has allowed the continuation of the Group's capital expenditure and research and development programs. Capital expenditure in the period totalled $167 million, which was $40 million greater than the previous corresponding period.

Capital investment in the 2016 Financial Year included spend on the Mt Marion Project (both in terms of BOO infrastructure and increased equity ownership), the J4 iron ore operation with a larger mining fleet, the Group gas strategy and infrastructure to support LNG power generation at mine sites, and additional crushing capacity.

The Group refinanced over $400 million of syndicated debt facilities for a 3-year term in the year, allowing the Group to benefit from lower interest rates.

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

The directors have resolved to distribute 50% of normalised after tax earnings to shareholders as dividends for the 2016 Financial Year. A fully franked dividend of 21.0 cents per share has therefore been declared for shareholders. This final dividend, together with the interim dividend of 8.5 cents per share, makes a total franked dividend for the 2016 Financial Year of 29.5 cents per ordinary share.

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the Group during the financial year

Matters subsequent to the end of the Financial Year
On 8 July 2016 Process Minerals International Pty Ltd increased it's holding in Roadtrim Mining and Civil Contracting Pty Ltd (Roadtrim) from 25% to 90% and on 1 August 2016 from 90% to 100%. Roadtrim provides specialist bulk haulage services to Australia's leading mining and resource companies. The combination of both businesses will result in both increased revenue and cost savings to the Group.

On 13 July 2016 Mesa Minerals Limited (Mesa), a 59.40% subsidiary of the Group, was placed in administration. The current manganese market makes it uneconomical to develop Mesa's manganese deposits in the short term. Mesa is unable to generate positive cash flow without the direct assistance of the Group. The Group is no longer willing to support Mesa without a significant reduction in the debts outstanding. The administrators have assumed control of Mesa's assets and are working with the Mesa Board to maximize the outcome for all Mesa stakeholders. The impact on the financial position of the Group at 30 June 2016 is not material.

On 11 August 2016 the Group and Empire Oil and Gas NL executed final documentation in relation to a A$15.1m revolving working capital facility to refinance the ERM Power debt obligation maturing 31 August 2016. Payment was effected 12 August 2016.

On 18 August 2016 the Board approved a final fully franked dividend of 21.0c per share to be paid on 15 September 2016 – refer note 29.

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation
The Group is subject to and is compliant with all aspects of environmental regulation of its exploration and mining activities. The directors are not aware of any environmental law that is not being complied with.

Information on directors

Name:	**Peter Wade**
Title:	Non-Executive Chairman
Qualifications:	BE (Hons), LGE
Experience and expertise:	Peter has over 40 years of experience in engineering, construction, project management and mining and infrastructure services. He started his career with the NSW Public Service managing the construction of significant infrastructure projects in NSW including the Port Kembla coal loader and the grain terminals at Newcastle and Wollongong and was also the Deputy Director for the Darling Harbour Redevelopment construction project. Following his period of employment with the NSW Public Service, Peter joined the executive team of the Transfield Group. Throughout the 1980s and 1990s he was General Manager of Sabemo Pty Ltd, Transfield Construction Pty Ltd, and Transfield Power Technologies and subsequently became Transfield Chief Operations Officer (Southern). During this period Peter was responsible for significant build, own, operate projects including the Melbourne City Link, the Airport Link, the Northside Storage Tunnel and the Collinsville and Smithfield Power Plants. Peter became Managing Director of Crushing Services International Pty Ltd and PIHA Pty Ltd in 1999, and subsequently Process Minerals International Pty Ltd in 2002 (now wholly owned subsidiaries of Mineral Resources Limited). He managed the companies through a sustained period of growth and development prior to the formation and listing of Mineral Resources Limited in 2006 at which time he was appointed Managing Director of the Group. He was subsequently appointed Executive Chairman in 2008 and Non-Executive Chairman in 2012.
Other current directorships:	Non-Executive Chairman of Global Construction Services Ltd
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of Board of Directors
Interests in shares:	516,162
Interests in options:	None

Name:	**Chris Ellison**
Title:	Managing Director
Experience and expertise:	Chris is the founding shareholder of each of the three original subsidiary companies of Mineral Resources Limited (Crushing Services International Pty Ltd, PIHA Pty Ltd and Process Minerals International Pty Ltd) and has over 36 years of experience in the mining contracting, engineering and resource processing industries. In 1979 Chris founded Karratha Rigging and was Managing Director until its acquisition by Walter Wright Industries in 1982. Chris was subsequently appointed as the General Manager, Walter Wright Industries for the Western Australia and Northern Territory regions. In 1986 Chris founded Genco Ltd and following two years of considerable growth, Genco Ltd merged with the Monadelphous Group in 1988. In September 1988 Receivers and Managers were appointed to the Monadelphous Group. At this time, Chris was appointed the Managing Director and under his careful management, the group successfully traded out of its financial difficulties and eventually relisted on the ASX in late 1989. In 1992 Chris founded PIHA Pty Ltd, a company focused on the provision of specialised pipe lining and general infrastructure.
Other current directorships:	Director of Mesa Minerals Limited
Former directorships (last 3 years):	None
Special responsibilities:	Managing Director
Interests in shares:	24,758,275
Interests in options:	None

Name:	**Kelvin Flynn**
Title:	Independent Non-Executive Director
Qualifications:	B Com, CA
Experience and expertise:	Kelvin has over 25 years of corporate experience in leadership positions in Australia and Asia, having held the position of Executive Director/Vice President with Goldman Sachs and Managing Director of Alvarez & Marsal in Asia. Kelvin is a qualified Chartered Accountant with significant investment banking and corporate advisory experience including private equity and special situations investments into the mining and resources sector. He has also worked in complex financial workouts, turnaround advisory and interim management. Kelvin is the founder and currently a Managing Director and Head of Private Equity at Sirona Capital.
Other current directorships:	Silver Lake Resources Limited (ASX,SLR)
Former directorships (last 3 years):	Mutiny Gold Limited (ASX:MYG)
Special responsibilities:	Member of Audit Committee and Remuneration Committee
Interests in shares:	None
Interests in options:	None

Name:	**James McClements**
Title:	Independent Non-Executive Director
Qualifications:	B Econ (Hons)
Experience and expertise:	James has 30 years' of experience as a natural resources sector banker in Australia, Canada and the USA. He was raised and educated in the Pilbara region of Western Australia and began his professional career with BHP Limited before joining Standard Chartered Bank in Perth and N.M. Rothschild & Sons in Sydney then Denver. James also spent 11 years in the USA and co-founded Resource Capital Funds during that time. James is currently the Managing Partner of RCF and has extensive Board experience having served as a Director of 12 RCF portfolio companies.
Other current directorships:	Chairman of Global Advanced Metals Pty Ltd
Former directorships (last 3 years):	None
Special responsibilities:	Member of Audit Committee and Remuneration Committee and Nomination Committee
Interests in shares:	None
Interests in options:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company Secretary

Bruce Goulds (BBus, Grad Dip Management, LLB (Hons)) has over 30 years of finance and commercial experience in various listed and unlisted corporations including as Commercial Manager within Brambles Industries, Financial Controller and Company Secretary of Cockburn Corporation Limited and Commercial Manager for the Australasian operations of international mining equipment manufacturers Svedala Industrii, Metso Minerals and Sandvik. In 2005, Bruce joined PIHA Pty Ltd, Crushing Services International Pty Ltd and Process Minerals International Pty Ltd as Group Finance Manager. In 2006, he was appointed the inaugural CFO and Company Secretary of Minerals Resources Limited on its listing on ASX. Bruce is a Fellow Certified Practicing Accountant (CPA), a Fellow of the Institute of Chartered Secretaries and a Member of the Australian Institute of Company Directors.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2016, and the number of meetings attended by each director were:

	Full Board		Audit Committee		Remuneration Committee		Nomination Committee	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Peter Wade	10	11	n/a	n/a	n/a	n/a	n/a	n/a
Chris Ellison	11	11	n/a	n/a	n/a	n/a	n/a	n/a
Joe Ricciardo*	4	9	1	2	-	2	-	2
Kelvin Flynn	11	11	2	2	4	4	2	2
James McClements	9	11	2	2	4	4	2	2

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

* Retired on 18 April 2016

Other committee meetings are convened as required.

REMUNERATION REPORT

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12. Non-executive Director compensation
13. KMP remuneration schedules
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1. Letter to Shareholders

Dear Shareholders

I am pleased to present the 2016 Financial Year Remuneration Report to shareholders.

The aim of this Remuneration Report is to explain to shareholders the Board's considerations and decisions on how executive remuneration is structured to remunerate, reward and retain executives in the business.

At the 2015 Annual General Meeting, shareholders voted 84% in favour of the Remuneration Resolution. This result, albeit positive, provided the Board with useful feedback on the remuneration structure and our disclosures.

The Board is mindful of the feedback it receives from stakeholders, the broader economic conditions and the Company's strategic direction in designing and implementing the reward systems for the Group. It strives to align executive remuneration and the generation of shareholder value by engaging with shareholders, industry experts and proxy advisors to ensure their views and expectations are taken into consideration when planning the remuneration policies and practices. In FY16, the resources industry has continued to experience substantial volatility with significant movements in commodities prices and major fluctuations to other external economic factors. In the face of this volatility, MRL executives have remained fully focused on MRL's business strategy and have been able to achieve a substantially positive returns for shareholders. FY16 underlying EBITDA of $286 million is at the high end of the Company's guidance range achieved substantially through innovation, efficiency measures and cost management initiatives, countering the 18% fall in iron ore index prices. Against this backdrop, management have delivered a 13% Return on Invested Capital (ROIC) for the period, against a budgeted ROIC of 8.2%.

During 2016, the Board has taken the opportunity to refresh the structure of MRL's remuneration system for senior managers to keep pace with changes in the business and broader market expectations. The Remuneration Committee undertook this review with input from the Board, our key shareholders and proxy advisors. In addition, we completed an independent review and critique of our remuneration disclosures with the assistance of external consultants. These reviews established the framework for changes to our remuneration system.

The key considerations in developing the new remuneration structure is to:

1. Focus management on:
    a. activities that drive value creation within the business
    b. achieving specific targets that are key to achieving both short and long term Group strategies
2. The uniqueness of the MRL business
3. Attract and retain executive talent
4. Be market competitive.

This new framework, explained in the detailed report below, focuses on the value drivers of the business and how the Company rewards management for creating value for shareholders. The result is a remuneration system substantially focused on key outcomes that effect the generation of shareholder wealth and provide rewards that mirror shareholder outcomes.

The Remuneration Committee and Board believe that we have the appropriate reward structure for MRL which will achieve the desired outcomes. I look forward to shareholder feedback and discussing our approach at the Annual General Meeting in November.

Yours faithfully

James McClements
Lead Independent Non-Executive Director
Chairman, Remuneration Committee

2. Remuneration Report

2.1. Audit of the Remuneration Report

Remuneration disclosed in this Report has been audited as required under section 308 (3C) of the Corporations Act 2001 (Cth.). This Report forms part of the Directors' Report, details remuneration arrangements in place for Key Management Personnel (KMP) and provides specific detail required by the Corporations Act.

2.2. Key Management Personnel

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. In this report the words "Executive or Executives" refers to Executive KMP.

The Group's KMP for FY16 are as follows:

(i) Non-Executive Directors	
Peter Wade Kelvin Flynn James McClements Joe Ricciardo	Non-Executive Chairman Independent Non-Executive Director Lead Independent Non-Executive Director Independent Non-Executive Director (retired 18/04/2016)
(ii) Managing Director	
Chris Ellison	Managing Director
(iii) Other Executives	
Bob Gavranich David Geraghty Bruce Goulds Danny McCarthy Jarrod Seymour Steve Wyatt	Executive General Manager PIHA Executive General Manager Process Minerals International (PMI) Chief Financial Officer/Company Secretary Chief Operating Officer (appointed 24/04/2016) Chief Operating Officer (resigned 06/05/2016) Senior Project Director

3. Remuneration philosophy and strategy

3.1. MRL's business drivers for success

MRL's strategy, as a mining services contractor, infrastructure owner, infrastructure manager and mine operator, is based on prudent selection of critical infrastructure projects, and through MRL's unique style of robust operational management of these projects, driving superior returns for shareholders. Drivers of the Group's performance include:

- The acquisition and/or construction of key projects and their deployment within the Group's existing project portfolios
- Incorporation of projects within the Group's income earning activities by integrating these either within the Group's external contracting services or integrating these within existing internal projects
- Optimisation of earnings from projects by actively managing operating costs, maximising availability and optimising utilisation
- Where opportune, monetising the projects
- Over the long term, the Group ensures that financial returns earned on capital invested in these projects creates value for shareholders.

3.2. Remuneration philosophy and strategy

As the Group's performance depends on the quality of its people, the remuneration philosophy is designed to attract, motivate and retain high performing people who are aligned and passionate about the dynamic nature of MRL's business. This is particularly important as MRL continues to develop and grow. The Board is committed to driving alignment between the remuneration arrangements and the expectations of shareholders, the Group, all employees and stakeholders.

The remuneration philosophy aims to reward executives fairly and responsibly in line with the Australian market, and to ensure that the Group:

- provides competitive rewards targeting between the 62nd and 75th market percentile with top performers able to achieve remuneration in the 75th percentile range.
- sets demanding levels of performance with clear links to remuneration potential
- structures remuneration at a level that reflects Executives' duties and accountabilities and is competitive within Australia and, for certain roles, internationally
- aligns LTI and STI plans with the creation of value for shareholders
- sets a foundation for succession and career development
- complies with applicable legal requirements and appropriate standards of governance.

In addition to the Fixed Annual Remuneration (FAR), Executives remuneration includes STI and LTI components. Each participant has an approved maximum percentage of base salary applied to STI and LTI with a significant proportion of the remuneration at risk.

A summary of MRL's Executive Remuneration framework is as follows:

Attracting and retaining talented and qualified Executives	Encouraging executives to strive for superior performance	Aligning Executive and shareholder interests
Total remuneration – comprised of FAR, STI and LTI is market related (targeting between the 62nd and 75th percentile of relevant market data and personal responsibilities and accountabilities).	A significant portion of remuneration is 'at risk' under STI and LTI plans. Value is derived for Executives by meeting corporate goals reflecting the generation of shareholder value, which are assessed annually. Individual Executives are also measured against personal KPI's reflecting both corporate and personal objectives. In the case of Executives, the KPI measures are primarily corporate performance based. STI incentives are awarded from the bonus pool only on achieving key performance targets. The maximum bonus pool allocation is not necessarily consumed in any one year.	LTI delivered through awarding MRL shares, vesting over time, on achieving and exceeding Return on Invested Capital (ROIC) hurdles. The STI pool is based on a proportion of normalised Net Profit After Tax (NPAT).

4. Changes in detail

During FY16, the Remuneration Committee undertook a comprehensive review of the Executive remuneration and reward structures. This was considered necessary to ensure that the Executive reward system continued to achieve the desired outcomes of the Group's reward strategy. The decision to undertake this review was based on the feedback from key stakeholders about how the MRL remuneration system was perceived and a view that the economic conditions the Group operated in had significantly changed causing the previous structures to be out of date.

To assist the Committee with establishing the framework for a new Executive remuneration system, the Committee sought input from external advisors, Proxy Advisors and key shareholders to understand their view of the strengths and weaknesses of the previous remuneration arrangements and also the Company's disclosures.
The key findings were as follows:

- The remuneration arrangements in place were unconventional and focused on perceived short term performance
- Any future remuneration system should reflect the uniqueness of MRL's business
- Explanation of the systems, remuneration benchmarking, incentives and hurdles could be more rigorous

The review itself involved a wide ranging study of the current arrangements and alternative future structures to align remuneration with shareholder outcomes and expectations. This included:

1. A review of KMP Fixed Annual Remuneration (FAR) taking account of market conditions, the individual role and responsibilities of executives and increasing the proportion of overall remuneration at risk
2. Replacing the Long Term Incentive (LTI) framework with a simpler scheme focused on the underlying drivers of shareholder value within the business and incorporating some of the common features of LTI plans in ASX listed companies
3. Replacing the Short Term Incentive (STI) framework with a simple structure that rewards performance proportionately to the outcomes for shareholders.

FAR	The level of Executive FAR has been reviewed based on market conditions and comparative positions within MRL's peer group being ASX 200 companies and a further review of duties and responsibilities.
STI	The previous STI, suspended for FY15, lacked a direct correlation to shareholder value, primarily as it was based solely on individually focused performance hurdles. As a result, a new STI plan has been introduced with effect from 1/7/2015. It is considered important to implement this new system in FY16 to bring the new and robust system into operation as soon as practicable. This new structure has a direct and overarching link to shareholder returns. It involves allocation of a proportion of Group profit for distribution as STI. The Remuneration Committee believes that providing a bonus pool from the current year profit as the basis for STI provides a direct nexus between performance, reward and shareholder returns. In this way, the senior management team is awarded a bonus based on the actual financial performance of the Company with the pool being distributed between members based on individual performance. The Board chose to allocate a maximum STI bonus pool representing a percentage of normalised NPAT to reflect this principle. The entire allocation is not necessarily paid in STI and any surplus is not carried forward to future periods. For FY16, this pool has been set at a maximum of 3% of normalised NPAT (this percentage may vary in future financial years depending on market conditions). This percentage is not meant to reflect a dividend like distribution but provide a relative measure for the bonus pool against shareholder returns. In other words, when profits are good, the STI pool will reflect this and equally, where a situation occurs that profits are low, it is reflected in the bonus pool. The STI pool is available for distribution as cash bonuses for all Executives, senior managers and other employees, depending on the achievement of an individual's personal KPIs. No deferment of STI is included in the scheme. The Committee considers that providing the STI reward closely to achieving the performance measures emphasises the Group's philosophy that performance be rewarded as soon as practicable to achieving the short term targets.

LTI	The previous LTI, suspended for FY15, was short-term in focus (having a number of complex measures, each of which was focused on improvements over annual targets). As a result, the LTI has been revised, with revisions taking effect from 1/7/15. It was appropriate to introduce the new structure from FY16 because the Committee considered that the new structure provided significant benefits to shareholders by simplifying and focusing executive performance. The focus of the revised LTI is to drive a clear correlation between the Group's achievement of its long term strategy and the LTI. Changes to the LTI address both the complexity of the previous system and its short term nature. Previously, the LTI had a number of measures and based on a comparison with previous year's performance. These complexities have been removed. Specific changes to the LTI are: a. Introduction of a single financial measure on which each LTI participant's award is based. The measure chosen is Return on Invested Capital (ROIC) with ROIC measured at the Group level. This provides a clear and unambiguous link between business performance and the generation of shareholder value. This measure has been chosen due to the fact that the key value driver in the MRL business is the financial return on investments made by management in assets such as mineral processing plants, resources and other assets related to the bulk materials sector. Value is created from the financial returns and the asset values deployed. ROIC is a long term representation of company value. b. An increase of the vesting periods from 3 to 4 years, commencing in the first year of grant (FY16). c. Introduction of a vesting deferral mechanism with the Board retaining the right to withhold the vesting of entitlements depending on overall Group performance and the general economic environment. d. Introduction of a 'reward entitlement matrix' which delivers an LTI grant depending on the ROIC achieved, providing an uplift in the level of reward for superior performance. Details of the various levels achievable are included below.

5. Remuneration structure

5.1. Fixed Annual Remuneration

Executives are provided a competitive FAR based on criticality of their role, market comparison and individual skills and experience. FAR consists of base pay, superannuation and fixed non-monetary benefits. Executives may receive their FAR in the form of cash or other benefits (for example motor vehicles) where it does not create any additional costs to the Group and provides additional value to the executive.
FAR is reviewed annually by the Remuneration Committee, based on general economic conditions, individual and business performance, duties and responsibilities and comparable market remuneration.

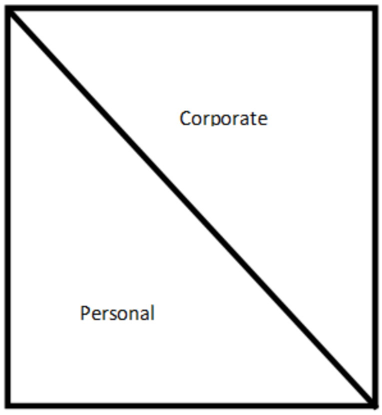
5.2. Short Term Incentives

The STI is an annual scheme, settled in cash immediately following the release of the Group's audited annual financial results to the ASX. Executive rewards are based on a combination of overall Group performance and personal KPIs.

5.2.1.STI Measurement principles

The following matrix sets out how the STI target mix has been apportioned between corporate and personal goals. The matrix has been designed to provide an appropriate mix of corporate and personal measures for each position. More senior positions have a greater emphasis on corporate targets whereas other roles have a greater focus on personal targets. Personal targets for Non-KMP positions have been clearly defined with each individual and are not covered in this Report.

Role	Corporate Targets	Personal Targets
C-suite		
Managing Director	100%	0%
Chief Financial Officer	100%	0%
Chief Operating Officer	100%	0%
Executive GMs		
EGM - PIHA	100%	0%
EGM - PMI	60%	40%
EGM - CSI Construction	60%	40%
Corporate GMs		
GM - Finance	70%	30%
GM - Commercial	70%	30%
GM - Contracts	70%	30%
GM - Marketing	70%	30%



Measures for executives with direct business responsibility are focused on the financial and operational performance of their business and corporate managers are measured on KPIs related to their area or responsibility and specific project outcomes.

5.2.2. Measures and performance

Performance measures are a mix of Group and personal measures. For more senior positions performance is generally gauged against Group performance, whereas other Non-KMP executives are measured on a proportion of personal and Group performance.

During the period the Group's targets of profit, capital management and other specific targets, were met. Details of strategic targets and the Group's performance against these, are included in this Annual Report and in the presentation material that accompanies it. The Group achieved the top level of its financial guidance and budget targets. Overall STI awarded in the 2016 Financial Year was less than the maximum achievable due to broader economic influences on the Group.

Personal targets depend on the individual's responsibilities. Executive GMs with Profit and Loss responsibility are measured against budget performance within their business area. Corporate GMs are measured against personal projects assigned for the year, linked to Group's strategic direction. Each individual has been awarded their STI based on achievement of these goals.

5.3. Long Term Incentives

To address the short-term characteristics of the KPIs included in the previous LTI arrangement, the LTI program has been completely revised. LTI benefits are now measured on the Group's Return on Invested Capital (ROIC), with participants measured on achievement of the target levels annually.
Calculation of ROIC for FY16 is shown below. The various components of the calculation and rationale for including the individual parts are set out below.

1. Invested Capital
    1.1. Net Assets per the published Balance Sheet is the base for the calculation
    1.2. Cash and cash equivalents are excluded from the definition. Cash is not considered a working asset of the business until it is deployed as an income earning equivalent.
    1.3. Short term borrowings drawn for cash management purposes are also excluded as this is a component of the cash and cash equivalents.
    1.4. Current year, non-cash impairments are added back to invested capital to reflect the operational asset base of the business.

2. Normalised Net Profit After Tax is the profit measure for the calculation. This is chosen to reflect the underlying operational performance of the business.

The LTI system is designed to incentivise individual and group long term performance and to generate shareholder value. LTI benefits are dependent on achieving superior ROIC, with LTI participants assessed on the Group's performance against this measure. Benefits are granted annually through 'equity performance rights' – rights to MRL shares vesting evenly over four years. The threshold requirement for vesting of rights is dependent on ongoing permanent employment.

The Board also retains the right to delay vesting of a particular tranche in a particular year. This deferral mechanism provides a nexus between the LTI award and shareholder returns by linking the long term incentive and ongoing business performance. In addition, the measure promotes a collective focus on the Group's effort to achieve its strategic goals by focusing on the primary business value driver.

The Board recognises that achievement of outstanding results has a direct impact on shareholder value and LTI participants should be motivated to strive for superior outcomes in their long term decisions. To that end, participants can achieve significantly greater rewards if thresholds outlined below are exceeded.
A summary of the LTI structure is set out below:

1. A single financial measure (ROIC) that reflects the generation of long term shareholder value is used to measure performance
2. Vesting of awards equally (i.e. 25% each year) over a period of 4 years, the first being the year of grant. The first instalment (25%) of the award vests at the time of grant. This provides recognition of the target achieved as well as the long-term retention framework for future vesting periods
3. Re-measurement / claw-back mechanisms – once an entitlement is granted, vesting will be dependent on continuing employment. The Board retains the right to withhold the vesting of individual tranches of granted rights depending on the Group performance and general economic conditions
4. Reward instruments – rights to MIN shares, with the basis for valuation being Volume Weighted Average Price (VWAP) at the time of entitlement (for FY16 this was $8.3689 per share being the VWAP for the 5 ASX trading days ending 30 June 2016). Once the entitlement to a number of shares is set, the recipient has the opportunity to benefit from share price movement between the date of grant and date of vesting
5. Participants do not have the right to hedge the value of unvested entitlements to shares
6. Benchmark ROIC of 12% for each period (i.e. each financial year)
7. ROIC base excludes cash balances, borrowings determined to be cash/cash equivalents and impairments in a particular year that reduce the net assets of the Group. Cash and cash equivalents balances are excluded as there is not an expectation that the Group holds cash with a view to achieving a return on this asset class
8. Reward entitlement matrix is dependent on ROIC achieved for the measurement period. An uplift is available for superior performance. LTI participants have an ability to exceed base entitlements based on the following matrix. The availability of an uplift in the award is in recognition of the difficulty of reaching the outstanding levels of performance (i.e. greater than 15% ROIC).

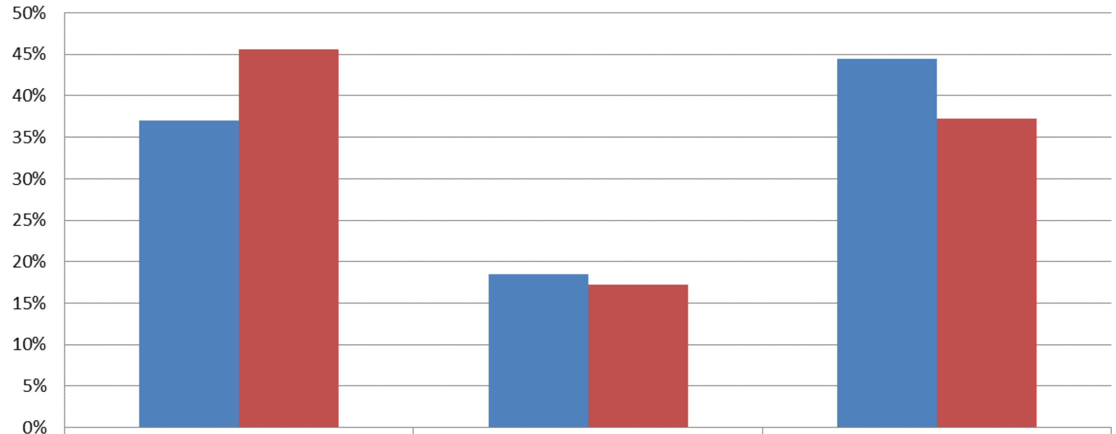
ROIC achievement	Reward (% of entitlement)
18% +	150%
15 - 18%	125%
12 - <15%	100%
<12%	Nil

6. Remuneration

The tables below show the available and actual remuneration mix for FY15, FY16 and the maximum available mix for FY17. Due to suspension of the LTI and STI in FY15 there were no 'at risk' awards made to Executives.

6.1. Remuneration Mix

Target remuneration opportunity mix for the Managing Director and other Executives for FY16.



	Base	At Risk STI	At Risk LTI
MD	37%	19%	44%
Other KMP (weighted average)	46%	17%	37%

The target remuneration mix has been developed to ensure that Executives have a high proportion of their overall remuneration at risk.

6.2. Actual remuneration mix:

The proportion of FAR, STI and LTI paid or payable to Executives is as follows:

Executive Director and Other Executives:	FAR		STI – At Risk		LTI – At Risk	
	2016	2015	2016	2015	2016	2015
Managing Director						
Chris Ellison	30%	100%	17%	Nil	53%	Nil
Other Executives						
Bob Gavranich	71%	100%	8%	Nil	21%	Nil
David Geraghty	63%	100%	14%	Nil	23%	Nil
Bruce Goulds	44%	100%	19%	Nil	37%	Nil
Danny McCarthy	18%	N/A	N/A	Nil	82%	Nil

7. Remuneration outcomes

7.1. Return on Invested Capital (ROIC)

For FY16 the Group achieved a ROIC of 13.0% which entitles participants to be granted performance rights equal to 100% of the entitlement for FY16.

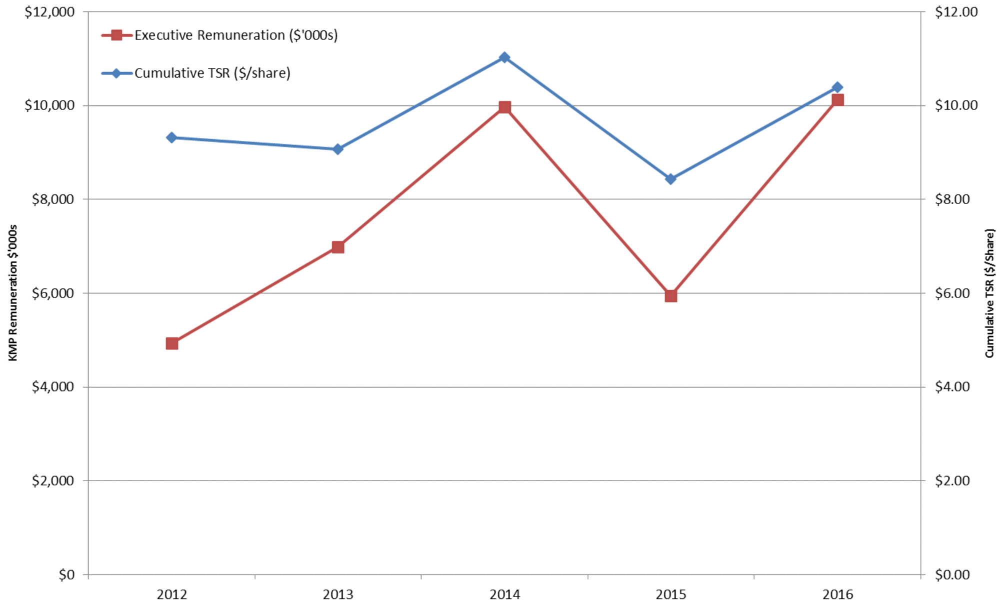
$A millions	**2014 Actual**	**2015 Actual**	**2016 Budget**	**2016 Actual**
Normalised NPAT	167.5	108.9	75.2	109.9
Invested Capital:				
Net assets (per balance sheet)	1,139.3	1,082.2	1,112.5	1,008.7
Cash	(206.5)	(209.8)	(190.9)	(407.3)
Short term borrowings (cash management)				115.0
Impairments	12.7	31.2		130.0
Invested capital	945.5	903.6	921.6	846.4
ROIC %	**17.7%**	**12.1%**	**8.2%**	**13.0%**

Cash is excluded on the basis that retention of a strong cash balance and available borrowing facilities are to enable growth and investment. Retention of cash is a Board decision and Executives and Non-KMP management are not expected to earn a return on these facilities.

7.2. Total Shareholder Return

Below is Total Shareholder Return (TSR) over the last five years, and the correlation between TSR and Executive Remuneration over the same period.

$/share	**2012**	**2013**	**2014**	**2015**	**2016**
Opening share price	11.50	8.95	8.25	9.59	6.60
Closing share price	8.95	8.25	9.59	6.60	8.31
Increase/(decrease) in share price	(2.55)	(0.70)	1.34	(2.99)	1.71
Total dividends paid	0.43	0.46	0.62	0.40	0.24
TSR	(2.12)	(0.24)	1.96	(2.59)	1.95
Cumulative TSR	9.31	9.07	11.03	8.44	10.39



7.3. Share-based compensation

7.3.1 Issue of shares

The vested portion of the FY16 LTI has provided Executives with the following shares which will be issued on 19 August 2016:

Name	Role	MIN Shares vesting[1]
Chris Ellison	Managing Director	53,771
Bruce Goulds	Chief Financial Officer	24,495
Danny McCarthy	Chief Operating Officer	23,898
Bob Gavranich	EGM – PIHA	13,443
David Geraghty	EGM – PMI	11,253
		126,860

[1] Based on VWAP for the five days to 30 June 2016

7.3.2 Options

There were no options over ordinary shares granted to, or that vested in favour of, KMP as part of compensation during FY16 (FY15 nil) and no options over ordinary shares issued to KMP as part of compensation for prior financial years were outstanding as at 30 June 2016 (30 June 2015: nil).

8 Remuneration governance

8.1 Role of the Remuneration Committee

The Board is responsible for ensuring that remuneration arrangements for the Group are aligned with the overall business strategy and shareholder interests. The role of the Remuneration Committee is to advise the Board on KMP remuneration. The Committee makes recommendations to the Board on KMP remuneration arrangements, all LTI awards (which includes entitlements for the Managing Director and other Executives) and approves the STI pool (which includes entitlements for the Managing Director, other Executives, and other senior managers within the business).

The Remuneration Committee meets regularly throughout the year. Where senior management input is required, attendance is by invitation. The Directors' Report includes a table of Remuneration Committee meetings and attendance for FY16.
The Remuneration Committee is made up of the following Non-Executive Directors:

James McClements	Committee Chair
Kelvin Flynn	Committee Member
Joe Ricciardo	Committee Member (until retirement 18/04/16)

8.2 Board discretion

8.2.1 STI clawback

The STI is subject to clawback in the event of fraud, misstatement or unintended consequences if unpaid. In the event of cessation of employment, rights to accrued STI is payable at the discretion of the Board.

8.2.2 LTI clawback

The LTI is subject to clawback in the event of fraud, misstatement or unintended consequences if unvested. In the event of cessation of employment, vesting of granted LTI is at the discretion of the Board.

8.2.3 Change of Control / Resignation / Retirement in the event of ill health

In the event of change of control of MRL or as a result of an Executive's resignation/retirement in the event of ill health, rights to accrued STI and vesting of granted LTI is at the discretion of the Board.

8.3 External consultants

From time to time during FY16, the Group engaged external consultants to provide insights on remuneration trends, regulatory and governance updates and market data in relation to the remuneration of KMP.
No remuneration recommendations as defined in Section 9B of the Corporations Act 2001 were obtained during FY16.

9 Additional disclosures relating to KMPs

9.1 KMP shareholdings

There were no options over ordinary shares granted to, or that vested in favour of, the Executive as part of compensation during FY16 (FY15 nil).

The number of MRL shares held during the Financial Year by each Director and Other Executive of the Company, including their related parties, is set out below:

Number of Shares	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Peter Wade	1,416,162			(900,000)	516,162
Joe Ricciardo[1]	1,067,749			(1,067,749)	-
Chris Ellison	24,241,885		516,390		24,758,275
Bob Gavranich	3,272,353			(3,022,353)	250,000
Dave Geraghty	1,447,512				1,447,512
Bruce Goulds	186,498			(6,498)	180,000
Steve Wyatt	4,652,344			(2,625,000)	2,027,344
	36,284,503	-	516,390	(7,621,600)	29,179,293

[1] Joe Ricciardo retired as a Director on 18 April 2016

10 Service Agreements

Remuneration and other terms of employment for Executives are formalised in service agreements. Details of Executive FAR, STI and LTI are set out above. Key termination conditions are as follows:

	Termination notice period	Retirement Benefits (in excess of Statutory Entitlements)
Chris Ellison Managing Director	6 months	Nil
Bob Gavranich Executive General Manager – PIHA	6 months	Nil
David Geraghty Executive General Manager – PMI	6 months	Nil
Bruce Goulds Chief Financial Officer and Company Secretary	6 months	Nil
Danny McCarthy Chief Operating Officer	6 months	Nil

11 Non-Executive Directors remuneration

11.1 Policy and approach to setting remuneration

The key principle underpinning Non-Executive Director remuneration is the need to attract high calibre directors to direct the current business into the future.

The Board’s policy is to periodically review its approach to Non-Executive Director remuneration and seek independent advice to ensure its Non-Executive Director remuneration remains competitive.

Non-Executive Directors’ remuneration reflects the demands that are placed on, and the responsibilities of, the directors. No element of Non-Executive Directors remuneration is linked to the performance of the Group.

With the exception noted below, the only form of remuneration received by Non-Executive Directors is director’s fees.

To create alignment with shareholders, Non-Executive Directors are encouraged to hold equity securities in the Company.

All directors are subject to the Company’s Security Trading Policy.

11.2 Non-Executive Director fees – other services

In addition to the directorship duties, the Chairman, Peter Wade, provides technical, engineering/design, and commercial services to the Group on an ad-hoc basis and is remunerated for these services on hourly rates. Mr Wade’s significant experience, as long time managing director of the Company, makes using his services appropriate for particular projects. The hourly rate is set annually and is subject to formal review and approval by the Remuneration Committee. The Chairman is not a member of the Remuneration Committee.

12 KMP remuneration schedules

12.1 FY16 remuneration schedule

	Short Term Benefits						Post Employment Benefits	Other Statutory Entitlements	Long Term Benefits	LTI			
	Salary and Fees (FAR)	**Other Short Term Employee Benefits[1]**	**FY15 STI paid FY16**	**FY16 STI accrued**	**Other fees for services rendered**	**Non Monetary**	**Super-annuation**	**Annual leave paid on termination**	**Long service leave**	**Vested**	**Other[3]**	**Granted subject to future vesting conditions**	**Total**
	$	$	$	$	$	$	$	$	$	$	$	$	$
Non-Executive Directors													
Peter Wade	199,992				97,500		18,423						315,915
Kelvin Flynn	98,100												98,100
Joe Ricciardo[1]	74,770						7,103						81,873
James McClements	95,540						9,076						104,616
Executive Director													
Chris Ellison	770,130			500,000		74,038	19,308			450,000	(65,313)	1,170,000	2,918,163
Other Executives													
Bob Gavranich	860,912			100,000		59,093	19,308			112,500	(48,077)	219,375	1,323,111
David Geraghty	627,827			150,000		13,943	19,308			94,173	(34,965)	183,636	1,053,922
Bruce Goulds	654,158			300,000			19,308			205,000	(35,157)	399,750	1,543,059
Steve Wyatt	666,667										(48,077)		618,590
Danny McCarthy	124,723						4,827			200,000		390,000	719,550
Former Executives													
Jarrod Seymour[2]	878,807	173,838				22,484	17,080	17,641			(36,919)		1,072,931
	5,051,626	173,838	-	1,050,000	97,500	169,558	133,740	17,641	-	1,061,673	(268,508)	2,362,761	9,849,829

[1] Joe Ricciardo retired from the Board on 18 April 2016. Remuneration is for the period 1 July 2015 to 18 April 2016
[2] Jarrod Seymour resigned as COO on 6 May 2016
[3]. Other relates to forgone 2014 LTI due to suspension of the LTI in 2015

12.2 FY15 remuneration schedule

	Salary and Fees (Fixed Remuneration)	Other Short Term Employee Benefits[1]	2014 Financial Year STI paid 2015 Financial Year	2015 Financial Year STI accrued	Other fees for services rendered	Non Monetary	Super-annuation		Long service leave	Vested	Other[4]	Granted subject to future vesting conditions	Total
	$	$	$	$	$	$	$	$	$	$	$	$	$
Non-Executive Directors													
Peter Wade	200,000				130,000		25,000						355,000
Mark Dutton[2]	38,076						3,617						41,693
Kelvin Flynn	98,100						-						98,100
Joe Ricciardo	90,000						8,550						98,550
Executive Director													
Chris Ellison[3]	944,977		(266,000)			56,107	19,015				(65,313)		688,786
Other Executives													
Bob Gavranich	860,916					56,862	18,783				(48,077)		888,484
David Geraghty	651,724	120,734				20,390	21,077				(34,965)		778,960
Bruce Goulds	615,000	169,942					35,000				(35,157)		784,785
Jarrod Seymour	783,064					27,356	18,783				(36,919)		792,284
Steve Wyatt	858,382	267,489				56,107	13,003				(48,077)		1,146,904
	5,140,239	558,165	(266,000)	-	130,000	216,822	162,828	-	-	-	(268,508)	-	5,673,545

[1] Other Short Term Benefits relate to prior year annual leave entitlements paid out this financial year
[2] Resigned 20 November 2014. Remuneration is for the period 1 July 2014 to 20 November 2014
[3] Chris Ellison repaid his FY14 STI during FY15
[4] Other relates to forgone 2014 LTI due to suspension of the LTI in 2015
James McClements did not receive any remuneration during FY15 as he joined the Board on 29 May 2015.

13 Share-based payments

13.1 Value of Shares to be issued

A total of 192,706 shares will be issued to KMP and other Non-KMP executives at an issue price of $8.37 per share (see 12.4 below for valuation details) for a value of $1,612,730 on 19 August 2016, for the value vested portion of the LTI as identified in KMP remuneration disclosures (see 12.1).

			2016
Name:	Financial year granted	Amount granted ($)	Vested ($)
Chris Ellison	2016	1,800,000	450,000
Bob Gavranich	2016	450,000	112,500
Dave Geraghty	2016	376,690	94,173
Bruce Goulds	2016	820,000	205,000
Danny McCarthy	2016	800,000	200,000
		4,246,690	1,061,673
Non-KMP executives	2016	2,204,230	551,057
		6,450,920	1,612,730

13.2 Expenses arising from share based payment transactions

Total expenses arising from share based transactions recognised during the period as part of employee benefits were as follows:

	Group	
	2016 **$**	**2015** **$**
Value of LTI remuneration granted		
Key Management Personnel	4,246,690	-
Other Senior positions	2,204,230	-
	6,450,920	-
Value of LTI remuneration vested		
Key Management Personnel	1,061,673	-
Other Senior positions	551,057	-
	1,612,730	-

	Group 2016 $	Group 2015 $
Value of LTI remuneration subject to vesting conditions		
Key Management Personnel	3,185,018	406 ,388
Other Senior positions	1,653,172	50,783
	4,838,190	457,171

A summary of the LTI structure is set out below:

1. A single financial measure (ROIC) that reflects the generation of long term shareholder value is used to measure performance
2. Vesting of awards equally (i.e. 25% each year) over a period of 4 years, the first being the year of grant. Vesting in the year of the grant provides a greater incentive for Executives to ensure corporate performance aligns with shareholder returns in each year grant year
3. Re-measurement / claw-back mechanisms – once an entitlement is granted, vesting will be dependent on continuing employment. The Board retains the right to withhold the vesting of individual tranches of granted rights depending on the Group performance and general economic conditions
4. Reward instruments – rights to MIN shares, with the basis for valuation being Volume Weighted Average Price (VWAP) at the time of entitlement (for FY16 this was $8.3689 per share being the VWAP for the 5 ASX trading days before 30 June 2016). Once the entitlement to a number of shares is set, the recipient has the opportunity to benefit from share price movement between the date of grant and date of vesting, supporting further positive correlation between LTI's granted and shareholder return
5. Participants do not have the right to hedge the value of unvested entitlements to shares
6. Benchmark ROIC of 12% for each period (i.e. each financial year)
7. ROIC base excludes cash balances, borrowings determined to be cash/cash equivalents and impairments in a particular year that reduce the net assets of the Group. Cash and cash equivalents balances are excluded as there is not an expectation that the Company holds cash with a view to achieving a return on this asset class
8. Reward entitlement matrix is dependent on ROIC achieved for the measurement period. An uplift is available for superior performance. LTI participants have an ability to exceed base entitlements based on the following matrix. The availability of an uplift in the award is in recognition of the difficulty of reaching the outstanding levels of performance (ie greater than 15% ROIC).

	2016 $	2015 $
Expenses arising from share-based payment transactions		
Key Management Personnel	3,155,926	(268,508)
Other Senior positions	1,257,752	(25,391)
	4,413,678	(293,899)

13.3 LTI future vesting values

The table below sets out the maximum LTI payable under each of the 2014, 2015 and 2016 LTI schemes:

		Remuneration rewarded and value vested:				Rights to deferred shares:	
Name:	Financial Year granted	Amount Granted ($)	Vested (%)	Value vested ($)	Forfeited (%)	Financial Year end in which shares may vest:	Maximum value yet to vest[1] ($)
Chris Ellison	2016	1,800,000	25.0%	450,000	0%	2016	-
						2017	450,000
						2018	450,000
						2019	450,000
Chris Ellison	2015	-	-	-	100%	2015	-
						2016	-
						2017	-
Chris Ellison	2014	391,875	33.3%	130,625	-	2014	-
					33.3%	2015	-
					33.3%	2016	-
Bob Gavranich	2016	450,000	25.0%	112,500	-	2016	-
						2017	112,500
						2018	112,500
						2019	112,500
Bob Gavranich	2015	-	-	-	100%	2015	-
						2016	-
						2017	-
Bob Gavranich	2014	288,461	33.3%	96,154	-	2014	-
					33.3%	2015	-
					33.3%	2016	-
David Geraghty	2016	376,690	25.0%	94,173	-	2016	-
						2017	94,173
						2018	94,173
						2019	94,173
David Geraghty	2015	-	-	-	100%	2015	-
						2016	-
						2017	-
David Geraghty	2014	209,790	33.3%	69,930	-	2014	-
					33.3%	2015	-
					33.3%	2016	-

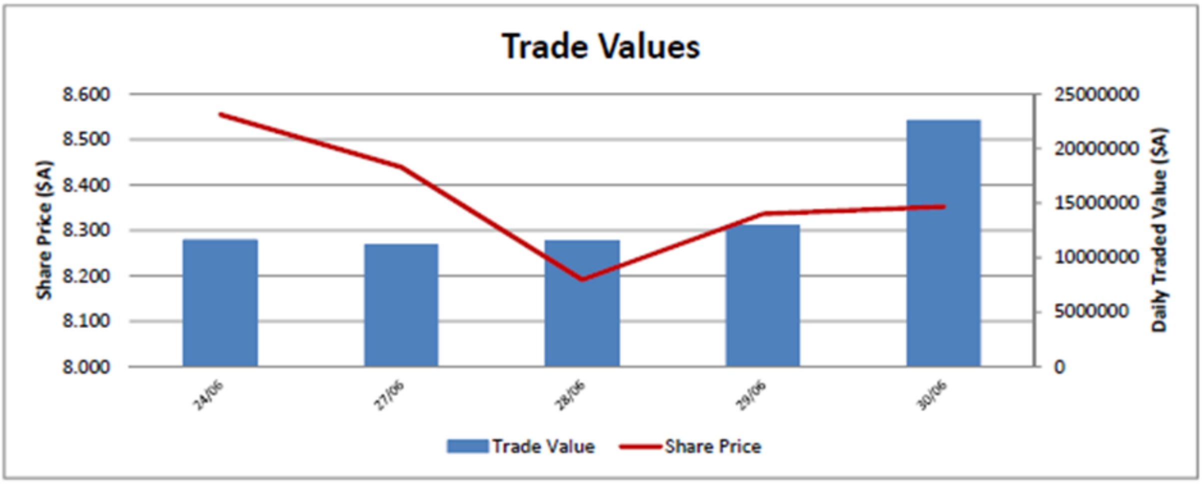
		Remuneration rewarded and value vested:				Rights to deferred shares:	
Name:	Financial Year granted	Amount Granted ($)	Vested (%)	Value vested ($)	Forfeited (%)	Financial Year end in which shares may vest:	Maximum value yet to vest[1] ($)
Bruce Goulds	2016	820,000	25%	$ 205,000	-	2016	-
						2017	205,000
						2018	205,000
						2019	205,000
Bruce Goulds	2015	-	-	-	100%	2015	-
						2016	-
						2017	-
Bruce Goulds	2014	210,938	33.3%	70,313	-	2014	-
					33.3%	2015	-
					33.3%	2016	-
Danny McCarthy	2016	800,000	25%	200,000		2016	-
						2017	200,000
						2018	200,000
						2019	200,000
Jarrod Seymour	2016	-	-	-	-	2016	-
						2017	-
						2018	-
						2019	-
Jarrod Seymour	2015	-	-	-	100%	2015	-
						2016	-
						2017	-
Jarrod Seymour	2014	221,514	33.3%	73,838	-	2014	-
					33.3%	2015	-
					33.3%	2016	-
Steve Wyatt	2016	-	-		-	2016	-
						2017	-
						2018	-
						2019	-
Steve Wyatt	2015	-	-	-	100%	2015	-
						2016	-
						2017	-
Steve Wyatt	2014	288,461	33.3%	96,154	-	2014	-
					33.3%	2015	-
					33.3%	2016	-
		5,857,729		**1,148,685**			**3,185,018**

13.4 **Share based payment – valuation**:

The valuation used to determine the fair value of shares to be allotted under the FY16 LTI is the five day Volume Weighted Average price to the 30th June 2016. Details are as follows:

Thursday, 30 June 2016

Volume-Weighted Average Price Calculation – Summary			
ASX Code:	MIN	Company Name:	Mineral Resources Limited
Start Date:	Friday, 24 June 2016	End Date:	Thursday, 30 June 2016
Trade Volume:	8,332,316	Trade Value:	$69,732,496.55
VWAP:	**$8.3689**	% Discount:	0.0%



Date	Trade Value	Trade Volume	Daily VWAP
24-Jun-2016	$11,594,280.36	1,355,299	$8.5548
27-Jun-2016	$11,157,141.10	1,322,033	$8.4394
28-Jun-2016	$11,459,113.86	1,398,929	$8.1913
29-Jun-2016	$12,952,644.19	1,553,822	$8.3360
30-Jun-2016	$22,569,317.04	2,702,233	$8.3521

Average of Daily VWAP	N/A
Overall Average VWAP	$8.3689

14 Transactions with related parties

The following transactions occurred with related parties:

Transactions with related parties
The following transactions occurred with related parties:

	Group 2016 $	Group 2015 $
Other transactions:		
Certain engineering services were provided by GR Engineering Services Limited, a company related to Joe Ricciardo (ceased being related party 18 April 2016)	-	(199,948)
Certain engineering services were provided to GR Engineering Services Limited, a company related to Joe Ricciardo (ceased being related party 18 April 2016)	772,480	218,786
Certain infrastructure services were provided by Global Advanced Metals Wodgina Pty Ltd, a company in which Mineral Resources has a beneficial interest and related to Kelvin Flynn and James McClements through their directorships in Global Advanced Metals Pty Ltd	(11,991)	(18,938)
Properties from which the Group’s operations are performed are rented from parties related to Chris Ellison and Peter Wade	(1,752,148)	(1,784,914)
Services provided by Sirona Capital Pty Ltd, a company related to Kelvin Flynn	-	(3,145)

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties

	Group 2016 $	Group 2015 $
Current receivables		
Trade receivables from GR Engineering Services Ltd, a company associated with Joe Ricciardo (ceased being a related party on 18 April 2016	89,756	237,936
Deposit receivable		
Refundable deposit paid to Global Advanced Metals Pty Ltd, a company in which James McClements and Kelvin Flynn are directors	10,000,000	-
Current payables:		
Trade payables to Global Advanced Metals Pty Ltd, a company related to Kelvin Flynn and James McClements	-	4,274

This concludes the Remuneration Report, which has been audited.

Indemnity and insurance of officers
The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 34 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 34 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of RSM Australia Partners
There are no officers of the Company who are former partners of RSM Australia Partners.

Rounding of amounts
The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/91 and in accordance with that class order, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' Report.

Auditor
RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Chris Ellison
Managing Director

18 August 2016
Perth

RSM

Independence

In conducting our audit, 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 report.

Opinion

In our opinion:

(a) the financial report of Mineral Resources Limited is in accordance with the *Corporations Act 2001*, including:

    (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

    (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Mineral Resources Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

RSM

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 18 August 2016

Mineral Resources Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Note	Group 2016 $'000	Group 2015 $'000
Revenue	4	1,177,641	1,299,063
Share of profits of associates accounted for using the equity method		571	-
Other income	5	8,579	8,437
Expenses			
Changes in closing stock		10,034	(18,565)
Raw materials and consumables		(162,695)	(136,639)
Equipment costs		(24,682)	(37,721)
Subcontractors		(113,992)	(135,235)
Employee benefits expense		(185,906)	(222,170)
Transport and freight		(366,119)	(386,177)
Depreciation and amortisation	6	(133,968)	(126,904)
Other expenses		(62,772)	(83,992)
Finance costs	6	(7,929)	(7,728)
Operating profit before impairment charges and income tax expense		138,762	152,369
Income tax on operating profit before impairment charges	7	(34,487)	(43,482)
Profit after tax before non-cash impairment charges and adjustments for MRRT[1]		104,275	108,887
Impairment charges	6	(186,220)	(44,544)
Income tax on impairment charges	7	55,866	13,363
(Loss)/profit before MRRT expense		(26,079)	77,706
Tax expense on reversal of MRRT deferred tax assets	7	-	(65,162)
(Loss)/profit after income tax expense for the year		(26,079)	12,544

Included within loss after income tax expense for the year total is income tax benefit/ (expense) of $21,379,000 (2015: ($95,281,000))

	Note	2016 $'000	2015 $'000
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Net change in asset revaluation reserve		(604)	182
Reversal of asset revaluation reserve previously recognised		-	(4,949)
Items that may be reclassified subsequently to profit or loss			
Loss on future cash flow hedge taken to equity		(385)	-
Other comprehensive income for the year, net of tax		(989)	(4,767)
Total comprehensive income for the year		(27,068)	7,777
(Loss) for the year is attributable to:			
Non-controlling interest		(1,222)	(270)
Owners of Mineral Resources Limited	28	(24,857)	12,814
		(26,079)	12,544
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(1,222)	(270)
Owners of Mineral Resources Limited		(25,846)	8,047
		(27,068)	7,777
		Cents	**Cents**
Basic and diluted profit per share after tax before impairment (2015: after tax before impairment and MRRT) (cents per share)	44	56.47	58.19
Basic and diluted profit per share (cents per share)	44	(13.31)	6.85

1: Minerals Resource Rent Tax ('MRRT')

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

Mineral Resources Limited
Statement of financial position
As at 30 June 2016

	Note	Group 2016 $'000	Group 2015 $'000
Assets			
Current assets			
Cash and cash equivalents	8	407,293	209,814
Trade and other receivables	9	83,334	136,352
Inventories	10	80,019	73,447
Current tax assets		3,624	3,147
Other	12	12,262	5,392
Total current assets		586,532	428,152
Non-current assets			
Receivables	13	11,034	11,053
Investments accounted for using the equity method	14	3,571	190
Financial assets	15	8,362	7,417
Property, plant and equipment	16	683,545	672,107
Intangibles	17	49,229	61,746
Exploration and mine development	18	242,799	372,516
Deferred tax	19	33,297	38,395
Total non-current assets		1,031,837	1,163,424
Total assets		1,618,369	1,591,576
Liabilities			
Current liabilities			
Trade and other payables	20	198,040	161,776
Borrowings	21	147,983	20,731
Employee benefits	22	16,897	11,750
Provisions	23	13,870	27,617
Total current liabilities		376,790	221,874
Non-current liabilities			
Borrowings	24	71,445	70,892
Deferred tax	25	124,445	182,806
Provisions	26	37,035	33,851
Total non-current liabilities		232,925	287,549
Total liabilities		609,715	509,423
Net assets		1,008,654	1,082,153
Equity			
Issued capital	27	502,353	504,771
Reserves		382	1,371
Retained profits	28	487,055	555,925
Equity attributable to the owners of Mineral Resources Limited		989,790	1,062,067
Non-controlling interest		18,864	20,086
Total equity		1,008,654	1,082,153

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

Mineral Resources Limited
Statement of changes in equity
For the year ended 30 June 2016

Group	Issued capital $'000	Reserves $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2014	495,552	6,138	616,860	20,759	1,139,309
Profit/(loss) after income tax expense for the year	-	-	12,814	(270)	12,544
Other comprehensive income for the year, net of tax	-	(4,767)	-	-	(4,767)
Total comprehensive income for the year	-	(4,767)	12,814	(270)	7,777
Transactions with owners in their capacity as owners:					
Transaction with non-controlling interest	-	-	-	(403)	(403)
Share issued under Dividend Reinvestment Plan (note 27)	9,219	-	-	-	9,219
Dividends paid (note 29)	-	-	(73,749)	-	(73,749)
Balance at 30 June 2015	504,771	1,371	555,925	20,086	1,082,153

Group	Issued capital $'000	Reserves $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2015	504,771	1,371	555,925	20,086	1,082,153
Loss after income tax expense for the year	-	-	(24,857)	(1,222)	(26,079)
Other comprehensive income for the year, net of tax	-	(989)	-	-	(989)
Total comprehensive income for the year	-	(989)	(24,857)	(1,222)	(27,068)
Transactions with owners in their capacity as owners:					
Share issued under Dividend Reinvestment Plan (note 27)	1,890	-	-	-	1,890
Share buy-back (note 27)	(4,308)	-	-	-	(4,308)
Dividends paid (note 29)	-	-	(44,013)	-	(44,013)
Balance at 30 June 2016	502,353	382	487,055	18,864	1,008,654

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

Mineral Resources Limited
Statement of cash flows
For the year ended 30 June 2016

	Note	Group 2016 $'000	Group 2015 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,254,858	1,360,238
Payments to suppliers and employees (inclusive of GST)		(900,556)	(1,211,544)
		354,302	148,694
Other revenue		-	363
Interest received		1,342	2,689
Interest and other finance costs paid		(7,696)	(4,899)
Income taxes paid		(31,951)	(94,497)
Net cash from operating activities	43	315,997	52,350
Cash flows from investing activities			
Payments for investments		(9,326)	(5,177)
Proceeds from disposal of investment		-	178,977
Payments for property, plant and equipment		(93,449)	(110,084)
Payments for intangibles		(5,874)	(3,130)
Payments for exploration and evaluation		(7,003)	(7,426)
Payments for mine development expenditure		(20,895)	(902)
Payments for increased investment in joint operations		(30,005)	(499)
Proceeds from disposal of property, plant and equipment		15,126	2,281
Net cash (used in)/from investing activities		(151,426)	54,040
Cash flows from financing activities			
Loan advanced to third party		-	(4,500)
Dividends paid		(42,124)	(64,446)
Proceeds/(repayment) of borrowings		79,340	(34,084)
Share buy-back		(4,308)	-
Net cash from/(used in) financing activities		32,908	(103,030)
Net increase in cash and cash equivalents		197,479	3,360
Cash and cash equivalents at the beginning of the financial year		209,814	206,454
Cash and cash equivalents at the end of the financial year	8	407,293	209,814

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

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

The following Accounting Standards and Interpretations are most relevant to the Group:

- AASB9 Financial Instruments
- AASB 15 Revenue from Contracts with Customers
- AASB 16 Leases

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 35.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2016 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Note 1. Significant accounting policies (continued)

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Goods sold

Revenue from the sale of goods and disposal of other assets is recognised when persuasive evidence, usually in the form of an executed sales agreement, or an arrangement exists, indicating there has been a transfer of risks and rewards 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. 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.

Rendering of services

Revenue from services rendered is recognised in the statement of profit or loss and other comprehensive income in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to work performed.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or if the costs incurred or to be incurred cannot be measured reliably.

Note 1. Significant accounting policies (continued)

Construction contracts

Contract revenue and expenses are generally recognised on an individual contract basis using percentage of completion method when the stage or contract completion can be reliably determined, costs to date can be clearly identified, and total contract revenue and costs to complete can be reliably estimated. Two or more contracts are treated as a single contract where the contracts are negotiated as a single package, are closely interrelated and are performed concurrently or in a continuous sequence.

Profit recognition for lump sum fixed price contracts does not commence until cost to completion can be reliably measured.

Stage of contract completion is generally measured by reference to physical completion. An assessment of total labour hours and other costs incurred to date as a percentage of estimated total costs for each contract is used if it is an appropriate proxy for physical completion. Task-lists, milestones, etc. are also used to calculate or confirm the percentage of completion if appropriate.

Where the outcome of a contract cannot be reliably estimated, contract costs are expensed as incurred. Where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred. An expected loss is recognised immediately as an expense.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Mineral Resources Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax group under the tax consolidation regime. The head entity and each subsidiary in the tax group continue to account for their own current and deferred tax amounts. The tax group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax group.

Note 1. Significant accounting policies (continued)

Assets or liabilities arising under tax funding agreements with the tax group are recognised as amounts receivable from or payable to other entities in the tax group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Derivative financial instruments
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Cash flow hedges
Cash flow hedges are used to cover the group's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedges reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

Note 1. Significant accounting policies (continued)

Inventories
Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Construction work in progress

Construction work in progress is valued at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

Construction profits are recognised on the stage of completion basis and measured using the proportion of costs incurred to date as compared to expected actual costs. Where losses are anticipated they are provided for in full.

Associates
Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

Joint operations
A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Available-for-sale financial assets are classified as non current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

Note 1. Significant accounting policies (continued)

Impairment of financial assets
The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

Property, plant and equipment
Owned assets

Items of plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate portion of production overheads. The cost of self-constructed and acquired assets includes (i) the initial estimate at the time of installation and during the period of use, when relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and (ii) changes in the measurement of existing liabilities recognised for these costs resulting from changes in the timing or outflow of resources required to settle the obligation or from changes in the discount rate.

Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

Leased assets

Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. Finance leases are stated at an amount equal to the lower of fair value and the present value of minimum lease payment at inception of the lease, less accumulated depreciation and impairment losses.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Building	40 years
Plant and equipment financed	3 - 20 years or the term of the lease
Plant and equipment	1 - 10 years or usage basis

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Subsequent costs

The Group recognises in the carrying amount of an item of plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the statement of profit or loss and other comprehensive income as an expense as incurred.

Revaluation

Increases in the carrying amount arising on the revaluation of plant and equipment are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of profit or loss and other comprehensive income.

Note 1. Significant accounting policies (continued)

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit.

Port access rights

Port access rights acquired as part of a business combination are recognised separately from goodwill. The rights are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the access rights over their estimated useful lives.

Exploration and evaluation assets
Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Note 1. Significant accounting policies (continued)

Development expenditure
Development expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises cost directly attributable to the construction of a mine and the related infrastructure.

Once a development decision has been taken, the carrying amount of the exploration and evaluation expenditure in respect of the area of interest is aggregated with the development expenditure and classified under non-current assets as development properties.

A development property is reclassified as a mining property at the end of the commissioning phase, when the mine is capable of operating in the manner intended by management.

Depreciation is charged using the units-of-production method, with separate calculations being made for each area of interest. The units-of-production basis results in a depreciation charge proportional to the depletion of proved, probable and estimated reserves. Development properties are tested for impairment in accordance with the policy on impairment of assets.

Development stripping
Development stripping costs arise from the removal of overburden and other mine waste materials removed during the development of a mine site in order to access the mineral deposit. Costs directly attributable development stripping activities costs, inclusive of an allocation of relevant overhead expenditure, are initially capitalised to Exploration and evaluation expenditure. Capitalisation of development stripping costs ceases at the time that saleable material begins to be extracted from the mine. On completion of development, all capitalised development stripping included in Exploration and evaluation is transferred to Mine development expenditures. Production stripping commences at the time that saleable materials begin to be extracted from the mine and, under normal circumstances, continue throughout the life of the mine. Costs of production stripping are charged to the profit or loss as operating costs when the ratio of waste material to ore extracted for an area of interest is expected to be constant throughout its estimated life.

When the ratio of waste to ore is not expected to be constant, production stripping costs are accounted for as follows:
(i) All costs are initially charged to profit or loss and classified as operating costs
(ii) When the current ratio of waste to ore is greater than the estimated life-of-mine ratio, a portion of the stripping costs (inclusive of an allocation of relevant overhead expenditure) is capitalised to Mine development expenditure
(iii) The amount of production stripping costs capitalised or charged in a financial year is determined so that the stripping expense for the financial year reflects the estimated life-of-mine ratio. The stripping costs are amortised against the profit or loss to the extent that, in subsequent periods, the current period ratio falls short of the life-of-mine-ratio. Changes to the estimated life-of-mine ratio are accounted for prospectively from the date of the change

Interest in joint ventures
The Group's share of the assets, liabilities, revenue and expenses of jointly controlled assets has been included in the appropriate line items of the consolidated financial statements. The Group's interests in joint venture entities are brought to account using the interests in joint venture operation are brought to account using the proportionate consolidation method. Where the Group contributes assets to the joint venture, or if the Group purchases assets from the joint venture, only the portion of the gain or loss that is not attributable to the Group's share of the joint venture shall be recognised. The Group however will recognise the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 1. Significant accounting policies (continued)

Trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Provisions
Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits
Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Note 1. Significant accounting policies (continued)

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Foreign currency transactions
The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Earnings per share
Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Mineral Resources Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 1. Significant accounting policies (continued)

Rounding of amounts
The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/91, issued and in accordance with that class order, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2016. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Group will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Group.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Group will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Group.

Note 1. Significant accounting policies (continued)

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the Group.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Income tax
The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Exploration and evaluation costs
Exploration and evaluation costs have been capitalised on the basis that the Group will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised if expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Ore reserve and resource estimates
Ore reserves are estimates of the amount of product that can be economically and legally extracted from the Group's current mining tenements. The Group estimates its ore reserves based on information compiled by appropriately qualified persons able to interpret the geological data. The estimation of recoverable reserves is based on factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs, along with geological assumptions and judgements made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact on the value of exploration and evaluation assets, mine properties, property plant and equipment, provision for rehabilitation and depreciation and amortisation charges.

Units of production depreciation
Estimated recoverable reserves are used in determining the depreciation and/or amortisation of mine specific assets. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The Group adopts a Run of Mine (ROM) tonnes of ore produced methodology.

Construction contracts
Construction contracts require significant estimates and assumptions in relation to:
determining the stage of completion:

- estimation of total contract revenue and contract costs
- acceptance of the probability of customer approval of variations and acceptance of claims
- estimation of project completion date
- assumed levels of project execution productivity.

These uncertainties may result in future project outcomes that differ from the amounts currently expected.

Where the outcome of a contract cannot be reliably estimated, contract costs are expensed as incurred. Where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred. An expected loss is recognised immediately as an expense.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Site rehabilitation provisions
In accordance with the Group's legal requirements, provision is made for the anticipated costs of future restoration and rehabilitation of areas from which natural resources have been extracted. The provision includes costs associated with dismantling of assets, reclamation, plant closure, waste site closure, monitoring, demolition and decontamination. The provision is based upon current costs and has been determined on a discounted basis with reference to current legal requirements and current technology.

Each period the impact of unwinding of the discount is recognised in the statement of profit or loss and other comprehensive income as a financing cost. Any change in the restoration provision is recorded against the carrying value of the provision and the related asset, only to the extent that it is probable that future economic benefits associated with the restoration expenditure will flow to the entity, with the effect being recognised in the statement of profit or loss and other comprehensive income on a prospective basis over the remaining life of the relevant operation. The restoration provision is separated into current (estimated costs arising within 12 months) and non-current components based on the expected timing of these cash flows.

Project closure
At the completion of some projects the Group has a liability for redundancy and the cost of relocating crushing and other mobile plant. An assessment is undertaken on the probability that such expenses will be incurred in the normal business of contracting services and is provided for in the financial statements.

Note 3. Operating segments

Business segment

The Group has identified its operating segments based on internal management reports that are reviewed by the Board (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 and 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 normalised Earnings Before Interest and Tax (EBIT) contribution.

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

Note 3. Operating segments (continued)

Operating segment information

Group – 2016	Mining Services & Processing $'000	Mining $'000	Central $'000	Total $'000
Total revenue	399,253	778,126	262	1,177,641
Other income	5,941	656	66	6,663
Other expenses	(225,770)	(674,592)	(5,770)	(906,132)
Earnings before interest, tax, depreciation and amortisation	179,424	104,190	(5,442)	278,172
Depreciation and amortisation	(64,611)	(68,396)	(961)	(133,968)
Interest income	-	28	2,459	2,487
Finance costs	(3,636)	(978)	(3,315)	(7,929)
Operating profit/(loss) before impairment charges and income tax	111,177	34,844	(7,259)	138,762
Income tax on operating profit before impairment charges				(34,487)
Profit after tax before impairment charges				104,275
Impairment charges, net of tax				(130,354)
Loss after income tax expense				(26,079)
Assets				
Segment assets	625,417	494,344	498,608	1,618,369
Liabilities				
Segment liabilities	274,786	185,394	149,535	609,715

Note 3. Operating segments (continued)

Group – 2015	Mining Services & Processing $'000	Mining $'000	Central $'000	Total $'000
Total revenue	569,879	729,364	(180)	1,299,063
Other income	2,916	1,530	17	4,463
Other expenses	(335,993)	(677,242)	(7,264)	(1,020,499)
Earnings before interest, tax, depreciation and amortisation	236,802	53,652	(7,427)	283,027
Depreciation and amortisation	(72,026)	(52,929)	(1,949)	(126,904)
Interest income	58	122	3,794	3,974
Finance costs	(764)	(37)	(6,927)	(7,728)
Operating profit/(loss) before impairment charges and income tax	164,070	808	(12,509)	152,369
Income tax on operating profit before impairment charges				(43,482)
Profit after tax before impairment charges				108,887
Impairment charges, net of tax				(31,181)
Profit before MRRT expense				77,706
Income tax expense on reversal of MRRT deferred tax assets				(65,162)
Profit after income expense				12,544
Assets				
Segment assets	899,032	651,661	40,883	1,591,576
Liabilities				
Segment liabilities	293,971	186,256	29,196	509,423

Intersegment revenue

Consolidated – 2016	Mining Services & Processing $'000	Mining $'000	Central $'000	Total $'000
Revenue				
Sales to internal and external customers	501,529	779,111	262	1,280,902
Intersegment sales	(102,276)	(985)	-	(103,261)
Total revenue	399,253	778,126	262	1,177,641
Consolidated – 2015				
Revenue				
Sales to internal and external customers	696,415	729,512	(180)	1,425,747
Intersegment sales	(126,536)	(148)	-	(126,684)
Total revenue	569,879	729,364	(180)	1,299,063

Note 3. Operating segments (continued)

Geographical information

	Sales to external customers 2016 $'000	Sales to external customers 2015 $'000	Geographical non-current assets 2016 $'000	Geographical non-current assets 2015 $'000
Australia	454,952	529,841	986,505	1,117,422
China	243,878	455,500	102	-
Singapore	447,011	157,791	-	-
Other	31,800	155,931	-	190
	1,177,641	1,299,063	986,607	1,117,612

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Revenue by customers

Revenue from services provided and mining product sold was comprised of the following clients and buyers who each on a proportionate basis equated to greater than 10% of total sales for the year.

During the year ended 30 June 2016, revenues of $289,735,000 (Mining Services Segment), being 24.6% of total external revenues and $476,159,000 (Mining Segment), being 40.43% of total external revenues were derived from the Group's largest customers. During the year ended 30 June 2015, revenues of $286,580,000 (Mining Services Segment) being 21.1% were derived from the Group's largest customers.

Note 4. Revenue

	Group 2016 $'000	Group 2015 $'000
Contract and operational revenue	817,863	744,319
Sale of goods	359,293	553,561
Equipment rental	485	1,183
Revenue	1,177,641	1,299,063

Note 5. Other income

	Group 2016 $'000	Group 2015 $'000
Net gain/(loss) on disposal of property, plant and equipment	(3,852)	337
Interest income	2,487	3,973
Other	9,944	4,127
Other income	8,579	8,437

Note 6. Expenses

	Group 2016 $'000	Group 2015 $'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	105,068	102,897
Depreciation capitalised to assets	(2,680)	-
Total depreciation	102,388	102,897
Amortisation		
Mine development expenditure	24,552	16,042
Port access	5,103	5,908
Others	1,925	2,057
Total amortisation	31,580	24,007
Total depreciation and amortisation	133,968	126,904
Impairment		
Exploration	172,575	-
Intangibles	10,547	-
Property, plant and equipment	7,403	893
Trade receivables	-	26,959
Investments	566	1,843
Inventory	(4,871)	14,849
Total impairment	186,220	44,544
Finance costs		
Interest and finance charges paid/payable	7,929	7,728
Rental expense relating to operating leases		
Minimum lease payments	5,309	6,299

Note 7. Income tax expense/(benefit)

	Group 2016 $'000	Group 2015 $'000
Income tax expense/(benefit)		
Operating profit	34,487	43,483
Impairment charges	(55,866)	(13,363)
Reversal of MRRT Deferred Tax expense	-	65,162
	(21,379)	95,281
Current tax	38,386	36,078
Deferred tax - origination and reversal of temporary differences	(55,392)	59,327
Adjustment recognised for prior periods	(4,373)	(124)
Aggregate income tax expense/(benefit)	(21,379)	95,281
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease in deferred tax assets (note 19)	5,498	43,015
Increase/(decrease) in deferred tax liabilities (note 25)	(60,890)	16,312
Deferred tax - origination and reversal of temporary differences	(55,392)	59,327
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Operating profit before impairment charges and income tax expense	138,762	152,369
Impairment charges	(186,220)	(44,544)
Profit before income tax expense	(47,458)	107,825
Tax at the statutory tax rate of 30%	(14,237)	32,348
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non allowable expenses	1,453	3,395
Research and development concessions	(7,000)	(5,700)
Reversal of Mining Resources Rent Tax	-	65,162
Impairment	1,722	-
	(18,062)	95,205
Adjustment recognised for prior periods	(4,373)	(124)
Current year tax losses not recognised	1,056	200
Income tax benefit/(expense)	(21,379)	95,281

	Group 2016 $'000	Group 2015 $'000
Amounts credited directly to equity		
Deferred tax liabilities (note 25)	(121)	(3,421)
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	27,090	25,113
Potential tax benefit @ 30%	8,127	7,534

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 8. Current assets - cash and cash equivalents

	Group 2016 $'000	Group 2015 $'000
Cash at bank and on hand	407,293	209,814

Note 9. Current assets - trade and other receivables

	Group 2016 $'000	Group 2015 $'000
Trade receivables	88,735	169,983
Provision for impairment	(5,401)	(33,631)
	83,334	136,352

Included in the trade and other receivables is amounts due from customers in relation to construction contracts of $259,000 (2015: $455,000).

The ageing of the impaired receivables provided for above are as follows:

	Group 2016 $'000	Group 2015 $'000
0 to 3 months overdue	-	150
Over 6 months overdue	5,401	33,481
	5,401	33,631

Movements in the provision for impairment of receivables are as follows:

	Group 2016 $'000	Group 2015 $'000
Opening balance	33,631	3,934
Additional provisions released/(recognised)	(28,230)	29,697
Closing balance	5,401	33,631

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $6,979,000 as at 30 June 2016 ($5,512,000 as at 30 June 2015).

The Group did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

Note 9. Current assets - trade and other receivables (continued)

The ageing of the past due but not impaired receivables are as follows:

	Group 2016 $'000	Group 2015 $'000
61-90 days overdue	6,400	4,952
Over 90 days overdue	579	560
	6,979	5,512

These relate to a number of independent customers for whom there is no recent history of default.

	Group 2016 $'000	Group 2015 $'000
Construction contracts		
Contract costs incurred to date and profit recognised to date	161,595	555,305
Less: progress billings received and receivable	(211,518)	(597,686)
Net construction work in progress	(49,923)	(42,381)
Representing:		
Amounts due from customers included in trade receivables	259	455
Amounts due to customers included in trade and other payables (note 20)	(50,182)	(42,836)
	(49,923)	(42,381)

Note 10. Current assets - inventories

	Group 2016 $'000	Group 2015 $'000
Raw materials and stores	7,321	12,323
Ore inventory stockpiles	53,155	46,110
Work in progress	19,543	15,014
	80,019	73,447

Note 11. Current assets - financial assets

	Group 2016 $'000	Group 2015 $'000
Reconciliation	-	-

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	Group 2016 $'000	Group 2015 $'000
Opening fair value	-	178,977
Disposals	-	(178,977)
Closing fair value	-	-

Note 12. Current assets – other

	Group	
	2016 $'000	2015 $'000
Prepayments	2,262	5,392
Deposits	10,000	-
	12,262	5,392

Note 13. Non-current assets - receivables

	Group	
	2016 $'000	2015 $'000
Loan receivable	10,900	10,900
Security deposits	134	153
	11,034	11,053

The trade receivables are not past due or nor impaired. The carrying amount is equivalent to fair value.

Note 14. Non-current assets - investments accounted for using the equity method

	Group 2016 $'000	Group 2015 $'000
Investment in Minprocess Group Inc.	-	66
Investment in Iron Processing Group Inc.	-	54
Investment in Process Minerals International Pty Ltd Inc.	-	70
Investment in Roadtrim Mining and Civil Contracting Pty Ltd	3,571	-
	3,571	190

Refer to note 40 for further information on interests in associates.

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	Group 2016 $'000	Group 2015 $'000
Opening fair value	190	190
Transfer from financial assets (note 15)	3,571	-
Impairment of assets	(190)	-
	3,571	190

Note 15. Non-current assets - financial assets

	Group 2016 $'000	Group 2015 $'000
Shares in listed corporations - at fair value	8,362	376
Investment in unlisted company	-	7,041
	8,362	7,417

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	Group 2016 $'000	Group 2015 $'000
Opening fair value	7,417	3,553
Additions	9,898	3,864
Transfer to joint operations	(4,041)	-
Transfer to investments accounted from using equity method (note 14)	(3,571)	-
Revaluation decrements	(965)	-
Impairment of assets	(376)	-
Closing fair value	8,362	7,417

Refer to note 31 for further information on fair value measurement.

Note 16. Non-current assets - property, plant and equipment

	Group 2016 $'000	Group 2015 $'000
Land – cost	13,319	13,319
Buildings - cost	10,844	10,350
Less: Accumulated depreciation	(1,022)	(725)
	9,822	9,625
Plant and equipment financed - cost	133,374	93,206
Less: Accumulated depreciation and impairment	(14,336)	(6,094)
	119,038	87,112
Plant and equipment - cost	898,309	897,024
Less: Accumulated depreciation and impairment	(356,943)	(334,973)
	541,366	562,051
	683,545	672,107

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Group	Land $'000	Building $'000	Plant and equipment financed $'000	Plant and equipment $'000	Total $'000
Balance at 1 July 2014	13,319	9,910	13,620	624,068	660,917
Additions	-	-	78,512	49,087	127,599
Disposals	-	-	(80)	(3,250)	(3,330)
Revaluation decrements	-	-	-	(10,182)	(10,182)
Depreciation expense	-	(285)	(4,940)	(97,672)	(102,897)
Balance at 30 June 2015	13,319	9,625	87,112	562,051	672,107
Additions	-	494	45,252	113,448	159,194
Disposals	-	-	(782)	(18,196)	(18,978)
Impairment of assets	-	-	(814)	(6,589)	(7,403)
Transfers	-	-	783	(17,090)	(16,307)
Depreciation expense	-	(297)	(12,513)	(92,258)	(105,068)
Balance at 30 June 2016	13,319	9,822	119,038	541,366	683,545

Refer to note 36 for further information on property, plant and equipment secured under finance leases.

Note 17. Non-current assets - intangibles

	Group 2016 $'000	Group 2015 $'000
Goodwill - cost	10,235	10,235
Patents - cost	1,750	17,660
Less: Accumulated amortisation	-	(4,525)
	1,750	13,135
Port access - cost	49,679	48,518
Less: Accumulated amortisation and impairment	(20,892)	(15,789)
	28,787	32,729
Operating lease - cost	7,038	7,038
Less: Accumulated amortisation	(3,519)	(2,815)
	3,519	4,223
Others - cost	5,281	1,644
Less: Accumulated amortisation	(343)	(220)
	4,938	1,424
	49,229	61,746

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Group	Goodwill $'000	Patents $'000	Port access $'000	Operating lease $'000	Others $'000	Total $'000
Balance at 1 July 2014	10,235	12,615	38,677	4,926	248	66,701
Additions	-	1,750	78	-	1,300	3,128
Transfers	-	-	(118)	-	-	(118)
Amortisation expense	-	(1,230)	(5,908)	(703)	(124)	(7,965)
Balance at 30 June 2015	10,235	13,135	32,729	4,223	1,424	61,746
Additions	-	-	1,421	-	3,637	5,058
Impairment of assets	-	(10,287)	(260)	-	-	(10,547)
Amortisation expense	-	(1,098)	(5,103)	(704)	(123)	(7,028)
Balance at 30 June 2016	10,235	1,750	28,787	3,519	4,938	49,229

Impairment testing

The following cash generating units have carrying amounts of goodwill:

	Group 2016 $'000	Group 2015 $'000
PIHA Pty Ltd	8,817	8,817
Process Minerals International Pty Ltd	1,418	1,418
	10,235	10,235

Note 17. Non-current assets - intangibles (continued)

Goodwill has an indefinite life.

The recoverable amount of each cash generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections, together with a terminal value. The cash flows are discounted using the target weighted average cost of capital for the Group.

The following assumptions were used in the value-in-use calculations:

Real pre-tax discount rate 12.9% (2015: 14.4%)
Growth rate of cash flows 2.5% (2015: 2.5%)

Note 18. Non-current assets - exploration and mine development

	Group	
	2016 $'000	**2015 $'000**
Exploration and evaluation	152,752	315,599
Mine development expenditure	115,447	157,312
Less: Accumulated amortisation	(25,400)	(100,395)
	90,047	56,917
	242,799	372,516

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Group	Exploration and evaluation expenditure $'000	Mine development expenditure $'000	Total $'000
Balance at 1 July 2014	309,395	68,822	378,217
Additions	7,434	4,420	11,854
Write off of assets	(1,230)	(283)	(1,513)
Amortisation expense	-	(16,042)	(16,042)
Balance at 30 June 2015	315,599	56,917	372,516
Additions	38,862	10,760	49,622
Impairment of assets	(172,575)	-	(172,575)
Transfers in/(out)	(29,134)	46,922	17,788
Amortisation expense	-	(24,552)	(24,552)
Balance at 30 June 2016	152,752	90,047	242,799

Note 18. Non-current assets - exploration and mine development (continued)

The recoverable amount of each cash generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a life of mine.

The following assumptions were used in the value-in-use calculations:

Future production*:*

The estimation of the future production is based on a detailed data analysis that reflects current life of mine and long term production plans. As each area of interest has specific economic characteristics, the cash flows applied have been calculated using appropriate models and key assumptions established by management.

Commodity prices*:*

Commodity prices are externally sourced, forward consensus prices, adjusted for ore properties.

Exchange rates*:*

Exchange rates are externally sourced forward consensus rates.

Discount rate*:*

A real pre-tax discount rate of 12.9% (2015: 14.4%) was applied to the pre-tax cash flows. The discount rate represents the targeted weighted average cost of capital of the Group, with appropriate adjustments made to reflect the risks specific to the cash generating unit.

Growth rate:

Growth rate of 2.5% (2015: 2.5%) was applied to the cash flows projection. Growth rates are in line with externally sourced forward consensus rates.

Note 19. Non-current assets - deferred tax

	Group 2016 $'000	Group 2015 $'000
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	2,581	-
Impairment of receivables	1,580	12,351
Impairment of financial assets	1,420	-
Impairment on inventory	4,738	299
Employee benefits	5,047	1,420
Provisions	15,889	23,212
Borrowings	827	946
Other	1,215	167
Deferred tax asset	33,297	38,395
Movements:		
Opening balance	38,395	87,784
Charged to profit or loss (note 7)	(5,498)	(43,015)
Under/(over) provision from prior year	400	(6,374)
Closing balance	33,297	38,395

Note 20. Current liabilities - trade and other payables

	Group 2016 $'000	Group 2015 $'000
Trade payables and accruals	147,858	142,021
Amounts due to customers for contract work	50,182	19,755
	198,040	161,776

Refer to note 30 for further information on financial instruments.

Note 21. Current liabilities - borrowings

	Group 2016 $'000	Group 2015 $'000
Bank loans	115,000	-
Lease liability	32,983	20,731
	147,983	20,731

Refer to note 24 for further information on assets pledged as security and financing arrangements.

Refer to note 30 for further information on financial instruments.

Note 22. Current liabilities - employee benefits

	Group 2016 $'000	Group 2015 $'000
Employee benefits	16,897	11,750

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	Group 2016 $'000	Group 2015 $'000
Employee benefits obligation expected to be settled after 12 months	5,330	3,733

Note 23. Current liabilities - provisions

	Group 2016 $'000	Group 2015 $'000
Warranties (i)	480	21,480
Project closure (ii)	7,894	6,137
Site rehabilitation (iii)	5,496	-
	13,870	27,617

(i) Warranties

Provision is made in respect of the Group's estimated liability on all products are services under warranty at reporting date. The provision is measured as the present value of future cash flows estimated to be required to settle warranty obligation. The future cash flows are estimated by reference to the Group's history of warranty claims.

(ii) Project closure

At the completion of some projects the Group has a liability for redundancy and the cost of relocating crushing and other mobile plant. An assessment is undertaken on the probability that such expenses will be incurred in the normal business of contracting services and is provided for in the financial statements.

(iii) Site rehabilitation

The provision for site rehabilitation relates to estimated costs of work required to rehabilitate a mine site and associated infrastructure to its original condition. The obligation is expected to materialise at the end of a mine’s life.

Note 23. Current liabilities - provisions (continued)

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Group - 2016	Warranties $'000	Project Closure $'000	Site Rehabilitation $'000	Total $'000
Carrying amount at the start of the year	21,480	6,137	-	27,617
Additional provisions recognised	-	2,014	5,912	7,926
Amounts transferred current/non current	-	(257)	(375)	(632)
Amounts used	-	-	(41)	(41)
Unused amounts reversed	(21,000)	-	-	(21,000)
Carrying amount at the end of the year	480	7,894	5,496	13,870

Note 24. Non-current liabilities - borrowings

	Group 2016 $'000	Group 2015 $'000
Lease liability	71,445	70,892

Refer to note 30 for further information on financial instruments.

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	Group 2016 $'000	Group 2015 $'000
Bank loans	115,000	-
Lease liability	104,428	91,623
	219,428	91,623

Assets pledged as security

The bank overdraft and loans are secured by:

(a) General Security Agreements over the whole of the assets and undertakings of Mineral Resources Ltd, Crushing Services International Pty Ltd, Process Minerals International Pty Ltd, Polaris Metals Pty Ltd, PIHA Pty Ltd, Auvex Resources Pty Ltd and Mineral Resources (Equipment) Pty Ltd;
(b) Negative pledges with respect to financial covenants; and
(c) Interlocking guarantees.

The lease liabilities are effectively secured as the rights to the leased assets, recognised in the statement of financial position, revert to the lessor in the event of default.

The interest rate for the bank loan is charged at BBSY plus a margin of 1.6%, which totals 3.49% per annum as at 30 June 2016 (2015: nil). The average interest rate for the hire purchase is 4.55% (2015: 4.80%)

Note 24. Non-current liabilities - borrowings (continued)

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Group 2016 $'000	Group 2015 $'000
Total facilities		
Bank overdraft	4,000	4,000
Bank loans	290,000	249,000
Bank guarantee	81,000	90,000
Lease liability	195,000	214,814
	570,000	557,814
Used at the reporting date		
Bank loans	115,000	-
Bank guarantee	36,040	60,695
Lease liability	104,429	91,623
	255,469	152,318
Unused at the reporting date		
Bank overdraft	4,000	4,000
Bank loans	175,000	249,000
Bank guarantee	44,960	29,305
Lease liability	90,571	123,191
	314,531	405,496

Note 25. Non-current liabilities - deferred tax

	Group 2016 $'000	Group 2015 $'000
Deferred tax liability comprises temporary differences attributable to*:*		
Amounts recognised in profit or loss:		
Trade and other receivables	2,678	5,418
Property, plant and equipment	83,511	57,640
Exploration and evaluation	38,256	119,748
Deferred tax liability	124,445	182,806
Movements:		
Opening balance	182,806	168,285
Charged/(credited) to profit or loss (note 7)	(60,890)	16,312
Credited to equity (note 7)	(121)	(3,421)
Under-provision from prior year	2,650	1,630
Closing balance	124,445	182,806

Note 26. Non-current liabilities - provisions

	Group 2016 $'000	Group 2015 $'000
Project closure (i)	2,481	2,146
Site rehabilitation (ii)	34,554	31,705
	37,035	33,851

(i) Project closure
At the completion of some projects the Group has a liability for redundancy and the cost of relocating crushing and other mobile plant. An assessment is undertaken on the probability that such expenses will be incurred in the normal business of contracting services and is provided for in the financial statements

(ii) Site rehabilitation
The provision for site rehabilitation relates to estimated costs of work required to rehabilitate a mine site and associated infrastructure to its original condition. The obligation is expected to materialise at the end of a mine's life.

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Group - 2016	Project Closure $'000	Site Rehabilitation $'000	Total $'000
Carrying amount at the start of the year	2,146	31,705	33,851
Additional provisions recognised	78	3,002	3,080
Addition through joint operation	-	2,149	2,149
Amounts transferred	257	375	632
Amounts used	-	(2,677)	(2,677)
Carrying amount at the end of the year	2,481	34,554	37,035

Note 27. Equity - issued capital

	Group 2016 Shares	Group 2015 Shares	Group 2016 $'000	Group 2015 $'000
Ordinary shares	186,829,800	187,637,090	502,353	504,771

Movements in ordinary share capital

Details	**Date**	**Shares**	**Issue price**	**$'000**
Balance	1 July 2014	186,556,246		495,552
Share issued for dividend reinvestment		1,080,844	$8.53	9,219
Balance	30 June 2015	187,637,090		504,771
Share issued for dividend reinvestment		378,087	$5.00	1,890
Share buy-back		(1,185,377)	$3.63	(4,308)
Balance	30 June 2016	186,829,800		502,353

Note 27. Equity - issued capital (continued)

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.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group may look to raise capital when an opportunity to invest in a business or company is seen as value adding relative to the current Company's share price at the time of the investment. The Group is actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximize synergies.

The Group is subject to certain financing arrangement covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on financing arrangement covenants during the financial year.

The capital risk management policy remains unchanged from the 2015 Financial Year.

The gearing ratio at the reporting date was as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Current liabilities - borrowings (note 21)	147,983	20,731
Non-current liabilities - borrowings (note 24)	71,445	70,892
Total borrowings	219,428	91,623
Current assets - cash and cash equivalents (note 8)	(407,293)	(209,814)
Cash and cash equivalents, net of debt	(187,865)	(118,191)
Total equity	1,008,654	1,082,153
Total capital	820,789	963,962
Gearing ratio	(23%)	(12%)

Note 28. Equity - retained profits

	Group	
	2016	**2015**
	$'000	**$'000**
Retained profits at the beginning of the financial year	555,925	616,860
(Loss)/profit after income tax expense for the year	(24,857)	12,814
Dividends paid (note 29)	(44,013)	(73,749)
Retained profits at the end of the financial year	487,055	555,925

Note 29. Equity - dividends

Dividends

Dividends paid during the financial year were as follows:

	Group	
	2016 **$'000**	**2015** **$'000**
Final dividend for the year ended 30 June 2015 (2015: 30 June 2014) of 15 cents (2015: 32 cents) per ordinary share franked at a tax rate of 30% paid on 8 October 2015 (2015: 10 October 2014)	28,147	59,701
Interim dividend for the year ended 30 June 2016 (2015: 30 June 2015) of 8.5 cents (2015: 7.5 cents) per ordinary share fully franked at a tax rate of 30% paid on 4 March 2016 (2015: 23 April 2015)	15,866	14,048
	44,013	73,749

On 18 August 2016 the Directors declared a final dividend for the Financial Year ended 30 June 2016 of 21.0c per ordinary share to be paid on 15 September 2016, a total estimated distribution of $39,234,000 based on the number of ordinary shares on issue as at 18 August 2016.

Franking credits

	Group	
	2016 **$'000**	**2015** **$'000**
Franking credits available for subsequent financial years based on a tax rate of 30%	81,032	77,051

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

Note 30. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Note 30. Financial instruments (continued)

Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group enters into forward exchange contracts to buy and sell specified amounts of foreign currencies in the future at stipulated exchange rates. The objective in entering the forward exchange contracts is to protect the Group against unfavourable exchange rate movements for both the contracted and anticipated future sales undertaken in foreign currencies.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
Group	**2016 A$'000**	**2015 A$'000**	**2016 A$'000**	**2015 A$'000**
US dollars	394,396	377,874	25,500	5,118

The Group had net assets denominated in foreign currencies of A$368,896,000 (assets A$394,396,000 less liabilities A$25,500,000) as at 30 June 2016. (2015: A$372,756,000 (assets A$377,874,000 less liabilities A$5,118,000). Based on this exposure, had the Australian dollar weakened by 5%/strengthened by 5% (2015: weakened by 5%/strengthened by 5%) against these foreign currencies with all other variables held constant, the Group’s profit before tax for the year would have been A$18,445,000 lower/A$18,445,000 higher (2015: A$18,638,000 lower/A$18,638,000 higher).

Price risk

The Group is exposed to commodity price risk which arises from iron ore and manganese ore held as inventory.

The Group's policy is to sell iron ore at contracted and/or spot prices. A portion of the exposure is hedged. The Group's revenues are exposed to fluctuation in the price of iron ore. If the average selling price of iron ore $64.50 (2015: $73.50) for the financial year had increased/decreased by 10% the change in the profit before income tax for the Mining Segment would have been an increase/decrease of $77,812,000 (2015: profit before income tax of $72,936,000). As at 30 June 2016 there was no exposure to the fluctuation in the price of manganese ore.

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to interest rate risk.

Note 30. Financial instruments (continued)

As at the reporting date, the Group is exposed to interest rate risk as follows:

Group	2016 Weighted average interest rate %	2016 Balance $'000	2015 Weighted average interest rate %	2015 Balance $'000
Cash and cash equivalents	0.31%	407,293	2.15%	209,814
Bank loans	3.49%	(115,000)	-	-
Interest bearing liabilities - variable	4.55%	(104,428)	4.80%	(91,623)
Net exposure to cash flow interest rate risk		187,865		118,191

An analysis by remaining contractual maturities in shown in 'liquidity and interest rate risk management' below.

The Group has considered sensitivity relating to exposure to interest rate risk at reporting date. An official increase/decrease in interest rate of 100 (2015:100) basis points would have an adverse/favourable effect on the profit before tax of $1,878,000 (2015: $1,181,000) per annum.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group's exposure to financial position credit risk are as indicated by the carrying amounts of its financial assets. The Group does not have a significant exposure to any individual counterparty.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Unused borrowing facilities at the reporting date:

	Group 2016 $'000	Group 2015 $'000
Bank overdraft	4,000	4,000
Bank loans	175,000	249,000
Bank guarantee	44,960	29,305
Lease liability	90,571	125,395
	314,531	407,700

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time and have an average maturity of 3 years. (2015: 2 years).

Note 30. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Group – 2016	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	198,040	-	-	-	198,040
Interest-bearing - variable						
Lease liability	4.55%	32,994	33,018	27,031	11,385	104,428
Total non-derivatives		231,034	33,018	27,031	11,385	302,468

Group – 2015	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	161,776	-	-	-	161,776
Interest-bearing – variable						
Lease liability	4.80%	20,731	20,518	50,374	-	91,623
Total non-derivatives		182,507	20,518	50,374	-	253,399

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 31. 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 – 2016	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Available-for-sale financial assets	8,362	-	-	8,362
Total assets	8,362	-	-	8,362

Group – 2015	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Available-for-sale financial assets	376	-	7,041	7,417
Total assets	376	-	7,041	7,417

Classification of financial assets at fair value through profit or loss

The Group classifies financial assets at fair value through profit or loss if they are acquired principally for the purpose of selling in the short term. They are presented as current assets if they are expected to be sold within 12 months after the end of the reporting period; otherwise they are presented as non-current assets.

Unless otherwise stated the carrying amount of financial instruments reflect their fair value.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Note 32. Key Management Personnel disclosures

Compensation

The aggregate compensation made to directors and other members of Key Management Personnel of the Group is set out below:

	Group	
	2016 $	**2015 $**
Short-term employee benefits	6,542,522	5,779,225
Post-employment benefits	133,740	162,828
Other statutory benefits	17,641	-
Share-based payments	3,155,926	(268,508)
	9,849,829	5,673,545

Note 33. Share based payments

	Group 2016 $'000	Group 2015 $'000
Value of LTI remuneration granted		
Key Management Personnel	4,247	-
Other Senior positions	2,204	-
	6,451	-

	Group 2016 $'000	Group 2015 $'000
Value of LTI remuneration vested (i)		
Key Management Personnel	1,062	-
Other Senior positions	551	-
	1,613	-

	Group 2016 $'000	Group 2015 $'000
Value of LTI remuneration subject to vesting conditions		
Key Management Personnel	3,185	406
Other Senior positions	1,653	51
	4,838	457

(i) A total of 192,706 shares will be issued to KMP and other Non-KMP executives at an issue price of $8.37 per share for a value of $1,612,730 on 19 August 2016, for the value vested portion of the LTI as identified in KMP remuneration disclosures.

A summary of the LTI structure is set out below:

1. A single financial measure (ROIC) that reflects the generation of long term shareholder value is used to measure performance
2. Vesting of awards equally (i.e. 25% each year) over a period of 4 years, the first being the year of grant. Vesting in the year of the grant provides a greater incentive for Executives to ensure corporate performance aligns with shareholder returns in each year grant year
3. Re-measurement / claw-back mechanisms – once an entitlement is granted, vesting will be dependent on continuing employment. The Board retains the right to withhold the vesting of individual tranches of granted rights depending on the Group performance and general economic conditions
4. Reward instruments – rights to MIN shares, with the basis for valuation being Volume Weighted Average Price (VWAP) at the time of entitlement (for FY16 this was $8.3689 per share being the VWAP for the 5 ASX trading days before 30 June 2016). Once the entitlement to a number of shares is set, the recipient has the opportunity to benefit from share price movement between the date of grant and date of vesting, supporting further positive correlation between LTI's granted and shareholder return
5. Participants do not have the right to hedge the value of unvested entitlements to shares
6. Benchmark ROIC of 12% for each period (i.e. each financial year)
7. ROIC base excludes cash balances, borrowings determined to be cash/cash equivalents and impairments in a particular year that reduce the net assets of the Group. Cash and cash equivalents balances are excluded as there is not an expectation that the Company holds cash with a view to achieving a return on this asset class
8. Reward entitlement matrix is dependent on ROIC achieved for the measurement period. An uplift is available for superior performance. LTI participants have an ability to exceed base entitlements based on the following matrix. The availability of an uplift in the award is in recognition of the difficulty of reaching the outstanding levels of performance (ie greater than 15% ROIC).

	Group 2016 $'000	Group 2015 $'000
Expenses arising from share-based payment transactions		
Key Management Personnel	3,156	(269)
Other Senior positions	1,258	(25)
	4,414	(294)

Note 34. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the Group:

	Group 2016 $	Group 2015 $
Audit services – RSM Australia Partners		
Audit or review of the financial statements	322,050	368,500
Other services - RSM Australia Partners		
Taxation services	258,818	214,980
Other services	46,692	12,800
	305,510	227,780
	627,560	596,280

Note 35. Contingent liabilities

The Group has provided guarantee to third parties in relation to performance of contracts and against warranty obligations for a defects liability period after completion of the work. Defects liability periods are usually from 12 to 18 months duration. Bank guarantees are issued as security for these obligations.

	Group 2016 $'000	Group 2015 $'000
Bank guarantee facility	81,000	90,000
Amount utilised	(36,040)	(60,695)
Unused facility	44,960	29,305

Note 36. Commitments

	Group 2016 $'000	Group 2015 $'000
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	12,927	158,389
Lease commitments – operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	4,482	4,383
One to five years	13,212	14,916
	17,694	19,299
Lease commitments – finance		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	36,677	24,463
One to five years	63,706	77,048
More than five years	11,659	-
Total commitment	112,042	101,511
Less: Future finance charges	(7,614)	(9,888)
Net commitment recognised as liabilities	104,428	91,623
Representing:		
Lease liability - current (note 21)	32,983	20,731
Lease liability - non-current (note 24)	71,445	70,892
	104,428	91,623
Exploration expenditure commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	8,550	7,776
One to five years	39,065	36,198
	47,615	43,974

Operating lease commitments includes contracted amounts for various retail outlets, warehouses, offices and plant and equipment under non-cancellable operating leases expiring within one to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Finance lease commitments includes contracted amounts for various plant and equipment with written down value of $119,038,000 (2015: $87,112,000) secured under finance leases expiring within one to five years. Under the terms of the leases, the Group has the option to acquire the leased assets for predetermined residual values on the expiry of the leases.

Note 37. Related party transactions

Parent entity
Mineral Resources Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 39.

Associates
Interests in associates are set out in note 40.

Joint operations
Interests in joint operations are set out in note 41.

Transactions with associates and joint operations
The following transactions occurred with associates and joint operations:

	Group 2016 $	Group 2015 $
Other transactions:		
Certain services were provided by Reed Industrial Minerals Pty Ltd, a joint operation	(130,500)	(718,678)
Certain services were provided by Roadtrim Mining and Civil Contracting Pty Ltd, an associate	(70,146,808)	-
Certain services were provided to Roadtrim Mining and Civil Contracting Pty Ltd, an associate	17,977,234	-
Interest was charged to Roadtrim Mining and Civil Contracting Pty Ltd, an associate	1,152,712	-

The following transactions occurred with related parties:

Other transactions:		
Certain engineering services were provided by GR Engineering Services Limited, a company related to Joe Ricciardo (ceased being related party 18 April 2016)	-	(199,948)
Certain engineering services were provided to GR Engineering Services Limited, a company related to Joe Ricciardo (ceased being related party 18 April 2016)	772,480	218,786
Certain crushing and engineering services were provided by Global Advanced Metals Pty Ltd, a company related to Kelvin Flynn and James McClements	(11,991)	(18,938)
Properties from which the Group's operations are performed are rented from parties related to Chris Ellison and Peter Wade	(1,752,148)	(1,784,914)
Services provided by Sirona Capital Pty Ltd, a company related to Kelvin Flynn	-	(3,145)

	Group 2016 $	Group 2015 $
Receivables from and payable to related parties		
The following balances are outstanding at reporting date in relation to transactions with associates and joint ventures.		
Current receivables		
Trade receivables with Roadtrim Mining and Civil Contracting Pty Ltd	567,101	-
Current payables		
Trade payables to Roadtrim Mining and Civil Contracting Pty Ltd	2,261,604	-
Receivables from and payables to related parties		
The following balances are outstanding at reporting date in relation to transactions with related parties		
Current receivables		
Trade receivables from GR Engineering Services Limited, a company associated with Joe Ricciardo (ceased being a related party 18 April 2016)	89,756	237,936
Deposit receivable		
Refundable deposit paid to Global Advanced Metals Pty Ltd, a company in which James McClements and Kelvin Flynn are directors	10,000,000	
Current payables		
Trade payables to Global Advanced Metals Pty Ltd, a company related to Kelvin Flynn and James McClements	-	4,274
Loans to/(from) related parties		
Current receivables		
Loan to Reed Industrial Minerals Pty Ltd, a joint operation	13,973,929	-
Non-current receivables:		
Loan to Roadtrim Mining and Civil Contracting Pty Ltd, an associate of the Group	10,959,726	-

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 38. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2016 $'000	**2015 $'000**
Profit after income tax	(119,258)	271,734
Total comprehensive income	(119,258)	271,734

Statement of financial position

	Parent	
	2016 $'000	**2015 $'000**
Total current assets	746,477	172,841
Total assets	893,143	502,503
Total current liabilities	470,578	20,402
Total liabilities	649,035	92,029
Net assets	244,108	410,474
Equity		
Issued capital	502,435	504,853
Reserves	(676)	-
Accumulated losses	(257,621)	(94,379)
Total equity	244,108	410,474

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2016 and 30 June 2015 other than as obligor under its syndicated financing facilities.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2016 and 30 June 2015.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment at as 30 June 2016 and 30 June 2015.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity
- Investments in associates are accounted for at cost, less any impairment, in the parent entity
- Dividends received from subsidiaries are recognised as other income by the parent entity.

Note 39. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2016	Ownership interest 2015
Crushing Services International Pty Ltd	Australia	100.00%	100.00%
Eclipse Minerals Pty Ltd	Australia	100.00%	100.00%
HiTec Energy Pty Ltd	Australia	59.40%	59.40%
Mesa Minerals Limited	Australia	59.40%	59.40%
PIHA Pty Ltd	Australia	100.00%	100.00%
Polaris Metals Pty Ltd	Australia	100.00%	100.00%
Process Minerals International Pty Ltd	Australia	100.00%	100.00%
Auvex Resources Pty Ltd	Australia	100.00%	100.00%
Mineral Resources (Equipment) Pty Ltd	Australia	100.00%	100.00%
PIHA (Water) Pty Ltd	Australia	100.00%	100.00%
Mineral Services Pty Ltd	Australia	100.00%	100.00%
Mineral Construction Pty Ltd	Australia	100.00%	100.00%
Steelpile Pty Ltd	Australia	100.00%	100.00%
MIS Carbonart Pty Ltd	Australia	60.00%	50.00%

Note 40. Interests in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the Group are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest 2016
Roadtrim Mining and Civil Contracting Pty Ltd	Australia	25.00%

Note 40. Interests in associates (continued)

Summarised financial information

	2016 $'000	2015 $'000
Summarised statement of financial position		
Current assets	7,679	-
Non-current assets	14,888	-
Total assets	22,567	-
Current liabilities	15,873	-
Non-current liabilities	4,067	-
Total liabilities	19,940	-
Net assets	2,627	-
Summarised statement of profit or loss and other comprehensive income		
Revenue	70,929	-
Expenses	(67,909)	-
Profit before income tax	3,020	-
Income tax expense	(736)	-
Profit after income tax	2,284	-
Other comprehensive income	-	-
Total comprehensive income	2,284	-
Reconciliation of the Group's carrying amount		
Opening carrying amount	3,000	-
Share of profit after income tax	571	-
Closing carrying amount	3,571	-

Note 41. Interests in joint operations

The Group has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications. Information relating to joint operations that are material to the Group are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest 2016
Reed Industrial Minerals Pty Ltd	Australia	43.10%

Note 42. Events after the reporting period

On 8 July 2016 the Group increased it's holding in Roadtrim Mining and Civil Contracting Pty Ltd (Roadtrim) from 25% to 90% and on 1 August 2016 from 90% to 100%. Roadtrim provides specialist bulk haulage services to Australia’s leading mining and resource companies. The combination of both businesses will result in both increased revenue and cost savings to the Group.

Note 42. Events after the reporting period (continued)

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On 11 August 2016 the Group and Empire Oil and Gas NL executed final documentation in relation to a A$15.1m revolving working capital facility to refinance the ERM Power debt obligation maturing 31 August 2016. Payment was effected 12 August 2016.

On 13 July 2016 Mesa Minerals Limited (Mesa), a 59.40% subsidiary, was placed in administration. The current manganese market makes it uneconomical to develop Mesa's manganese deposits in the short term. Mesa is unable to generate positive cash flow without assistance. The Group is no longer willing to support Mesa without a significant reduction in the debts outstanding. The administrators have assumed control of Mesa's assets and are working with the Mesa Board to maximize the outcome for all stakeholders of the company. The impact on the financial position of the Group is not material.

On 18 August 2016 the Directors declared a final dividend for the Financial Year ended 30 June 2016 of 21.0c per ordinary share to be paid on 15 September 2016, a total estimated distribution of $39,234,000 based on the number of ordinary shares on issue as at 18 August 2016.

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 43. Reconciliation of profit/(loss) after income tax to net cash from operating activities

	Group	
	2016 $'000	2015 $'000
(Loss)/profit after income tax expense for the year	(26,079)	12,544
Adjustments for:		
Depreciation and amortisation	133,968	126,904
Impairment loss	186,220	44,544
Net loss on disposal of property, plant, and equipment	3,852	-
Exploration expenditure written off	-	1,153
Share of profit – associate	(571)	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	47,082	(107,753)
Decrease/(increase) in inventories	(6,118)	22,744
Decrease in deferred tax assets	5,098	49,390
Decrease in other operating assets	880	11,120
Increase/(decrease) in trade and other payables	40,905	(85,955)
Decrease in provision for income tax	(476)	(59,930)
Increase/(decrease) in deferred tax liabilities	(58,361)	14,521
Increase/(decrease) in other provisions	(10,403)	23,068
Net cash from operating activities	315,997	52,350

Note 44. Earnings per share

	Group	
	2016 **$'000**	**2015** **$'000**
(Loss)/profit after income tax	(26,079)	12,544
Non-controlling interest	1,222	270
(Loss)/profit after income tax attributable to the owners of Mineral Resources Limited	(24,857)	12,814
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	186,819,412	187,139,075
Weighted average number of ordinary shares used in calculating diluted earnings per share	186,819,412	187,139,075
	Cents	**Cents**
Basic and diluted profit after tax before impairment (2015: after tax before impairment and MRRT) (cents per share)	56.47	58.19
Basic and diluted profit per share (cents per share)	(13.31)	6.85

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

____
Chris Ellison
Managing Director

18 August 2016
Perth

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

Report on the Financial Report

We have audited the accompanying financial report of Mineral Resources Limited, which comprises the statement of financial position as at 30 June 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, 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 year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, 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 report.

Opinion

In our opinion:

(a) the financial report of Mineral Resources Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Mineral Resources Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

RSM

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 18 August 2016