



# Macquarie Australia Conference 2019

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# Introduction to Mineral Resources

- One of the largest specialist crushing contractors globally and a leading provider of diversified pit-to-port mining services:
  - Core, production-related services for some of the world's largest mining clients
  - Long-standing relationships with creditworthy counterparties
- Created long-term, diverse annuity earnings through:
  - Our mining services business
  - Profit share projects
  - Diversity in products, customers and geographical locations
- Established in 1992; ASX-listed since 2006; market cap of approximately A\$3.0bn<sup>1</sup>



*Nextgen Crushing Plant – Pilgangoora Project*



*Wodgina Lithium Project construction*

# Core Business Pillars



## MINING SERVICES

- Leading provider of mining services
- Largest crushing contractor in the world
- Servicing Tier 1 customers from Tier 1 deposits

### **SERVICES PROVIDED**

- Crushing
- Processing
- Road & Rail Bulk Haulage
- Camp Services
- Marketing & Shipping

## COMMODITIES

### **LITHIUM**

- Wodgina
  - Located in the Pilbara
  - 259mt resource
  - Developing to produce 750ktpa spodumene concentrate
- Mt Marion
  - Located in the Goldfields
  - 71mt resource
  - Developed to produce 450ktpa spodumene concentrate

### **IRON ORE**

- Koolyanobbing
  - Located in the Yilgarn – 400km east of Perth
- Iron Valley
  - Located 300km SE Port Hedland
- Medium grade iron ore producer
- Combined production of 14mtpa

## PROFIT SHARE PROJECTS

- Currently have 4 profit share projects
  - Take an equity position in the ore body
  - Prove up the commodity resource
  - JV owners granted a life-of-mine contract to build, own, operate (BOO) service
  - 10 to 30 year life-of-mine mining services contracts

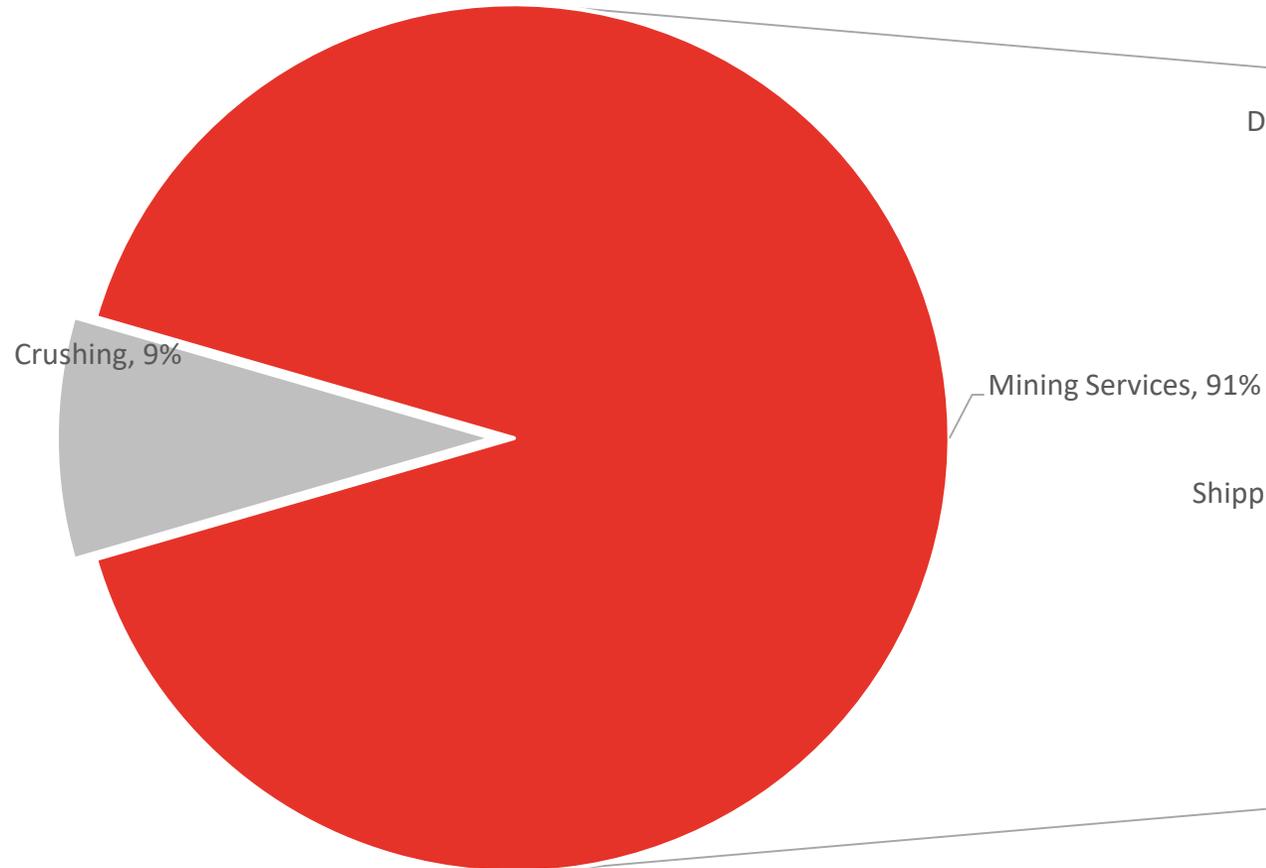
## INNOVATION & INFRASTRUCTURE

- Extensive supply chain infrastructure
  - Strategic port allocations
  - Road train and rail networks
- Developing unique mining equipment solutions with high barriers to entry to retain our competitive advantage in the mining services business:
  - NextGen Crushing & Screening plants
  - Light rail (BOSS)
  - Capesize carrier berth – Port Hedland
  - Carbon fibre structural components manufacturing facility
  - High volume synthetic graphite & hydrogen by-product

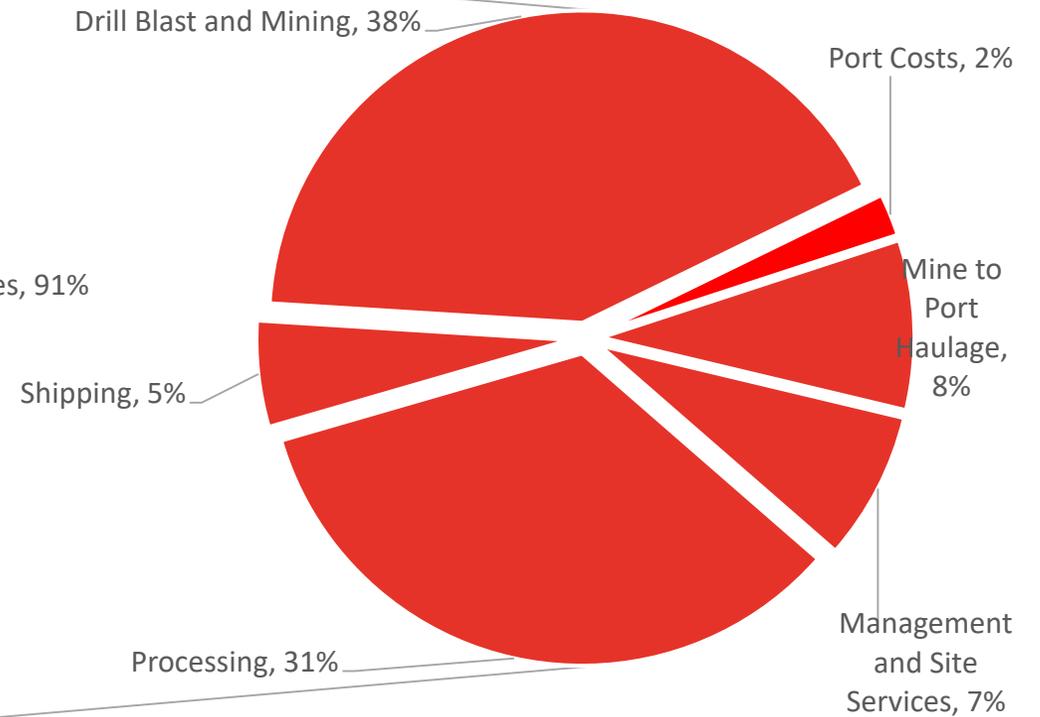
# Evolution of Mining Services Business Model



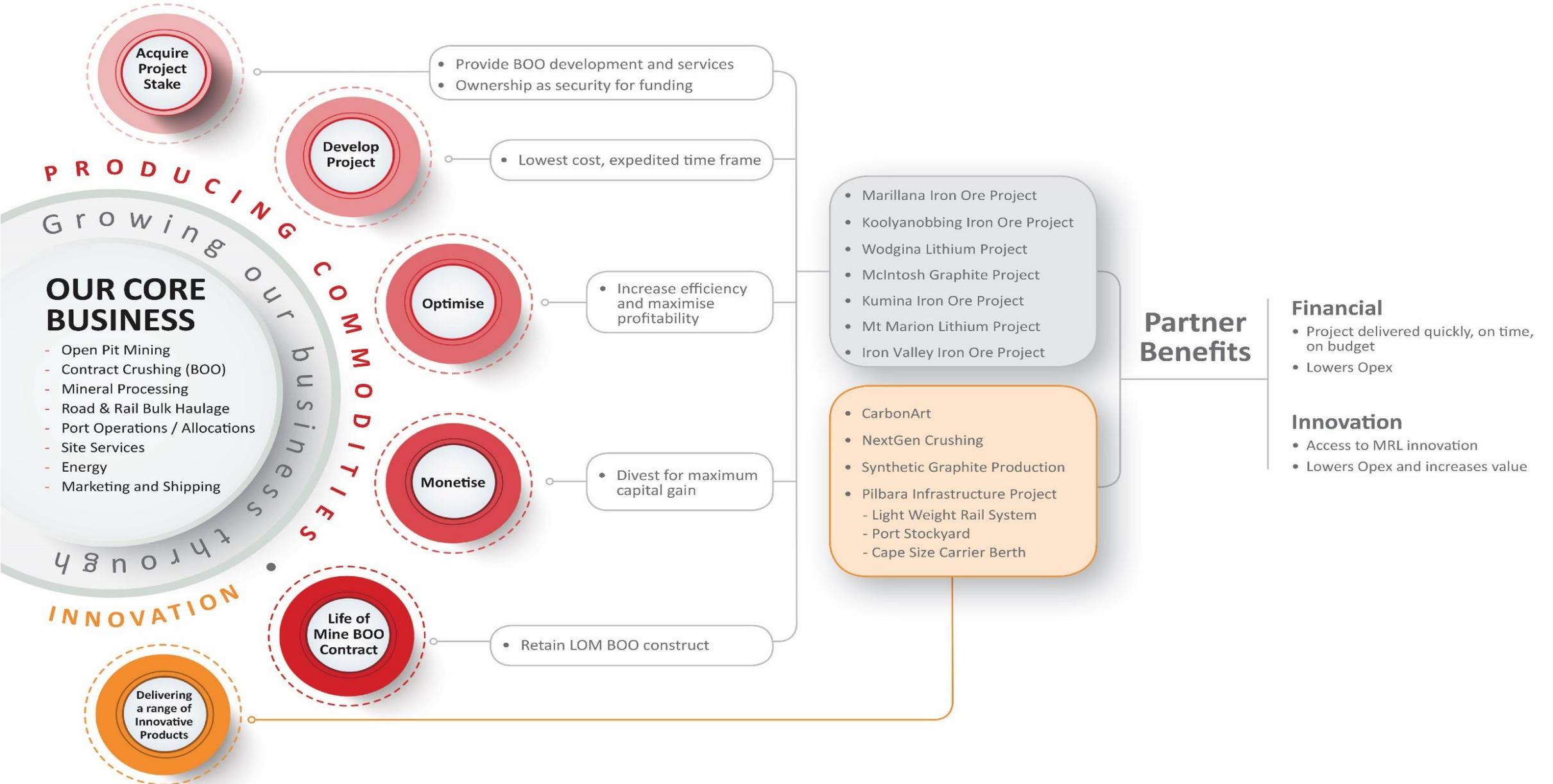
## Traditional Business Model



## Profit Share Business Model



# Profit Share Model



# MRL Competitive Advantage

## Partner with selected clients to deliver innovative high quality and cost efficient mineral processing and mining infrastructure pit-to-port solutions

|  |   |
|--|---|
| Global leader in design and technology development | <ul style="list-style-type: none"> <li>• Proven track record of innovative designs for crushing, screening, mineral processing and mining infrastructure solutions</li> <li>• Significant annual investment in technology research and development</li> </ul>   |
| Speed to market                                    | <ul style="list-style-type: none"> <li>• Significant database of proven designs and engineering utilising in-house capability developed over the last 25 years</li> <li>• Agile management structure supports rapid decision making</li> </ul>  |
| Reduced capital intensity                          | <ul style="list-style-type: none"> <li>• MRL's core business of 'build own operate' solutions reduce the need for the clients to use their own capital</li> <li>• Proven construction methodologies, coupled with a self-delivery capability based on in-house engineering, labour and plant allow for project construction at a significantly reduced capital intensity</li> </ul> |
| Lower cost of production                           | <ul style="list-style-type: none"> <li>• Innovative, high quality designs lead to significant operating efficiencies with specific focus on crushing, screening and processing activities. This provides clients the opportunity to achieve lower costs of production</li> </ul>  |
| Largest inventory of parts and consumables         | <ul style="list-style-type: none"> <li>• Largest inventory of new and used mineral processing equipment in the Southern Hemisphere, accumulated over the last 20 years, providing a significant cost and speed to market advantage (including quick response repair capability)</li> </ul>  |
| Culture of innovation                              | <ul style="list-style-type: none"> <li>• Experienced, high quality people with a focus on innovation and challenging market norms to provide substantial value add to client operations</li> </ul>  |

# Occupational Health & Safety



We have sustained industry leading safety performance for the second consecutive year  
TRIFR <3.0 and LTIFR <0.5

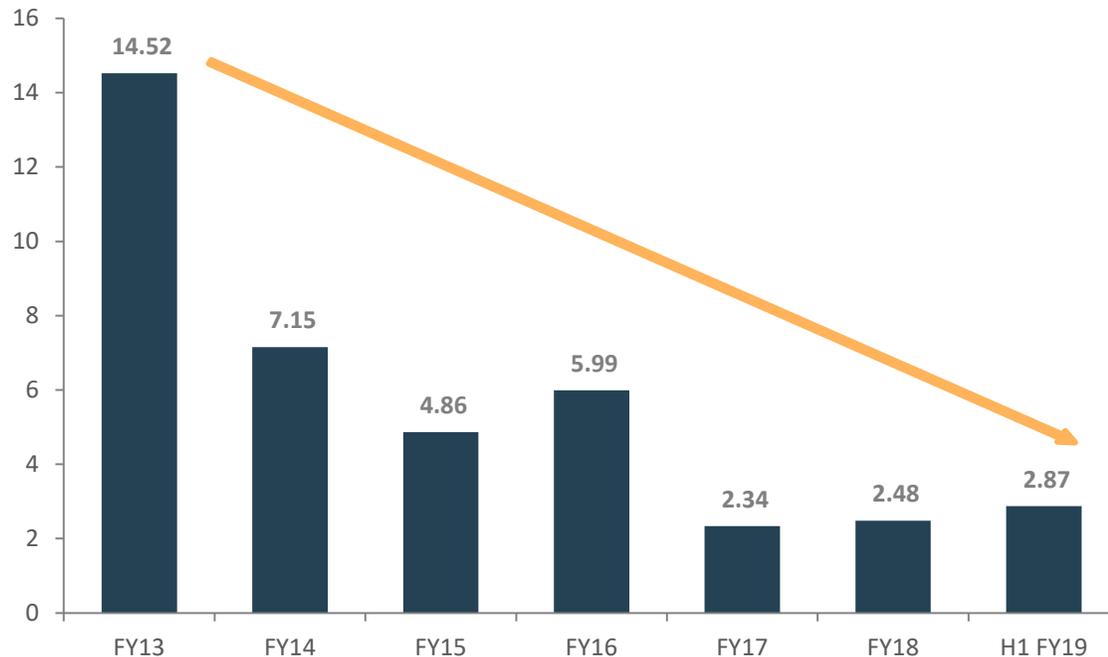
**TRIFR of 2.87<sup>1</sup>**  
**LTIFR of 0.29<sup>2</sup>**  
**Total employees: 3,594<sup>3</sup>**

## Safety Initiatives

- 52% increase<sup>4</sup> in front line leaders qualified in safety management – MRL Steel Cap Programme
- Enhanced safety induction
- Implemented mobile real time reporting for lead safety indicators

## Culture

- In-house team dedicated to managing culture
- We provide secure long-term employment



### Notes

1. Total Recordable Injury Frequency Rate calculations measure the total number of injuries (excluding first aid) per million hours worked as at 31 December 2018
2. Lost Time Injury Frequency Rate calculation measure the number of lost time injuries per million hours work as at 31 December 2018
3. Total employees as at 31 March 2019
4. Increase from second half FY18 to first half FY19

# Track record of delivering shareholder value

**EPS growth p.a.**  
Since IPO FY07-18

20% p.a.

**Total Shareholder  
Return (TSR)<sup>1</sup>**  
Since IPO FY07-18

\$19.07

**Cumulative  
dividends paid**  
Fully franked

\$3.97 /  
share

**Cumulative  
pre tax profits**  
Since IPO FY07-18

>\$2.0bn

**TSR growth rate<sup>2</sup>**  
Since IPO FY07-18  
(pre tax)

29% p.a.

**Management  
ownership**  
Current

~15%

All with EBITDA to cashflow conversion averaging 100% between FY07 and FY18

Notes

1. TSR is calculated as the gain from a change in the share price plus dividends paid since IPO in FY07 at \$0.90/share
2. TSR growth rate is calculated using the Compound Annual Growth Rate formula

# YTD March 2019 Mining Services Performance



## Crushing

- Crushing contract commenced at Koolyanobbing
- Pilgangoora NextGen plant operating to design expectations
- Wodgina crushing plant commenced production
- Awarded contract for large digger, 4 dump trucks to Tier 1 customer for load and haul from pit to crusher pad

## Construction

- The overall Wodgina Spodumene Concentrate project is at 80% completion
- Mt Marion all-in 6% construction is 100% complete. Plant ramp up April to June

## Energy

- Progressing exploration and approvals for drilling targets in Perth Basin

## Mining

- Total Material Moved: 45.2mwmt
- Mine design & planning commenced at Marillana
- Mobilising to Kumina for 25,630m of reverse circulation drilling and 1,600m of diamond drilling

## Site Services

- Koolyanobbing: life-of-mine agreement: 400 rooms
- Wodgina: life-of-mine camp and airport services agreement: 850 rooms

## Supply Chain Logistics

- 10.1mwmt Ore Hauled
  - 7.7mt iron ore by 125 road trains
  - 0.6mt Spodumene by 10 road trains
  - 1.8mt iron ore by 384 rail wagons
- 8.0mwmt total shipped
- Recommended Yilgarn rail operations & commenced exporting from Port of Esperance

# YTD March 2019 Commodities Performance

## Lithium

### Mt Marion

- 297kwt spodumene concentrate delivered
  - 213kt of 6%
  - 84kt of 4%
- Average price achieved:
  - A\$1,328.13 / wmt for 6%
  - A\$791.78 / wmt for 4%
- Average cost of A\$596.80 / wmt CFR for all tonnes shipped

### Wodgina

- Currently no production
- Plant commissioning commenced

## Iron Ore

### Koolyanobbing

- 1.8m wmt shipped
- Ramping up to 8.0mtpa
- A\$95.89 average price / wmt achieved
- A\$75.76 CFR cost / wmt shipped

### Iron Valley

- 5.5mwmt shipped
- A\$67.83 average price / wmt achieved
- A\$65.60 CFR cost / wmt shipped

#### Notes

- Revenue / wmt shipped figures include prior year revenue adjustments from finalization of forward contract pricing based on the Platts Index for FY18 shipments, and adjustments to shipping revenue due to the timing of shipments reaching their destination ports.
- CFR Costs / wmt shipped figure includes adjustments to shipping costs due to the timing of shipments reaching their destination ports.
- Costs include all costs to shipment destination, including mining infrastructure service agreements with MRL Group entities and Royalties, excluding depreciation and amortization
- Average AUD/US Exchange rate: 0.7174

# Wodgina Lithium JV Update

## Joint Venture

- 2018 signed a binding agreement with Albemarle
- Subject to Australian and Chinese regulatory approval (FIRB and China State Administration for Market Regulation)
- Albemarle to pay MRL US\$1.15bn cash on receipt of approvals
- Will form a JV owned and operated on a 50/50 basis
- MRL will provide local capability, mining and processing operations
- MRL is delivering the utilities, infrastructure and spodumene operations to the JV
- Albemarle brings proven lithium hydroxide design and will manage marketing/sales of the Wodgina product
- Expectation remains that transaction completion will occur in CY19

## Lithium Hydroxide Plant

- Expect to commence construction of two lithium hydroxide modules end CY19 upon completion of Albemarle transaction
- 18-20 months construction duration
- Each module estimated by MRL at approximately AU\$400m



Wodgina Lithium Project construction

# Our Immediate Focus

## Construction

- Complete construction of the Wodgina spodumene concentrate plant
- Commission Wodgina plant to nameplate capacity
- Complete commissioning of Mt Marion all-in-6% upgrade to nameplate capacity

## Crushing

- Progress negotiations with clients to expand existing crushing order book

## Commodities – Iron Ore

- Increase Koolyanobbing run-rate from 6mtpa to 8mtpa
- Begin programme to extend Koolyanobbing mine life
- Progress approvals for Kumina project

## Commodities – Lithium

- Complete disposal of 50% of Wodgina to Albemarle Corporation
- Establish JV operations with Albemarle

# Future outlook – next 12 months

## Mining services

- Expect further growth next 12 months: greater than 20% in external crushing business
- Full year impact of Koolyanobbing mining services contract revenue and margin
- MRL retained crusher at Wodgina under a BOO, LOM contract

## Lithium

- Wodgina
  - Commencement of spodumene concentrate sales
- Mt Marion
  - Continued sales of spodumene concentrate to Ganfeng pursuant to offtake arrangement

## Iron ore

- Koolyanobbing
  - 6mtpa to 8.0mtpa by August 2019
- Iron Valley
  - Continue steady state 8mtpa - low grade & high impurities – is a marginal business

## Energy

- Perth Basin 3 year exploration program – progressing planning and aiming to drill 1 well CY19
- Aim to become self sufficient in gas supply
- Strong focus on reducing reliance on diesel fuel through innovation and application of other sources of energy

Wodgina Lithium Project Crushing Plant



Mt Marion Upgrade Project

# Innovation Strategy

- Enables us to develop and offer unique mining products and services with high barriers to entry
- Increases the value-add proposition to our clients
- Provides a competitive advantage
- Retains our position as a leader in the mining services industry
- Sustainably delivers long-term project horizon for mining services business



# NextGen crushing plants

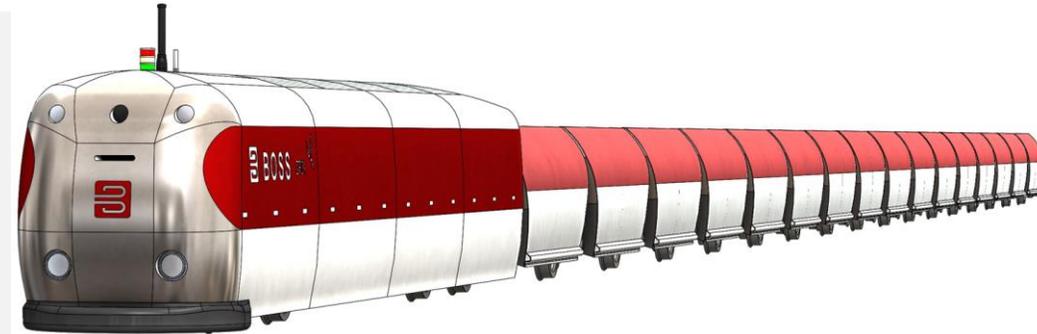
- First NextGen successfully installed at Pilgangoora
- Two units in stock (12mtpa each) – currently under negotiation
- NextGen Features:
  - Mobilise 12mt crushing & screening plant to site in 10-12 weeks
  - Reduce operating costs by up to 30%
  - Direct tip feed from 240T dump trucks
  - Capable of remote operation



*NextGen Crushing Plant - Pilgangoora*

# Bulk Ore Shuttle System (BOSS)

- Important addition to MRL's long-term mining services business; will generate long-term annuity earnings
- BOSS will connect:
  - stranded ore bodies to existing mining hubs
  - deposits to ports
- Project has been delayed over last 12 months due to:
  - longer than anticipated finalisation of some mechanical components
  - third party verification process
- Commencing procurement for 4.2km trial track
  - targeting completion Q1 FY20



# Carbon fibre technology

- Developed a carbon fibre manufacturing facility producing structural members
- Carbon fibre tray # 4 completed
- Mobilising to Koolyanobbing early May for on-site field testing
- Carbon fibre trays will increase dump truck payloads by 10-15%
  - Caterpillar 150t lined steel OEM tray weight: 31t
  - Carbon fibre 150t tray weight: 8.5t
- 200t dump truck tray prototype in November 2019
  - Caterpillar 200t lined steel OEM tray weight: 36t
  - Carbon fibre 200t tray weight: 10.6t



# Synthetic Graphite Plant & Hydrogen By-Product

- Uses Hazer (ASX:HZR) IP
- Continuous feed pilot plant commissioning commenced
- First graphite targeted Q4 FY19
- Plan to commence construction of a 5,000 – 10,000tpa plant following successful testing of pilot plant



# FY19 Updated Financial Guidance

- Full year FY19 EBITDA guidance has previously been provided in the range of \$280m to \$320m<sup>1</sup>
- This guidance set out various assumptions including pricing for lithium and iron ore
- Based on updated assumptions, MRL expects Company EBITDA to be between \$360m and \$390m
- Updated assumptions for the 4<sup>th</sup> quarter include:
  - Spodumene concentrate price: US\$682.38 per tonne (6%)
  - CFR 62% Fe: USD \$83.89 per tonne
  - AUD/USD: 0.723 cents

# US Unsecured Notes Offering

- Recently completed offering of US\$700m in Senior Unsecured Notes
- 8 year term, will mature in 2027
- Funds received last week
- Proceeds will be used to refinance existing credit facilities and general corporate purposes (including capital expenditures)
- Aligns our funding needs with the long-term nature of our operations, including the development of Wodgina and Mt Marion
- Completion of Albemarle transaction during CY19 will return balance sheet to a net cash position and a significant cash balance



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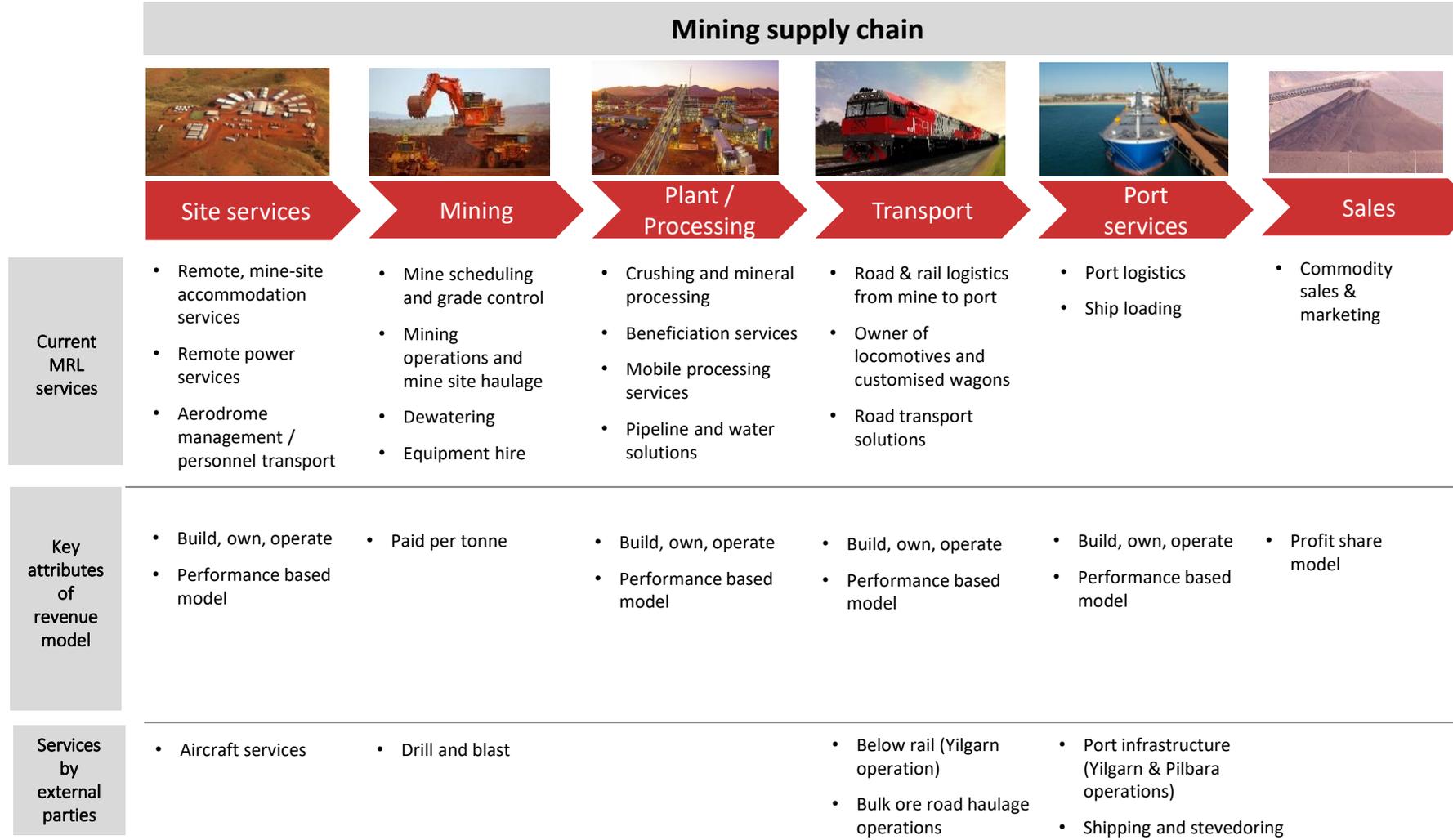


# Appendix

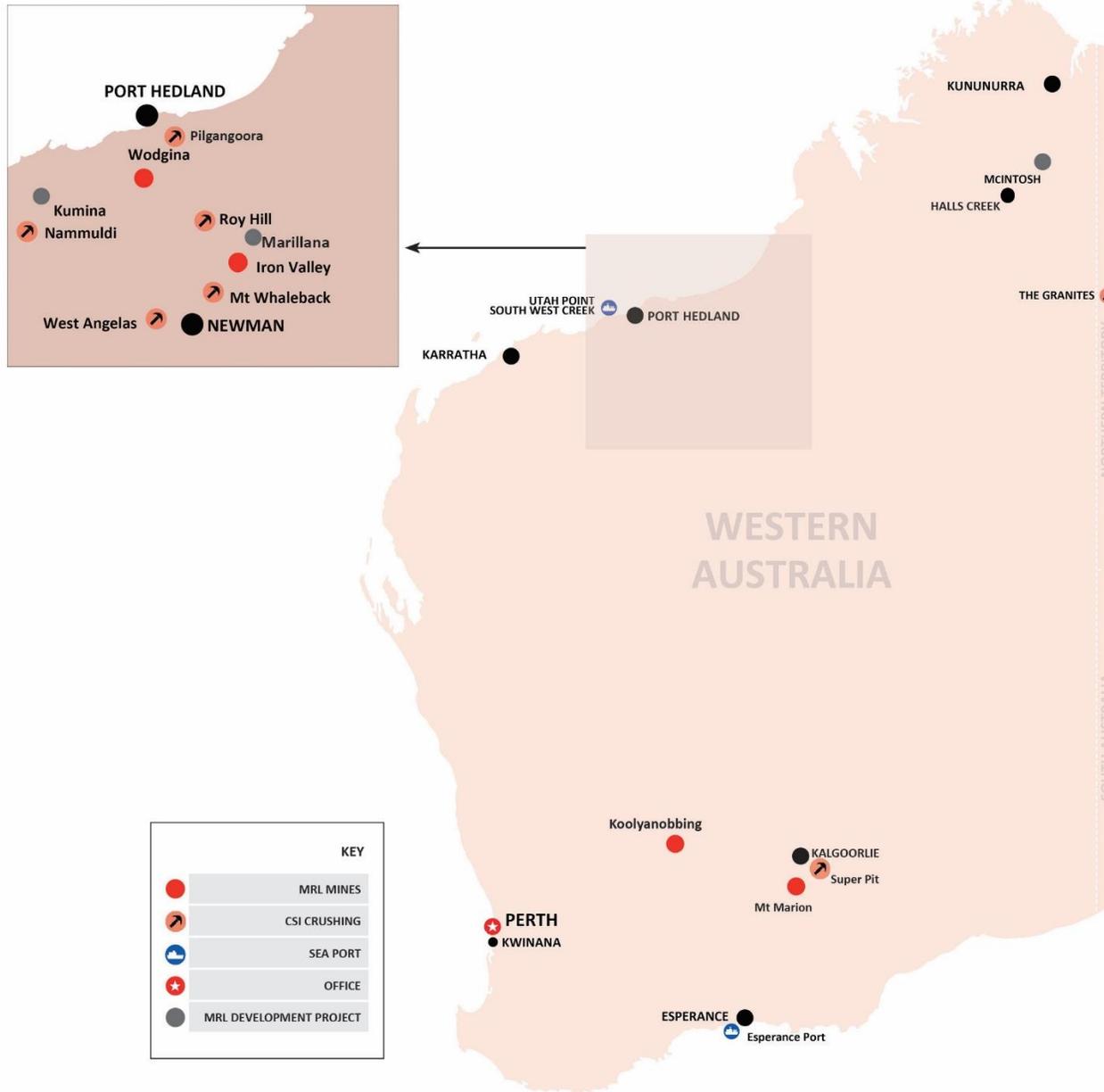
# MRL Business Model Overview



***MRL delivers integrated mining infrastructure services across the mining supply chain***



# Operational footprint



- MRL provides mining services across Western Australia and the Northern Territory
- Exposure to Lithium, Iron Ore, Graphite, Manganese, Gold, Oil and Gas

# Profit Share Projects Key Statistics

## Key statistics for Profit Share projects (by commodity)

|                             | Iron Ore  |               |        |           | Lithium                    |                            | Graphite |       | Manganese |
|-----------------------------|---|---------------|--------|-----------|----------------------------|----------------------------|----------|-------|-----------|
| Project name                | Iron Valley   | Koolyanobbing | Kumina | Marillana | Mt Marion                  | Wodgina                    | McIntosh | Hazer | Mesa      |
| % of product profit         | 100% <sup>1</sup>                                   | 100%          | 100%   | 50%       | 50%                        | 50%                        | 51%      | 14%   | 100%      |
| Annual production           | 8Mt   | 6-8.0Mt       |        | >20Mt     | 450kt <sup>(6% Li20)</sup> | 750kt <sup>(6% Li20)</sup> |          |       | On hold   |
| Annual potential production | 16Mt tonnes with a mine / port supply chain upgrade | 6-8.0Mt       |        | >20Mt     | 450kt <sup>(6% Li20)</sup> | 750kt <sup>(6% Li20)</sup> |          |       | On hold   |
| Project Life                | >10 yrs <sup>2</sup>                                | 5yrs          |        | >20 yrs   | >20 yrs                    | >30 yrs                    |          |       | On hold   |

<sup>1</sup> Iron Valley % of product profit is 100% less a mine gate charge

<sup>2</sup> Dependent on product grade and quality

# Case Study – Iron Valley

- In August 2014, MRL commenced operations at Iron Valley in the central Pilbara region of WA
- MRL operates at Iron Valley with a mine gate sale arrangement to BCI Minerals (tenement owner)
- The current production rate is approximately 7-8mMt of iron ore per year
- Since commencement of mining, Iron Valley has produced over \$280m in EBITDA for MRL – with MRL delivering significant cost saving efficiencies from mine to port
- MRL’s operation at Iron Valley is operated entirely by MRL – often proving to be a show case for its innovative mining services solutions i.e. MRL’s world first super-quad road trains

Total Investment  Less than \$85m

Total Revenue (from FY15 – YTD FY19)  Over \$2.0b

Total EBITDA (from FY15 – YTD FY19)  Over \$280m

|   |  |
|---|--|
| <b>MRL Services</b>                     | <b>Accommodation</b><br><b>Mining and haulage</b><br><b>Crushing and screening</b><br><b>Remote power services</b> |
| External 3 <sup>rd</sup> Party Services | Drill and blast<br>Road Train drivers<br>Product testing and certification<br>Port and shipping                    |

# Case Study - Yilgarn

- In March 2010, MRL purchased Polaris for c.\$165m. MRL spent an additional \$160m in capital expenditure building the mining infrastructure
- First tonnes were exported in November 2011 (6 months after port approval was granted)
- In September 2018, MRL purchased the Koolyanobbing operations from Cliffs and commenced shipping in December 2018. Production is currently at 6mtpa and further ramping up to 8.0mtpa
- Koolyanobbing mine life is estimated at 5-6 years with potential to extend upon the completion of further drilling and exploratory programs on tenement holdings

Total Investment  \$325m

Total Revenue (from Nov 11 – YTD FY19)  Over \$2.4b

Total EBITDA (from Nov 11 – YTD FY19)  Over \$450m

MRL has a Mining Services Agreement to provide various services for the life of mine for the Koolyanobbing project.

|   |  |
|---|--|
| <b>MRL Services (on life of mine contracts)</b> | <b>Accommodation</b><br><b>Mining and haulage</b><br><b>Crushing and screening</b><br><b>Train load-out</b><br><b>Rail rolling stock</b><br><b>Remote power services</b> |
| External 3 <sup>rd</sup> Party Services         | Drill and blast<br>Train drivers and below rail<br>Product testing and certification<br>Port and shipping  |

# Case Study – Mt Marion

- In September 2015, MRL agreed to proceed with the Mt Marion project to produce 280kt of +4-6% Lithium spodumene concentrate and provide a complete mine to port solution on a build own operate basis (life of mine)
- MRL holds a 50% equity interest in the Mt Marion project – this was acquired over time for a total purchase price of \$83.8m
- Total resource of 72Mt (indicated and inferred) with a mine life of 20 years
- MRL earns a return on its capital invested through the rate it charges for its Mining Services
- Ganfeng Lithium Co. Ltd (**Ganfeng**) entered into a life of mine take or pay off-take agreement which included a floor price protection mechanism
- Ganfeng purchased a 50% interest in the project from Neometals
- Project construction commenced in December 2015 with the first product shipment occurring in February 2017

Total Investment  \$84m

Total EBITDA (from Feb 17 – YTD FY19)  \$120m

MRL has a Mining Services Agreement to provide various services for the life of mine (20 years)

|  |  |
|--|--|
| <b>MRL Services (on long term contracts)</b> | <b>Mining and haulage</b><br><b>Crushing and beneficiation</b><br><b>Remote power services</b><br><b>Road haulage</b><br><b>Port handling</b><br><b>Ship loading</b> |
| External 3 <sup>rd</sup> Party Services      | Drill and blast<br>Product testing and certification<br>Shipping   |