



Wednesday, 12 February 2020

## MEDIA RELEASE

### Half Year Profit Announcement

**Mineral Resources Limited (ASX: MIN) ('MRL' or 'the Company')** is pleased to announce its financial results for the half year ended 31 December 2019 (1H20), and to provide an update on initiatives carried out during the period to advance the Company's strategy to become Australia's leading integrated mining services provider.

During the period, MRL generated statutory Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$1,575 million. This result included a \$1,290 million gain on the disposal of a 60% interest in the Wodgina Lithium Project (Wodgina). Underlying<sup>1</sup> EBITDA was \$330 million, up 224% on the prior corresponding period (pcp)<sup>2</sup>, underpinned by strong growth in the Mining Services segment and record iron ore sales.

Statutory net profit after tax (NPAT) amounted to \$884 million and underlying NPAT was \$129 million, up 279% on pcp. Statutory NPAT included \$114 million of post-tax impairment charges (\$164 million pre-tax) in relation to capitalised exploration and mine development expenditure, plant and equipment and stockpiles.

The Company's Directors have declared a fully franked interim dividend of 23.0 cents per share, an increase of 77% on the interim dividend for 1H19.

During 1H20, the Company delivered on a number of major initiatives including:

- Completion of the sale of a 60% interest in Wodgina to Albemarle Corporation (NYSE: ALB, Albemarle) and establishment of the 60:40 Albemarle/MRL unincorporated MARBL Lithium Joint Venture (MARBL JV)<sup>3</sup>. This transaction returned the Company to a net cash positive position;
- Ramp up of Koolyanobbing iron ore production, with plans to further increase production to 11 million tonnes per annum from February 2020;
- Acquisition of the Parker Range tenements from Cazaly Iron Pty Ltd<sup>4</sup>, which are scheduled to enter production in 2H20.

MRL's Managing Director Chris Ellison said, "The first half of this financial year has set MRL up to deliver another year of strong performance for all shareholders while delivering outcomes in line with our long-term goals. I am pleased to reaffirm the full-year guidance that we provided at our AGM in November.

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<sup>1</sup> Underlying EBITDA has been derived from statutory EBITDA of \$1,575 million by deducting \$1,290 million gain on the Wodgina disposal, adding back a \$32 million unrealised fair value loss on listed investments and a net \$13 million unrealised foreign exchange loss on the Company's US\$ denominated Bond and associated US\$ cash holdings

<sup>2</sup> Comparison to pcp being the half year ended 31 December 2019 (H1 FY19) for profit and loss data and cash flow data, and to the balance as at 30 June 2019 for balance sheet data

<sup>3</sup> See ASX announcement 1 November 2019

<sup>4</sup> See ASX announcement 30 August 2019

The Wodgina transaction with Albemarle enabled MRL to return to a net cash positive position, in line with our history of retaining a strong and healthy balance sheet through prudent and well-timed investments in long-term growth options. Our iron ore division, driven by the Koolyanobbing business, continues to outperform and we have had a very good half in our Mining Services business, including retaining existing contracts and winning new contracts, as we cement our position as the service provider of choice to Tier 1 mining companies.

The strength and quality of our workforce contributed to this very strong first-half performance. I thank them for their efforts and their focus on adhering to MRL's safety values. Notwithstanding an increase in our workforce, our overall safety performance continues to trend down and ranks us among the best in our sector.

I also want to acknowledge the impact on our workforce of the MARBL Lithium Joint Venture's decision during the half to place Wodgina on care and maintenance. This was a tough decision but the right one for MRL and our workforce in the long term, and I am pleased that we were able to find alternative employment for a majority of the affected team."

### Financial performance

	1H20 Result	Comparison to pcj
Revenue	<b>\$987m</b>	Up 78%
EBITDA (statutory)	<b>\$1,575m</b>	Up 2,088%
EBITDA (underlying)	<b>\$330m</b>	Up 224%
Net Profit after tax (NPAT) (statutory)	<b>\$884m</b>	Up 6,700%
NPAT (underlying)	<b>\$129m</b>	Up 279%
Diluted earnings per share (EPS)	<b>470.1cps</b>	Up 6,429%
Dividends declared	<b>23cps</b>	Up 77%
Operating cash flow	<b>\$161m</b>	Up \$174m
Capex and investments	<b>\$192m</b>	Down \$302m
Net cash / (debt)	<b>\$79m</b>	Up \$951m
Net assets	<b>\$2,210m</b>	Up \$830m
Return on invested capital <sup>5</sup>	<b>52%</b>	Up 430%

Growth in both Revenue and EBITDA in 1H20 was driven by:

- Mining Services achieving a 95% growth in underlying EBITDA driven by the ramp up of Koolyanobbing as well as growth in external contracts; and
- Strong achieved iron ore prices coupled with record iron ore exports of 6.7 million wet tonnes (up 70% on pcj) due to the Koolyanobbing ramp up.

<sup>5</sup> Return on Invested Capital (ROIC) calculated as per FY19 Remuneration Report definition on a rolling 12 month basis.

*This announcement dated 12 February 2020 has been authorised for release to the ASX by Mineral Resources Ltd's Board of Directors.*

**ENDS**

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**About Mineral Resources**

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

To learn more, please visit [www.mrl.com.au](http://www.mrl.com.au).

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# HALF YEAR FINANCIAL REPORT

## 31 DECEMBER 2019



MINERAL RESOURCES LIMITED  
ABN 33 118 549 910

[www.mrl.com.au](http://www.mrl.com.au)



**Mineral Resources Limited**  
**Appendix 4D**  
**Half-year report**

**1. Company details**

Name of entity:	Mineral Resources Limited
ABN:	33 118 549 910
Reporting period:	For the half-year ended 31 December 2019
Previous period:	For the half-year ended 31 December 2018

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**2. Results for announcement to the market**

			<b>\$'000</b>
Revenues from ordinary activities	up	78% to	986,646
Profit from ordinary activities after tax attributable to the owners of Mineral Resources Limited	up	6,442% to	884,403
Profit for the half-year attributable to the owners of Mineral Resources Limited	up	6,442% to	884,403

*Comments*

Commentary on the results for the period is contained within the Financial Report as well as the Media Release that accompanies this announcement.

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**3. Net tangible assets**

	<b>Reporting period Cents</b>	<b>Previous period Cents</b>
Net tangible assets per ordinary security	<u>1,103.94</u>	<u>618.03</u>

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**4. Dividends**

	<b>Cents</b>	<b>Franked %</b>	<b>\$'000</b>
2020 Financial Year interim dividend – declared 12 February 2020	23.00	100%	43,174
2019 Financial Year final dividend – paid 4 October 2019	31.00	100%	58,099
2019 Financial Year interim dividend – paid 17 April 2019	13.00	100%	24,386
2018 Financial Year final dividend – paid 27 September 2018	40.00	100%	75,015

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Record date for determining entitlements to the 2020 Financial Year interim dividend 2 March 2020

Payment date for the 2020 Financial Year interim dividend 26 March 2020

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**Mineral Resources Limited**  
**Appendix 4D**  
**Half-year report**

**5. Dividend reinvestment plans**

Shareholders are able to elect to participate in the following Dividend Reinvestment Plan (DRP) for the 2020 Financial Year interim dividend:

Date of interim dividend declaration	12 February 2020
Record date for determining entitlements to the interim dividend	2 March 2020
Closing date for election to participate in the DRP	3 March 2020
Closing date for calculation of DRP share issue price, based on the Volume Weighted Average Price (VWAP) for Mineral Resources Limited shares sold on the ASX in the five business days following record date (rounded to the nearest whole cent)	10 March 2020
DRP discount to be applied	None
DRP to be underwritten	No
Payment date for interim dividend/issue of shares under the DRP	26 March 2020
DRP share ranking with existing Mineral Resources Limited shares	Equally in all respects
Date by which DRP participant's holdings will be updated with additional shares issued under the DRP	30 March 2020

Details of the DRP are available on the Mineral Resources Limited's website [www.mrl.com.au](http://www.mrl.com.au)

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**6. Audit qualification or review**

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

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# **Mineral Resources Limited**

**ABN 33 118 549 910**

**Interim Report - 31 December 2019**

**Mineral Resources Limited**  
**Directors' report**  
**31 December 2019**

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Mineral Resources Limited (referred to hereafter as the 'Company' or 'MRL') and the entities it controlled at the end of, or during, the half-year ended 31 December 2019.

**Directors**

The following persons were Directors of the Company during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Peter Wade  
Chris Ellison  
Kelvin Flynn  
James McClements  
Xi Xi

**Principal activities**

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

**Dividends**

Dividends paid during the financial half-year were as follows:

	<b>Cents</b>	<b>Franked %</b>	<b>\$'000</b>
2020 Financial Year interim dividend – declared 12 February 2020	23.00	100%	43,174
2019 Financial Year final dividend – paid 4 October 2019	31.00	100%	58,099
2019 Financial Year interim dividend – paid 17 April 2019	13.00	100%	24,386
2018 Financial Year final dividend – paid 27 September 2018	40.00	100%	75,015

On 12 February 2020, the Directors declared an interim fully franked dividend for the Financial Year ending 30 June 2020 (FY20) of 23 cents per ordinary share to be paid on 26 March 2020, a total estimated distribution of \$43,174,000.

**Review of operations**

**Financial performance**

The Group generated statutory earnings before interest, tax, depreciation and amortisation (EBITDA) of \$1,575 million for the financial half-year ended 31 December 2019 (1H20) and an underlying EBITDA of \$330 million. The underlying result was 224% higher than prior corresponding period (pcp) of \$228 million. Underlying EBITDA has been derived by excluding from statutory EBITDA a gain of \$1,290 million generated on the disposal of a 60% interest in the Wodgina Lithium Project, a \$32 million unrealised fair value loss on listed investments (pcp was a \$30 million fair value loss), and a \$13 million unrealised foreign exchange loss on the Group's US\$ denominated bond and associated US\$ cash holdings.

Statutory net profit after tax (NPAT) for 1H20 was \$884 million and underlying NPAT was \$129 million, an increase of 279% on pcp of \$34 million. Statutory NPAT included \$114 million of post-tax impairment charges (\$164 million pre-tax) in relation to capitalised exploration and mine development expenditure, plant and equipment and stockpiles.

Depreciation and amortisation for 1H20 was \$92 million, up \$47 million (102%) on pcp. This was driven by an expanded fleet for increased production along with increased amortisation on capitalised strip activity at Koolyanobbing as a result of a revised mine plan.

On 1 November 2019, MRL successfully completed the sale of 60% of the Wodgina Lithium Project to Albemarle Corporation (Albemarle) and the establishment of the 60:40 Albemarle/MRL unincorporated MARBL Lithium Joint Venture (MARBL JV). As part of the transaction, MRL now also owns 40% of the lithium hydroxide modules being built by Albemarle in Kemerton. The net gain on disposal of this transaction was \$1,290 million, with the net proceeds including a cash injection of \$1,174 million. MARBL JV placed the Wodgina Lithium Project on care and maintenance on 1 November 2019, given the challenging global lithium market conditions currently being experienced and to preserve the value of the world-class Wodgina spodumene ore body.

**Mineral Resources Limited**  
**Directors' report**  
**31 December 2019**

Group revenue for 1H20 was \$987 million, up \$432 million (78%) on pcp. This strong start to the year was driven by continued Mining Services growth and increased iron ore exports in a favourable pricing environment with a strong Platts index.

Volatility in commodity prices saw lithium prices fall over 23% during the half, and over 44% from pcp, with the 1H20 6% spodumene price average at US\$565 per dry tonne (1H19 6% spodumene price average US\$1,001 per dry tonne).

The Platts 62% Fines Index remained strong, averaging US\$95 per dry tonne over the period (1H19 Platts 62% Fines Index average US\$69 per dry tonne). The Group capitalised on the strong iron ore pricing in 1H20 by shipping a record 6.7 million wet tonnes of iron ore. Following the commencement of iron ore operations at Koolyanobbing in September 2018, Koolyanobbing is on track to ramp up to an expected annual run rate of 11 million wet tonnes (Mt).

**Operational performance**

*Mining Services*

Mining Services EBITDA of \$172 million was \$84 million (95%) higher than pcp, and Mining Services revenue of \$613 million (internal and external) was \$146 million (31%) higher than pcp.

Growth in Mining Services revenue and EBITDA was primarily driven by:

- Continued growth in operations at Koolyanobbing;
- Growth in existing external contracts; and
- Three new contracts won in the period.

With Wodgina Lithium Project being placed on care and maintenance, crushing volumes at that project reduced to 0.4 million wet tonnes, down 36% on pcp.

*Commodities*

Commodities in 1H20 performed strongly, largely driven by higher iron ore volumes and prices. During the period volumes from Mt Marion Lithium Project remained stable.

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

<b>Commodity exports</b> ( <sup>'000</sup> wet metric tonnes)	<b>1H19</b>	<b>2H19</b>	<b>FY19</b>	<b>1H20</b>
<b>Utah Point</b>				
Iron Valley	3,673	3,733	7,406	3,590
Wodgina	422	-	422	3
<b>Total Utah Point</b>	<b>4,095</b>	<b>3,733</b>	<b>7,828</b>	<b>3,593</b>
<b>KBT2</b>				
Yilgarn	-	-	-	-
Mt Marion <sup>1</sup>	185	192	377	194
<b>Total KBT2</b>	<b>185</b>	<b>192</b>	<b>377</b>	<b>194</b>
<b>Esperance</b>				
Koolyanobbing	292	2,864	3,156	3,158
<b>Total Esperance</b>	<b>292</b>	<b>2,864</b>	<b>3,156</b>	<b>3,158</b>
<b>Total Iron Ore</b>	<b>3,965</b>	<b>6,597</b>	<b>10,562</b>	<b>6,748</b>
<b>Total Lithium DSO</b>	<b>422</b>	<b>-</b>	<b>422</b>	<b>-</b>
<b>Total Spodumene</b>	<b>185</b>	<b>192</b>	<b>377</b>	<b>197</b>
<b>Total Commodity Exports</b>	<b>4,572</b>	<b>6,789</b>	<b>11,361</b>	<b>6,945</b>

<sup>1</sup> Volumes presented as 100% for Mt Marion. MRL operates 100% of the Mt Marion Lithium Project, in which it owns a 50% interest.

**Mineral Resources Limited**  
**Directors' report**  
**31 December 2019**

Iron Ore

The Group operates two iron ore projects being Iron Valley in the Pilbara and Koolyanobbing in the Yilgarn. Iron ore produced an EBITDA of \$185 million, \$183 million higher than pcp, reflecting increased tonnes shipped and higher prices following strong market conditions. Iron ore revenue of \$696 million was \$437 million (169%) higher than pcp.

Iron ore exports in 1H20 were higher than pcp at 6.7 million wet tonnes mainly as a result of the ramp up of Koolyanobbing following the commencement of operations in September 2018. Iron Valley exports were in line with pcp.

The Group's average iron ore price achieved for 1H20 was \$103 per wet tonne, an increase of 58% on the pcp and a net 7% discount to Platts. This was driven by strong Platts pricing and a material narrowing of discounts during calendar year 2019 from 26% in pcp.

The Platts 62% Fines Index (adjusted for Fe grade) averaged \$111 per wet tonne for 1H20, an increase of 25% on pcp, reflecting strong market conditions.

The Group is continuously looking at opportunities to sustain and develop its valued iron ore business.

- On 30 August 2019, the Group finalised the acquisition of the assets that comprise the Parker Range Project in the Yilgarn, pursuant to an agreement with Cazaly Iron Pty Ltd.
- On 20 November 2019, the Group announced an update on its Yilgarn operations with the reporting of Mineral Resources totalling 108.6Mt at 56.8% iron, including the Parker Range Project.

Mt Marion Lithium Project

The Mt Marion Lithium Project is operated by the Group under a life-of-mine Mining Services contract and is a joint project between the Group (50%) and one of the world's largest lithium producers, Jiangxi Ganfeng Lithium Co. Ltd. (Ganfeng) (50%).

Mt Marion produced an EBITDA of \$16 million for the Group, 67% down on pcp. This is due mainly to:

- The achieved price for 6% and 4% spodumene products averaging A\$674 per wet tonne for all tonnes exported, representing a decrease of 44% on pcp;
- Yields from mining activities reducing in 1H20, resulting in a decreased proportion of the higher grade 6% spodumene exported at 65%, compared to 75% in pcp. This change in yields is due to temporary mining conditions experienced in 1H20; and

Total sales volumes in 1H20 of 194,000 wet tonnes were broadly consistent with pcp.

Spodumene concentrate is not exchange traded, and the pricing for Mt Marion is linked to Chinese domestic and import lithium carbonate and hydroxide prices. The 6% spodumene price for quarter two of FY20 was agreed at US\$521 per dry tonne CFR China (US\$505 per wet tonne), a 44% reduction in pricing on pcp.

Wodgina Lithium Project

The Group currently owns 40% of the Wodgina Lithium Project, following the completion of the sale of 60% of the Wodgina Lithium Project to Albemarle Corporation and the establishment of the MARBL JV on 1 November 2019.

The MARBL JV placed the Wodgina Lithium Project on care and maintenance on 1 November 2019, given the challenging lithium market conditions currently being experienced.

**Mineral Resources Limited**  
**Directors' report**  
**31 December 2019**

**Cash and capital management**

At 31 December 2019, the Group held cash and cash equivalents of \$1,307 million, an increase of \$1,042 million from the balance at 30 June 2019 of \$265 million. In addition to its 31 December 2019 cash holdings, the Group has access to substantial undrawn debt facilities to support business development activities (\$325 million as at 31 December 2019).

Net cash from operating activities before interest and tax of \$317 million in 1H20 was up \$295 million on pcp, reflecting a stronger underlying EBITDA and substantially in line with underlying EBITDA of \$330 million.

Net cash from investing activities in 1H20 was \$974 million, up \$1,462 million on pcp, primarily relating to cash proceeds from completion of the sale of a 60% interest in Wodgina to Albemarle in the period. Capital outlays totalled \$192 million during 1H20 on key investment projects including:

- Completion of Wodgina spodumene concentrate plant and related infrastructure;
- Acquisition of Parker Range tenements from Cazaly Resources Limited; and
- Mining assets and stripping activity to support the Group's commodity projects as well as accommodate expansions at Koolyanobbing and Iron Valley.

The Directors have resolved to distribute a fully franked interim dividend of 23 cents per ordinary share; declared for shareholders as at 12 February 2020 to be paid on 26 March 2020. This dividend represents an increase of 77% on the interim dividend of 13 cents per share in 1H19.

**Rounding of amounts**

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191* and in accordance with that Corporations Instrument, amounts in this report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out in this report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Chris Ellison  
Managing Director

12 February 2020  
Perth

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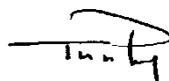
**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Mineral Resources Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



TUTU PHONG  
Partner

Perth, WA  
Dated: 12 February 2020

## **Mineral Resources Limited**

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**31 December 2019**

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### **General information**

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

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

1 Sleaford Road  
Applecross WA 6153

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 12 February 2020.

**Mineral Resources Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2019**

		<b>Group</b>	
	<b>Note</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>	3	986,646	554,695
Other income	4	1,299,041	2,070
<b>Expenses</b>			
Changes in closing stock		92,405	37,725
Raw materials and consumables		(106,341)	(60,659)
Equipment costs		(49,896)	(25,020)
Subcontractors		(88,569)	(37,395)
Employee benefits expense		(187,482)	(120,529)
Transport and freight		(262,934)	(195,448)
Depreciation and amortisation		(92,494)	(45,791)
Impairment charges	5	(163,478)	-
Other expenses	6	(103,229)	(82,844)
Finance costs		(50,597)	(8,046)
<b>Profit before tax</b>		1,273,072	18,758
Income tax expense		(389,031)	(5,651)
<b>Profit after tax for the half-year</b>		884,041	13,107
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net loss on cash flow hedges		(3,437)	-
Other comprehensive income for the half-year, net of tax		(3,437)	-
<b>Total comprehensive income for the half-year</b>		<u>880,604</u>	<u>13,107</u>
Profit for the half-year is attributable to:			
Non-controlling interest		(362)	(412)
Owners of Mineral Resources Limited		884,403	13,519
		<u>884,041</u>	<u>13,107</u>
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		(362)	(412)
Owners of Mineral Resources Limited		880,966	13,519
		<u>880,604</u>	<u>13,107</u>
Earnings per share for profit attributable to owners of Mineral Resources Limited:		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		470.06	7.20
Diluted earnings per share		470.06	7.20

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

**Mineral Resources Limited**  
**Consolidated statement of financial position**  
**As at 31 December 2019**

		<b>Group</b>	
	<b>Note</b>	<b>31 Dec 2019</b>	<b>30 Jun 2019</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,306,875	265,399
Trade and other receivables		156,375	167,446
Inventories		163,698	180,126
Current tax assets		-	54,413
Other		44,350	35,421
		<u>1,671,298</u>	<u>702,805</u>
Assets held for sale	7	-	503,970
Total current assets		<u>1,671,298</u>	<u>1,206,775</u>
<b>Non-current assets</b>			
Trade and other receivables	7(c)	644,171	39,976
Inventories		35,345	-
Financial assets		51,172	75,149
Property, plant and equipment	8	1,328,757	1,300,578
Intangibles		89,001	84,811
Exploration and mine development		416,112	408,512
Deferred tax		73,226	45,456
Total non-current assets		<u>2,637,784</u>	<u>1,954,482</u>
<b>Total assets</b>		<u>4,309,082</u>	<u>3,161,257</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		267,265	259,441
Borrowings	9	83,814	55,269
Current tax liabilities		345,116	-
Employee benefits		38,473	35,565
Provisions		13,558	11,422
		<u>748,226</u>	<u>361,697</u>
Liabilities directly associated with assets classified as held for sale		-	63,092
Total current liabilities		<u>748,226</u>	<u>424,789</u>
<b>Non-current liabilities</b>			
Borrowings	9	1,143,752	1,081,715
Deferred tax		105,921	185,572
Provisions		101,137	88,975
Total non-current liabilities		<u>1,350,810</u>	<u>1,356,262</u>
<b>Total liabilities</b>		<u>2,099,036</u>	<u>1,781,051</u>
<b>Net assets</b>		<u>2,210,046</u>	<u>1,380,206</u>
<b>Equity</b>			
Issued capital	10	515,558	507,855
Reserves		13,337	16,110
Retained profits		1,662,527	837,255
Equity attributable to the owners of Mineral Resources Limited		<u>2,191,422</u>	<u>1,361,220</u>
Non-controlling interest		18,624	18,986
<b>Total equity</b>		<u>2,210,046</u>	<u>1,380,206</u>

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

**Mineral Resources Limited**  
**Consolidated statement of changes in equity**  
**For the half-year ended 31 December 2019**

<b>Group</b>	<b>Issued capital \$'000</b>	<b>Reserves \$'000</b>	<b>Retained profits \$'000</b>	<b>Non-controlling interest \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2018	511,188	1,442	772,987	17,810	1,303,427
Profit/(loss) after tax for the half-year	-	-	13,519	(412)	13,107
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	13,519	(412)	13,107
Employee share awards issued	5,702	-	-	-	5,702
Purchase of shares under employee share plans	(13,020)	-	-	-	(13,020)
Share issued under Dividend Reinvestment Plan	3,821	-	-	-	3,821
Other	-	-	-	(145)	(145)
Dividends paid (Note 11)	-	-	(75,015)	-	(75,015)
Balance at 31 December 2018	<u>507,691</u>	<u>1,442</u>	<u>711,491</u>	<u>17,253</u>	<u>1,237,877</u>
<b>Group</b>	<b>Issued capital \$'000</b>	<b>Reserves \$'000</b>	<b>Retained profits \$'000</b>	<b>Non-controlling interest \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2019	507,855	16,110	837,255	18,986	1,380,206
Prior period re-measurement on adoption of AASB 16 (Note 1)	-	-	(1,032)	-	(1,032)
Balance at 1 July 2019 - restated	507,855	16,110	836,223	18,986	1,379,174
Profit/(loss) after tax for the half-year	-	-	884,403	(362)	884,041
Other comprehensive income for the half-year, net of tax	-	(3,437)	-	-	(3,437)
Total comprehensive income for the half-year	-	(3,437)	884,403	(362)	880,604
Employee share awards issued	3,687	(2,703)	-	-	984
Share issued under Dividend Reinvestment Plan	4,016	-	-	-	4,016
Equity-settled share-based payments	-	3,367	-	-	3,367
Dividends paid (Note 11)	-	-	(58,099)	-	(58,099)
Balance at 31 December 2019	<u>515,558</u>	<u>13,337</u>	<u>1,662,527</u>	<u>18,624</u>	<u>2,210,046</u>

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

**Mineral Resources Limited**  
**Consolidated statement of cash flows**  
**For the half-year ended 31 December 2019**

	<b>Group</b>	
<b>Note</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	1,055,231	531,171
Payments to suppliers and employees	(737,984)	(509,555)
	317,247	21,616
Interest received	4,185	910
Interest and other finance costs paid	(48,377)	(6,812)
Income taxes paid	(112,550)	(28,739)
Net cash from/(used in) operating activities	160,505	(13,025)
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(97,424)	(428,009)
Proceeds from disposal of property, plant and equipment	5,767	7,694
Proceeds from sale of disposal group	7(c) 1,173,901	-
Payments for exploration and evaluation	(29,832)	(38,114)
Payments for mine development	(56,787)	(20,215)
Payments for investments and subsidiaries	(8,134)	(2,150)
Amounts (advanced to)/received from joint operations	(5,894)	6,754
Amounts advanced to other parties	-	(10,000)
Payments for intangibles	(7,927)	(7,838)
Proceeds from disposal of investments	-	4,000
Net cash from/(used in) investing activities	973,670	(487,878)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	11,752	515,000
Repayment of borrowings	(4,619)	(3,844)
Dividends paid	(54,086)	(71,195)
Payment of lease liabilities	(34,363)	(30,766)
Purchase of shares under employee share plans	-	(13,042)
Net cash (used in)/from financing activities	(81,316)	396,153
Net increase/(decrease) in cash and cash equivalents	1,052,859	(104,750)
Cash and cash equivalents at the beginning of the financial half-year	265,399	240,406
Effects of exchange rate changes on cash and cash equivalents	(11,383)	546
Cash and cash equivalents at the end of the financial half-year	<u>1,306,875</u>	<u>136,202</u>

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

**Mineral Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2019**

**Note 1. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 '*Interim Financial Reporting*' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 '*Interim Financial Reporting*'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

**New or amended Accounting Standards and Interpretations adopted**

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

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

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

**AASB 16 Leases**

The Group has adopted AASB 16 '*Leases*' (AASB 16) from 1 July 2019. The standard replaces AASB 117 '*Leases*' (AASB 117) and for lessees, eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position.

*Lease accounting policy (applied from 1 July 2019)*

**Right-of-use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

**Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

**Mineral Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2019**

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

*Transition*

Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (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 improve as the operating expense is now replaced by interest expense and depreciation in profit or loss.

For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

In accordance with the transition provisions of AASB 16, the Group has adopted the modified retrospective transition approach to implementing the new standard. Under this approach, comparatives are not restated. Instead, the reclassifications and adjustments arising from the new leasing rules are recognised in the statement of financial position on 1 July 2019.

*Adjustments recognised on adoption of AASB 16*

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to these lease liabilities on 1 July 2019 was 4.7%.

For leases previously classified as finance leases the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of AASB 16 are only applied after that date.

	<b>\$'000</b>
Operating lease commitments disclosed 30 June 2019	44,247
(Exclude): Committed leases not commenced	(38,690)
(Less): Short-term leases recognised on a straight-line basis as an expense	(155)
Add: Adjustments as a result of different treatment of extension and termination options	4,188
Add: Contracts reassessed to contain leases	2,267
Add: Finance leases recognised at 30 June 2019	178,736
Discounted using the lessee's incremental borrowing rate	<u>(142)</u>
Lease liability recognised at 1 July 2019	<u><u>190,451</u></u>

Right-of-use assets were measured on a retrospective basis as if AASB 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	<b>31 Dec 2019</b>	<b>1 Jul 2019</b>
	<b>\$'000</b>	<b>\$'000</b>
- Buildings	43,396	10,242
- Plant and equipment	<u>232,868</u>	<u>188,269</u>
Total right-of-use assets	<u><u>276,264</u></u>	<u><u>198,511</u></u>

**Mineral Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2019**

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

The change in accounting policy impacted the following items in the statement of financial position on 1 July 2019:

	<b>1 July 2019</b> <b>\$'000</b>
Property, plant and equipment - increase	10,242
Deferred tax asset - increase	442
	<u>10,684</u>
Borrowings (Lease liability) – increase	<u>(11,716)</u>
Net impact on retained earnings, tax effected	<u>(1,032)</u>

*Impact of adoption on the current reporting period*

The impact on the Group's consolidated statement of profit or loss and other consolidated income, compared with the amount that would have been reflected under AASB 117, for the 6 months to 31 December 2019 is:

	<b>31 Dec 2019</b> <b>\$'000</b>
Decrease in operating lease expense	3,966
Increase in finance cost expense	(1,051)
Increase in right-of-use asset depreciation	<u>(3,246)</u>
Decrease in profit before tax	(331)
Increase in income tax expense	<u>99</u>
Decrease in profit after tax	<u><u>(232)</u></u>

The impact of the adoption on segment disclosures was principally in the Central segment.

The Group's earnings per share was not materially impacted.

*Practical expedients applied*

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- accounting for operating leases with a remaining term of less than 12 months as at 1 July 2019 as short-term leases;
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- for contracts entered into before the transition date, the Group chose to 'grandfather' previous assessments made applying AASB 117 and Interpretation 4 *Determining whether an Arrangement contains a Lease*, instead of reassessing whether existing contracts were or contained a lease.

**Note 2. 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 & Processing, Commodities (previously reported as 'Mining') and Central. All are operating within the Australian resources sector.

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 measured based on EBITDA contribution.

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

**Mineral Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2019**

**Note 2. Operating segments (continued)**

*Operating segment information*

<b>Group - 31 Dec 2019</b>	<b>Mining Services &amp; Processing \$'000</b>	<b>Commodities* \$'000</b>	<b>Central \$'000</b>	<b>Inter- segment \$'000</b>	<b>Total \$'000</b>
<b>Revenue</b>					
External sales	216,167	770,462	17	-	986,646
Intersegment sales	396,404	-	-	(396,404)	-
<b>Total revenue</b>	<u>612,571</u>	<u>770,462</u>	<u>17</u>	<u>(396,404)</u>	<u>986,646</u>
Other income	2,309	1,290,099	2,448	-	1,294,856
Expenses	(443,334)	(586,585)	(58,568)	382,441	(706,046)
<b>EBITDA</b>	<u>171,546</u>	<u>1,473,976</u>	<u>(56,103)</u>	<u>(13,963)</u>	<u>1,575,456</u>
Depreciation and amortisation	(61,862)	(26,828)	(3,804)	-	(92,494)
Impairment charges	(58,942)	(104,536)	-	-	(163,478)
Interest income	5	1,310	3,723	(853)	4,185
Finance costs	(2,910)	(1,993)	(46,547)	853	(50,597)
<b>Profit/(loss) before tax</b>	<u>47,837</u>	<u>1,341,929</u>	<u>(102,731)</u>	<u>(13,963)</u>	<u>1,273,072</u>
Income tax expense					(389,031)
<b>Profit after tax</b>					<u>884,041</u>
<b>Assets</b>					
Segment assets	<u>1,175,505</u>	<u>1,718,644</u>	<u>1,456,870</u>	<u>(41,937)</u>	<u>4,309,082</u>
<b>Liabilities</b>					
Segment liabilities	<u>390,344</u>	<u>278,296</u>	<u>1,430,396</u>	<u>-</u>	<u>2,099,036</u>
<b>Segment net assets</b>	<u>785,161</u>	<u>1,440,348</u>	<u>26,474</u>	<u>(41,937)</u>	<u>2,210,046</u>

\*Previously reported as Mining

**Mineral Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2019**

**Note 2. Operating segments (continued)**

<b>Group - 31 Dec 2018</b>	<b>Mining Services &amp; Processing \$'000</b>	<b>Commodities* \$'000</b>	<b>Central \$'000</b>	<b>Inter- segment \$'000</b>	<b>Total \$'000</b>
<b>Revenue</b>					
External sales	146,573	408,070	52	-	554,695
Intersegment sales	320,502	-	-	(320,502)	-
<b>Total revenue</b>	<u>467,075</u>	<u>408,070</u>	<u>52</u>	<u>(320,502)</u>	<u>554,695</u>
Other income	600	-	560	-	1,160
Expenses	(380,125)	(362,949)	(33,022)	291,926	(484,170)
<b>EBITDA</b>	<u>87,550</u>	<u>45,121</u>	<u>(32,410)</u>	<u>(28,576)</u>	<u>71,685</u>
Depreciation and amortisation	(37,545)	(7,882)	(892)	528	(45,791)
Interest income	1	165	1,359	(615)	910
Finance costs	(3,009)	(1,225)	(4,427)	615	(8,046)
<b>Profit/(loss) before tax</b>	<u>46,997</u>	<u>36,179</u>	<u>(36,370)</u>	<u>(28,048)</u>	<u>18,758</u>
Income tax expense					(5,651)
<b>Profit after tax</b>					<u>13,107</u>

**Group – 30 Jun 2019**

<b>Assets</b>					
Segment assets	<u>928,748</u>	<u>930,503</u>	<u>1,326,971</u>	<u>(24,965)</u>	<u>3,161,257</u>
<b>Liabilities</b>					
Segment liabilities	<u>384,539</u>	<u>340,444</u>	<u>1,056,068</u>	<u>-</u>	<u>1,781,051</u>
<b>Segment net assets</b>	<u>544,209</u>	<u>590,059</u>	<u>270,903</u>	<u>(24,965)</u>	<u>1,380,206</u>

\*Previously reported as Mining

**Mineral Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2019**

**Note 3. Revenue**

*Disaggregation of revenue*

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

<b>Group - 31 Dec 2019</b>	<b>Mining Services &amp; Processing \$'000</b>	<b>Commodities* \$'000</b>	<b>Central \$'000</b>	<b>Total \$'000</b>
<i>Type of goods or service</i>				
Sale of iron ore	-	696,020	-	696,020
Sale of lithium	-	74,221	-	74,221
Contract and operational revenue	215,763	-	-	215,763
Other	404	221	17	642
Total external revenue from contracts with customers	<u>216,167</u>	<u>770,462</u>	<u>17</u>	<u>986,646</u>
<i>Geographical information (by location of customer)</i>				
Australia	216,108	221	17	216,346
China	-	224,336	-	224,336
Singapore	-	545,905	-	545,905
Other	59	-	-	59
Total external revenue from contracts with customers	<u>216,167</u>	<u>770,462</u>	<u>17</u>	<u>986,646</u>
<b>Group - 31 Dec 2018</b>	<b>Mining Services &amp; Processing \$'000</b>	<b>Commodities* \$'000</b>	<b>Central \$'000</b>	<b>Total \$'000</b>
<i>Type of goods or service</i>				
Sale of iron ore	-	258,654	-	258,654
Sale of lithium	-	149,416	-	149,416
Contract and operational revenue	145,419	-	-	145,419
Other	1,154	-	52	1,206
Total external revenue from contracts with customers	<u>146,573</u>	<u>408,070</u>	<u>52</u>	<u>554,695</u>
<i>Geographical information (by location of customer)</i>				
Australia	146,521	-	52	146,573
China	-	327,658	-	327,658
Singapore	-	80,412	-	80,412
Other	52	-	-	52
Total external revenue from contracts with customers	<u>146,573</u>	<u>408,070</u>	<u>52</u>	<u>554,695</u>

\*Previously reported as Mining

**Mineral Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2019**

**Note 4. Other income**

	<b>Group</b>	
	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Net fair value gain on investments held at fair value through profit or loss	2,433	568
Net gain/(loss) on disposal of property, plant and equipment	1,635	(97)
Net gain on sale of disposal group	1,290,047	-
Interest income	4,185	910
Other	741	689
	<u>1,299,041</u>	<u>2,070</u>

**Note 5. Impairment charges**

	<b>Group</b>	
	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Exploration and mine development	(71,174)	-
Property, plant and equipment	(79,964)	-
Inventory	(10,888)	-
Intangibles	(1,452)	-
	<u>(163,478)</u>	<u>-</u>

As part of the Group's accounting policy, non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Accordingly, a pre-tax total of \$163,478,000 of impairments and write-offs has been recognised in relation to various classes of assets that were assessed for impairment, being:

- \$71,174,000 of capitalised exploration and mine development expenditure. Following a reassessment during the half-year to 31 December 2019 of the Group's future iron ore operating plans in the Yilgarn region, the Group updated its Yilgarn Iron Ore Strategy which it announced to the ASX on 20 November 2019. The Yilgarn Iron Ore Strategy no longer places dependency on the need to mine at several deposits in which the Group had previously conducted significant exploration and development work. As a result, an impairment charge was recorded in the half-year to 31 December 2019 to fully write-off associated accumulated exploration and mine development expenditure;
- \$79,964,000 of various idle plant and equipment was impaired to reflect a change in management's future operational plans which no longer required utilisation of these assets; \$22,475,000 related to infrastructure associated with the Yilgarn tenements noted above;
- \$10,888,000 of ore stockpiles impaired to net realisable value; and
- \$1,452,000 of capitalised development costs where no further development activities are expected to be conducted in the future.

**Mineral Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2019**

**Note 6. Other expenses**

	<b>Group</b>	
	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit before tax includes the following specific expenses:		
<i>Other expenses</i>		
Net foreign exchange loss	(13,095)	-
Fair value loss on investment held at fair value through profit or loss	(34,544)	(30,315)
Other expenses	(55,590)	(52,529)
	<u>(103,229)</u>	<u>(82,844)</u>
Total other expenses	(103,229)	(82,844)

**Note 7. Assets held for sale**

***Sale of 60% interest in Wodgina Lithium Project***

In June 2019, management committed to selling a 60% interest in certain tenements, assets and related infrastructure, together comprising the Wodgina Lithium Project within the Commodities segment under a binding Asset Sale and Share Subscription Agreement (Sale Agreement) with Albemarle Corporation (NYSE: ALB, Albemarle). Accordingly, the 60% interest in the assets and associated liabilities was presented as a disposal group held for sale as at 30 June 2019.

The transaction was completed on 1 November 2019. The Group recognised a pre-tax gain on disposal of \$1,290 million (post-tax \$901 million) in the half-year to 31 December 2019.

**(a) Assets and liabilities of disposal group at date of disposal**

	<b>Group</b>
	<b>\$'000</b>
<i>Assets</i>	
Inventories	54,756
Property, plant and equipment	348,022
Exploration and mine development	128,356
	<u>531,134</u>
Total assets disposed	531,134
<i>Liabilities</i>	
Lease liability	13,278
Provisions – site rehabilitation	16,510
	<u>29,788</u>
Total liabilities associated with assets disposed	29,788
Net assets disposed	<u><u>501,346</u></u>

**Mineral Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2019**

**Note 7. Assets held for sale (continued)**

**(b) Gain on disposal**

	<b>Note</b>	<b>Group \$'000</b>
Proceeds	7(c)	1,821,963
Net of transaction costs and other items		(30,570)
Less carrying amount of net assets disposed		<u>(501,346)</u>
Gain on disposal before tax		1,290,047
Income tax expense		<u>(389,224)</u>
Gain on disposal after tax		<u><u>900,823</u></u>

**(c) Proceeds from sale of disposal group**

Disposal proceeds recognised in the half-year to 31 December 2019 included:

- Cash proceeds of \$1,174 million net of disposal costs, reflected in 'cash flows from investing activities' on the statement of cash flows;
- Non-cash proceeds \$602 million, recognised in 'non-current trade and other receivables'; and
- Completion adjustments totalling \$33 million recognised in 'current trade and other receivables' on the statement of financial position.

**Note 8. Property, plant and equipment**

*Acquisitions and disposals*

During the half-year to 31 December 2019, the Group continued to progress construction on the Wodgina spodumene concentrate plant and related infrastructure up until the 1 November 2019 when the Wodgina Lithium Project was placed on care and maintenance. Costs capitalised to the construction project during the half-year to 31 December 2019 totalled \$57,000,000.

Property, plant and equipment increased by \$10,242,000 as a result of right-of-use assets for property leases recognised on a retrospective basis on the adoption of AASB 16 on 1 July 2019 (refer Note 1).

Property, plant and equipment with a carrying amount of \$348,022,000 were disposed of as part of sale of a 60% interest in the Wodgina Lithium Project (refer Note 7).

*Capital commitments*

Refer Note 12 for capital commitments.

**Mineral Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2019**

**Note 9. Borrowings**

	<b>Group</b>	
	<b>31 Dec 2019</b>	<b>30 Jun 2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Other borrowings	8,226	1,144
Lease liability	<u>75,588</u>	<u>54,125</u>
Total current	<u>83,814</u>	<u>55,269</u>
<i>Non-current liabilities</i>		
Senior unsecured notes	999,144	998,146
Less: capitalised transaction costs	(14,549)	(15,487)
Lease liability	<u>159,157</u>	<u>99,056</u>
Total non-current	<u>1,143,752</u>	<u>1,081,715</u>
Total borrowings	<u><u>1,227,566</u></u>	<u><u>1,136,984</u></u>

**Note 10. Issued capital**

	<b>Group</b>			
	<b>31 Dec 2019</b>	<b>30 Jun 2019</b>	<b>31 Dec 2019</b>	<b>30 Jun 2019</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares	188,381,231	188,098,571	525,394	519,593
Less: Treasury shares	<u>(666,452)</u>	<u>(795,359)</u>	<u>(9,836)</u>	<u>(11,738)</u>
	<u><u>187,714,779</u></u>	<u><u>187,303,212</u></u>	<u><u>515,558</u></u>	<u><u>507,855</u></u>

**Mineral Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2019**

**Note 10. Issued capital (continued)**

*Movements in issued capital*

**Details**

	<b>Ordinary shares Number</b>	<b>Less: Treasury shares Number</b>	<b>Total Number</b>
Balance at 1 July 2018	187,701,751	(304,559)	187,397,192
Shares issued under Dividend Reinvestment Plan	396,820	-	396,820
Purchase of shares under employee share plans	-	(1,245,000)	(1,245,000)
Employee share awards issued	-	754,200	754,200
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2019	188,098,571	(795,359)	187,303,212
Shares issued under Dividend Reinvestment Plan	282,660	-	282,660
Employee share awards issued	-	128,907	128,907
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019	<u>188,381,231</u>	<u>(666,452)</u>	<u>187,714,779</u>

**Details**

	<b>Ordinary \$'000</b>	<b>Less: Treasury shares \$'000</b>	<b>Total \$'000</b>
Balance at 1 July 2018	514,413	(3,225)	511,188
Shares issued under Dividend Reinvestment Plan	5,879	-	5,879
Purchase of shares under employee share plans	-	(18,922)	(18,922)
Employee share awards issued	(699)	10,409	9,710
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2019	519,593	(11,738)	507,855
Shares issued under Dividend Reinvestment Plan	4,013	-	4,013
Employee share awards issued	1,788	1,902	3,690
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019	<u>525,394</u>	<u>(9,836)</u>	<u>515,558</u>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

*Treasury shares*

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

**Mineral Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2019**

**Note 11. Dividends**

	31 Dec 2019		31 Dec 2018	
	Dividend per share Cents	Total \$'000	Dividend per share Cents	Total \$'000
<b>Declared and paid during the period</b>				
Final franked dividend	31.00	58,099	40.00	75,015
<b>Proposed</b>				
Interim franked dividend	23.00	43,174	13.00	24,386

**Note 12. Commitments and contingencies**

*Contingent liabilities*

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

*Commitments*

At 31 December 2019, the Group had capital commitments of \$15,803,000 (30 June 2019: \$77,149,000) relating to the completion of the Wodgina Spodumene Development Project placed on care and maintenance on 1 November 2019.

Operating lease commitments were reclassified to lease liabilities on adoption of AASB 16 on 1 July 2019 (Note 1).

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

**Note 13. Fair value measurement**

*Fair value hierarchy*

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Unobservable inputs for the asset or liability.

<b>Group - 31 Dec 2019</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<i>Assets</i>				
Financial assets held at fair value through profit or loss	51,172	-	-	51,172
Foreign exchange forward contracts in cash flow hedges	1,470	-	-	1,470
Total assets	52,642	-	-	52,642
<b>Group - 30 Jun 2019</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<i>Assets</i>				
Financial assets held at fair value through profit or loss	75,149	-	-	75,149
Foreign exchange forward contracts in cash flow hedges	6,011	-	-	6,011
Total assets	81,160	-	-	81,160

*Fair value of financial assets and financial liabilities that are not measured at fair value*

Unless otherwise stated, the carrying amount of all of the Group's financial assets and financial liabilities recognised in the financial statements are considered to approximate their fair values.

**Mineral Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2019**

**Note 14. Events after the reporting period**

*Proposed interim dividend for the year ended 30 June 2020*

On 12 February 2020, the directors declared an interim fully franked dividend for the year ended 30 June 2020 of 23 cents per share to be paid on 26 March 2020, a total estimated distribution of \$43,174,000 based on the number of ordinary shares on issue as at 2 March 2020.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

**Mineral Resources Limited**  
**Directors' declaration**  
**31 December 2019**

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 '*Interim Financial Reporting*', the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Chris Ellison  
Managing Director

12 February 2020  
Perth



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

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Mineral Resources Limited which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mineral Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Mineral Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

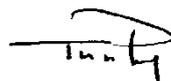
### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Mineral Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



RSM AUSTRALIA PARTNERS



TUTU PHONG  
Partner

Perth, WA  
Dated: 12 February 2020