Mineral Resources Limited

ACN 118 549 910

A diversified, independent mining services and contracting company

Prospectus

FOR THE OFFER OF 25,000,000 SHARES
at an issue price of $0.90 each to raise $22,500,000

Underwriter: Bell Potter Securities Limited
ABN 25 006 390 772 (AFS Licence No: 243480)

Key information

Indicative Timetable

Lodgement of Prospectus with the ASIC	26 June 2006
Exposure Period ends (unless extended by ASIC)	3 July 2006
Opening Date of Offer	5 July 2006
Closing Date of Offer	5.00pm WST on 19 July 2006
Despatch of Holding Statements	26 July 2006
Trading of Shares on ASX expected to commence	31 July 2006

The above dates are indicative only and may vary. The Company (in consultation with the Underwriter) reserves the right to vary these dates without notice.[1]

Important Notice

This Prospectus is dated 26 June 2006 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

The expiry date of this Prospectus is at 5.00pm (WST) on that date which is 13 months after the date this Prospectus was lodged with the ASIC **(Expiry Date)**. No securities may be issued on the basis of this Prospectus after the Expiry Date.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary.

Web Site – Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.mineralresources.com.au or the Underwriter at www.bellpotter.com.au. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

Exposure Period

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that this examination may result in the identification of deficiencies in the Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with Section 724 of the Corporations Act.

Applications for securities under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on persons who lodge applications prior to the expiry of the Exposure Period.

Contents

1. Corporate Directory

Directors
Michael Kiernan

Peter Wade

Chris Ellison

Joe Ricciardo

Company Secretary
Bruce Goulds

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BIBRA LAKE WA 6163

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Share Registry
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45 St Georges Terrace
PERTH WA 6000

Telephone: +61 8 9323 2000
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Underwriter to the Offer
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Level 37, Exchange Plaza
2 The Esplanade
PERTH WA 6000

Telephone: +61 8 9326 7674
Facsimile: +61 8 9326 7684

Auditors
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8 St Georges Terrace
PERTH WA 6000

Investigating Accountant
RSM Bird Cameron Corporate Pty Ltd
8 St Georges Terrace
PERTH WA 6000

Solicitors to the Company
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Lawyers and Consultants
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16 Milligan Street
PERTH WA 6000

Website
www.mineralresources.com.au

2. Chairman's Letter

Dear Investor

On behalf of the Board, I am pleased to offer you the opportunity to invest in the public offer of Shares in Mineral Resources Limited.

Mineral Resources comprises of three long standing associated businesses that have been incorporated to form a mining services group with strong market presence and reputation.

The provision of services to the mining and infrastructure sector is a growth element in the Australian mining and resources markets with underinvestment by the mining industry in plant capacity requiring supplementation by external outsourcing. The Company's subsidiaries which house the three core businesses have provided contract crushing services and general pipeline and associated infrastructure services to the mining sector for more than 12 years. These businesses are highly regarded in the industry.

The constituent contracting businesses of Mineral Resources have a track record of profitability and enduring customer relationships culminating in the recent extension of major contract crushing build, own, operate contracts with the mining industry's blue chip clients. The innovative contract crushing business model provides Mineral Resources with exposure to a wide range of sectors within the mining and infrastructure markets and, together with the mineral processing subsidiary of the Company, provides revenue and earnings streams that minimises volatility in individual business sectors.

The resource industry and mining services outsourcing industry are both experiencing a period of growth with mining product sales at historically high levels. The Company's integrated business structure is intended to position the Company for long term sustainable growth. The Company intends to continue to grow the business through organic and acquisition opportunities to create Shareholder wealth and believes it can take advantage of the business opportunities in the resources and services sectors.

The Company benefits from an established customer base which has enabled the subsidiary businesses to prosper through difficult economic times. The strong economic environment is expected to reinforce that growth.

The Offer will raise gross proceeds of $22,500,000. The net proceeds of the Offer will be used to repay external debt, pay expenses of the Offer and be available as working capital. After completion of the Offer, the Existing Shareholders will retain approximately 79% of the Company with approximately 47.5% of the Company held by Existing Shareholders being subject to voluntary escrow until Mineral Resources reports its audited financial accounts for the financial year ending 30 June 2007.

The controllers of the Existing Shareholders (who are all employees of the Group) have entered into long term employment contracts and remain highly committed to the Company.

Together with my fellow Directors, I look forward to welcoming you as a Shareholder of Mineral Resources and sharing in our future prosperity.

Yours faithfully

MICHAEL KIERNAN

3. Executive Summary

3.1 Overview

Mineral Resources is a leading integrated Australian based mining services and processing company with operations in contract crushing, general mine services infrastructure provision and recovery of base metal concentrate for export sales. The Company's operations are supplemented by rehabilitation and sale of heavy duty crushing and processing equipment, hire of engineering and crushing fleet plant and workshop manufacture of polyethylene pipe fittings and components.

The Company derives from the consolidation of PIHA Pty Ltd, Crushing Services International Pty Ltd and Process Minerals International Pty Ltd, which each own associated long established and successful operations.

This section provides an overview of the Offer. This Section must be read in conjunction with the remainder of the Prospectus.

3.2 Mineral Resources Investment Highlights

- A significant company in the mining services and base metal recovery industries.
- Exposure to the strongly performing resources and outsourced services markets.
- Group businesses have track records of strong growth, profitability and cash flow.
- Strong base contracts with blue chip clients.
- Demonstrated performance of successful rollover of long term operating contracts.
- Experienced Board and management team.
- Mature businesses with established reputation and systems.
- Ability to expand through various economic cycles.
- Recognised quality performer with outstanding safety and reputation for delivering client outcomes.
- Strong outlook for growth in key operating sectors.
- Proven integration capacity for complementary business operations.
- Strict acquisition and growth parameters.
- Favourable dividend policy.

3. Executive Summary (continued)

3.3 Mineral Resources Risks

Set out below are several of the key risks associated with an investment in the Company. Refer to Section 10 for a more comprehensive summary of the specific and general risks associated with such an investment.

- Downturn in the resources, mining services or infrastructure industries or the entry of new competitors into these mining services and contract crushing industries could result in reduced operating margins and the loss of market share by the Company.
- Risk of liability for losses (direct and indirect) arising from defective services provided by the Company and the risk the Company is unable to maintain insurance at levels of risk coverage to cover all contract eventualities.
- Key relationship breakdown between the Company and its clients in the mining services, contract crushing and mineral processing sectors.
- Early termination of contracts by third parties resulting in less than the full value of the contract being realised for the Company. Some contracts with CSI permit early termination without an early termination payment.
- Occupational health and safety and environmental risks associated with industry as these aspects are critical for the reputation of the Company and its ability to be awarded contracts in the resource and mining services industry.
- Reliance on key personnel by the Company or a failure to recruit appropriately qualified personnel.

3.4 Capital Structure

The capital structure of the Company following completion of the Offer is summarised below:

Shares	Number
Shares on issue at date of this Prospectus	105,348,000
New Shares offered under this Prospectus*	15,000,000
Total Shares on issue at completion of Offer	**120,348,000**

* Pursuant to this Prospectus the Company is offering a total of 25,000,000 Shares:

(a) 15,000,000 New Shares; and

(b) 10,000,000 Vendor Sale Shares (which form part of the 105,348,000 Shares on issue at the date of this Prospectus).

3.5 Existing Shareholders

Following completion of the Offer, the Existing Shareholders (or entities associated with them), will together have an interest in approximately 79% of the Company.

Of these Shares, approximately 60% (representing approximately 47.5% of the total Shares on issue following completion of the Offer) will be subject to voluntary escrow until the Company reports its audited financial accounts for the financial year ending 30 June 2007 (an escrow period of approximately 14 months).

3. Executive Summary (continued)

3.6 Summary of Financial Information

Table 1 below is a summary of adjusted historical and forecast financial information on the Company:

This information is provided to assist investors to:

- Evaluate the historical financial performance of the Company's consolidated business; and
- Assess the Company's FY06 and FY07 financial forecasts.

This information is intended as a summary only. More detailed information can be found in Section 8. Further, the forecast financial information is based on a number of estimates, assumptions and proforma adjustments that are subject to business, economic and competitive uncertainties and contingencies, with respect to future business decisions which are subject to change and in many cases outside the control of the Company and the Directors. The forecast financial information presented in this Prospectus may vary from actual financial results and these variations may be material. Details of the forecast financial information, the assumptions on which it is based and associated risk factors are set out in Sections 8 and 10.

3.7 Dividend Policy

The Directors intend to declare a fully franked dividend of $0.012 per Share for the 3 months ending 30 June 2006. This represents an annualised 2006 dividend yield of 5.3% based upon the offer price of Shares offered pursuant to this Prospectus.

It is intended that subsequent dividends will be franked in Australia to the greatest extent possible and that the Company will maintain a minimum dividend payout ratio of 50% of NPAT for the financial year ending 30 June 2007 and beyond. This is subject to the Board determining to do so after taking all relevant circumstances into account.

The Board cannot give any assurance as to the future dividend policy, the payment of future dividends or the level of franking of such dividends. Payment of dividends will be dependent on a number of factors including the availability of distributable earnings, the Company's franking position, operating results, cash flow, financial and tax positions, future capital requirements and any other factors considered relevant by the Board.

Table 1

	AGAAP Statutory			A-IFRS Pro-forma Forecast	
	FY 2003 Aggregated $	FY 2004 Aggregated $	FY 2005 Aggregated $	30 June 2006 (12 months) Combined $	FY 2007 Consolidated $
Revenue from ordinary activities	54,362,104	63,069,163	91,636,001	97,585,240	120,690,106
Profit from ordinary activities before interest, depreciation and amortisation and income tax expense	13,589,601	10,155,668	13,300,681	23,667,264	34,548,926
Profit from ordinary activities after tax				8,552,489	13,720,844

4. Investment Overview and Details of The Offer

4.1 Important Notice

This Section is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

4.2 Summary of the Offer

This Prospectus invites investors to apply for 25,000,000 Shares, comprising 15,000,000 New Shares and 10,000,000 Vendor Sale Shares at an issue price of $0.90 per Share, payable in full on application. The Shares offered under this Prospectus will rank equally with all the existing Shares on issue. No oversubscriptions will be accepted.

The Opening Date of the Offer will be 5 July 2006 and the Closing Date of the Offer will be 19 July 2006. The Directors (in consultation with the Underwriter) reserve the right to vary these dates without prior notice.

4.3 Purpose of the Offer and Use of Proceeds

The purpose of the Offer is to:

- achieve a listing of the Company on the Official List, expand the Company's Shareholder base and provide a ready market for its Shares;
- access capital markets and scope of funding choices; and
- assist the Company in attracting and retaining key staff members.

It is intended to apply funds raised from the Offer as follows:

Description	**Approx. $**
Costs associated with this Offer	1,500,000
Repayment of loans made by external parties	8,000,000
Provision of working capital	4,000,000
Total	**13,500,000**

The Directors consider that, following the completion of the Offer, the Company will have sufficient cash flow from operations and existing funding sources to fund its stated business objectives.

4.4 Underwriting Agreement

The Offer is fully underwritten by Bell Potter Securities Limited, the Underwriter. The terms of the Underwriting Agreement are set out in Section 11.4.

4.5 Minimum Subscription

The Offer is fully underwritten by the Underwriter. Accordingly, the minimum subscription to be raised pursuant to the Offer is $22,500,000, being full subscription.

If the minimum subscription has not been raised within four (4) months after the date of this Prospectus, all applications will be dealt with in accordance with the Corporations Act.

4.6 Applications

Applications for Shares by investors under the Offer must be made using the Application Form attached to and forming part of this Prospectus.

Payment for Shares under the Offer must be made in full at the issue price of $0.90 per Share.

Applications for Shares must be for a minimum of 2,250 Shares and thereafter in multiples of 500 Shares. Completed Application Forms and accompanying cheques must be mailed or delivered to:

Delivered
Bell Potter Securities Limited
Level 37, Exchange Plaza
2 The Esplanade
PERTH WA 6000

Mailed
Bell Potter Securities Limited
GPO Box Z5404
PERTH WA 6831

Cheques should be made payable to **"Mineral Resources Limited – Share Offer Account" and crossed "Not Negotiable"**. In order to participate in the Offer, completed Application Forms must reach one of the above addresses by no later than the Closing Date.

4.7 Sell Down

The Offer consists in part of 10,000,000 Vendor Sale Shares. The Vendor Sale Shares are currently owned by the Existing Shareholders.

The Vendor Sale Shares are unencumbered and will rank equally with Shares on issue and the New Shares offered pursuant to this Prospectus.

4.8 Allotment

Allotment of Shares under the Offer will take place as soon as practicable after the Closing Date and in accordance with the terms set out in the Underwriting Agreement.

Prior to allotment, all application monies shall be held by the Company on trust. The Company, irrespective of whether the allotment of Shares takes place, will retain any interest earned on the application monies.

The Directors in consultation with the Underwriter reserve the right to allot Shares in full for any application or to allot any lesser number or to decline any application. The terms of the Underwriting Agreement provide that the Company must not allot any Shares pursuant to this Offer if so directed by the Underwriter. The effect of this term of the Underwriting Agreement is that the Underwriter has the discretion to require the Company to reject an application for Shares.

Where the number of Shares allotted is less than the number applied for, or where no allotment is made, the surplus application monies will be returned by cheque to the applicant within seven (7) days of the allotment date.

4.9 Restricted Securities

The Company does not anticipate that ASX will require any Existing Shareholder to enter into an ASX imposed escrow agreement for Shares on issue at the date of this Prospectus. However, in order to create and maintain an orderly market for the Shares once listed on ASX, Existing Shareholders have agreed pursuant to standard voluntary escrow agreements, to voluntarily escrow 57,208,800 Shares (representing approximately 47.5% of the total Shares on issue following completion of the Offer) until the Company reports its audited financial accounts for the financial year ending 30 June 2007.

4.10 ASX Listing

The Company will apply to ASX within seven (7) days after the date of this Prospectus for admission to the Official List and for Official Quotation of the Shares offered under this Prospectus. If the Shares are not admitted to Official Quotation within three (3) months after the date of this Prospectus, or such longer period as is permitted by the ASIC, then all application moneys received pursuant to this Prospectus will be repaid, without interest and all applications will be dealt with in accordance with the Corporations Act.

The granting of such admission should not be taken in any way as an indication of the merits of the Offer or the Company and its operations.

4. Investment Overview and Details of The Offer (continued)

4.11 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia.

It is the responsibility of applicants outside Australia to obtain all necessary approvals for the allotment and issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the applicant that all relevant approvals have been obtained.

4.12 CHESS

The Company will apply to participate in the Clearing House Electronic Subregister System (**CHESS**). CHESS is operated by ASX Settlement & Transfer Corporation Pty Ltd (ASTC), a wholly owned subsidiary of ASX, in accordance with the Listing Rules and the ASTC Settlement Rules.

The Company will not issue certificates to investors. Instead, Shareholders will receive a statement of their holdings in the Company. If an investor is broker sponsored, **ASTC** will send a CHESS statement.

4.13 Risk Factors

Prospective investors in the Company should be aware that subscribing for securities the subject of this Prospectus involves a number of risks. These risks are set out in Section 10 and investors are urged to consider those risks carefully (and if necessary, consult their professional adviser) before deciding whether to invest in the Company.

The risk factors set out in Section 10, and other general risks applicable to all investments in listed securities not specifically referred to, may in the future affect the value of the Shares.

4.14 Privacy Statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess an application, service the needs of Shareholders and to facilitate distribution payments and corporate communications to Shareholders.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

A Shareholder can access, correct and update the personal information that the Company hold about it by contacting the Share Registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. If a prospective investor does not provide the information required on the Application Form, the Company may not be able to accept or process that application.

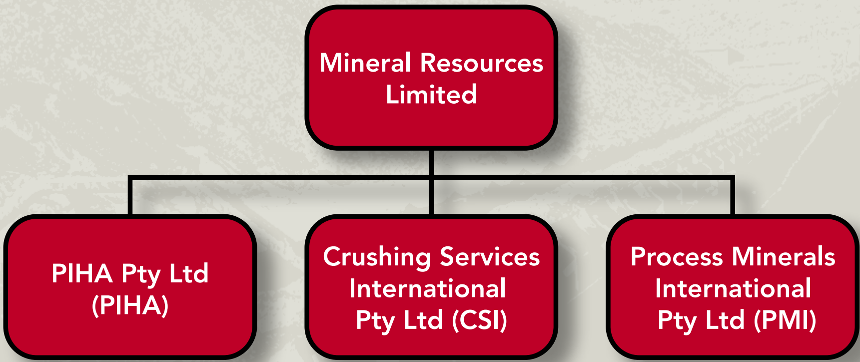
4.15 Taxation Implications

An investment in the Company pursuant to this Prospectus has potential taxation implications which might apply to different types of potential investors investing in the Shares of the Company. The Company, its advisers and its Directors and officers do not accept any responsibility or liability for any taxation consequences. As a result, investors should also consult their own professional tax advisers in connection with subscribing for Shares under this Prospectus.

5. Company Details

Mineral Resources Limited is the holding company of the Group. The Group has three operating subsidiaries: Crushing Services International and PIHA, both of which provide contracting services to the resources industry, and Process Minerals International which is a minerals processor and marketer of industrial minerals.

The Group operates throughout Australia and as well as direct export sales has undertaken extensive contract work overseas over the past decade. There are specific synergies within the Group which enable the resources, expertise and market positioning of each operating company to be available to the other companies in the Group.



5. Company Details (continued)

5.1 Crushing Services International Pty Ltd (CSI)

CSI's main activity is contract crushing to the mining industry in Australia. The company was founded in 1995 by Chris Ellison and Steve Wyatt and has grown to be one of the largest privately owned contract crushing companies in Australia with a reputation for performance and value adding. CSI's performance is enhanced by strong safety management policies that promote safety as a core element in the operation of its crushing plants and, as a consequence, CSI has achieved recognition as a world's best practice contractor for safety outcomes.

The CSI business model is primarily a build, own, operate arrangement under which CSI designs and constructs purpose built crushing plant specific to the site on which the plant will be operated and client requirements. As both owner and operator of the crushing operations, CSI supplements the labour and management resources of the mining clients and provides an outsourced processing operation that minimises client capital requirements and lessens the exposure of the client to industrial and labour issues.

The traditional market sector initially pursued by CSI was contract crushing and materials handling works in the metalliferous mining sector within Western Australia for smaller mining companies. In this sector, the mine owners recognised that contract crushing was a specialist process operation and, with limited mining life on the tenements, an outsourcing option was commercially appropriate. The globalisation of the resource industry has reinforced cost management and value adding as fundamental business practices and has expanded the contract crushing and service outsourcing opportunities to a wider industry sector.

CSI's principal clients currently include members of the BHP Billiton group of companies, members of the Rio Tinto group of companies, KCGM and Newmont.

CSI is now a leading build, own, operate contract crushing contractor within Australia and services the iron ore, gold, tantalum and coal markets in the resource sector.

CSI has an extensive crushing and processing plant spares inventory that enables plants to be constructed and operating substantially ahead of client developed operations. This inventory support is supplemented by a 3,000 square metre workshop facility that CSI operates in Kwinana. The workshop refurbishes and repairs plant, spare parts and consumables and serves as the central stores and despatch operation for site components.

5. Company Details (continued)

5.2 PIHA Pty Ltd (PIHA)

PIHA is a manufacturing and contracting business with particular expertise in the construction of pipelines and site infrastructure within the mining industry. The company was founded in 1993 by Chris Ellison and Bob Gavranich as a manufacturer of polyethylene pipeline fittings and has subsequently grown to a general pipeline contractor for supply and installation projects. Its present activities are manufacturing of polyethylene pipeline fittings, the construction of pipelines, pipe lining and cable installation. It conducts its operations both throughout Australia and overseas.

The polyethylene pipe fittings manufacturing operation has provided the basis for PIHA's reputation for innovation and quality and this is maintained with ongoing research and development. The pipeline construction operation was developed from client desire to award pipeline contracts to a "one stop shop" contracting company. PIHA can provide all of the turnkey elements of small to medium size pipeline, lining and cabling projects by utilizing its manufacturing capacity supplemented by an extensive plant fleet and experienced project and construction management resources. PIHA has expanded its construction operations into the specialist fields of large diameter polyethylene piping projects, polyethylene pipelining of new and in-situ pipelines, installation of HVDC power cables and fibre optic telecommunications cable projects and general mine site services support.

A particular growth area for PIHA has been the niche infrastructure area of pipe lining used to rehabilitate and protect steel pipelines from erosion and corrosion. PIHA is one of the few companies in the word with a 'tight fit' lining technology utilised for slurry pipelines, off shore oil water injection lines and acid process lines. This technology is of proven performance and PIHA has gained significant industry recognition for successful completion of a 308 kilometre zinc slurry pipelining operation in north east Australia, which is recognised as the longest slurry pipeline in the world.

PIHA is an accredited cable installation contractor for installation of communication and fibre optic cable and HVDC underground power cable. PIHA was awarded the 2003 Engineering Excellence Award and the CASE Environmental Award for construction of the MurrayLink HVDC interlink cable between Victoria and South Australia.

5. Company Details (continued)

5.3 Process Minerals International Pty Ltd (PMI)

PMI is a minerals processing company which has title to the reject fines manganese product from past and future processing operations from the Woodie Woodie tenements in the north-west of Western Australia. The rights were gained in 1996 and PMI undertook metallurgical testing to establish a research and development program, which included construction and operation of a pilot plant, that verified the process of mineral recovery to beneficiate the waste ore to a high grade, low phosphorous manganese concentrate.

PMI is managed by Mr David Geraghty, who has extensive metallurgical and process operations experience in the Australian minerals processing industry for a large multinational corporation. Mr Geraghty has worked extensively in the development and assessment of ore reserves and process and design for mineral processing and is experienced in the marketing and sale of mineral concentrates. The proposed expansion of the Company into mineral processing opportunities in the Philippines has been spearheaded by Mr Geraghty through the procurement of exploration rights for chromite and magnetite sands resources.

The processing operation at the Woodie Woodie tenements comprises the recovery from stockpile of the fines ore, three stage processing, testing, analysis and stockpiling of 44% manganese product at site and, subsequently, transport to wharf and loading from the Port Hedland Berth No.1 for export overseas.

The manganese concentrate is sold, directly and through marketing agents, to a range of international ferro-manganese and steelmaking customers within the Chinese and Asian market. Past sales have been to the spot sales market.

In the Philippines, Mineral Resources is currently undertaking a feasibility study for the development of a chromite mine and mineral processing plant at Omasdang. Chromite is a key mineral constituent in the production of stainless steel that has undergone significant production and demand increases over the last few years..

5. Company Details (continued)

5.4 Background to Group Formation

The three businesses that form the subsidiary companies in Mineral Resources have operated independently of each other albeit with a common shareholder base. These businesses were progressively developed from 1993 and reflect the establishment of complementary business operations supported initially by shared management and administrative resources. They have effectively operated as a consolidated group for several years.

In 2005, the directors of the three operations initiated discussions to formally integrate the business into a consolidated Group, and established that structure in January 2006.

The rationale for the merger of the businesses into a single group was economic and value driven. It satisfies and supports:

- the highly complementary nature of the businesses that share common clients, common operating philosophy, similar management and labour systems and optimises plant and equipment inventory;
- the increasing industry demand from corporate clients for an integrated single source supplier of all contract attributes – "a one stop shop";
- increased capacity to compete nationally and internationally as a result of scale and resources;
- the implementation of a common set of operating procedures and systems in delivery of safety, quality and value adding outcomes; and
- synergies achievable from technical and technological systems and processes in contract crushing, mineral processing and mine services infrastructure operations with common clients and common sites.

The Group enjoys strong benefits from multiple revenue streams, geographic and sector diversification and long term stable client base. The Group counts among its clients some of Australia's largest resource groups and with the continuing growth in this sector the Group is well placed for the future.

5.5 Growth Opportunities

Mineral Resources will look to build the Group through organic growth in part as a result of the expanding industrial minerals markets worldwide, and through acquisitions.

The organic growth will come with the expansion of the businesses of the Group's clients as their markets grow and new developments take place. This will also include an increasing market for the Group's services overseas as globalisation of the resource industry leads to significant consolidation of ownership and commonality of service outsourcing approaches.

The Company's acquisition policy is to acquire assets that:

- complement the Group's current business activities;
- have a strong reputation, management team and client list that adds value to the Company;
- can be successfully integrated into the Group; and
- are earnings accretive.

Acquisitions would be undertaken utilising a combination of debt and equity funding. Mineral Resources does not have any current plans for acquiring any supplementary business operations.

CSI will seek to expand its current operational coverage geographically and by industry sector. It will also look to implement an ancillary materials handling operation within its structure to take advantage of the strong sectional growth in overland conveying of new and processed product.

With the expanding industrial minerals markets, PMI can expand its market opportunities by increasing production at its existing manganese process plant and the development of its chromite resource in the Philippines. The technology developed on the processing of the fines from the manganese operation has wide application in the processing and recovery of metalliferous ores throughout Australia and overseas.

5. Company Details (continued)

5.6 Competitive Advantages

The Directors believe that the Company has significant competitive advantages that will assist the Company to expand its businesses and increase its earnings by leveraging its core competencies, market reputation and operational strengths to win major contract crushing, processing and mine service contracts.

The key competitive advantages include:

- minerals processing technology – the technology developed and implemented for the processing and recovery of manganese concentrate from discarded fines storage and stockpiles can be directly applied to recovery of other metalliferous ore in a cost effective and timely fashion;
- partnering relationships – the Company has established long term value adding relationships with major customers incorporating a partnership structure that facilitates effective contract support mechanisms to promote duration contract extensions;
- A leading market position – the experience and performance of CSI and PIHA have established those businesses as significant contractors in the respective industry sectors in Australia. That experience has resulted in those businesses being awarded overseas contracts;
- build own operate services – the Company has a proven history in the provision of complete build, own, operate solutions in the contract crushing and processing sectors that is being recognised as a key marketing advantage in the expanding resource sector;
- plant and equipment inventory – the Company has established an extensive plant and equipment inventory to support the operations of the subsidiaries which also can be leveraged as a marketing advantage for the Company. Clients require immediate availability of services to take advantage of price and market conditions. The inventory of plant and equipment provides the Company with the opportunity to respond positively to short term client requirements; and
- safety performance – the Company recognises OHSE performance as the fundamental driver to contracting success with major clients in the resource sector and a non-negotiable management philosophy. The safety performance record of the Group is driven by management commitment and resolve and the Group has achieved world best practice in its outcomes.

6. Industry Overview

Mineral Resources is a mining services and processing operation that competes within the resource and mining industry.

The mining services operations of Mineral Resources are diversified across the metalliferous and non metalliferous mining companies with significant priority in the iron ore, gold and tantalum sectors.

6.1 Resource and Mining Industry Overview

The resource and mining industry is in a cycled stage of high demand/high prices driven by expansive world growth and particularly in China and India.

The non ferrous stockpile of metals is consequently out of supply and demand balance with industry participants accelerating new and upgraded mining projects to increase plant production capacity.

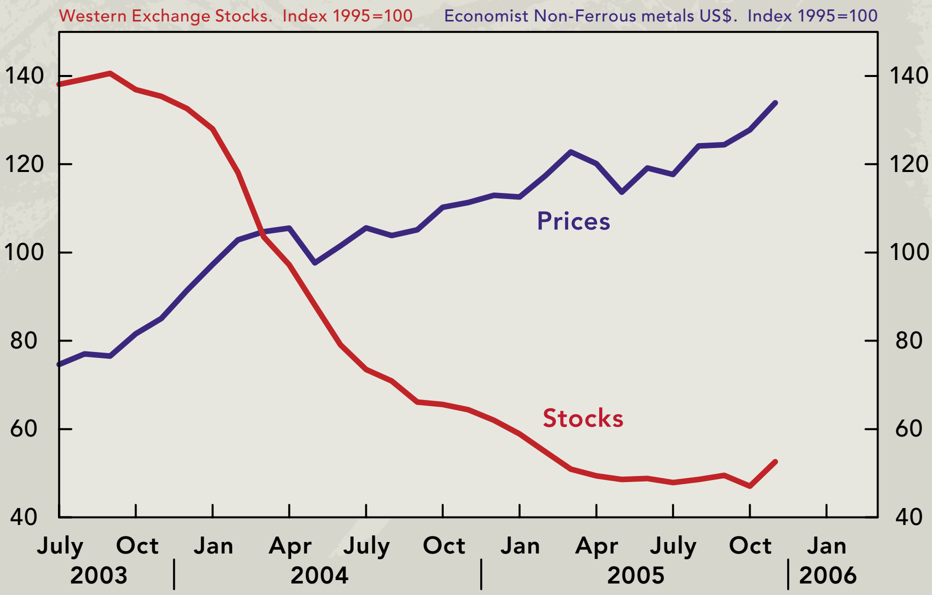
Australia is well placed to meet the increased demand requirements of the industry with capacity expansions of brownfield mining operations being fast tracked through internal and outsourced capital and operating works.

The industry is also developing additional infrastructure services of rail and road transport and port handling capacity to match the growth of new mine supply.

The relative availability of commodity resources within Australia, and Australia's proximity to the rapidly expanding Asian markets, supports the continuing sales and production tonnage expectations of the industry.

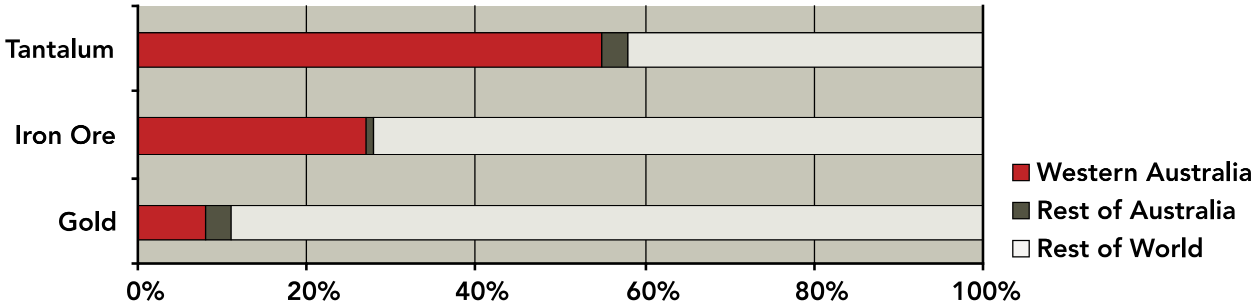
The latest comparable data shows that the Western Australian share (by quantity) of the world's output of the following products was: gold 7%, iron ore 18% and tantalum 54%.

Non-ferrous Metals Stocks and Prices



Source: Rio Tinto – Outlook for Metals and Minerals 2005 Final Results.

Australian Commodities Relative to World Production Ending 2005 By Quantity



Source: DOIR, ABARE, USGS.

- **Iron Ore**

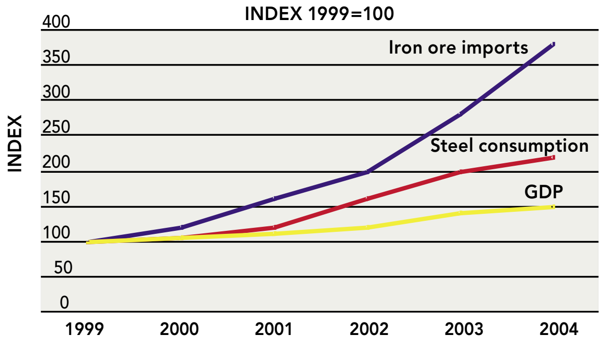
The iron ore market, driven by the outlook for global steel production, remains robust with the key drivers being sustainable high levels of production in China and increasing demand across the major steel producing economies in Asia and Europe. World steel output in 2005 was up 5.8% to 1,106 million metric tonnes, with major growth in China of commercial benefit to the Australian producers for the steel constituents – iron ore, manganese and chromite.

Global Supply Demand for Crude Steel (in million tonnes)

Production	2003	2004	2005
European Union	160	170	165
US	91	99	94
China	219	280	348
World Total	946	1045	1106

The developing middle class populations in China and India will be the key drivers for ferrous minerals and manganese and chromite ores production in Australia and for the Company. Steel production capacity in India was 39 million metric tonnes in 2005 and significant market growth is expected.

Chinese Steel Consumption, Iron Ore Imports and GDP



Source: Rio Tinto – Outlook for Metals and Minerals 2005 Final Results.

- **Gold**

Crushing operations in the gold mining sector will be supported by the strength of the gold price which has reached $720 USD in 2006, a 140% increase since 1988. This dollar denominated gold price is also subject to demand exposure from movements in the US dollar exchange rate. The Australian gold market has been constrained by limited development of new gold mines as a result of the low gold price and the high relative Australian dollar and absence of exploration. The recent lift in gold price has actively promoted broad scale exploration activity, implementation of junior miner gold mine development and commencement of construction of the 900,000 ounce per annum operation at Boddington, Western Australia.

The significant increase in the gold price has occurred rapidly in the period January to May 2006 and the full effect of the recent gold price rises on gold exploration expenditure is not expected to be felt until 2006-07. In 2005/06, all major commodity categories, including gold, recorded increases in minerals exploration expenditure. Since most of the strong growth in the minerals and energy sector of recent years is underpinned by exploration that was undertaken over the past decade, the upswing in exploration supports forward expectations. The ABARE major development project listing in April 2006, establishes twenty five (25) new and expansion gold projects that have a status of under construction, committed or feasibility study underway.

- **Tantalum**

Australia is the world's largest producer of tantalum in the form of tantalum dioxide and contains approximately 93% of the world economically developable resource of tantalum.

The 2005 Australian production of 2,299,398 pounds of tantalum dioxide was recovered from the principal Australian deposits at Greenbushes and Wodgina in Western Australia. This equated to 55% of the world production.

The world market for tantalum over the last three (3) years has been depressed by the reduced demand for tantalum based telephone and computer componentry. The market has exhibited a recent recovery with a corresponding increased demand and price for tantalum concentrate.

6. Industry Overview (continued)

For commercial reasons, the Greenbushes tantalum operation has been placed onto a care and maintenance regime. The Wodgina plant, operated by Mineral Resources, has the capacity to maintain the full quantum of Australian production.

6.2 Contracting Industry Overview

Mineral Resources contract businesses operate in the pipeline, pipelining, cabling, trenching and mining services industry, and across mining infrastructure and civil engineering projects.

The outsourcing of mining services has been a fundamental cultural change within the mining industry over the last few years and has escalated as a result of changing cost pressures within the Australian mining market. Industry wide, the supply side response to continued strong global demand for raw materials remains constrained by a shortage of people, equipment and supplies. This has increased demand and cost of labour and created delays in delivering projects in a timely fashion challenging the mining industry to implement new approaches to match market expectations.

The industry has responded utilizing a complete turnkey capability for design, construction, operation and maintenance to provide value adding services to its clients. The mining companies have recognized the advantages inherent in the outsourced contracting methodology of:

(a) utilising external businesses to provide short supply labour and plant resources;

(b) minimising capital expenditure;

(c) transferring production, industrial and availability risk to expert supply organizations; and

(d) expanding access to external technical skills, sources of expertise and management methodology within external providers of core competency.

This is an outcome of the recent acceleration in growth in Australia's resources sector to meet growing global demand (but particularly from China) for mineral commodities. The pace and scale of current developments in Australia's mineral resources sector is unprecedented. In the past 18 months, 62 major minerals and energy development projects, valued at around $16.2 billion, were brought into production. ABARE's current (April 2006) list of major minerals and energy projects lists a record 90 projects, valued at around $34 billion, that are currently committed or under construction, with a further 166 projects under consideration for development.

6.3 China – The Major Australian Resources Customer

Demand from China will remain the key driver of global commodity demand and resource prices for 2007 and for the following years in the upward commodity cycle. The fundamental elements supporting strong long term growth in China are:

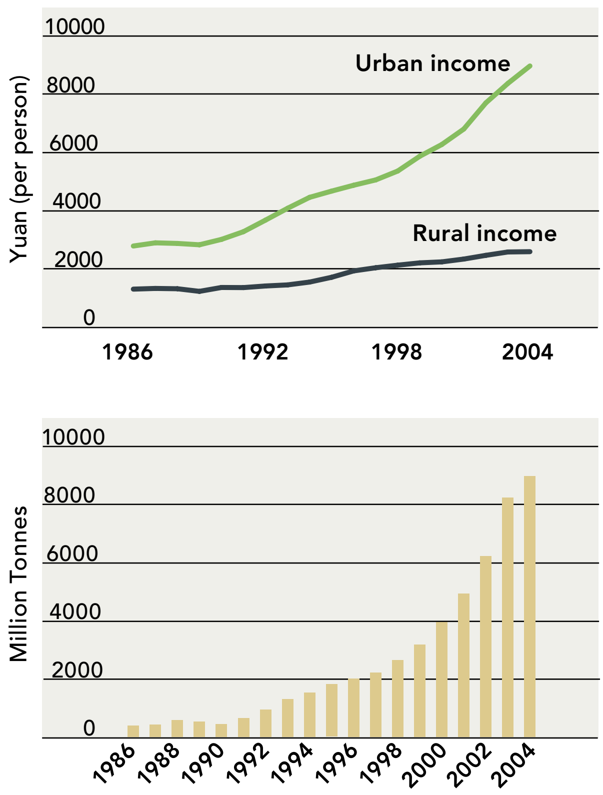
(a growth in excess of 9.5% in 2005 impelled by opening of Chinese economy;

(b) GDP growth is metals and minerals intensive generated by new housing and infrastructure demand;

(c) demand for minerals and metals cannot be met domestically; and

(d) share of world consumption is large and growing implying high Chinese demand will translate into high global demand.

China – Incomes and Stainless Steel Consumption



Source: Steel and Steelmaking Raw Materials - ABARE

7. Directors And Corporate Governance

7.1 Directors of the Company

Michael Kiernan – BBus
Non Executive Chairman

Mr Kiernan has over 30 years experience in the transport, processing and mining contracting industries. He has been involved in all the major manganese projects of the East Pilbara. His experience includes gold, iron ore, nickel, barytes and tin projects. He has held executive positions with Australia's major transport and mining contractors.

Mr Kiernan is currently a director of Consolidated Minerals Limited and Monarch Resources Limited. He has been the managing director of Consolidated Minerals Limited and is experienced in corporate governance and risk management of rapidly expanding resource industry operations.

Peter Wade – BE (Hons), LGE
Executive Director,
Managing Director

Mr Wade has over 35 years experience in engineering, construction, project management and mining and infrastructure services. He is currently the managing director of the three (3) Mineral Resources subsidiary companies. Mr Wade started his career in the NSW Public Service and managed the construction of the Port Kemble coal loader, grain terminals at Newcastle and Wollongong and was the Deputy Director for the Darling Harbour Redevelopment construction project.

As an executive of the Transfield Group in the 1980's and 1990's he was general manager of Sabemo Pty Ltd, Transfield Construction Pty Ltd, Transfield Power Technologies and then Transfield Chief Operations Officer (Southern) responsible for major build, own, operate projects including Melbourne City Link, Airport Link, Northside Storage Tunnel and Collinsville and Smithsfield Power Plants.

Christopher Ellison
Executive Director,
Business Development

Mr Ellison is the founding shareholder for each of the Mineral Resources subsidiary companies and has held over 25 years experience in the mining contracting, engineering and resource processing industries.

He has been the managing director of Monadelphous Pty Ltd, KCUT Pty Ltd and the CSI Group and was instrumental in developing the build, own, operate concept of contract crushing in the resource and mining sector.

Joe Ricciardo – Bachelor Applied Science (Mech Eng)
Non-Executive Director

Mr Ricciardo has 27 years experience in feasibility studies, design, construction, maintenance and operation of mineral processing facilities and associated infrastructure. Mr Ricciardo started his career in December 1978 with Western Mining Corporation Limited as a mechanical engineer at its Kambalda nickel operations.

In January 1986, he became the founding member and managing director of J R Engineering Services Pty Ltd until its acquisition by the Downer EDI/Roche Group in 2001. He continued to lead the company, Roche Mining (JR) Pty Ltd in the capacity of general manager and director up to April 2006.

During this 20 year period, the company consistently grew to become a successful and major engineering services provider to the resources and mineral processing industry. His experience covers the commodities of gold, nickel, copper, lead, zinc, iron ore, coal, mineral sands, tantalum and talc for both major and junior mining companies. The company's growth and performance was achieved with an excellent track record in OHSE, industrial relations, financial returns, employee development and client satisfaction.

7. Directors And Corporate Governance (continued)

Other Directors

The Board will, within 12 months of the date of this Prospectus, use its best endeavours to appoint an additional non-executive director with appropriate qualifications and experience in accordance with the Board Charter adopted by the Company (refer to the summary of the Company's corporate governance in Section 7.3) and is currently in the process of identifying a suitable candidate.

The criteria for determining suitable candidates for the Board include the quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

Any director appointed by the Board will be subject to re-election by Shareholders at the next general meeting.

7.2 Senior Management

Bob Gavranich
General Manager, PIHA

Mr Gavranich is the founding shareholder and General Manager of PIHA which is the pipeline and infrastructure subsidiary of Mineral Resources. He has over 25 years experience in the design and manufacture of polyethylene pipeline fittings and general pipeline and pipelining construction works.

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Steve Wyatt
General Manager, CSI

Mr Wyatt is the founding shareholder and General Manager of CSI which is the contract crushing and material handling subsidiary of Mineral Resources. He has over 20 years experience in the mining contracting and resource processing industries.

He has designed and constructed all of the major contract crushing plants and mineral processing operations for CSI and has undertaken substantial research and development engineering that led to the development and manufacture of 1000 tonne per hour mobile crushing and screening plants by the Group.

David Geraghty BE(Hons)
General Manager, PMI

Mr Geraghty is the General Manager of PMI which is the minerals processing subsidiary of Mineral Resources. He is a qualified metallurgical engineer and has over 10 years experience in research, development and operation of mineral processing plants specifically in the manganese, chromite and iron ore industries.

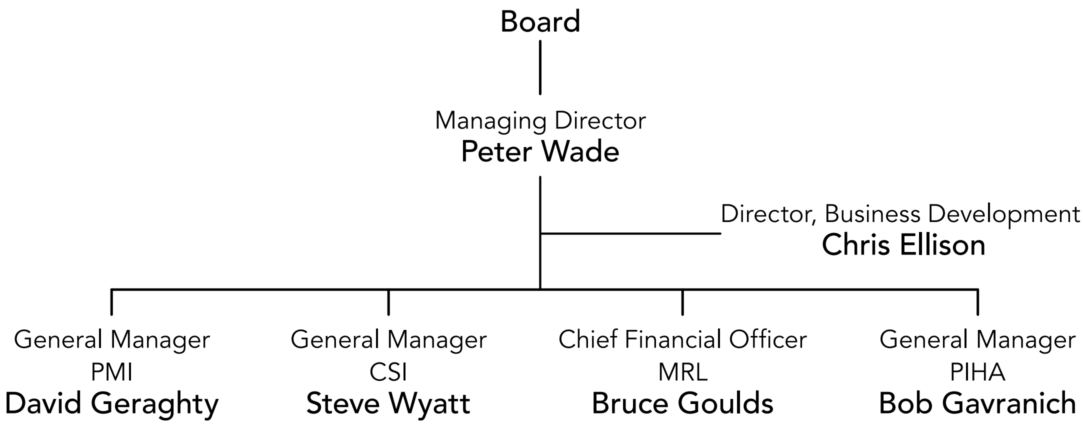
He was employed by BHP Limited and Hamersley Iron Pty Ltd in a variety of engineering and metallurgical roles associated with mineral processing and beneficiation and was part of the PMI team that developed the manganese fines processing technology being utilised by Mineral Resources.

Bruce Goulds - BBus (Accounting), Grad Dip Business, FCPA, FCIS, MAICD
Chief Financial Officer and Company Secretary

Mr Goulds joined the group in 2005 as Chief Financial Officer. Mr Goulds has over 25 years of finance and commercial experience in various listed and unlisted corporations. His experience includes senior corporate management positions in Australian and overseas companies in the mining services, engineering, mining equipment industries servicing the Australasian mining and mineral processing sector.

Mr Goulds is a Fellow CPA, a Fellow of the Institute of Chartered Secretaries and a Member of the Australian Institute of Company Directors.

7. Directors And Corporate Governance (continued)



7.3 Corporate Governance

The Board in office at the date of this Prospectus is set out in Section 7.1. The Company will use its best endeavours to appoint an additional independent non-executive director within 12 months of the date of this Prospectus with skills, experience and expertise to supplement the strength of the Board and the management team.

Board Charter

The Board Charter has been adopted and governs various aspects of the Board including:

(a) **Responsibilities of the Board**

The Board is responsible for, and has the authority to determine, all matters relating to the strategic direction, policies, practices, establishing goals for management and the operation of the Company. Without intending to limit this general role of the Board, the specific functions and responsibilities of the Board include:

(i) oversight of the Company, including its control and accountability systems;

(ii) appointing and removing the Managing Director (or equivalent), including approving remuneration of the Managing Director and the remuneration policy and succession plans for the Managing Director;

(iii) ratifying the appointment and, where appropriate, the removal of the CFO (or equivalent) and the Company Secretary;

(iv) input into the final approval of management's development of corporate strategy and performance objectives;

(v) reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;

(vi) monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;

(vii) approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures; and

(viii) approving and monitoring financial and other reporting.

(b) **Expertise**

The Board shall ensure that, collectively, it has the appropriate range of expertise to properly fulfil its responsibilities, including:

(i) accounting and finance;

(ii) business development and risk management;

(iii) industry and public company experience; and

(iv) an appropriate ratio and skills matrix for executive and non-executive Directors.

The Board shall review the range of expertise of its members on a regular basis and ensure that it has operational and technical expertise relevant to the operations of the Company.

(c) **Managing Director and CFO assurances**

It is the responsibility of both the Managing Director and the CFO to provide written assurances to the Board that in all material respects:

(i) the financial reports submitted to the Board present a true and fair view of the Company's financial condition and operational results; and

(ii) the Company's risk management and internal compliance and control system is operating efficiently and effectively.

7.3.1 Committees

To assist with the execution of its responsibilities, the Board intends to establish an Audit Committee, Remuneration Committee and Nomination Committee. It is intended that each committee have in place a charter, approved by the Board setting out its responsibilities.

(a) **Audit Committee**

The role and responsibilities, composition, structure and membership requirements of the Audit Committee will be documented in a separate Audit Committee Charter and approved by the Board.

The Audit Committee will consist of 3 members and the Board will use its best endeavours to ensure that within 12 months the majority of members are non-executive Directors.

The Audit Committee will review the integrity of the Company's financial reporting and oversee the independence of the external auditors.

(b) **Remuneration Committee**

The role and responsibilities, composition, structure and membership requirements of the Remuneration Committee will be set out in detail in a Remuneration Committee Charter and approved by the Board.

The Remuneration Committee will consist of 3 members and the Board will use its best endeavours to ensure that within 12 months the majority of members are non-executive Directors. It is intended that an independent Director will chair the Remuneration Committee.

The responsibilities of the Remuneration Committee will include:

(i) executive remuneration and incentive policies;

(ii) the remuneration packages of senior management;

(iii) the Company's recruitment, retention and termination policies and procedures for senior management;

(iv) incentive schemes;

(v) superannuation arrangements; and

(vi) the remuneration framework for Directors.

(c) **Nomination Committee**

The role and responsibilities, composition, structure and membership requirements of the Nomination Committee will be documented in a separate Nomination Committee Charter and approved by the Board.

The Nomination Committee will consist of 3 members and the Board will use its best endeavours to ensure that within 12 months the majority of members are non-executive Directors.

An independent Director will chair the Nomination Committee.

The responsibilities of the Nomination Committee will include:

(i) assessment of the necessary and desirable competencies of Board members;

(ii) review of Board succession plans;

(iii) evaluation of the Board's performance; and

(iv) recommendations for the appointment and removal of Directors.

7.3.2 Code of Conduct for Directors and Officers

To promote ethical and responsible decision-making, the Board has approved a code of conduct for Directors and Officers, the Managing Director, the CFO and any other key executives for the practices necessary to maintain confidence in the Company's integrity and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices (**Code of Conduct**).

The Code of Conduct for Directors and Officers deals with the following main areas:

(a) conflicts of interest;

(b) confidentiality;

(c) fair dealing;

(d) compliance with laws and regulations;

(e) corporate opportunities; and

(f) encouraging the reporting of unlawful, unethical behaviour.

Directors and senior management must comply with the Code of Conduct for Directors and Officers and demonstrate commitment to the Code of Conduct and consistency in its execution. Adherence to the Code of Conduct must be periodically evaluated and immediate action taken where necessary.

7.3.3 Code of Conduct covering obligations to stakeholders

The Board has established a Code of Conduct towards stakeholders to guide compliance with legal and other obligations to legitimate stakeholders.

The Code of Conduct towards stakeholders includes:

(a) responsibilities to Shareholders;

(b) responsibilities to clients, customers and consumers;

(c) employment practices;

(d) responsibilities to the individual and community;

(e) how the Company complies with legislation affecting its operations; and

(f) how the Company monitors and ensures compliance with the Code of Conduct towards stakeholders.

7. Directors And Corporate Governance (continued)

7.3.4 Policies

The Board has established policies relating to the following matters.

(a) **Risk management**

The Company's Risk Management Policy describes the roles and respective accountabilities of the Board, the Audit Committee and management and any internal audit function.

The Risk Management Policy also covers the creation of a risk profile, which includes an assessment of the risks facing the Company, compliance and control and an assessment of effectiveness.

(b) **Delegation of authority**

The Company's Statement of Delegated Authority sets out the Company's policies relevant to the delegation of authority to management to conduct the day-to-day management of the Company.

It contains various levels of authority in relation to entering into transactions and other legal binding agreements on behalf of the Company.

(c) **Share trading**

The Company's Share Trading Policies document the Company's policies relevant to trading in Company securities by Directors, officers and employees.

Each of the Share Trading Policies clearly identifies those individuals who are restricted from trading, the relevant laws relating to trading and includes a procedure for share trading by employees.

(d) **Communications Policy with Shareholders**

The Company's Communications Policy is designed to promote effective communication with Shareholders and encourage participation at general meetings.

The Communications Policy includes policies and procedures relating to use of the Company's website as a means of communicating with Shareholders.

(e) **Disclosure**

The Company's Disclosure Policy is designed to ensure compliance with the ASX Listing Rules disclosure requirements and to ensure accountability at a senior management level for that compliance.

The Disclosure Policy includes vetting and authorisation processes designed to ensure that Company accounts:

(i) are disclosed in a timely manner;

(ii) are factual;

(iii) do not omit material information; and

(iv) are expressed in a clear and objective manner that allows the input of the information when making investment decisions.

8. Financial Information and Forecasts

8.1 Overview

This section provides a summary of the historical and forecast financial information of Mineral Resources and its controlled entities. All financial information presented in this section should be read in conjunction with the other information provided in this section, the Investigating Accountant's Report, the risk factors (Section 10) and other information contained within this Prospectus.

Unless otherwise stated, the financial information has been prepared in accordance with the accounting policies summarised in Section 8.11.1. The accounting policies comply with Australian equivalents to International Financial Reporting Standards (**A-IFRS**) and, where applicable to Historical results, Australian Accounting Standards and other mandatory professional reporting requirements (**AGAAP**). Further information pertaining to the impact of conversion to A-IFRS is presented in Section 8.10.

The historical financial information comprises:

(a) the audited statutory combined income statements of the entities making up the Mineral Resources Group, prepared on an aggregated basis and in accordance with AGAAP, for the years ended 30 June 2003, 30 June 2004 and 30 June 2005, adjusted for non-operating intra-entity transactions;

(b) the un-audited combined income statement of the entities making up the Mineral Resources Group, prepared on an aggregated basis and in accordance with A-IFRS for the seven months to 31 January 2006, and which has been independently reviewed;

(c) the un-audited combined balance sheet of the entities making up the Mineral Resources Group, prepared on an aggregated basis and in accordance with A-IFRS, as at 31 January 2006, and which has been independently reviewed; and

(d) the un-audited pro-forma consolidated balance sheet of the Group, prepared on a consolidated basis and in accordance with A-IFRS, as at 31 January 2006, assuming that the proposed transactions envisaged in this Prospectus are completed.

The forecast financial information comprises:

(a) the pro-forma forecast consolidated income statement of the Mineral Resources Group for the five months to 30 June 2006, prepared in accordance with A-IFRS and assuming the transactions envisaged in this Prospectus are completed;

(b) the pro-forma forecast consolidated income statement of the Mineral Resources Group for the year to 30 June 2007, prepared in accordance with A-IFRS and assuming the transactions envisaged in this Prospectus are completed.

8.2 Basis of preparation of Historical Financial Information and Forecast Financial Information

Mineral Resources was incorporated on 27 February 2006 for the purpose of the proposed listing of Mineral Resources on ASX. Effective 31 January 2006, Mineral Resources issued 105,348,000 Shares of $0.90 each to acquire the entire issued share capital of PMI, CSI and PIHA.

The business of PMI has historically been conducted in the proprietary company through which it currently operates. Prior to 1 July 2005, the businesses conducted by PIHA and CSI were operated through predecessor entities in the form of unit trusts. On 1 July 2005, the businesses of these unit trusts were wound down. A significant portion of the operating assets of each of the predecessor entities were acquired by the companies through which they now operate and all contracts entered into after 1 July 2005 were drawn up in the names of PIHA and CSI. The entire issued share capital of each of the three companies, PMI, PIHA and CSI, was acquired by Mineral Resources with an effective date of 31 January 2006, as set out in the paragraph above.

The historical statutory income statements for the years ended 30 June 2003, 30 June 2004 and 30 June 2005 have been prepared on an aggregated basis, incorporating the results of PMI, PIHA Unit Trust and CSI Unit Trust extracted from audited financial statements of each separate entity and adjusted for non-operating intra-entity transactions. This information has been prepared in accordance with Australian Accounting Standards and other mandatory professional reporting requirements in Australia applicable to the relevant periods (**AGAAP**).

The un-audited combined historical income statement for the seven months to 31 January 2006 has been prepared on an aggregated basis, incorporating the independently reviewed results of PMI, PIHA and CSI for the period. This income statement has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (**A-IFRS**).

The un-audited balance sheets as at 31 January 2006 have been prepared on both an aggregated and a consolidated basis. The aggregated balance sheet has been prepared by combining the independently reviewed balance sheets of the entities making up the aggregated entity, before the impacts of the business combination and the proposed transactions set out in this Prospectus. The consolidated balance sheet incorporates the impacts of the business combination and the anticipated results of the transactions envisaged in this Prospectus. The un-audited balance sheets have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (**A-IFRS**).

The pro-forma forecast consolidated income statements of the Mineral Resources Group have been prepared in accordance with A-IFRS and incorporate the expected results of the Mineral Resources Group for the five months to 30 June 2006 and the year to 30 June 2007.

The Mineral Resources Group, and its predecessor entities, are audited by RSM Bird Cameron Partners. RSM Bird Cameron Partners has issued unqualified audit opinions on the financial statements of the predecessor entities for the years to 30 June 2003, 30 June 2004 and 30 June 2005. The Directors of Mineral Resources have appointed RSM Bird Cameron Corporate Pty Ltd as the Investigating Accountant to prepare a report in relation to the Directors' historical financial information and the forecast financial information for Mineral Resources Group investors. Please refer to Section 9 of the Prospectus for the Investigating Accountant's Report.

The financial information in this Section should be read in conjunction with the information and accounting policies set out below and other information contained within this Prospectus.

The financial information contained in this Prospectus is presented in an abbreviated form and does not contain all the disclosures that are usually provided in an Annual Report prepared in accordance with the requirements of the Corporations Act 2001.

8.3 Forecast Financial Information

(a) Key assumptions

The forecast financial information is based on the Directors' assessment of current operating and economic conditions and on a number of best-estimate assumptions regarding future events and actions which at the date of this Prospectus, the Directors expect to take place. These events or actions may or may not occur as expected.

The pro-forma forecast financial information is, by its very nature, subject to uncertainties and unexpected events, many of which are outside the control of Mineral Resources and its Directors. Also, events and circumstances may not occur as anticipated. Actual results are likely to differ from the forecast financial information and the differences may be material. Accordingly, the Directors cannot and do not give any guarantee that the forecast financial information will be achieved.

Events and outcomes may differ in quantum and timing from the best-estimate assumptions, with material consequential impact on the forecast financial information.

The forecast financial information should be read in conjunction with the best-estimate general assumptions outlined below, the best-estimate specific assumptions underlying the forecast financial information set out below, the sensitivity analysis set out in Section 8.7, the Investigating Accountant's Report set out in Section 9, the risk factors set out in Section 10 and other information contained in this Section and the Prospectus.

The material best-estimate general assumptions made by the Directors in preparing the forecast financial information are set out below.

(b) General assumptions

The general assumptions are:

(i) the Offer proceeds are received in July 2006;

(ii) there are no other material acquisitions or disposals by the Group in the review period;

(iii) there are no material amendments to any material agreements relating to the Group;

(iv) there is no significant change in the competitive environment in which the Group operates;

(v) there is no change to the Group's funding or capital structure other than as outlined in this Prospectus and as necessitated by operational requirements in the form of additional finance lease arrangements;

(vi) there is no loss of key management personnel;

(vii) there are no material workforce disturbances;

(viii) the Group is not subject to any material litigation process;

(ix) there is no significant change in the legislative regimes and regulatory environments (including taxation) in the jurisdictions in which the Group or its key customers or suppliers operate which will materially impact on the forecast financial information;

(x) accounting policies will remain consistent with those adopted in preparing the A-IFRS consolidated balance sheet at 31 January 2006 as set out in Section 8.11.1 below; and

(xi) there are no material changes in Australian equivalents to International Financial Reporting Standards or other mandatory professional reporting requirements.

(c) Specific assumptions

The specific assumptions are:

(i) the forecast financial information has been derived from a formal budget-setting process for each business and incorporates and assesses the expected performance of each business in terms of growth and profitability. The budget-setting process considers the historical performance of the businesses, adjusted for the forecast level of activity and performance expected to be achieved;

(ii) the anticipated increased cost structure from the change to a listed public company has been incorporated in the forecast financial information;

8. Financial Information and Forecasts (continued)

8.3 Forecast Financial Information

(c) **Specific assumptions (continued)**

(iii) the forecast financial information is based on current contracts in place, work already in hand and work expected to be won or generated, based on the Directors' assessment of the present economic and operating conditions;

(iv) there are no material changes to the scope of existing contracts and contract margins will be maintained in accordance with historic trends;

(v) proceeds raised from the Offer will be applied in accordance with the Application of the Public Offer Proceeds Statement discussed in Section 4, including the costs associated with the capital raising and ASX listing estimated to be $1,500,000;

(vi) the AUD:USD rate of exchange will approximate USD 0.75 for the forecast period;

(vii) manganese fines sales are maintained at 240,000 dry metric tonnes per annum;

(viii) selling prices for manganese fines will approximate USD 1.90 per Mn unit for the duration of the forecast period;

(ix) manganese fines production quality of 44% Mn nominal;

(x) an 8% moisture factor is used for manganese fines to determine dry sales quantities;

(xi) manganese selling costs will remain at existing levels;

(xii) product movement costs will remain at current levels for the forecast period;

(xiii) depreciation rates will be consistent with prior years, unless amended by the application of A-IFRS compliant policies;

(xiv) the forecast financial information contains no systematic charge for amortisation of goodwill in line with the adoption of A-IFRS on 1 July 2005. This is replaced by an annual impairment test and it has been assumed that there will be no impairment in the five months to 30 June 2006, nor in the year to 30 June 2007;

(xv) there are no changes to the tax compliance cost arising from entering the tax consolidated group;

(xvi) capital expenditure is based on management's planned and contracted expenditure and will be financed through finance lease arrangements;

(xvii) debt repayments will continue at scheduled levels;

(xviii) contribution to results from MinProcess, the Philippines Associate, will be immaterial for the forecast period;

(xix) a final dividend of $0.012 per share in respect of profits for the year to 30 June 2006 will be paid to shareholders in November 2006;

(xx) an annual dividend representing 50% of after tax profits for the year to 30 June 2007 will be declared. The dividend will be paid in two instalments in April 2007 and November 2007;

(xxi) there is no material impairment of assets in the five months to 30 June 2006 or the year to 30 June 2007; and

(xxii) there is no material change to the fair values of financial instruments.

8.4 Summary of statements of Historical Financial Information and Pro-forma Forecast Financial Information

Table 8.1 – Income Statements for the Years Ended 30 June (unless stated otherwise)

	AGAAP Statutory FY 2003 Aggregated	AGAAP Statutory FY 2004 Aggregated	AGAAP Statutory FY 2005 Aggregated	A-IFRS Historical 31 January 2006 (Seven months) Aggregated	A-IFRS Pro-forma Forecast 30 June 2006 (Five months) Consolidated	A-IFRS Pro-forma Forecast 30 June 2006 (12 months) Combined	A-IFRS Pro-forma Forecast FY 2007 Consolidated
	$	$	$	$	$	$	$
Revenue from ordinary activities	54,362,104	63,069,163	91,636,001	58,507,726	39,077,514	97,585,240	120,690,106
Share of net profit / (loss) of associates accounted for using the equity method	–	–	–	(168,229)	–	(168,229)	–
Other income	87,787	445,717	278,753	156,116	20,898	177,014	–
Expenses from ordinary activities	(40,860,290)	(53,359,212)	(78,614,073)	(44,553,713)	(29,373,048)	(73,926,761)	(86,141,180)
Profit from ordinary activities before interest, depreciation and amortisation and income tax expense	13,589,601	10,155,668	13,300,681	13,941,900	9,725,364	23,667,264	34,548,926
Depreciation and amortisation				(4,589,947)	(4,564,103)	(9,154,050)	(12,670,896)
Profit from ordinary activities before interest and income tax expense				9,351,953	5,161,261	14,513,214	21,878,030
Net interest expense				(938,211)	(983,273)	(1,921,484)	(1,271,461)
Net profit before income tax expense				8,413,742	4,177,988	12,591,730	20,606,569
Income tax expense				(2,820,804)	(1,218,437)	(4,039,241)	(6,885,725)
Profit from ordinary activities				5,592,938	2,959,551	8,552,489	13,720,844

8.5 Management discussion of the Historical Financial Information and Forecast Financial Information

(a) Key factors that affected the historical performance of the aggregated entity in FY 2005 are:

- (i) a prototype manganese plant was constructed and commissioned;
- (ii) initial manganese concentrate sales to Chinese ferro-alloy companies were made;
- (iii) manganese concentrate sales prices increased due to strong economic growth and improving steel manufacturing conditions in China;
- (iv) awarded a significant Build Own Operate contract in the iron ore industry;
- (v) an existing tantalum contract was extended for a further five year period;
- (vi) a large track mounted screening and crushing plant for mobile operations was developed; and
- (vii) growth of Australian mine infrastructure markets due to strong resource conditions.

(b) Key factors that affected the historical performance of the aggregated entity in the period to 31 January 2006 are:

- (i) the prototype manganese processing plant was replaced with a larger, permanent manganese concentrate DMC plant;
- (ii) Chinese ferro-alloy market demand softens due to the build up of manganese ore stockpiles in China. Sales to Chinese consumers decline as a result;
- (iii) the reduction in demand for manganese ore results in a drop in prices of concentrate of 40%;
- (iv) skills shortages in the resources sector results in extensive labour cost increases;
- (v) an existing gold mine crushing contract is extended for a further three years; and
- (vi) substantial capital expenditure is incurred for the development of a major iron ore crushing operation. The expenditure is financed by debt.

(c) Key factors that are expected to affect the pro-forma forecast of the Group in the five months to 30 June 2006 and FY 2007 are:

- (i) Build Own Operate iron ore contract commences operation and meets performance test requirements. The contract is expected to generate significant profits in FY2007;
- (ii) depreciation and interest charges increase as the Build Own Operate plant is commissioned;
- (iii) continuing skills shortages force labour costs up;
- (iv) prices of manganese concentrate fines remain depressed;
- (v) China re-values the Yuan against the USD;
- (vi) higher administrative and overhead costs are incurred in preparing the Group for listing; and
- (vii) several piping and services contracts delayed by clients in the five months to 30 June 2006 advised likely to be awarded in FY 2007.

8.6 Reliability of Forecast Financial Information

The forecast financial information contains information which:

(a) is predictive in nature;

(b) may be affected by inaccurate assumptions or by known or unknown risks and uncertainties; and

(c) may differ materially from results ultimately achieved.

8.7 Sensitivity analysis

The forecast financial information is based on certain economic and business assumptions about future events and is sensitive in varying degrees to movements in a number of best-estimate assumptions. A summary of the likely impact of movements in certain of the best-estimate assumptions on the Pro-forma forecast income statement for the year to 30 June 2007 is set out below. The changes in key assumptions set out below are not intended to be indicative of the complete range of variations that may occur.

Earnings are influenced by movements in a number of key business drivers and assumptions including:

(a) the rate of exchange between the Australian Dollar and the United States Dollar;

(b) contract throughput and revenue;

(c) process throughput and revenue; and

(d) direct operating costs.

Extreme care should be taken in interpreting this information. This analysis treats each movement in an assumption in isolation from possible movements in other assumptions, which may not be the case. Movements in one assumption may have offsetting or compounding effects on other variables, the results of which are not reflected in the analysis. In addition, it is possible that more than one assumption may move at any one point in time, giving rise to cumulative effects which are also not reflected in this analysis. Typically, management of the Group would respond to any material adverse change in conditions by taking appropriate action to minimize, to the extent possible, any adverse effects. The effects of any such mitigating action have been excluded from this analysis.

Table 8.2 – Sensitivity Analysis

	EBIT Impact – 30 June 2007	
Sensitivity	**$'000 +/-**	**% +/-**
5% change in the AUD:USD rate of exchange	948	4.3%
5% change in contract revenue	1,417	6.5%
5% change in process revenue	411	1.9%
5% change in operating costs	3,672	16.8%

8.8 Balance Sheets

Table 8.3 – Balance Sheets as at 31 January 2006

	NOTES	A-IFRS 31 January 2006 Aggregated $	A-IFRS 31 January 2006 Consolidated $
Current assets			
Cash	8.11.17	2,292,280	2,292,280
Trade and other receivables	8.11.3	14,090,503	13,039,206
Inventories	8.11.4	4,460,839	4,460,839
Other		267,080	267,080
Total current assets		21,110,702	20,059,405
Non-current assets			
Investment in Associate	8.11.5	298,845	298,845
Property, plant and equipment	8.11.6	76,790,917	76,790,917
Goodwill	8.11.7	–	15,992,572
Related party receivables	8.11.8	3,116,087	1,286,277
Total non-current assets		80,205,849	94,368,611
Total assets		101,316,551	114,428,016
Current liabilities			
Trade and other payables	8.11.9	20,113,396	14,853,925
Interest bearing liabilities	8.11.10	11,120,482	9,982,982
Provisions	8.11.11	1,695,849	1,695,849
Current tax liabilities	8.11.12	3,239,114	3,149,114
Total current liabilities		36,168,841	29,681,870
Non-current liabilities			
Interest bearing liabilities	8.11.13	21,994,498	15,131,998
Deferred tax liabilities	8.11.14	8,019,017	6,036,611
Related party liabilities	8.11.15	9,048,719	7,427,083
Total non-current liabilities		39,062,234	28,595,692
Total liabilities		75,231,075	58,277,562
Net assets		26,085,476	56,150,454
Total equity	8.11.16	26,085,476	56,150,454

8. Financial Information and Forecasts (continued)

8.8 Balance Sheets (continued)

The consolidated balance sheet at 31 January 2006 reflects the following transactions as if they occurred on that date:

(a) the issue by Mineral Resources of 105,348,000 Shares of $0.90 each pursuant to the acquisition of the entire share capital in each of CSI, PIHA and PMI; and

(b) the recognition of the assets and liabilities, including goodwill, arising from the acquisition of the issued share capital of the entities described above. The assets and liabilities were measured at fair value for the purposes of these acquisitions.

The pro-forma consolidated balance sheet at 31 January 2006 also reflects the following transactions and events as if they had occurred at 31 January 2006:

(a) the issue to public subscribers by Mineral Resources of 25,000,000 Shares at an issue price of $0.90 each pursuant to this Prospectus, being 15,000,000 new Shares and 10,000,000 Shares offered by Existing Shareholders;

(b) the application of part proceeds of the Offer against the costs associated with the capital raising and ASX listing estimated to be $1,500,000;

(c) repayment of interest bearing debt in the amount of $8,000,000; and

(d) provision of general working capital in the amount of $4,000,000, which has been reflected in the pro-forma consolidated balance sheet as a reduction in other creditors of $4,000,000.

The consolidated balance sheet incorporates the trading results of the Mineral Resources Group on an A-IFRS basis for the period 1 July 2005 to 31 January 2006.

8.9 Dividends

(a) Dividend for Existing Shareholders

It is anticipated that no dividend will be paid to Existing Shareholders on the listing of Mineral Resource's Shares on the ASX.

(b) Dividend to Shareholders

The Directors of the Mineral Resources Group anticipate declaring and paying a final dividend amounting to $1,444,176 ($0.012 per Share) in respect of forecast profits for the year ending 30 June 2006, during November 2006.

The Mineral Resources Group's anticipated dividend policy for financial years ending 30 June 2007 and thereafter is to distribute to shareholders a dividend amounting to 50% of net profit after tax.

8.10 Australian equivalents to International Financial Reporting Standards (A-IFRS)

The Mineral Resources Group changed its accounting policies on 1 July 2005 to comply with A-IFRS. In respect of PMI, the transition to A-IFRS has been accounted for in accordance with Accounting Standard AASB 1 "First-time Adoption of Australian equivalents to International Financial Reporting Standards", with 1 July 2004 being the date of transition, except for financial instruments, including derivatives, where PMI has elected to defer the transition date to 1 July 2005. As indicated in Section 8.2 above, CSI and PIHA commenced operations in their current form on 1 July 2005. As such, there are no first-time adoption transitional issues for these entities and no A-IFRS adjustments to their results are required for the period to 30 June 2005. Specific accounting policies adopted by the Mineral Resources Group, either in respect of the period since 1 July 2004 or since 1 July 2005, are set out in Section 8.11.1 below.

The information in the following notes provides a summary of the Australian equivalents to International Financial Reporting Standards as they affect the Mineral Resources Group in comparison to the historical AGAAP financial information. Comments in respect of first-time adoption transitional issues are in respect of PMI only.

(a) First-time adoption of A-IFRS

On the first-time adoption of A-IFRS, PMI will be required to restate its prior year financial information such that the comparative balances presented comply with the requirements specified in A-IFRS. That is, the balances that were presented in the financial report for the year ended 30 June 2005 may not be the balances that will be presented as comparative numbers in the financial report for the year ending 30 June 2006, as a result of the requirements to retrospectively apply A-IFRS. In addition, certain assets and liabilities may not qualify for recognition under A-IFRS, and will need to be de-recognised. As adjustments on first-time adoption are made against opening retained earnings, the amount of retained earnings at 1 July 2004 of PMI, and consequently the Mineral Resources Group, may differ.

Various voluntary and mandatory exemptions are available to PMI on first-time adoption, which are not available on an on-going basis. The exemptions provide relief from retrospectively accounting for certain balances, instruments and transactions in accordance with A-IFRS.

The impact on PMI and the Mineral Resources Group of the changes in accounting policies on first-time adoption of A-IFRS are affected by the policy choices made. At the date of this Prospectus, PMI and the Group have elected to apply the following exemption provided in AASB 1 for the financial year ending 30 June 2006:

- Not to apply the requirements of AASB 132 "Financial Instruments: Disclosure and Presentation" and AASB 139 "Financial Instruments: Recognition and Measurement" to the comparative period

Further developments in A-IFRS (for example, the release of further pronouncements by the Australian Accounting Standards Board and the Urgent Issues Group), if any, may result in changes to the impact outlined in the following notes.

(b) **AASB 3 "Business Combinations"**

Under this Standard, the purchase method of accounting must be applied where there is a business combination. This method involves the acquirer recognizing the acquirees' identifiable assets and liabilities and contingent liabilities at their fair value at the acquisition date. In addition, any amount by which the value of the consideration given exceeds the fair value of the identifiable assets, liabilities and contingent liabilities acquired will be initially recognised as goodwill. The Standard requires an acquirer to recognise separately, at the acquisition date, the acquirees' identifiable assets, liabilities and contingent liabilities regardless of whether they had been previously recognised by the acquiree. For recognition purposes the identifiable assets, liabilities and contingent liabilities must satisfy the following recognition criteria at the acquisition date:

(a) in the case of an asset other than an intangible asset, it is probable that any associated future economic benefits will flow to the acquirer and its fair value can be measured reliably;

(b) in the case of a liability other than a contingent liability, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and its fair value can be measured reliably; and

(c) in the case of an intangible asset or contingent liability, its fair value can be measured reliably.

Therefore, in accordance with this Standard, identifiable assets include tangible assets and identifiable intangible assets. An identifiable intangible asset is defined as a non-monetary asset without physical substance.

(c) **AASB 112 "Income Taxes"**

Where relevant, the Mineral Resources Group's previous accounting policy was to apply the "Income Statement" method to calculating income tax expense, in accordance with AGAAP. Under this method, income tax expense was calculated on pre-tax accounting profits after adjustments for permanent differences. The tax effect of the timing differences was recognised as either a deferred tax asset or deferred tax liability. Under A-IFRS, AASB 112 adopts a "Balance Sheet" approach, which recognises deferred tax amounts for any differences between the accounting and tax values of assets and liabilities. This Standard results in adjustments to currently recognised tax assets and tax liabilities. In addition, the income and deferred tax amounts calculated under AASB 112 will be affected by the adoption of other A-IFRS Standards and resulting adjustments to the extent that they impact on the carrying values of assets and liabilities.

(d) **AASB 136 "Impairment of Assets"**

Under AGAAP, non-current assets are written down to recoverable amount when the asset's carrying amount exceeds its recoverable amount.

Under A-IFRS, AASB 136 "Impairment of Assets" and AASB 138 "Intangible Assets" require that both current and non-current assets be tested for impairment. In the case of goodwill acquired in a business combination and intangible assets with indefinite useful lives, this is an annual test. Other assets are tested when there are indicators of impairment. Recoverable amount under AASB 136 is determined as the higher of "value-in-use" or "fair value less costs to sell".

Under A-IFRS the impairment test is more prescriptive and requires discounted cash flows to be used where "value-in-use" is used to assess the recoverable amount.

Where it is not possible to test individual assets for impairment, the Mineral Resources Group is required to test for impairment at the Cash Generating Unit (**CGU**) level. For purposes of this Standard, the Group has identified the individual business units of CSI, PIHA and PMI as its CGU's. Where an impairment is identified, the write down is first allocated to any goodwill attributable to the CGU, then to other intangible assets and finally to tangible assets.

8.10 Australian equivalents to International Financial Reporting Standards (A-IFRS) (continued)

(e) AASB 116 "Property, Plant and Equipment"

AASB 1 provides for transitional options with respect to the valuation of property, plant and equipment. These options are available on an individual asset basis. These options are:

(a) depreciated historical cost;

(b) fair value as deemed cost;

(c) a previous GAAP revaluation which is then deemed to be cost; or

(d) fair value at the date of a previous initial public offering or privatisation.

In the case of PMI, the Group has elected to bring assets to account at transitional date at fair value as deemed cost.

At subsequent balance dates, the Group measures the following classes of assets at re-valued amount less subsequent accumulated depreciation and accumulated impairment losses, if any:

(a) processing plant;

(b) crushing plant; or

(c) plant and equipment.

Other assets are carried at cost less accumulated depreciation and accumulated impairment losses, if any.

Under AGAAP, the Mineral Resources Group's plant and equipment is depreciated to the extent of its depreciable amount, determined as the difference between the carrying amount and the residual value. The residual value is estimated at the date of acquisition and is not subsequently increased for changes in prices, except where the asset is re-valued. Under A-IFRS, the residual amount is reviewed at each balance sheet date and revised to the current net amount expected from the disposal of the asset if it were already at the age and condition expected at the end of its useful life. Accordingly, changes to the residual value may introduce additional volatility into the future income statement.

(f) Decommissioning costs – AASB 116 and AASB 137

Under A-IFRS, a provision can only be recognised when a present obligation exists as a result of a past event, it is probable that there will be an outflow of economic benefits, and a reliable estimate of the costs can be made. Where the Mineral Resources Group identifies an obligation in respect of decommissioning, dismantling or restoration, it is required to recognise that provision at its net present value in the balance sheet.

Furthermore, AASB 116 requires that the initial estimate of the costs of decommissioning, dismantling or restoration be recognised as an element of the cost of the associated asset, to the extent that it is also recognised as a provision under AASB 137 "Provisions, Contingent Liabilities and Contingent Assets".

Each year there is a depreciation charge on the property, plant and equipment element and a finance charge representing the unwinding of the discount on the decommissioning provision.

(g) Proceeds from sale of assets

The current definition of revenue requires proceeds from the sale of non-current assets to be included as revenue – this has the impact of "grossing up" the income statement. Under A-IFRS, only the net gain or loss from the sale will be recognised in other operating income. Consequently, reported revenues will fluctuate, but the net profit for a financial period is not affected.

(h) AASB 138 "Intangible Assets"

Under AGAAP, it is possible to carry accumulated research expenditure forward on the balance sheet under limited circumstances, where it can be proven "beyond any reasonable doubt" that the research expenditure so capitalised will provide future economic benefits. A-IFRS does not allow the capitalisation of research expenditure, which must be expensed when incurred.

The criteria for the recognition and capitalisation of development costs under A-IFRS are considerably stricter than the AGAAP equivalent. It is likely therefore that under A-IFRS, a greater proportion of development costs will be expensed when incurred.

A-IFRS also requires the Mineral Resources Group to assess whether the useful lives of intangible assets are finite or indefinite, and if finite, to assess the length of that useful life. Intangible assets with a finite useful life are amortised over that life, whilst assets with an indefinite useful life are not subject to amortisation, but are subject to an annual impairment test. The current AGAAP principles assume that the majority of intangible assets have a finite life and are therefore more likely to be amortised.

(i) **Goodwill - AASB 138 and AASB 3**

Under AGAAP, goodwill is usually amortised over a 20 year period. Under A-IFRS, goodwill is not amortised, but subject to an annual impairment test. In accordance with AASB 3 "Business Combinations" goodwill arising from a business combination must be allocated to individual Cash Generating Units (**CGUs**) and tested for impairment at the allocated level. This change in policy may result in increased volatility in the income statement, if and when impairment losses occur.

(j) **AASB 2 "Share Based Payments"**

AASB 2 "Share Based Payments" requires that goods or services received in exchange for equity settled share based payments be recorded at their fair value when the goods or services are received and a corresponding amount credited to equity. Where the share based payment is in the form of options in the Mineral Resources Group's shares, the options are measured at fair value at grant date and expensed over the vesting period.

The Mineral Resources Group has not previously issued any form of share based payment and consequently no adjustments have arisen in the period to 31 January 2006.

(k) **Reconciliation of key items from AGAAP to A-IFRS**

The following reconciliation of key items from AGAAP to A-IFRS for the FY2005 statutory aggregated income statement is as follows:

Table 8.4 – AGAAP to A-IFRS reconciliation – FY 2005

	Statutory FY 2005 Aggregated $
Profit from ordinary activities before interest, depreciation and amortisation and income tax expense – AGAAP	13,300,681
Write-off of previously capitalised research and development costs	(262,734)
Profit from ordinary activities before interest, depreciation and amortisation and income tax expense – A-IFRS	13,037,947

8.11 Notes to the Historical Information

8.11.1 Significant accounting policies

(l) **Applicable Accounting Standards**

The significant accounting policies set out in this note are the A-IFRS compliant accounting policies that have been adopted by the Mineral Resources Group with effect from 1 July 2005.

The consolidated balance sheet in Table 8.3 above has been prepared in accordance with A-IFRS on the basis of the policies set out below. The aggregated income statement for the seven months to 31 January 2006, as set out in Table 8.1, has also been prepared on the basis of A-IFRS policies adopted at 1 July 2005.

The AGAAP statutory income statements in Table 8.1, for the years ended 30 June 2003, 30 June 2004, and 30 June 2005 are presented in accordance with the AGAAP compliant policies adopted by each entity within the aggregated entity that were applicable to each relevant reporting period.

Section 8.10 above sets out the major differences in recognition and measurement principles prescribed by AGAAP and those prescribed under A-IFRS, relevant to the Mineral Resources Group.

(m) **Basis of preparation**

Up to 30 June 2005, the individual businesses making up the aggregated entity were conducted through the following independent entities:

(i) the Plastic Technology Development Unit Trust (**PIHA Unit Trust**) (Plastic Technology Development Pty Ltd as Trustee);

(ii) the Crushing Services International Unit Trust (**CSI Unit Trust**) (CSI as Trustee); and

(iii) PMI.

On 1 July 2005, the businesses conducted in the CSI Unit Trust and the PIHA Unit Trust were wound down and a significant portion of the operating assets of those entities were sold at fair value to Crushing Services International Pty Ltd and PIHA Pty Ltd, respectively. All new contracts and business arrangements entered into after 1 July 2005 are in the names of the proprietary companies. There was no change to the status or ownership of the PMI business.

With an effective date of 31 January 2006, the Mineral Resources Group was formed when Mineral Resources acquired, for a consideration settled in equity, the entire share capital of each of the following entities:

(i) CSI;

(ii) PIHA; and

(iii) PMI.

8.11 Notes to the Historical Information

8.11.1 Significant accounting policies (continued)

The historical financial information has been prepared so as to comply, subject to the basis of preparation outlined in this note, with Australian Accounting Standards as follows:

(i) this Historical Statutory Income Statements, prepared on an aggregated basis, for the years to 30 June 2003, 30 June 2004 and 30 June 2005 have been prepared in accordance with Australian Accounting Standards and other mandatory professional reporting requirements that were applicable to those years (**AGAAP**);

(ii) the Historical Income Statement, prepared on an aggregated basis, for the seven months to 31 January 2006 has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (A-IFRS); and

(iii) the balance sheets, as at 31 January 2006, prepared on both an aggregated and consolidated basis, have been prepared in accordance with A-IFRS.

In preparing the historical financial information, there have been departures from the disclosure requirements of both AGAAP and A-IFRS where they are not considered to be applicable. These departures include presenting the Income Statements to the profit from ordinary activities before depreciation, amortisation, interest and income tax expense level only. No comparative information is presented for the balance sheets.

Transactions that have or will be undertaken to give effect to the business combination of the Mineral Resources Group, the issue of share capital to investors, the application of proceeds raised and the payment of listing expenses have been taken into account in determining the consolidated balance sheet as at 31 January 2006.

(b) Consolidated Balance Sheet and Business Combinations

The consolidated balance sheet includes Mineral Resources together with the entities acquired with an effective date of 31 January 2006, which comprise the Mineral Resources Group. Details of the business combination and the entities comprising the Mineral Resources Group are set out in note (b) above. The purchase method of accounting was applied to the acquisition of the equity in the subsidiaries. The cost of the acquisition was based on the fair value of equity issued at the date of the exchange, plus costs attributable to the acquisition. Transaction costs arising on the issue of equity instruments were recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the purchase cost over the fair values of net assets acquired is recorded as goodwill (refer note (l) below). If the cost of the acquisition is less than the fair value of net assets acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

(c) Principles of consolidation

Subsidiaries are entities controlled by Mineral Resources. Control exists when Mineral Resources has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of the subsidiaries are included in the consolidated financial report from the date that control commences until the date that control ceases.

Intra-group balances, and any unrealized gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(d) Income tax

Income tax on the profit or loss for the year comprises current and deferred taxation. Income tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years. Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for:

(i) goodwill not deductible for tax purposes;

(ii) the initial recognition of assets and liabilities that affect neither accounting nor taxable profit; and

(iii) differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax consolidation legislation

Mineral Resources is expected to become the head entity of a tax consolidated group (**group**), comprising all its Australian owned subsidiaries. Mineral Resources, as the head entity in the group, recognises current tax amounts relating to transactions, events and balances of the wholly owned Australian entities in this group as if those transactions, events and balances were its own (after elimination of intra-group transactions), in addition to the current and deferred tax amounts arising in relation its own transactions. Expenses and revenues arising under the tax funding agreement are recognised as a component of income tax expense / revenue.

The current tax balances recognised by the parent entity, Mineral Resources, in relation to the wholly owned entities joining the group are measured based on the carrying amount of the entities' assets and liabilities at the tax consolidated group level and their tax values as applicable under the tax consolidation legislation.

The group has entered into a tax funding agreement that requires the wholly owned subsidiaries to make contributions to the head entity for current tax liabilities and receive contributions for current tax assets.

Under the tax funding agreement, the contributions are calculated based on a "group allocation" method whereby each wholly owned subsidiary contributes its equivalent current income tax calculated on a stand alone basis excluding inter-company dividends. The contributions are payable as set out in the agreement and reflect the timing of the head entity's obligations to make payments for tax liabilities to the relevant tax authorities. The assets and liabilities arising under tax funding agreements are recognised as inter-company assets and liabilities with a consequential adjustment to the income tax expenses / revenue.

(e) Goods and Services Tax

Revenue, expenses, and assets are recognised net of the amount of goods and services tax (**GST**), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (**ATO**) in included as a current asset or liability in the balance sheet.

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

Sale of goods and rendering of services

Revenue from the sale of goods is recognised when the Mineral Resources Group has passed control of the goods to the buyer.

Revenue for refurbishment works is recognised in accordance with the contractual terms of each project. When the contractual outcome can be reliably measured, control of the right to be compensated for the services and stage of completion can be measured reliably. Stage of completion is measured by reference to the costs incurred to date as a percentage of the total estimated costs for each contract.

Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent that costs have been incurred.

Contracting

Revenue and expenses arising from construction contracts are recognised in the financial years in which the construction contracts are performed on a percentage of completion method. Where it is probable that the total contract costs will exceed total contract revenue for a contract, the excess of costs over revenue is recognised as an expense immediately.

Interest

Interest income is recognised as it is earned.

8.11 Notes to the Historical Information

8.11.1 Significant accounting policies (continued)

Sale of non-current assets

The net profit or loss on the sale of non-current assets is included in income at the date that control of the assets passes to the buyer. This is usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of the sale and the net proceeds on disposal. The net gain or loss on disposal is recorded as other income or other expenses.

Dividend income

Dividend income is recognised when the right to receive the dividend has been established.

(g) Receivables

Trade receivables are carried at amounts due. Receivables are usually settled within no more than 45 days. Collectibility of trade debtors is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. An allowance is raised for any doubtful accounts.

(h) Inventories

Inventories are stated at the lower of cost or net realisable value. Costs, including an appropriate portion of fixed and variable overheads, where applicable, are allocated to inventory by the method most appropriate to each class of inventory. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling, and distribution.

Finished goods, raw materials and consumable spares are valued on a first-in-first-out basis. Ore stockpiles are valued on a standard cost basis.

(i) Contracts in progress

Contract work in progress is measured at cost plus profit recognised to date less any provision for anticipated future losses. Costs include both variable and fixed costs relating to specific contracts and those costs that are directly attributable to contract activity in general and that can be allocated on a reasonable basis.

(j) Investments in Associates

Investments in associates are shown at cost plus Mineral Resources Group's share of the post acquisition undistributed profits and reserves of the Associates. The results of Associates are accounted for using the equity method of accounting.

(k) Property, plant and equipment

Items of property, plant, and equipment are initially brought to account at cost, which includes an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

For qualifying assets, cost includes, where applicable, costs incurred during construction, or represents, where applicable, the fair value of assets acquired on the purchase of controlled entities.

Processing and crushing plant, other plant and equipment and capitalised machine spares are measured at re-valued amount less accumulated depreciation and accumulated impairment losses. Re-valued amount is based on fair value, which is determined on the basis of an annual valuation based on discounted cash flows or capitalisation of net income (as appropriate). The carrying amounts are reviewed at the end of each reporting period to ensure that they are not materially different from their fair values.

Any revaluation increase arising on the revaluation of assets included in these classes of asset is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of assets is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Depreciation on re-valued assets is charged to profit or loss. On the subsequent sale or retirement of a re-valued asset, the attributable revaluation surplus remaining in the asset revaluation reserve, net of any related deferred taxes, is transferred directly to retained earnings.

All other assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on a straight line basis so as to write off the net cost or re-valued amount of each asset over its expected useful life to its estimated residual value. Assets under finance lease are depreciated over their estimated useful life, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

(i)	processing plant	4 to 20 years;
(ii)	crushing plant and spares	4 to 20 years;
(iii)	plant and equipment	2 to 20 years;
(iv)	computers	3 years;
(v)	motor vehicles	2 to 5 years; and
(vi)	furniture and fittings	1 to 5 years.

Depreciation rates and methods are reviewed at least annually and, where changed, are accounted for as a change in accounting estimate. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method. Depreciation recognised in prior financial years is not changed, that is, the change in depreciation rate or method is accounted for on a 'prospective' basis.

(l) Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair values of the identifiable assets, liabilities and contingent liabilities acquired in a business combination, is recognised as an asset and not amortised, but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. Refer also note (r).

(m) Payables

Creditors and other payables, including accruals for goods received but not yet billed, are recognised when the Group becomes obliged to make future payments principally as a result of the purchase of goods and services.

(n) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Finance leased assets are depreciated on a straight line basis over the asset's estimated useful life. Refer to note (k) above.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(o) Intangible assets

Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

(i) the technical feasibility of completing the intangible asset so that it will be available for use or sale;

(ii) the intention to complete the intangible asset and use or sell it;

(iii) the ability to use or sell the intangible asset;

(iv) how the intangible asset will generate probable future economic benefits;

(v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

(vi) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Internally-generated intangible assets are stated at cost less accumulated amortisation and impairment, and are amortised on a straight-line basis over their useful lives of between 1 and 5 years.

Intangible assets acquired in a business combination

All potential intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset, the recognition criteria and their fair value can be measured reliably.

(p) Borrowing costs

Borrowing costs are expensed to the profit and loss account when incurred.

8. Financial Information and Forecasts (continued)

8.11 Notes to the Historical Information

8.11.1 Significant accounting policies (continued)

(q) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

(r) Impairment

At each reporting date, the Mineral Resources Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).Where the asset does not generate cash flows that are independent from other assets, the Mineral Resources Group estimates the recoverable amount of the Cash Generating Unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or Cash-Generating Unit) is estimated to be less than its carrying amount, the carrying amount of the asset (Cash-Generating Unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease (refer note (k)).

Where an impairment loss subsequently reverses, the carrying amount of the asset (Cash-Generating Unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (Cash-Generating Unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(s) Decommissioning, dismantling and restoration costs

The initial cost of property, plant, and equipment includes the initial estimate, discounted to present value, of dismantling, removing the item, and restoring the site on which it is located where the obligation arises when the item is acquired or through use for purposes other than to produce inventories.

(t) Provisions

Provisions are recognised when the Mineral Resources Group has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best-estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(u) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Mineral Resources Group in respect of services provided by employees up to reporting date.

Defined contribution plans
Contributions to defined contribution superannuation plans are expensed when incurred.

(v) Share-based payments

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Mineral Resources Group's estimate of shares that will eventually vest. For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(w) Foreign currencies

Foreign currency transactions
All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise except that:

(i) exchange differences which relate to assets under construction for future productive use are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings; and

(ii) exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

(x) Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. The sale of the asset (or disposal group) is expected to be completed within one year from the date of classification.

(y) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

8.11.2 Consolidated Adjusted Balance Sheet – A-IFRS

The consolidated balance sheet at 31 January 2006 reflects the following transactions as if they had occurred at 31 January 2006:

(a) the issue to public subscribers by Mineral Resources of 25,000,000 Shares at an issue price of $0.90 each pursuant to this Prospectus, being 15,000,000 new Shares and 10,000,000 Shares offered by Existing Shareholders;

(b) the application of part proceeds of the Offer against the costs associated with the capital raising and ASX listing estimated to be $1,500,000;

(c) repayment of interest bearing debt in the amount of $8,000,000; and

(d) provision of general working capital in the amount of $4,000,000, used to settle working capital liabilities immediately.

The pro-forma consolidated balance sheet incorporates the trading results of the Group on an A-IFRS basis for the period 1 July 2005 to 31 January 2006.

8.11.3 Trade and other receivables

	A-IFRS 31 January 2006 Aggregated $	A-IFRS 31 January 2006 Consolidated $
Trade debtors, net of retentions	12,585,180	11,533,883
Accrued revenue	1,095,922	1,095,922
Other debtors and deposits held	409,401	409,401
Total current receivables	**14,090,503**	**13,039,206**

8.11.4 Inventories

Raw materials and consumable spares	613,567	613,567
Finished goods	472,500	472,500
Ore stockpiles	621,858	621,858
Work in progress	2,752,914	2,752,914
Total inventories	**4,460,839**	**4,460,839**

8.11.5 Investment in associate

	A-IFRS 31 January 2006 Aggregated $	A-IFRS 31 January 2006 Consolidated $
Equity investment	247,300	247,300
Amount due from associate	219,774	219,774
	467,074	467,074
Share of losses of associate to date	(168,229)	(168,229)
Total investment in associate	**298,845**	**298,845**

The Mineral Resources Group has acquired a 40% interest in MinProcess Group Inc. (**MinProcess**), a company incorporated in the Philippines on 27 September 2005. MinProcess is involved in the development of chromite and manganese deposits in the Philippines and commenced operations upon incorporation.

The amount due from MinProcess is unsecured, interest free and carries no fixed terms of repayment. The Directors believe that the amount due is fully recoverable.

8.11.6 Property, plant and equipment

	A-IFRS 31 January 2006 Aggregated $	A-IFRS 31 January 2006 Consolidated $
Gross Fair value		
Crushing plant	12,865,040	12,865,040
Processing plant	10,120,000	10,120,000
Capital works in process	38,439,308	38,439,308
Plant and equipment	18,230,803	18,230,803
Computers and software	223,152	223,152
Motor vehicles	1,873,468	1,873,468
Furniture and fittings	109,562	109,562
Total gross fair value	81,861,333	81,861,333
Accumulated depreciation		
Crushing plant	(2,271,517)	(2,271,517)
Processing plant	–	–
Capital works in process	–	–
Plant and equipment	(2,505,644)	(2,505,644)
Computers and software	(73,441)	(73,441)
Motor vehicles	(203,913)	(203,913)
Furniture and fittings	(15,901)	(15,901)
Total accumulated depreciation	(5,070,416)	(5,070,416)
Total book value of property, plant and equipment	**76,790,917**	**76,790,917**

Property, plant and equipment with a book value of $65,343,425 are secured by finance lease contracts.

8.11.7 Goodwill

At cost, arising on the business combination of the Mineral Resources Group at 31 January 2006	–	15,992,572

8. Financial Information and Forecasts (continued)

8.11.8 Related party receivables

	A-IFRS 31 January 2006 Aggregated $	A-IFRS 31 January 2006 Consolidated $
Crushing Services International Unit Trust	1,244,281	1,244,281
Process Minerals International Pty Ltd	1,829,810	–
World Wide Infrastructure Pty Ltd	30,025	30,025
Wellard Properties Pty Ltd	2,507	2,507
Keneric Nominees Pty Ltd	339	339
Mr. P Wade	7,445	7,445
Henderson Park Pty Ltd	18	18
Sandini Pty Ltd	1,662	1,662
Total related party receivables	**3,116,087**	**1,286,277**

These amounts are unsecured, interest free and have no fixed terms of repayment.

8.11.9 Trade and other payables

Trade creditors and accruals	15,103,201	13,843,730
Other creditors	5,010,195	1,010,195
Total trade and other payables	**20,113,396**	**14,853,925**

8.11.10 Interest bearing liabilities - current

Bank overdraft	1,897,841	1,897,841
Bill loan	3,130,485	1,992,985
Hire purchase liabilities	6,092,156	6,092,156
Total current interest bearing liabilities	**11,120,482**	**9,982,982**

8.11.11 Provisions

Provisions for employee benefits	1,645,849	1,645,849

8.11.12 Current tax liabilities

	A-IFRS 31 January 2006 Aggregated $	A-IFRS 31 January 2006 Consolidated $
Provision for income tax	2,682,963	2,592,963
Payroll tax payable	330,897	330,897
GST payable	225,254	225,254
Total current tax liabilities	**3,239,114**	**3,149,114**

8.11.13 Interest bearing liabilities – non-current

Commercial bill facility	2,864,394	2,864,394
Hire purchase liabilities	8,035,589	1,173,089
Bill loan	11,094,515	11,094,515
Total non-current interest bearing liabilities	**21,994,498**	**15,131,998**

8.11.14 Deferred tax liabilities

	A-IFRS 31 January 2006 Aggregated $	A-IFRS 31 January 2006 Consolidated $
Provision for deferred income tax	8,019,017	6,036,611

8.11.15 Related party liabilities

Crushing Services International Unit Trust	2,632,878	2,632,878
Plastic Technology Development (PIHA) Unit Trust	3,009,424	3,009,424
PIHA Pty Ltd	981,555	–
Worldwide Infrastructure Pty Ltd	1,770,000	1,770,000
Sandini Pty Ltd	14,781	14,781
Crushing Services International Pty Ltd	640,081	–
Total related party liabilities	**9,048,719**	**7,427,083**

These amounts are unsecured, interest free and have no fixed terms of repayment.

8.11.16 Equity

Total equity comprises:		
Issued share capital	2,250	56,150,453
Revaluation reserves	19,029,647	–
Retained earnings	7,053,579	–
Total equity	**26,085,476**	**56,150,453**

Movements in ordinary shares are as follows:	A-IFRS 31 January 2006 Consolidated	
	Number of shares	$
Aggregated share capital, to 31 January 2006	2,250	2,250
Elimination on consolidation	(2,250)	(2,250)
Opening balance, consolidated entity	–	–
Issue of shares to acquire subsidiaries	105,348,000	43,700,454
Issue of shares under the Offer	15,000,000	13,500,000
Capital raising costs, net of deferred tax	–	(1,050,000)
Total equity	**120,348,000**	**56,150,454**

Revaluation reserves and retained earnings are considered to be pre-acquisition reserves from the perspective of the Mineral Resources Group and have been eliminated on consolidation.

8.11.17 Reconciliation of cash

	A-IFRS 31 January 2006 Aggregated $	A-IFRS 31 January 2006 Consolidated $
Opening balance	2,292,280	2,292,280
Funds raised from the issue of 15,000,000 shares	–	13,500,000
Capital raising and listing costs	–	(1,500,000)
Repayment of interest bearing debt	–	(8,000,000)
Reduction of working capital liabilities	–	(4,000,000)
Total cash and cash equivalents	**2,292,280**	**2,292,280**

8.11.18 Commitments

	A-IFRS 31 January 2006 Aggregated $	A-IFRS 31 January 2006 Consolidated $
Hire purchase commitments		
Not later than 1 year	6,878,264	6,878,264
Later than 1 year and not later than 5 years	8,691,058	1,127,948
Minimum hire purchase payments	15,569,322	8,006,212
Less: future finance charges	(1,441,577)	(740,967)
Hire purchase liabilities	14,127,745	7,265,245
Operating leases		
Operating lease liabilities:		
Not later than 1 year	1,641,991	1,641,991
Later than 1 year and not later than 5 years	4,554,120	4,554,120
	6,196,111	6,196,111

8.11.19 Finance Facilities

	A-IFRS 31 January 2006 Aggregated $	A-IFRS 31 January 2006 Consolidated $
Secured bank overdraft and facility		
Amount used	222,118	222,118
Amount unused	2,477,882	2,477,882
Total facility	2,700,000	2,700,000
Hire purchase and finance lease		
Amount used	14,127,745	7,265,245
Amount unused	2,144,043	9,006,543
Total facility	16,271,788	16,271,788
Offshore bills purchasing line (US$)		
Amount used (US$)	–	–
Amount unused (US$)	1,150,000	1,150,000
Total facility (US$)	1,150,000	1,150,000
Commercial bill facility		
Amount used	17,089,394	17,089,394
Amount unused	–	–
Total facility	17,089,394	17,089,394
Bank guarantee facility		
Amount used	2,046,727	2,046,727
Amount unused	1,113,273	1,113,273
Total facility	3,160,000	3,160,000

8.11.20 Financial instruments

(a) **Net fair values**

The aggregate net fair value of financial assets and financial liabilities approximate the carrying amount of the financial assets and financial liabilities in the balance sheets. There are no unrecognised financial assets or financial liabilities at 31 January 2006.

(b) **Credit risk exposures**

The Mineral Resources Group's maximum exposure to credit risk at year-end in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheets.

(c) **Interest risk exposures**

The Mineral Resources Group's exposure to interest rate risk is as follows:

A-IFRS Aggregated 31 January 2006

			Fixed interest maturing in			
	Weighted Average Interest Rate	Floating Interest Rate $	1 Year or Less $	Over 1 Year to 5 Years $	Non-interest Bearing $	Total $
Financial Assets						
Cash assets	3.55%	2,292,280	–	–	–	2,292,280
Receivables – current		–	–	–	14,090,503	14,090,503
Related party receivables		–	–	–	3,116,087	3,116,087
		2,292,280	–	–	17,206,590	19,498,870
Financial Liabilities						
Payables		–	–	–	20,113,396	20,113,396
Interest bearing liabilities – current	5.98%	–	11,120,482	–	–	11,120,482
Interest bearing liabilities – non-current	6.98%	–	–	21,994,498	–	21,994,498
Related party liabilities		–	–	–	9,048,719	9,048,719
		–	11,120,482	21,994,498	29,162,115	62,277,095

A-IFRS Consolidated 31 January 2006

			Fixed interest maturing in			
	Weighted Average Interest Rate	Floating Interest Rate $	1 Year or Less $	Over 1 Year to 5 Years $	Non-interest Bearing $	Total $
Financial Assets						
Cash assets	3.55%	2,292,280	–	–	–	2,292,280
Receivables – current		–	–	–	13,039,206	13,039,206
Related party receivables		–	–	–	1,286,277	1,286,277
		2,292,280	–	–	14,325,483	16,617,763
Financial Liabilities						
Payables		–	–	–	14,853,925	14,853,925
Interest bearing liabilities – current	5.98%	–	9,982,982	–	–	9,982,982
Interest bearing liabilities – non-current	6.98%	–	–	15,131,998	–	15,131,998
Related party liabilities		–	–	–	7,427,083	7,427,083
		–	9,982,982	15,131,998	22,281,008	47,395,988

8. Financial Information and Forecasts (continued)

8.11.21 Controlled entities

Name of entity	Country of Incorporation	Ownership Interest %
Parent entity		
Mineral Resources Limited	Australia	100
Controlled entities		
Crushing Services International Pty Ltd	Australia	100
Process Minerals International Pty Ltd	Australia	100
PIHA Pty Ltd	Australia	100
MinProcess Group Inc.	Philippines	40

Details of acquisitions of controlled entities:

Name of entity	Date of Acquisition	Acquired Shares %	Cost of Acquisition $
Crushing Services International Pty Ltd	31 January 2006	100	20,379,173
Process Minerals International Pty Ltd	31 January 2006	100	10,770,780
PIHA Pty Ltd	31 January 2006	100	12,581,712
MinProcess Group Inc.	27 September 2005	40%	247,300
Total cost of acquisition			**52,509,863**

8.11.22 Director-related transactions

(a) **Rented premises**

The property at 25 Wellard Street, Bibra Lake, from which the Group operates, is rented from Wellard Properties Pty Ltd and Plastic Properties Pty Ltd as trustee for The Plastic Property Trust (the Trust). Wellard Properties Pty Ltd and the Trust are related to Christopher Ellison, Peter Wade, Stephen Wyatt and Bozenko Gavranich. During the seven months to 31 January 2006, a rental expense of $191,082 was incurred for this property.

CSI rents employee housing at 7B Butler Way, Port Hedland, from Wellard Properties Pty Ltd, a company related to Christopher Ellison, Peter Wade, Stephen Wyatt and Bozenko Gavranich. During the seven months to 31 January 2006 a rental expense of $24,500 was incurred on these premises.

CSI rents employee housing at 579 Hannan Street, Kalgoorlie, from Wellard Properties Pty Ltd, a company related to Christopher Ellison, Peter Wade, Stephen Wyatt and Bozenko Gavranich. During the seven months to 31 January 2006, a rental expense of $29,167 was incurred on these premises.

CSI rents employee housing at 1 Antibes Cove, Port Kennedy from Wellard Properties Pty Ltd, a company related to Christopher Ellison, Peter Wade, Stephen Wyatt and Bozenko Gavranich. During the seven months to 31 January 2006 a rental expense of $26,250 was incurred on these premises.

CSI rents workshop facilities at 27 Thorpe Way, Kwinana Beach, from Wellard Properties Pty Ltd, a company related to Christopher Ellison, Peter Wade, Stephen Wyatt and Bozenko Gavranich. During the seven months to 31 January 2006 a rental expense of $105,943 was incurred on these premises.

PMI rents a materials storage facility at Lot 842 Great Northern Highway, Port Hedland, from Wellard Properties Pty Ltd, a company related to Christopher Ellison, Peter Wade, Stephen Wyatt and Bozenko Gavranich. During the seven months to 31 January 2006, a rental expense of $92,400 was incurred on these premises.

(b) **Other rental agreements**

The Group rents certain motor vehicles from Plastic Technology Development Pty Ltd as trustee for the Plastic Technology Development Unit Trust, an entity related to Christopher Ellison, Peter Wade, Stephen Wyatt and Bozenko Gavranich. During the seven months to 31 January 2006 a rental expense of $246,000 was incurred on these vehicles.

CSI rents certain motor vehicles from CSI as trustee for the Crushing Services International Unit Trust, an entity related to Christopher Ellison, Peter Wade, Stephen Wyatt and Bozenko Gavranich. During the seven months to 31 January 2006, a rental expense of $152,620 was incurred on these vehicles.

8. Financial Information and Forecasts (continued)

(c) **Management fees**

Management services are provided to the Group by Henderson Park Pty Ltd, as Trustee for the Wyatt Family Trust, an entity related to Stephen Wyatt. During the seven months to 31 January 2006, a management fee of $200,961 was incurred by the Group.

Management services are provided to the Group by Wabelo Pty Ltd, as Trustee for the Ellison Family Trust and as Trustee for the Jubilee Trust, entities related to Christopher Ellison. During the seven months to 31 January 2006 a management fee expense of $190,384 was incurred by the Group.

(d) **Purchase of operating assets**

On 1 July 2005, operating assets were purchased by the Group from Plastic Technology Development Pty Ltd as trustee for the Plastic Technology Development Unit Trust, for $3,439,298.

On 1 July 2005, operating assets were purchased by the Group from CSI as trustee for Crushing Services International Unit Trust, for $2,337,707.

(e) **Balances as at 31 January 2006**

A net total of $1,739,975 is payable to World Wide Infrastructure Pty Ltd, company related to Christopher Ellison, Peter Wade, Stephen Wyatt and Bozenko Gavranich. This amount is unsecured, bears no interest and is repayable on demand.

A net total of $3,009,424 is payable to Plastic Technology Development Pty Ltd as trustee for the Plastic Technology Development Unit Trust. This amount is unsecured, bears no interest and is repayable on demand.

A net total of $1,388,597 is payable to CSI as trustee for Crushing Services International Unit Trust. This amount is unsecured, bears no interest and is repayable on demand.

A net total of $13,119 is payable to Sandini Pty Ltd as trustee for the Karratha Rigging Unit Trust, an entity related to Christopher Ellison. This amount is unsecured, bears no interest and is repayable on demand.

RSM Bird Cameron Corporate Pty Ltd

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25 June 2006

The Directors
Mineral Resources Limited
25 Wellard Street
BIBRA LAKE WA 6163

Dear Sirs

Investigating Accountant's Report

1. Introduction

We have prepared this Investigating Accountant's Report (the "Report") on the Historical and Forecast Financial Information at the request of the Directors of Mineral Resources Limited and its controlled entities ("Mineral Resources" or "the Company") for inclusion in a Prospectus to be dated on or about 26 June 2006 relating to, among other things, the proposed offer of 25,000,000 fully paid ordinary shares in Mineral Resources, being 15,000,000 new shares and 10,000,000 shares offered by existing shareholders, at an issue price of $0.90 per share to raise $13,500,000 from the new share issue and the public listing of the shares of the Company on the Australian Stock Exchange ("ASX").

This Report has been prepared in accordance with the general disclosure requirements of the Corporations Act 2001 to assist investors to make an informed assessment of the financial performance and financial position of the Company and its controlled entities. The nature of this Report is such that it can only be given by an entity that holds an Australian Financial Services Licence under the Corporations Act 2001. RSM Bird Cameron Corporate Pty Ltd holds the appropriate Australian Financial Services Licence.

This report does not address the rights attaching to the shares to be issued pursuant to this Prospectus, nor the risks associated with the investment.

Scope of Examination

You have requested RSM Bird Cameron Corporate Pty Ltd to prepare an Investigating Accountant's Report for inclusion in the Prospectus covering the following information of the Company and its controlled entities ("Mineral Resources Group"):

- the audited Historical Income Statements, to an Earnings Before Interest, Taxation, Depreciation and Amortisation ("EBITDA") level, of the Crushing Services International Unit Trust ("CSI UT"), the Plastic Technology Development Unit Trust ("PIHA UT") and Process Minerals International Pty Limited ("PMI"), prepared on an Aggregated basis and in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia applicable for the years ended 30 June 2003, 30 June 2004 and 30 June 2005 (AGAAP), adjusted by the elimination of certain non-operating intra-entity transactions; and
- the un-audited Historical Income Statement of Crushing Services Group Pty Limited ("CSI"), PIHA Pty Ltd ("PIHA") and PMI, prepared on an Aggregated basis and in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia applicable for the seven months to 31 January 2006 (Australian equivalents to International Financial Reporting Standards – "A-IFRS"); and
- the Pro-forma Forecast Income Statements of the Mineral Resources Group, prepared on a Consolidated basis and in accordance with A-IFRS for the five months ending 30 June 2006 and the year ending 30 June 2007; and
- the un-audited Aggregated Balance Sheet of CSI, PIHA and PMI at 31 January 2006, prepared in accordance with A-IFRS; and
- the un-audited Consolidated Balance Sheet of the Mineral Resources Group at 31 January 2006, prepared in accordance with A-IFRS and assuming completion of the capital raising and the transactions summarised in Section 8.11.2 to the Prospectus.

The Historical Financial Information of CSI UT, PIHA UT and PMI for the years ended 30 June 2003, 2004 and 2005 is based on the audited financial statements of those entities. The audits thereof were conducted by RSM Bird Cameron Partners. The audit reports for the years ended 30 June 2003, 2004 and 2005 were unqualified.

9. Investigating Accountant's Report (continued)

Responsibility

The Directors of the Company are responsible for the preparation of the Historical Financial Information, including the determination of the pro-forma adjustments and the A-IFRS adjustments. The Directors are also responsible for the preparation and presentation of the Pro-forma Forecast Financial Information, including the best estimate assumptions on which they are based.

It is our responsibility to review the Historical Financial Information and the Pro-forma Forecast Financial Information as set out in Section 8 of the Prospectus and report thereon. We disclaim any responsibility for any reliance on this Report or the financial information to which it relates for any other purpose other than that for which it is prepared. This Report should be read in conjunction with the rest of the Prospectus.

Review of Historical and Pro-forma Historical Financial Information

We have performed a review of the Historical Financial Information in order to state whether, on the basis of the procedures described, anything has come to our attention that would cause us to believe that the Historical Financial Information as described above and as set out in Section 8 of the Prospectus is not fairly presented in accordance with the recognition and measurement requirements and principles (but not all of the disclosure requirements) of, where applicable, AGAAP and A-IFRS.

Our review of the Historical Financial Information was conducted in accordance with Australian Auditing Standard AUS 902 "Review of Financial Reports". We made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances including:-

- an analytical review of the audited financial information for the relevant historical periods;
- a comparison of consistency in the application of the recognition and measurement principles in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by the Mineral Resources Group, and disclosed in Section 8.11.1 of the Prospectus;
- a review of the reasonableness of the adjustments used to compile the Historical Financial Information set out in Section 8 of the Prospectus;
- a review of work papers, accounting records and other documents; and
- enquiries of Directors and management of the Mineral Resources Group.

The scope of our procedures was substantially less than what would be required in an audit examination conducted in accordance with Australian Auditing and Assurance Standards, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Review of Pro-forma Forecast Financial Information

Our review of the Pro-forma Forecast Financial Information, as described above and as set out in Section 8 of the Prospectus, and the best estimate assumptions underlying the Pro-forma Forecast Financial Information was conducted in accordance with Australian Auditing Standard AUS 902 "Review of Financial Reports".

Our procedures consisted primarily of enquiry and comparison and other such analytical review procedures we considered necessary so as to adequately evaluate whether the best estimate assumptions provide a reasonable basis for the Pro-forma Forecast Financial Information.

These procedures, including discussion with the Directors and management of the Mineral Resources Group, have been conducted in order to state whether, on the basis of the procedures described, anything has come to our attention that would cause us to believe that:

- the Directors' best estimate assumptions do not provide a reasonable basis for the Pro-forma Forecast Financial Information;
- in all material respects the Pro-forma Forecast Financial Information for the five months to 30 June 2006 and the year to 30 June 2007 is not properly prepared on the basis of the Directors' best estimate assumptions; and
- the Pro-forma Forecast Financial Information is not presented fairly in accordance with the recognition and measurement requirements and principles (but not all the disclosure requirements) prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia and the accounting policies of the Mineral Resources Group, as disclosed in the Section 8.11.1 of the Prospectus, so as to present a view of the Mineral Resources Group which is not inconsistent with our understanding of the past, current and future operations of the business.

The Pro-forma Forecast Financial Information has been prepared by the Directors to provide investors with a guide to the potential future performance of the Mineral Resources Group, based upon the achievement of certain economic, operating, developmental and trading assumptions about future events and actions, that have not yet occurred and may not necessarily occur.

There is considerable degree of subjective judgement involved in the preparation of the Pro-forma Forecast Financial Information. Actual results may vary materially from the Pro-forma Forecast Financial Information and the variation may be materially positive or negative. Accordingly, investors should have regard to the risk factors set out in Section 10 of the Prospectus and the Sensitivity Analysis set out in Section 8.7 of the Prospectus.

The scope of our review of the Pro-forma Forecast Financial Information was substantially less than what would be required in an audit conducted in accordance with Australian Auditing and Assurance Standards. A review of this nature provides less assurance than an audit. We have not performed an audit and we do not express an opinion on the Pro-forma Forecast Financial Information included in the Prospectus.

Background

The Company is the parent entity of the Mineral Resources Group, comprising the Company and its wholly owned subsidiaries CSI, PIHA and PMI. Prior to 31 January 2006, the issued share capital of each of the three current subsidiaries was held by separate groups of independent shareholders. On 27 February 2006, the Company was formed for the purposes of acquiring the entire issued share capital of the three subsidiaries and affecting the proposed listing of the shares of the newly formed Mineral Resources Group on the ASX.

The acquisition of the share capital of CSI, PIHA and PMI has an effective date of 31 January 2006. At that effective date, the Company issued 105,348,000 ordinary shares at $0.90 each to acquire the entire share capital of CSI, PIHA and PMI.

In addition to the transaction set out above, and as set out in the introduction of this Report, the Company intends to raise $13,500,000, through this Prospectus, by way of the issue of an additional 15,000,000 shares at $0.90 each.

The net result of the transactions noted above will be that at the date of the listing of the Company's shares on the ASX, the total issued share capital of the Company will be 120,348,000 ordinary shares with a nominal value of $0.90 each.

Review Statement on Historical and Pro-forma Historical Financial Information

Based on our review of the Historical Financial Information, which is not an audit, nothing has come to our attention that causes us to believe that the Historical and Pro-forma Historical Financial Information, set out in Section 8 of the Prospectus does not present fairly:

1.1.1. the Historical Aggregated Income Statements, to an EBITDA level, of CSI UT, PIHA UT and PMI for the three years to 30 June 2003, 30 June 2004 and 30 June 2005, adjusted by the elimination of certain non-operating intra-entity transactions;

1.1.2. the Historical Aggregated Income Statement of CSI, PIHA and PMI for the seven months to 31 January 2006;

1.1.3. the Aggregated Balance Sheet of CSI, PIHA and PMI as at 31 January 2006; and

1.1.4. the Consolidated Balance Sheet of the Mineral Resources Group as at 31 January 2006, adjusted to reflect the completion of the capital raising and the transactions summarised in Section 8.11.2 of the Prospectus,

in accordance with the recognition and measurement requirements and principles (but not all of the disclosure requirements), prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia and accounting policies adopted by the Mineral Resources Group, disclosed in Section 8.11.1 of the Prospectus.

Review Statement on Pro-forma Forecast Financial Information

Our review of the Pro-forma Forecast Financial Information, set out in Section 8 of the Prospectus, which is not an audit, and our investigation of the reasonableness of the Directors' best estimate assumptions giving rise to the Pro-forma Forecast Financial Information has caused nothing to come to our attention that causes us to believe that:

1.1.5. the Director's best estimate assumptions set out in Section 8.3 of the Prospectus, which are subject to the risks set out in Section 10 of the Prospectus, do not provide a reasonable basis for the Pro-forma Forecast Financial Information;

1.1.6. the Pro-forma Forecast Consolidated Income Statements of the Mineral Resources Group for the five months to 30 June 2006 and the year to 30 June 2007 are not properly prepared on the basis of the Directors' best estimates; and

1.1.7. the Pro-forma Forecast Financial Information is not presented fairly in accordance with the recognition and measurement requirements and principles (but not all the disclosure requirements) prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and accounting policies adopted by the Mineral Resources Group, disclosed in Section 8.11.1 of the Prospectus.

Subsequent Events

Apart from the matters dealt with in this report, having regard to the scope of our work, to the best of our knowledge and belief, no material transactions or events outside the ordinary business of the Company or the Mineral Resources Group have come to our attention that are not otherwise disclosed in this Prospectus, which require further comment upon, or adjustment to the information referred to in this Report, or which would cause the information in this Report to be misleading.

9. Investigating Accountant's Report (continued)

Declaration and Independence or Disclosure of Interest

RSM Bird Cameron Corporate Pty Ltd is beneficially owned by the directors of RSM Bird Cameron Partners, a large national firm of chartered accountants.

Mr AJ Gilmour CA is a director and authorised representative of RSM Bird Cameron Corporate Pty Ltd and a director of RSM Bird Cameron. He has professional qualifications and experience appropriate to the advice offered.

RSM Bird Cameron Corporate Pty Ltd has acted as Investigating Accountant for the Company but has not been involved in the preparation of any other part of this Prospectus. Accordingly, we make no representations as to the completeness and accuracy of the information in any other part of this Prospectus. RSM Bird Cameron Corporate Pty Ltd has not made and will not make any recommendation, through the issue of this Report, to potential investors of the Company as to the merits of the investment.

RSM Bird Cameron Corporate Pty Ltd will receive a fee for the preparation of this Report based on actual hours spent on the assignment at normal professional rates. With the exception of the above fees, neither Mr AJ Gilmour nor RSM Bird Cameron Corporate Pty Ltd will receive any other benefits, either directly or indirectly, from the preparation of this Report and have no pecuniary or other interest which could be regarded as affecting the ability to conduct an unbiased review in relation to the proposed transaction.

RSM Bird Cameron Corporate Pty Ltd has consented to the inclusion of this Report in the Prospectus in the form and context in which it appears. At the date of this report, this consent has not been withdrawn.

Yours faithfully

Andrew Gilmour

ANDREW GILMOUR
Director and Authorised Representative

Financial Services Guide

Declaration and Independence or Disclosure of Interest

RSM Bird Cameron Corporate Pty Ltd, ABN 82 050 508 024 ("RSM Bird Cameron Corporate Pty Ltd" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence, which authorises us to provide financial product advice in relation to:

- deposit and payment products limited to:
  - (a) basic deposit products;
  - (b) deposit products other than basic deposit products.
- interests in managed investments schemes (excluding investor directed portfolio services); and
- securities (such as shares and debentures).

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither RSM Bird Cameron Corporate Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

RSM Bird Cameron Corporate Pty Ltd is beneficially owned by the partners of RSM Bird Cameron, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Bird Cameron Partners.

From time to time, RSM Bird Cameron Corporate Pty Ltd, RSM Bird Cameron Partners, RSM Bird Cameron and / or RSM Bird Cameron related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints Resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, RSM Bird Cameron Corporate Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Industry Complaints Service Limited ("FICS"). FICS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FICS are available at the FICS website www.fics.asn.au or by contacting them directly via the details set out below.

Financial Industry Complaints Service Limited
P O Box 579
Collins Street West
Melbourne VIC 8007

Toll Free: 1300 78 08 08
Facsimile: (03) 9621 2291

Contact Details

You may contact us using the details set out at the top of our letterhead on page 1 of this report.

10. Risk Factors (continued)

Contract Risk

Crushing Services International is a party a number of contracts for the provision of crushing services to parties within the mining industry in Western Australia. A number of these contracts contain provisions providing for the early termination of the contracts upon the giving of notice to Crushing Services International of ninety days or less. In some instances, Crushing Services International is not entitled to any early termination payments where the contract is terminated early.

The early termination of these contracts, for any reason, may mean that Crushing Services International will not realise the full value of the contract and this will impact on the net profit of Crushing Services International and in turn, the Company.

Due to the nature of the mining services industry it is common for work to commence prior to the execution of formal agreements. If work commences prior to the execution of a formal agreement there is a risk that the terms of that formal agreement will not be binding on the parties. Consequently, the parties may not be entitled to the protection afforded to them pursuant to the terms of their unexecuted agreement.

Reliance on Key Personnel

The Company has put in place systems and processes to mitigate the risk of losing key personnel. However, the loss of key personnel, or the failure to recruit high calibre additional personnel, within the Company could have a negative impact on the Company.

Environmental Risk

The Company's operations are subject to State and Commonwealth environmental legislation. While the Company monitors environmental issues, has appropriate environmental licences for its operations and has environmental management procedures, there is no assurance that the Company's operations will not be affected by an environmental incident or subject to environmental liabilities.

Funding

While the Directors believe that the Company will have sufficient funds to fund its activities in the short term, the Company is operating in a dynamic and rapidly growing industry. There can be no assurance that the Company will not seek to exploit business opportunities of a kind which will require it to raise additional funding from equity or debt sources. There can be no assurance that the Company will be able to raise such funding on favourable terms or at all.

Any additional equity raising may dilute the interest of holders of Shares and any debt financing may involve financial covenants which limit the Company's operations. If the Company is unable to obtain such additional funding, the Company may be required to reduce the scope of any expansion, which could adversely affect its business, results and financial condition.

Occupational Health and Safety

Site safety and OHSE outcomes are a critical element in the reputation of the Company and the ability to be awarded contracts in the resource and mining services industries. While the Group has a superior record in achieving high quality safety performance on its sites, and has implemented a safety management system acceptable to all major clients, a serious site safety incident could impact upon financial outcomes for the Company.

Management of Subsidiaries

The Company is comprised of three existing subsidiary companies. Those subsidiaries have been successfully amalgamated and operated, however, the continued successful management of new business subsidiaries is not assured. To manage the growth with new business subsidiaries will involve the Company in engagement, training and control of new employees and maintenance of effective operational and financial system. Failure to manage these structural arrangements may adversely affect the Company's earnings and cost generation.

Capital Requirements

The offer is underwritten by the Underwriter. Subject to a successful initial public offering and ASX listing, the Company will receive a nett $13.5 million (prior to expenses of the Offer) to repay debt and provide additional working capital. The contract crushing business of the Company is capital intensive and the ability of the Company to grow its business and achieve its business plans over time may depend on the availability of additional capital. If adequate funds are not available on acceptable terms, the Company may not be able to take advantage of opportunities, develop new areas of business or otherwise respond positively to competitive pressures.

Concentration of Shareholding

The Existing Shareholders will hold approximately 79% of the Company at the completion of this Offer, of which 60% of those Shares will be subject to voluntary escrow until the Company releases its annual accounts for the year ending 30 June 2007. Any significant sale of Shares by any of the Existing Shareholders may have a negative impact on the Share price of the Company.

Risk Management Procedures

The Company has implemented (and will continue to update) procedures aimed to reduce risks associated with its business, including establishing complaints procedures to be used by staff and clients, confidentiality obligations and putting in place a set of procedures which govern all facets of each job that is commenced. Each job undertaken by the Company is reviewed on a regular basis to ensure completion times and costs are being achieved.

10. Risk Factors (continued)

10.3 Industry Specific and General Risks

Labour Shortages

The Company's services are critically dependent on the availability and cost of skilled labour. The resources boom within Western Australia has led to significant shortages in the availability of a skilled labour pool for the Company's activities. In addition, the labour shortage has created cost increases for the supply of labour and management services. Continued shortage of labour may adversely affect the Company's ability to win contracts and limit earnings and profitability.

Stock Market Fluctuations

Stock market fluctuations in Australia and other stock markets around the world may negatively affect the value of the Shares. Factors that may influence the investment climate in stocks, which may not relate to actually performance of the Company, include general economic outlook, movements in commodity prices, exchange rate movements, interest rates, inflation and political developments.

Foreign Exchange Rates

The sale price on the export market for the sale of the Company's manganese concentrate is determined in US dollars. The sale of manganese concentrate, and the income stream of the Company, may expose the Company to US dollar / Australian dollar exchange rate risks. The Company may enter into forward hedging currency contracts to minimise negative foreign exchange risks.

Resource Price Fluctuations

The profitability of the Company's minerals processing operations is dependent on the sales price for minerals on the international market and significantly, on the Chinese resource market. The sales price obtained by the Company for manganese on the export market is outside the Company's direct control and the profitability of the Company may be impacted by the market sales price for the minerals produced by the Company.

General Economic Conditions

Both Australian and world economic climates may negatively affect the Company's performance. Any protracted slow down in economic conditions or factors such as the level of production in the relevant economy, inflation, currency fluctuation, interest rates, supply and demand and industrial disruption may have a negative impact on the Company's costs and revenue. These changes could adversely affect the Company's operations and earnings.

Liquidity and Realisation Risk

There can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. There may be relatively few buyers, or relatively high number of sellers of the Shares on ASX at any given time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less than the price paid for their Shares.

Taxation

Any variation to the corporations, individual or trust tax rate in Australia may adversely impact on Shareholder returns. It may reduce the ability to pay franked dividends and future NPAT of the Company.

10.4 Other

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Prospectus. Therefore, the securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or any market value of those securities.

10. Risk Factors

10.1 Introduction

This Section identifies the areas that are believed to be the major risks associated with an investment in the Company.

The Company's business is subject to risk factors, both specific to its business activities and of a general nature. Individually, or in combination, these might affect the future operating performance of the Company and the value of an investment in the Company. There can be no guarantee that the Company will achieve its stated objectives or that any forward looking statements or forecasts will eventuate. An investment in the Company should be considered in light of all risks, both general and specific. Each of the risks set out below could, if they eventuate, have a material adverse impact on the Company's operating and financial performance.

Before deciding to invest in the Company, investors should read the entire Prospectus and, in particular, in considering the prospects of the Company, should consider the assumptions underlying the prospective financial information and the risk factors that could affect the financial performance of the Company.

Investors should specifically consider the factors contained within this Section in order to fully appreciate the risks associated with an investment in the Company. You should carefully consider these factors in light of your personal circumstances and seek professional advice from your stockbroker, accountant or independent financial advisor before deciding to invest.

10.2 Risks Specific to the Company

Industry Downturn

The Company's financial performance is sensitive to the level of demand within the resource, mining services and infrastructure industries. The levels of activity in these industries can be cyclical and sensitive to a number of factors beyond the control of the Company. In addition, the Company may not be able to predict the timing, extent or duration of the activity cycles in these markets.

Recognition of Revenue

The Company's performance is influenced by its ability to win new contracts for contract crushing, mining services works and minerals processing and the completion of those contracts in a timely manner based on the planned timetable. Where new and existing projects are delayed the recognition of revenue for those contracts may be deferred to later periods. This deferral has the ability to impact the revenue recorded and the financial performance by the Company to later accounting periods.

In addition, some of the revenue within the Company is related to the sale of manganese concentrate to China. If the resource market slows down or foreign exchange rates change from the Company forecasts, this may impact the revenue received.

Entry of New Competitors

The entry of additional competitors in the mining services and contract crushing industries could result in reduced operating margins and loss of market share. Such occurrences could adversely affect the Company's operating and financial performance. The contract crushing industry is highly capital intensive and acts as a barrier to new competitors. However, the major competitor in this industry for the Company is the potential mining clients for which the Company tenders. This negates the capital intensive barrier to entry for these 'competitors'. Despite the Company's demonstrated ability to compete effectively in the markets in which it operates, the competitive nature of the industry in which the Company operates means that there can be no assurance that the Company will be able to compete successfully against current or future competition.

Liability Risk

A provision of services by the Company carries with it a risk of liability for losses arising from defective services and products, including indirect or consequential losses suffered by third parties. The Company seeks to decrease its exposure to liability contractually and maintains adequate levels of public and product liability insurance. However, the Company's insurance and contractual arrangements may not adequately protect it against liability for all losses, including environmental losses, personal injury or property damage or losses arising from business interruption. The Company may also be unable to maintain insurance at levels of risk coverage or with deductibles that it considers appropriate or guarantee that every contract contains and has properly incorporated adequate limitations on liability. Any loss falling outside the scope of insurance or contractual limits may adversely affect the Company's earnings and cash flows.

Key Relationship Breakdown

The Company relies upon relationships with a number of clients within the mining services, contract crushing and minerals processing sectors in which it operates in order to maintain and grow its market share. The deterioration of a number of key relationships could result in significant financial implications for the Company.

Forecasts

The Directors consider that it is not possible to accurately predict the future profitability of the Company beyond the forecast 2007 financial year. The Company has made a number of assumptions in preparing its forecasts. The growth rates forecast in this Prospectus are dependent upon a number of factors as explained in Section 9. Many of these factors are outside of the control of the Board of the Company and its management.

Should any of these factors not materialise, the Company may not achieve its forecasts and its net profit may be lower than the forecast net profit set out in the forecast financial information.

Whilst the Directors are comfortable with the forecast in this Prospectus provided for the 2006 financial year the forecast must still be considered uncertain.

11. Material Contracts

11.1 PIHA Agreements

PIHA has the following material contracts currently on foot:

(a) an agreement between PIHA and Hamersley Iron Pty Ltd dated 6 June 2006. Under this agreement, PIHA agrees to provide services for the development of dewatering and related water handling infrastructure at Hamersley Iron Pty Ltd's mining project;

(b) an agreement between PIHA and Western Australian Water Corporation dated 24 May 2006. Under this agreement, PIHA is responsible for the installation of a pipeline in Port Hedland;

(c) an agreement between PIHA and Hamersley HMS Pty Ltd. This agreement has not been executed, however, the parties are acting in accordance with its terms. Under this agreement, PIHA is responsible for the installation of mine dewatering, collection and discharge of pipelines at Hamersley HMS Pty Ltd's mining project; and

(d) an agreement between PIHA and Delmere Holdings Pty Ltd dated 24 April 2006. Under this agreement, PIHA has agreed to act as a sub-contractor to Delmere Pty Ltd in the provision of piping works to be undertaken by Delmere Pty Ltd for BHP Billiton Iron Ore Pty Ltd.

Each of the above agreements contain the following terms:

(a) provision for a lump sum fee for works to be completed under the relevant agreement with various rise and fall criteria;

(b) provisions for termination of the agreement without cause by the giving of notice to PIHA. Notice periods vary from 0 to 21 days;

(c) confidentiality provisions;

(d) warranties regarding the standard of work to be performed by PIHA considered standard for work of this nature;

(e) provisions for the maintenance of insurance covering PIHA, its employees and sub-contractors for the term of the provision of the services; and

(f) an indemnity to the client from PIHA for any liability arising out of the performance or construction of the work performed by PIHA.

The Company considers that each of the above agreements is on ordinary commercial terms, typical for contracts of this nature.

11.2 CSI Agreements

Pursuant to each of the contracts for CSI, CSI is to provide, construct and operate crushing, screening and material handling facilities.

In each of the agreements CSI provides all necessary labour, materials plant and technical expertise to achieve this objective.

CSI has the following material contracts currently on foot:

(a) the agreement between CSI and Kalgoorlie Consolidated Goldmines Pty Ltd dated 2 April 2004 (**KCGM Agreement**). Under this agreement, CSI has agreed to install plant and crush and screen ore for gold;

(b) the agreement between CSI and Pilbara Mine Company (Services) Pty Ltd (no date specified) (**Pilbara Iron Agreement (1)**). Under this agreement, CSI has agreed to crush and screen low grade ore for iron ore;

(c) the agreement between CSI and Pilbara Iron Company (Services) Pty Ltd dated 19 August 2005 (**Pilbara Iron Agreement (2)**). Under this agreement, CSI has agreed to crush and screen ore for iron ore;

(d) the agreement between CSI and Gwalia Tantalum Pty Ltd (administrators appointed) dated 12 November 2004 (**Wodgina Agreement**). Under this agreement CSI has agreed to crush and screen ore for tantalum; and

(e) the agreement between CSI and Newmont Tanani Pty Ltd dated 1 December 2005 (**Newmont Agreement**). Under this agreement, CSI has agreed to crush and screen ROM for gold.

(collectively **Material Contracts**).

Each of the Material Contracts contain the following terms unless otherwise specified:

(a) a provision enabling the rate for works to be varied in accordance with various rise and fall criteria, national labour and material costs;

(b) a provision allowing for early termination of the contract upon the giving of notice to CSI of ninety days or less subject to the receipt of early termination payments or other equivalent payments;

(c) confidentiality provisions;

(d) warranties regarding the standard of work to be performed by CSI;

(e) an option for the client to purchase the crushing plant at the end of the contract (other than the Pilbara Iron Agreement (1));

(f) CSI provides a general indemnity to the client for any liability which arises from CSI's performance of the contract; and

(g) CSI undertakes to ensure it has adequate insurance (including, workers compensation, public liability insurance, plant and equipment insurance and motor vehicle insurance).

The Company considers that each of the above agreements are on ordinary commercial terms, typical for contracts of this nature.

11. Material Contracts (continued)

11.3 PMI Agreement

On 16 November 1996 PMI entered into an agreement with Consolidated Minerals Limited (**CSM**) and Pilbara Manganese Pty Ltd (**PM**), which was amended by the heads of agreement dated 25 August 2005 (**PMI Agreement**).

Pursuant to the terms of the PMI Agreement, in consideration for the provision of a royalty, CSM agrees to:

(a) assign to PMI the right to remove, treat and exploit certain manganese tailings derived from mining leases 45/600, 45/637 and 45/432 (**Tenements**);

(b) allow access to PMI to the Tenements pursuant to the terms of the PMI Agreement;

(c) allow PMI to sell the product derived from the tailings, subject to certain restrictions; and

(d) grant to PMI the right to construct a processing plant on the Tenements.

The term of the PMI Agreement extends for the life of the mine conducted by CSM and PM on the Tenements.

PMI is responsible for certain rehabilitation obligations for the Tenements which relate to the recently built plant.

11.4 Underwriting Agreement

On 26 June 2006, the Company entered into the Underwriting Agreement with the Underwriter whereby the Company engaged the Underwriter to fully underwrite the Offer (**Underwritten Amount**). Defined terms in this Section carry the same meaning as defined in the Underwriting Agreement.

The Underwriter will receive an underwriting fee of 3.75% of the Underwritten Amount (being $843,750) and a management fee of 1.25% of the Underwritten Amount (being $281,200).

The Underwriter will also be reimbursed all reasonable costs, charges and expenses incurred by the Underwriter in connection with the Offer.

The Underwriter may elect to terminate its obligations under the Underwriting Agreement by notice to the Company if on or before the allotment of all the Shares, one of the events set out below occurs:

(a) (**Indices fall**): any of the All Ordinaries Index as published by ASX or Dow Jones Industrial Index as published in the Australian Financial Review newspaper is for a period of 3 days after the date of this Agreement 10% or more below its level as at the close of business on the date of the Underwriting Agreement; or

(b) (**Prospectus**): the Company does not lodge the Prospectus on the Lodgement Date or the Prospectus or the Offer is withdrawn by the Company; or

(c) (**Copies of Prospectus**): the Company fails to provide 1,000 copies of the Prospectus to the Underwriter within 5 days of the Exposure Date and such failure is not remedied within 2 days; or

(d) (**No Official Quotation**): Official Quotation has not been granted by the Shortfall Notice Deadline Date or having been granted, is subsequently withdrawn, withheld or qualified; or

(e) (**Supplementary prospectus**):

  (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described in unacceptable circumstances under Part 6.10 of the Corporations Act, forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriter may reasonably require; or

  (ii) the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter; or

(f) (**Termination Events**): subject always to clause 13.2 of the Underwriting Agreement (which requires the Underwriter to consider in good faith that a termination event has, or is likely to have, a material adverse effect or could give rise to a liability of the Underwriter under the Corporations Act before terminating the Underwriting Agreement), any of the following events occurs:

  (i) (**Exposure period**): before midnight on the Exposure Date the ASIC notifies the Company of any deficiency of any kind in the Prospectus as lodged on the Lodgement Date or ASIC gives any notice, whether written or oral, to the Company extending (or further extending) the Exposure Date or giving notice of its intention to so extend;

  (ii) (**Default**): default by the Company under the Underwriting Agreement;

  (iii) (**Incorrect or untrue representation**): any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;

  (iv) (**Contravention of constitution or Act**): a contravention by a Relevant Company of any provision of its constitution, the Corporations Act or any other applicable legislation or any requirement of ASIC or ASX;

  (v) (**Restriction on allotment**): the Company is prevented from allotting the Offer Shares within the time required by the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;

(vi) (**Adverse change**): any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, is unlikely to be met in the projected time;

(vii) (**Non-compliance with disclosure requirements**): it transpires that the Prospectus does not contain all the information that investors and their professional advisers would reasonably equire to make an informed assessment of:

(A) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and

(B) the rights and liabilities attaching to the Offer Shares;

(viii) (**Misleading Prospectus**): it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of sections 710, 711 and 716 of the Corporations Act) or if any statement in the Prospectus becomes or misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;

(ix) (**Error in Due Diligence Results**): it transpires that any of the Due Diligence Results or any part of the Verification Material was false, misleading or deceptive or that there was an omission from them;

(x) (**Withdrawal of consent to Prospectus**): any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;

(xi) (**ASIC application**): an application is made by ASIC for an order under section 1324B of the Corporations Act in relation to the Prospectus, the Shortfall Notice Deadline Date has arrived, and that application has not been dismissed or withdrawn;

(xii) (**ASIC hearing**): ASIC gives notice of its intention to hold a hearing under section 739 of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or ASIC makes an interim or final stop order in relation to the Prospectus under section 739 of the Corporations Act;

(xiii) (**Takeovers Panel**): the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;

(xiv) (**Significant change**): a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;

(xv) (**Public statements**): without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer, the Issue or the Prospectus;

(xvi) (**Misleading information**): any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Issue or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;

(xvii) (**Hostilities**): there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this Agreement involving one or more of Australia, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan or the Peoples Republic of China, other than hostilities involving Afghanistan or Iraq;

(xviii) (**Official Quotation qualified**): the Official Quotation is qualified or conditional other than as set out in the definition of "Official Quotation";

(xix) (**Change in Act or policy**): there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy that adversely impacts on the Offer;

(xx) (**Change in economy**): there occurs any fundamental change in Australian economic or political conditions;

(xxi) (**Prescribed Occurrence**): a Prescribed Occurrence occurs, other than as disclosed in the Prospectus;

11. Material Contracts (continued)

11.4 Underwriting Agreement (continued)

(xxii) (**Suspension of debt payments**): the Company suspends payment of its debts generally;

(xxiii) (**Event of Insolvency**): an Event of Insolvency occurs in respect of a Relevant Company;

(xxiv) (**Judgment against a Relevant Company**): a judgment in an amount exceeding $250,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;

(xxv) (**Litigation**): litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against any Relevant Company, other than any claims foreshadowed in the Prospectus;

(xxvi) (**Board and senior management composition**): there is a change in the composition of the Board or a change in the senior management of the Company before Completion without the prior written consent of the Underwriter;

(xxvii) (**Authorisation**) any Authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;

(xxviii) (**Timetable**): there is a delay in any specified date in the Timetable which is greater than 3 Business Days;

(xxix) (**Force Majeure**): a Force Majeure affecting the Company's business lasting in excess of 7 days occurs;

(xxx) (**Indictable offence**): a director of a Relevant Company is charged with an indictable offence;

(xxxi) (**Certain resolutions passed**): a Relevant Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;

(xxxii) (**Capital Structure**): any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus.

(xxxiii) (**Breach of material contracts**): any of the contracts described as material contracts or material agreements in the Prospectus is terminated or substantially modified;

(xxxiv) (**Investigation**): any person is appointed under any legislation in respect of companies to investigate the affairs of a Relevant Company; or

(xxxv) (**Market conditions**): a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

11.5 Executive Services Agreements

The Company has entered into executive services agreements with Directors Peter Wade and Chris Ellison for a period of 3 years (with provision to extend the term for a further 2 years). The Director may only terminate the executive services agreement if the Company fails to pay the relevant remuneration to the Director within 30 days of it becoming payable or the Company becomes an externally administered body corporate under the Corporations Act. The Company may terminate the executive services agreement by giving 6 months notice to the Director. The executive services agreements contain standard terms for agreements of this nature including non-competition and confidentiality clauses applicable during and after the term of the agreements.

11.6 Deeds of Indemnity, Insurance and Access

The Company has entered into a deed of indemnity, insurance and access with each of the Directors (**Deeds**).

Pursuant to the Deeds, the Company agrees to indemnify each officer (to the maximum extent permitted by the Corporations Act) against any liability arising as a result of the officer acting as an officer of the Company. The Company may, at its discretion, maintain insurance policies for the benefit of the relevant officer for the term of the appointment (and for at least 7 years after the officer ceases to be an officer of the Company) and must also allow the officers to inspect board papers in certain circumstances.

11.7 Deed of Acknowledgement of Sell Down

The Company has entered into a deed of acknowledgement with each of the Existing Shareholders offering their Shares for sale under this Prospectus.

Pursuant to each deed of acknowledgement, each Existing Shareholder covenants that it will transfer a specified number of Shares held in the Company as directed by the Company in accordance with the Prospectus.

11. Material Contracts (continued)

11.8 PIHA Acquisition Agreement

The Company has entered into a share sale agreement with the shareholders of PIHA (**PIHA Shareholders**) dated 26 June 2006 (**PIHA Acquisition Agreement**) to acquire all of the issued shares in PIHA.

The material terms of the PIHA Acquisition Agreement are set out below:

(a) the Company agree to purchase and the PIHA Shareholders agree to sell 100% of the issued shares in PIHA. The consideration payable by the Company to the PIHA Shareholders shall be satisfied by the Company allotting and issuing a total of 13,979,680 Shares on a pro rata basis to the PIHA Shareholders; and

(b) settlement of the PIHA Acquisition Agreement is subject to and conditional upon settlement of the CSI Acquisition Agreement and the PMI Acquisition Agreement (refer to Sections 11.9 and 11.10 below for summaries of the CSI Acquisition Agreement and PMI Acquisition Agreement).

The PIHA Acquisition Agreement contains warranties and representations in respect of PIHA typical for an agreement of this nature. The PIHA Shareholders provide an indemnity in favour of the Company for any loss, expense or damage suffered as a result of a breach of warranty or representation.

11.9 CSI Acquisition Agreement

The Company has entered into a Share Sale Agreement with the shareholders of CSI (**CSI Shareholders**) dated 26 June 2006 (**CSI Acquisition Agreement**) to acquire all of the issued shares in CSI.

The material terms of the CSI Acquisition Agreement are set out below:

(a) the Company agree to purchase and the CSI Shareholders agree to sell 100% of the issued shares in CSI. The consideration payable by the Company to the CSI Shareholders shall be satisfied by the Company allotting and issuing a total of 79,400,788 Shares on a pro rata basis to the CSI Shareholders; and

(b) settlement of the CSI Acquisition Agreement is subject to and conditional upon settlement of the PIHA Acquisition Agreement and the PMI Acquisition Agreement (refer to Sections 11.8 and 11.10 below for summaries of the PIHA Acquisition Agreement and PMI Acquisition Agreement).

The CSI Acquisition Agreement contains warranties and representations in respect of CSI typical for an agreement of this nature. The CSI Shareholders provide an indemnity in favour of the Company for any loss, expense or damage suffered as a result of a breach of warranty or representation.

11.10 PMI Acquisition Agreement

The Company has entered into a Share Sale Agreement with the shareholders of PMI (**PMI Shareholders**) dated 26 June 2006 (**PMI Acquistion Agreement**) to acquire all of the issued shares in PMI.

The material terms of the PMI Acquisition Agreement are set out below:

(a) the Company agree to purchase and the PMI Shareholders agree to sell 100% of the issued shares in PMI. The consideration payable by the Company to the PMI Shareholders shall be satisfied by the Company allotting and issuing a total of 11,967,533 Shares on a pro rata basis to the PMI Shareholders; and

(b) settlement of the PMI Acquisition Agreement is subject to and conditional upon settlement of the PIHA Acquisition Agreement and the CSI Acquisition Agreement (refer to Sections 11.8 and 11.9 above for summaries of the PIHA Acquisition Agreement and CSI Acquisition Agreement).

The PMI Acquisition Agreement contains warranties and representations in respect of PMI typical for an agreement of this nature. The PMI Shareholders provide an indemnity in favour of the Company for any loss, expense or damage suffered as a result of a breach of warranty or representation.

11.11 General

The Company enters into numerous commercial contracts in the day to day running of its businesses. However, these contracts are not considered to be material for the purposes of this Prospectus or the Offer.

Please refer to Section 12.2 of this Prospectus for a summary of the material lease arrangements involving the Company and its subsidiaries.

12. Additional Information

12.1 Rights Attaching to Shares

The rights, privileges and restrictions attaching to Shares can be summarised as follows:

(a) **General Meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

(b) **Voting Rights**

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

(i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;

(ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and

(iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend Rights**

The Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend. Subject to the Constitution and subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the dividend as declared shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares in accordance with Part 2H.5 of Chapter 2H of the Corporations Act.

(d) **Winding-Up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) **Transfer of Shares**

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act.

(f) **Variation of Rights**

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the issued capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued Shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the Shares of that class.

12.2 Disclosure of Interests of Directors

Directors are not required under the Company's Constitution to hold any Shares. The table below sets out the number of Shares the Directors have a relevant interest in as at the date of the Prospectus and post completion of the Offer (as a result of the sale of the Vendor Sale Shares):

Director	Shares currently held	Post completion of the Offer
Michael Kiernan	NIL	NIL[1]
Peter Wade	9,740,792	8,816,163
Chris Ellison	54,146,870	49,007,065
Joe Ricciardo	NIL	NIL[2]

Notes:

1. As part of Michael Kiernan's engagement as non-executive chairman of the Company, he will be allocated up to 3,500,000 Shares and 1,500,000 Options exercisable at $0.90 and an expiry date of 3 years after the date of grant. The securities will be issued in 3 equal tranches (of 1,166,667 Shares and 500,000 Options) on the dates that are 1, 2 and 3 years after the date the Company is admitted to the Official List, unless he ceases to be chairman during that period of time in which case he is not entitled to the securities which have not already been issued.

2. As part of Joe Ricciardo's engagement as non-executive Director, he will be allotted 1,500,000 Options exercisable at $0.90 each and an expiry date 3 years after grant. The Options will be issued in 3 equal tranches of 500,000 Options on the dates that are 1, 2 and 3 years after the Company is admitted to the Official List, unless he ceases to be a Director during that period of time in which case he is not entitled to the securities which have not already been issued. Joe Ricciado has expressed an interest in acquiring Shares as part of this Offer. The number of Shares that he will hold post completion of the Offer will be dependent upon the number of Shares allocated to him upon allotment.

PMI currently leases 2 properties (**PMI Leases**) and CSI currently leases 4 properties (**CSI Leases**) from Wellard Properties Pty Ltd (**Wellard**), a company of which Christopher Ellison and Peter Wade are directors and shareholders. Christopher Ellison holds 51% of the shares in Wellard through his controlled entity Wabelo Pty Ltd and Peter Wade holds 10% of the shares in Wellard as trustee of the Wade Family Trust. Wellard receives approximately $396,000 per annum in rental income from these properties. The PMI Leases expire on 30 June 2010 and 30 June 2008. The CSI Leases expire on 30 June 2012: 30 June 2010: 30 June 2008 and 30 June 2007.

Wellard is paid commercial rental under the terms of each of the leases. The Directors consider that each of the leases entered into with Wellard are on commercial terms.

In addition, the Group leases property at 25 Wellard Street, Bibra Lake, Western Australia which is beneficially owned by the Plastic Property Trust (**PPT**), a unit trust in which Peter Wade has a 10% interest and Chris Ellison has a 51% interest. PPT receives approximately $298,000 per annum in rental income from this property.

PPT is paid commercial rental under the terms of these leases. The Directors consider that the lease for this property is on commercial terms.

Further details relating to the leases between the Group and Wellard and PPT are set out in Section 8.11.22(a) of the Prospectus.

12.3 Remuneration

The Company's Constitution provides that the remuneration of non-executive Directors will be not more than the aggregate fixed sum determined by a general meeting. The aggregate remuneration for non-executive Directors has been set at an amount not to exceed $500,000 per annum.

Pursuant to the terms of Michael Kiernan's services agreement he will receive an annual salary of $150,000 (please refer to section 12.2 for details of the securities which Mr Kiernan will also receive as part of his remuneration package).

Pursuant to the terms of Joe Ricciardo's services agreement he will receive an annual salary of $90,000 (please refer to section 12.2 for details of the securities which Mr Ricciardo's will also receive as part of his remuneration package).

The remuneration of executive Directors will be fixed by the Directors and may be paid by way of fixed salary or consultancy fee.

12.4 Fees and Benefits

Other than as set out below or elsewhere in this Prospectus, no:

(a) Director of the Company;

(b) person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus;

(c) promoter of the Company; or

(d) Underwriter (but not a sub-underwriter) to the Offer or a financial services licensee named in the Prospectus as a financial services licensee involved in the Offer,

has, or had within 2 years before lodgement of this Prospectus with the ASIC, any interest in:

(a) the formation or promotion of the Company;

(b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the offer of Shares under this Prospectus; or

(c) the offer of Shares under this Prospectus,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons as an inducement to become, or to qualify as, a Director of the Company or for services rendered in connection with the formation or promotion of the Company or the offer of Shares under this Prospectus.

RSM Bird Cameron Corporate Pty Ltd has acted as the Investigating Accountant and has prepared the financial information which is included in Section 8 of this Prospectus and has prepared the Investigating Accountant's Report which has been included in Section 9 of this Prospectus. The Company estimates it will pay RSM Bird Cameron Corporate Pty Ltd a total of $130,000 for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, RSM Bird Cameron Corporate Pty Ltd has not received any other fees from the Company.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer and has been involved in due diligence enquiries on legal matters. The Company estimates it will pay Steinepreis Paganin approximately $120,000 for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has not received any other fees for legal services.

12. Additional Information (continued)

12.4 Fees and Benefits (continued)

Bell Potter Securities Limited has acted as the Underwriter in relation to the Offer. The Company will pay Bell Potter Securities Limited the fees set out in Section 11.4 for the services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Bell Potter Securities Limited has not received any other fees from the Company.

12.5 Employee Incentive Plans

Employee Share Option Plan

The Company has established an employee share option plan (**ESOP**). The full terms of the ESOP may be inspected at the registered office of the Company during normal business hours.

Objectives

The objective of the ESOP is to assist in the recruitment, reward, retention and motivation of employees and Directors of Mineral Resources and its subsidiaries.

Consideration

Each Option issued under the plan (**Employee Option**) will be issued free of charge.

Exercise Price

The exercise price for Employee Options granted under the ESOP will be the price fixed by the Board prior to the grant of the Employee Option and shall not be less than $0.90.

Exercise Restrictions

The options granted under the ESOP may be subject to such other restrictions on exercise as may be fixed by the Directors prior to grant of the Employee Options including, without limitation, length of service by the employee and threshold prices at which Shares are traded on the ASX. Any restrictions so imposed by the Directors must be set out on the Employee Option certificate.

Participation in Dividends, Rights Issues and Bonus Issues

The Employee Options granted under the ESOP do not give any right to participate in dividends or rights issues until Shares are allotted pursuant to the exercise of the relevant Employee Option. The number of Shares issued on the exercise of Employee Options will be adjusted for bonus issues made prior to the exercise of the Employee Options.

Eligibility

Under the ESOP, the Directors may invite employees to participate in the ESOP and receive Employee Options. An employee may receive the Employee Options or nominate a relative or associate to receive the Employee Options. The plan is open to Directors of Mineral Resources or its subsidiaries.

Term of Employee Options

The Employee Options granted under the ESOP have a term specified on the face of each certificate.

Restrictions on Transfer

Employee Options are not transferable.

Employee Share Plan

The Share Plan is designed to provide full-time and part-time employees of the Company (**Eligible Employees**) with an ownership interest in the Company and to provide additional incentives to increase profitability and returns to Shareholders. The Plan also offers financial support for employees of the Company to acquire the Shares pursuant to the Plan, at the discretion of the Directors.

Acquisition of Shares

The Directors may invite Eligible Employees to acquire Shares under the Share Plan at their discretion. The Shares issued under the Share Plan will be fully paid ordinary shares in the capital of the Company, and will rank equally with other issued Shares. Subject to the restriction on the transfer of Plan Shares outlined below, Plan Shares will be the subject of applications for quotation on ASX as soon as practicable after the Plan Shares are allotted.

Issue Price of Plan Shares

The issue price of each Plan Share will be determined by the Directors at or before the time of the invitation to acquire Shares under the Share Plan. The issue price of the Plan Shares is payable in full by the Eligible Employee on the date of issue of the Plan Shares.

Restriction on Transfer of Plan Shares

A participant in the Share Plan must not sell, transfer, assign, mortgage, charge or otherwise encumber a Share issued under the Share Plan until the later of the following (to the extent applicable):

(a) the repayment in full of any loan advanced by the Company to the participant contemporaneously with the issue of Shares under the Share Plan;

(b) the expiry of any service continuity period specified by the Company at the time of issue of the Shares; and

(c) the satisfaction of any performance criteria specified by the Company at the time of issue of the Shares.

The Directors may impose different time period and performance criteria in relation to different persons, and the Directors will have the absolute discretion to determine whether any such time period or criteria has been satisfied in relation to any Share issued under the Share Plan, or to waive that period or criteria in relation to that Share.

If an Eligible Employee ceases to be an Eligible Employee of the Company during the period of restriction, or the above criteria are not satisfied by the Eligible Employee, the Company may buy-back the Plan Shares the subject of the restriction under Part 2J.1 of the Corporations Act at a price equal to:

(a) where the Shares were issued for no cash consideration - the lesser of $0.0001 each or the market price of the Shares; or

(b) where the Shares were issued for cash consideration – the market price of the Shares.

12. Additional Information (continued)

Eligible Employees
Permanent full-time and part-time employees, contractors and sub-contractors determined by the Board to be included within the definition of "Eligible Employee" for the purposes of the Share Plan, and Directors are eligible to participate in the Plan.

Limitations on Employee Share Option and Share Plans
The number of Shares underlying Employee Options granted under the ESOP and the number of Shares issued under the Share Plan when aggregated with:

(a) the maximum number of Shares that could be issued on exercise of unexercised Employee Options; and

(b) the number of Shares issued on exercise of Employee Options under the ESOP or Shares issued under the Share Plan during the past 5 years,

will not exceed 5% of the issued Shares at the time of grant of the Employee Options under the ESOP or the issue of Shares under the Share Plan. However, the Company anticipates issuing up to 25% of its issued capital to its staff and Directors in the future both within and outside the ESOP and the Share Plan.

12.6 Consents
Each of the parties referred to in this section:

(a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and

(b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

RSM Bird Cameron Corporate Pty Ltd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Financial Information in Section 8 and the Investigating Accountant's Report in Section 9 in the form and context in which the report is included. RSM Bird Cameron Corporate Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

RSM Bird Cameron Partners has given its written consent to being named as the Auditor to the Company in this Prospectus and has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitor to the Company in this Prospectus and has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Bell Potter Securities Limited has given its written consent to being named as the Underwriter to the Company in this Prospectus and has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Computershare Investor Services Pty Limited has given its written consent to being named the Company's Share Registry in this Prospectus and has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

12.7 Expenses of the Offer
Assuming the full subscription of $22,500,000 is raised under this Prospectus, the total expenses of the Offer are estimated to be approximately $1,500,000 and are expected to be applied towards the items set out in the table below:

Item of Expenditure	Amount
ASIC Fees	$2,010
ASX Fees	$85,810
Adviser Fees	$411,200
Underwriting Fees	$843,750
Printing and Marketing	$20,000
Miscellaneous	$139,840
Total	**$1,500,000**

12.8 Litigation
As at the date of this Prospectus, the Company and its subsidiaries are not involved in any material legal proceedings and the Directors are not aware of any material legal proceedings pending or threatened against the Company or its subsidiaries.

12.9 Electronic Prospectus
Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the relevant Application Form. If you have not, please contact the Company using the contact details set out in this Prospectus and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both. Alternatively, you may obtain a copy of the Prospectus from the Company's website at **www.mineralresources.com.au** or the Underwriter's website **www.bellpotter.com.au**.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

13. Directors' Authorisation

In accordance with Section 720 of the Corporations Act, each Director and holder of the Vendor Sale Shares has consented to the lodgement of this Prospectus with the ASIC.

Michael Kiernan

For and on behalf of
Mineral Resources Limited

14. Glossary

Where the following terms are used in this Prospectus they have the following meanings:

A$** or **$ means an Australian dollar.

Application Form means an application form attached to and forming part of this Prospectus.

ASIC means Australian Shares & Investments Commission.

ASX means Australian Stock Exchange Limited (ABN 98 008 624 691).

Board means the board of Directors as constituted from time to time.

Business Day means a week day when trading banks are ordinarily open for business in Perth, Western Australia.

CFO means chief financial officer of the Company.

Closing Date means the closing date of the Offer, being 5.00pm (WST) on 19 July 2006 unless otherwise extended or closed early.

Company and **Minerals Resources** means Mineral Resources Limited (ACN 118 549 910).

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Crushing Services International or **CSI** means Crushing Services International Pty Ltd.

Director means a director of the Company at the date of this Prospectus.

Existing Shareholders means the following Shareholders:

(a) Sandini Pty Ltd as trustee for the Karratha Rigging Unit Trust;

(b) Henderson Park Pty Ltd as trustee for the Wyatt Family Trust;

(c) Keneric Nominees Pty Ltd as trustee for the B & C Gavranich Family Trust;

(d) PD Wade as trustee for the Wade Family Trust;

(e) Crosslands Engineering Pty Ltd; and

(f) D & C Geraghty Pty Ltd as trustee for the Geraghty Family Trust.

Exposure Period means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.

FY06 means the financial year ending 30 June 206.

FY07 means the financial year ending 30 June 2007.

Group or **Mineral Resources Group** means the Company, CSI, PIHA and PMI.

Listing Rules means the official Listing Rules of ASX.

New Shares means 15,000,000 Shares.

NPAT means net profit after tax.

Offer means the offer of Shares under this Prospectus.

Official List means the Official List of ASX.

Official Quotation means official quotation by ASX in accordance with the Listing Rules.

OHSE means occupational health and safety environment.

Option means an option to acquire an unissued Share.

PIHA means PIHA Pty Ltd.

Process Minerals International or **PMI** means Process Minerals International Pty Ltd.

Prospectus means this prospectus.

Section means a section of this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Share Registry means Computershare Investor Services Pty Limited.

Shareholder means a holder of Shares.

Underwriter means Bell Potter Securities Limited ABN 25 006 390 772 (AFS Licence No. 243480).

Underwriting Agreement means the agreement between the Company and the Underwriter for the underwriting of the Offer on the terms summarised in Section 11.4.

Vendor Sale Shares means 10,000,000 Shares legally and beneficially owned by:

(a) Sandini Pty Ltd ATF Karratha Rigging Unit Trust – 5,139,805 Shares;

(b) Henderson Park Pty Ltd ATF Wyatt Family Trust – 2,019,688 Shares;

(c) Keneric Nominees Pty Ltd ATF B&C Gavranich Family Trust – 1,482,229 Shares;

(d) PD Wade ATF Wade Family Trust – 924,629 Shares;

(e) Crosslands Engineering Pty Ltd – 300,750 Shares; and

(f) D&C Geraghty Pty Ltd ATF The Geraghty Family Trust – 132,900 Shares.

WST means Western Standard Time, Perth, Western Australia.

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ONLY COMPLETE THIS APPLICATION FORM IF YOU WISH TO SUBSCRIBE FOR SHARES.

PUBLIC OFFER APPLICATION FORM
MINERAL RESOURCES LIMITED

ACN 118 549 910

The securities to which this application form (**Application Form**) relates are fully ordinary paid shares (**Shares**) in the capital of Mineral Resources Limited (**Company**). A prospectus containing information regarding investment in Shares was lodged with the Australian Securities and Investments Commission on 26 June 2006 (**Prospectus**). The Prospectus will expire on 25 July 2007. While the Prospectus is current, the Company will send paper copies of the Prospectus, any supplementary documents and the Application Form, free of charge to any person upon request. You should read the Prospectus before applying for Shares. A person who gives another person access to the Application Form must at the same time and by the same means give the other person access to the Prospectus and any supplementary document. The Corporations Act prohibits any person from passing onto another person an application form unless it is attached to a hard copy of the Prospectus or it accompanies the complete and unaltered version of the Prospectus.

PLEASE READ ALL INSTRUCTIONS ON THE REVERSE OF THIS FORM

Full name (PLEASE PRINT)

Title, Given Name(s) & Surname or Company Name

Joint Applicant #2 or <designated account>

Joint Applicant #3 or <designated account>

Postal Address (PLEASE PRINT)

Street Number Street

Suburb/Town

State

Post Code

ABN, Tax File Number or Exemption

Applicant #2

Applicant #3

CHESS HIN or Existing SRN (where applicable)

Number of Shares applied for

Application Money enclosed at $0.90 per Share

A$

I/We whose full name(s) and address appear above hereby apply for the number of Shares shown above (to be allocated to me/us by the Company in respect of this Application) under the Prospectus on the terms set out in the Prospectus.

Cheque Details:

	Drawer	Bank	BSB or Branch	Amount
PLEASE ENTER CHEQUE DETAILS THANK YOU				

My/Our contact numbers in the case of inquiry are:

Telephone ( ) ______________________ Fax ( ) ______________________

Cheques should be made payable to **Mineral Resources Limited – Share Offer Account, crossed "NOT NEGOTIABLE"**.
Cheques and completed Application Forms should be forwarded, **to arrive no later than 5:00pm on 19 July 2006** (or such other date as is determined by the Directors) to Bell Potter Securities Limited:

Mineral Resources Limited – Share Offer Account
Bell Potter Securities Limited
GPO Box Z5404
PERTH WA 6831

OR

Mineral Resources Limited – Share Offer Account
Bell Potter Securities Limited
Level 37, Exchange Plaza
2 The Esplanade
PERTH WA 6000

GUIDE TO THE APPLICATION FORM

If an applicant has any questions on how to complete this Application Form, please telephone Bell Potter Securities Limited on (08) 9326 7674.

A. **Application for Shares**
The Application Form must only be completed in accordance with instructions included in Prospectus.

B. **Name of Applicant**
Write the Applicant's FULL NAME. This must be either an individual's name or the name of a company. Please refer to the bottom of this page for the correct form of registrable title. Applications using the incorrect form of registrable title may be rejected.

C. **Name of Joint Applicants or Account Designation**
If JOINT APPLICANTS are applying, up to three joint Applicants may register. If applicable, please provide details of the Account Designation in brackets. Please refer to the bottom of this page for instructions on the correct form of registrable title.

D. **Address**
Enter the Applicant's postal address for all correspondence. If the postal address is not within Australia, please specify Country after City/Town.

E. **Contact Details**
Please provide a contact name and daytime telephone number so that the Company can contact the Applicant if there is an irregularity regarding the Application Form.

F. **CHESS HIN or existing SRN Details**
The Company participates in CHESS. If the Applicant is already a participant in this system, the Applicant may complete this section with their existing CHESS HIN. If the applicant is an existing shareholder with an Issuer Sponsored account, the SRN for this existing account may be used. Otherwise leave the section blank and the Applicant will receive a new Issuer Sponsored account and statement.

G. **Cheque Details**
Make cheques payable to "**Mineral Resources Limited – Share Offer Account**" in Australian currency and cross them "**Not Negotiable**". Cheques must be drawn on an Australian Bank. The amount of the cheque should agree with the amount shown on the Application Form.

H. **Declaration**
This Application Form does not need to be signed. By lodging this Application Form and a cheque for the application money this Applicant hereby:

(1) applies for the number of Shares specified in the Application Form or such lesser number as may be allocated by he Directors;

(2) agrees to be bound by the constitution of the Company;

(3) authorises the directors of the Company to complete or amend this Application Form where necessary to correct any errors or omissions;

(4) acknowledges that he/she has received a copy of the Prospectus attached to this Application Form or a copy of the Application Form before applying for the Shares; and

(5) acknowledges that he/she will not provide another person with this Application Form unless it is attached to or accompanied by the Prospectus.

CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities are allowed to hold securities. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. Application Forms cannot be completed by persons under 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mr John Alfred Smith	J A Smith
Company Use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings Use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts Use the trustee(s) personal name(s).	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use the executor(s) personal name(s).	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18) Use the name of a responsible adult with an appropriate designation.	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships Use the partners personal names.	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names.	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s).	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds Use the name of the trustee of the fund.	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

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PUBLIC OFFER APPLICATION FORM MINERAL RESOURCES LIMITED

ACN 118 549 910

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