



# Mineral Resources Limited

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ABN 33 118 549 910  
ACN 118 549 910

22 February 2007

Company Announcements  
Australian Stock Exchange Limited  
Level 8, Exchange Plaza  
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PERTH WA 6000

## Financial Report for the half-year ended 31 December 2006

This announcement is for immediate release to the market.

The directors of Mineral Resources Limited (ASX:MIN) are pleased to present the inaugural half-year financial report to the markets. Attached is the company's Appendix 4D and Financial Report for the half-year ended 31 December 2006.

For the half-year ended 31 December 2006, the Mineral Resources group announces a normalized net profit after tax of \$8.014 million as part of the following half-year trading report:

	<b>Normalised Actual</b>	<b>Reported Actual</b>	<b>Prospectus Forecast</b>	<b>% Change</b>
	<b>Half-year to December 2006</b>	<b>Half-year to December 2006</b>	<b>Half-year to December 2006</b>	<b>Normalised Actual to Prospectus Forecast</b>
	<b>\$ millions</b>	<b>\$ millions</b>	<b>\$ millions</b>	
Revenue from ordinary activities	72.8	72.8	60.3	20.7%
Net profit after income tax	8.0	7.3	6.8	17.7%
Earnings per share	6.8 cents	6.2 cents	5.8 cents	17.2%

Normalised operating profit after income tax of \$8.014 million comprises the reported operating profit of \$7.322 million less share based payment expenses of \$0.692 million.

The directors of Mineral Resources have also declared today a fully franked interim dividend for the 2006/07 year of 2.0 cents per share, payable on 30 March 2007 for all shareholders of record at 9 March 2007. This interim dividend is in accordance with the company's dividend policy of distributing a minimum of 50% of the net after tax profit.



## **Mineral Resources Limited**

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Mineral Resources reports its business results as a consolidated mining services and processing group operating within the resources sector of the Australian economy.

The increase in revenue over the prospectus forecast reflects the continuation of new projects commenced in the last quarter of 2005/06, and established ahead of our prospectus forecasts, supplemented by significant additional contracting and processing works.

The outlook in the Mineral Resources business segment continues to be very positive with resources markets in iron ore and base metals expected to continue strongly as a result of demand from China and the other developing Asian and sub-continent countries.

The strength of the resources sector translates into mine developments for existing clients which present new contract opportunities for the company. These opportunities are supplemented by a significant push by junior miners to bring their operations on-stream to access the current strength in commodity prices.

The ongoing success of contracts and a buoyant resources market provide a strong increase in profitability for the half-year with the growth generated by the demand for commodities projected to continue strongly. The directors confirm that Mineral Resources is on target to exceed its full year forecast announced to the markets on 15 November 2006 of \$16 million normalized profit after income tax.

Yours Sincerely

Peter Wade  
Managing Director

# Mineral Resources Limited

## Appendix 4D

### Half Year Report Period Ended 31 December 2006

#### Results for Announcement to the Market

In order for investors to make an informed assessment of the Company's financial performance and financial position, the "Normalised" numbers are also shown below. "Normalised" refers to the "As reported" numbers and adjusts for share based payments expense of \$692k required by AASB 2, Share-based Payments.

	Normalised \$'000	% change	As reported \$'000
Revenue from ordinary activities	72,819	n/a	72,819
Profit (loss) from ordinary activities after tax attributable to members	8,014	n/a	7,322
Net Profit (loss) for the period attributable to members	8,014	n/a	7,322

Dividends	Amount per Security	Percentage Franked
<b>Current Period:</b>		
<b>Interim Dividend #1</b>		
Dividend paid 15 November 2006	1.2 cents	100%
<b>Interim Dividend #2</b>	2.0 cents	100%
Date the dividend is payable	30 March 2007	
Record date for determining entitlement to the dividend	9 March 2007	
<b>Prior corresponding period:</b>		
No dividend paid		

<b>Net Tangible asset per security</b>	
As at 31 December 2006	44.95 cents
As at 31 December 2005	n/a

The half year ended 31 December 2006 is the first half year reporting period for the consolidated entity, therefore no comparatives are included in this report.

**MINERAL RESOURCES LIMITED**  
**ABN 33 118 549 910**  
and its controlled entities

**Consolidated Interim Financial Report**  
**for the half-year ended 31 December 2006**

## MINERAL RESOURCES LIMITED

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### CORPORATE DIRECTORY

#### **Directors**

Michael Kiernan (Non-Executive Chairman)  
Joe Ricciardo (Non-Executive Director)  
Peter Wade (Executive Director / Managing Director)  
Chris Ellison (Executive Director)

#### **Auditors**

RSM Bird Cameron Partners  
8 St Georges Terrace  
Perth WA 6000

#### **Company Secretary**

Bruce Goulds

#### **Share Registry**

Computershare Investor Services Pty Ltd  
Level 2, 45 St Georges Terrace  
Perth WA 6000

#### **Registered Office**

25 Wellard Street,  
Bibra Lake WA 6163  
Tel: (08) 9434 4922  
Fax: (08) 9434 4955

#### **Home Stock Exchange**

Australian Stock Exchange Limited  
Level 2, Exchange Plaza  
2 The Esplanade  
Perth WA 6000  
ASX Code: MIN

#### **Bankers**

National Australia Bank  
Level 13, 50 St Georges Terrace  
Perth WA 6000

## MINERAL RESOURCES LIMITED

### DIRECTORS' REPORT

The Directors submit their report on the consolidated entity of Mineral Resources Limited and the entities it controlled at the end of, or during the half-year ended 31 December 2006.

#### Directors

The names of the company's directors in office during the half-year and until the date of this report are as below.

Michael Kiernan (Non-Executive Chairman)  
Peter Wade (Executive Director / Managing Director)  
Chris Ellison (Executive Director)  
Joe Ricciardo (Non-Executive Director)

Directors were in office for the entire period unless otherwise stated.

#### Review of Operations

The consolidated entity recorded a normalised operating profit after income tax of \$8.014 million (stated operating profit of \$7.322 million comprises the normalised profit less share based payment expenses of \$0.692 million) for the half-year ended 31 December 2006.

The principal activity of the consolidated entity is as an integrated supplier of goods and services to the resources sector. There has been no significant change in the nature of this activity during the period.

On 28 July 2006 the company was listed on the Australian Stock Exchange and raised \$13,500,000 through an initial public offering.

The operations of the three subsidiary companies have all been growing strongly over the last six months and are on target to meet the director's projection for a full year result in excess of \$16 million. This forecast is an increase of 55% over financial year 2006 and 21% above the prospectus forecast.

The six month period has seen the consolidation of the performance of the Nammuldi iron ore contract crushing operation with increased tonnage throughput in excess of 25% above contract tonnages as well as the implementation of a further five million tonne per annum contract in the iron ore sector.

The company has also entered into an annual 280,000 tonne manganese sale contract with CITIC, the largest manganese mining operation and processing company in China. That contract will underpin the Mineral Resources manganese processing operation at Woodie Woodie which has previously traded all of its manganese ore on the spot market.

The pipeline of potential contracts and additional processing operations continues to be extensive and the company is well placed with proven performance, a solid reputation and strong balance sheet to improve its position as an integrated supplier of goods and services to the resource sector.

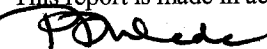
#### Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included within the financial statements.

#### Rounding of Amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the rounding of amounts in the Directors' Report and financial report. Accordingly, the amounts in the Directors' Report and financial report have been rounded to the nearest thousand dollars in accordance with the Class Order.

This report is made in accordance with a resolution of Directors.

  
PETER WADE  
Managing Director

Signed in Perth on the 21st day of February 2007

**MINERAL RESOURCES LIMITED**  
**CONSOLIDATED INTERIM INCOME STATEMENT**

**For the half-year ended 31 December 2006**

	\$'000
Revenue from operations	70,065
Other revenue	<u>2,754</u>
	72,819
Cost of sales	821
Depreciation and amortisation expense	6,350
Employee benefits expense:	
• Share based payments	692
• Other employee benefits	15,290
Equipment costs	7,640
Finance costs	1,340
Raw materials and consumables used	8,797
Royalties	677
Transport and freight	7,661
Other expenses	<u>12,730</u>
	61,998
<b>Profit before income tax</b>	<b>10,821</b>
Income tax expense	<u>3,499</u>
<b>Profit after income tax</b>	<b>7,322</b>
	<u><u>7,322</u></u>
Basic profit per share (cents per share)	6.2
Diluted profit per share (cents per share)	6.2

The profit after income tax is inclusive of a share based payments expense of \$692,000 for the half-year ended 31 December 2006, reported in accordance with AASB2, Share-based Payments.

The accompanying notes form part of these financial statements

**MINERAL RESOURCES LIMITED**  
**CONSOLIDATED INTERIM BALANCE SHEET**

As at 31 December 2006

	<b>31 December 2006 \$'000</b>	<b>30 June 2006 \$'000</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	18,664	1,234
Trade and other receivables	12,727	15,468
Inventory	4,686	2,243
Other assets	674	801
<b>TOTAL CURRENT ASSETS</b>	<b>36,751</b>	<b>19,746</b>
<b>NON CURRENT ASSETS</b>		
Trade and other receivables	5,143	5,021
Other financial assets	78	78
Property, plant and equipment	86,084	87,115
Intangibles	10,235	10,235
Deferred tax assets	2,347	1,443
<b>TOTAL NON CURRENT ASSETS</b>	<b>103,887</b>	<b>103,892</b>
<b>TOTAL ASSETS</b>	<b>140,638</b>	<b>123,638</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	16,896	15,187
Hire purchase creditors	8,739	8,906
Secured loans	1,250	2,638
Bank overdraft	288	2,491
Current tax liabilities	4,517	1,513
Provisions	4,689	4,662
<b>TOTAL CURRENT LIABILITIES</b>	<b>36,379</b>	<b>35,397</b>
<b>NON CURRENT LIABILITIES</b>		
Trade and other payables	8,428	10,357
Hire purchase creditors	19,804	22,738
Secured loans	-	500
Deferred tax liabilities	11,693	10,915
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>39,925</b>	<b>44,510</b>
<b>TOTAL LIABILITIES</b>	<b>76,304</b>	<b>79,907</b>
<b>NET ASSETS</b>	<b>64,334</b>	<b>43,731</b>
<b>EQUITY</b>		
Contributed equity	55,352	43,732
Reserves	1,661	-
Accumulated profits	7,321	(1)
<b>TOTAL EQUITY</b>	<b>64,334</b>	<b>43,731</b>

The accompanying notes form part of these financial statements



**MINERAL RESOURCES LIMITED**

**CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**

**For the half-year ended 31 December 2006**

	\$'000
<b>Total equity at 1 July 2006</b>	<b>43,731</b>
Profit for the half-year	7,322
Net shares issued in respect of the initial public offering, 28 July 2006	13,500
Transaction costs from issue of shares	(1,128)
Gain on revaluation of property, plant and equipment, net of tax	1,661
Increase in equity from share based payments expense	692
Dividends paid	(1,444)
<b>Total equity at 31 December 2006</b>	<b>64,334</b>

The accompanying notes form part of these financial statements

**MINERAL RESOURCES LIMITED**  
**CONSOLIDATED INTERIM CASH FLOW STATEMENT**

**For the half-year ended 31 December 2006**

	<b>Half-year 2006 \$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	72,674
Payments to suppliers and employees	(54,524)
Interest received	329
Interest and other costs of finance paid	(1,178)
<b>NET CASH INFLOW PROVIDED BY OPERATING ACTIVITIES</b>	<b>17,301</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Payments for property, plant and equipment	(4,752)
Proceeds from the sale of other fixed assets	1,145
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(3,607)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Net proceeds from share issue	13,500
Costs of share issue	(1,128)
Dividends paid	(1,444)
Repayment of borrowings	(6,721)
Proceeds of borrowings	1,732
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>5,939</b>
<b>NET INCREASE IN CASH HELD</b>	<b>19,633</b>
Cash at beginning of the financial period	(1,257)
<b>CASH AT END OF THE FINANCIAL PERIOD</b>	<b>18,376</b>

The accompanying notes form part of these financial statements

# MINERAL RESOURCES LIMITED

## CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half-year ended 31 December 2006

### 1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS

This general purpose financial report for the interim half-year reporting period ended 31 December 2006 has been prepared in accordance with Accounting Standard AASB134 "Interim Financial Reporting" and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this financial report should be read in conjunction with the annual report for the year ended 30 June 2006 and any public announcements made by Mineral Resources Limited and controlled entities during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial period.

#### (a) Basis of accounting

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The financial report covers the consolidated entity of Mineral Resources Limited and controlled entities. Mineral Resources Limited is a listed public company domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and generally does not take into account changing money values or, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

#### (b) Comparatives

Mineral Resources Limited was incorporated on 27 February 2006. Accordingly, there are no comparatives for the income statement, statement of changes in equity and cash flow statement.

### 2. DIVIDENDS

	<b>Half-year 2006 \$'000</b>
<b>ORDINARY SHARES</b>	
Fully franked dividends provided for and paid during the half-year	<u>1,444</u>
<b>DIVIDENDS DECLARED SINCE THE END OF THE HALF-YEAR</b>	
In addition to the above dividend, since the end of the half-year the directors have recommended the payment of a further interim dividend of 2.0 cents per share, full franked on the basis of tax paid at 30%. The aggregate amount of the proposed dividend, to be paid on 30 March 2007 for shares on record at 9 March 2007	<u>2,407</u>

**MINERAL RESOURCES LIMITED**

**CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**For the half-year ended 31 December 2006**

**3. CONTRIBUTED EQUITY**

	<b>31 December 2006</b>	<b>30 June 2006</b>
	<b>\$'000</b>	<b>\$'000</b>
a) Paid-Up Capital	55,352	43,732
<hr/>		
b) Movements	<b>No of Shares</b>	<b>Paid-Up Capital</b>
	<b>'000</b>	<b>\$'000</b>
<b>Balance 1 July 2006</b>	<b>105,348</b>	<b>43,732</b>
Net shares issued in respect of the initial public offering, 28 July 2006	15,000	13,500
Transaction costs from issue of shares	-	(1,128)
Increase in equity from share based payments expense	-	692
Dividends paid	-	(1,444)
	<hr/>	
<b>Balance 31 December 2006</b>	<b>120,348</b>	<b>55,352</b>
	<hr/>	

**4. SEGMENT INFORMATION**

Mineral Resources Limited operates in one business, being an integrated supplier of goods and services to the resources sector and one geographical segment, being Australia.

**5. CONTINGENT LIABILITIES**

Since the last annual reporting date, there has been no material change of contingent liabilities.

**6. EVENTS SUBSEQUENT TO REPORTING DATE**

Except as disclosed in Note 2 regarding the dividend declared since the end of the half-year, there has not been any material events subsequent to the end of the reporting date and the date of this half-year financial report that has not been recognised in this financial report.

**MINERAL RESOURCES LIMITED**

**DIRECTORS' DECLARATION**

In the directors' opinion:

- 1) The financial statements and notes are in accordance with the Corporations Act 2001, including:
  - (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
  - (b) complying with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001.
- 2) At the date of this statement there are reasonable grounds to believe that Mineral Resources Limited will be able to pay its debts when they become due and payable.

This declaration is made in accordance with a resolution of directors.

Signed at Perth on the 21 day of February 2007.



PETER WADE  
Managing Director

# RSM Bird Cameron Partners

Chartered Accountants

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www.rsmi.com.au

## INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

MINERAL RESOURCES LIMITED

### The Financial Report

We have reviewed the accompanying half-year financial report which comprises the income statement, balance sheet, statement of changes in equity, cash flow statement, accompanying notes to the financial statements and directors' declaration for Mineral Resources Limited (the consolidated entity), for the half-year ended 31 December 2006. The consolidated entity comprises both Mineral Resources Limited (the company) and the entities it controlled during the half-year.

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

The directors of the Mineral Resources Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including:

- giving a true and fair view of consolidated entity's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of Mineral Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

## Independence

In conducting our review, we have followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

## Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

*RSM Bird Cameron Partners*  
RSM BIRD CAMERON PARTNERS  
Chartered Accountants

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S C CUBITT  
Partner

Perth, WA

Dated: *21 February 2007*

# RSM Bird Cameron Partners

Chartered Accountants

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www.rsmi.com.au

## AUDITOR'S INDEPENDENCE DECLARATION TO THE BOARD OF DIRECTORS OF MINERAL RESOURCES LIMITED

As lead audit partner for the review of the financial report of Mineral Resources Limited for the half-year ended 31 December 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

This declaration is in respect of Mineral Resources Limited and the entities it controlled during the period.

*RSM Bird Cameron Partners*  
RSM BIRD CAMERON PARTNERS  
Chartered Accountants

*SCUBITT*

S C CUBITT  
Partner

Perth, WA

Dated: *21 February 2007*