Mineral Resources Limited

ABN 33 118 549 910

ANNUAL REPORT **2009**

CORPORATE DIRECTORY

Directors

Peter Wade
Chris Ellison
Joe Ricciardo
Mark Dutton

Company Secretary

Bruce Goulds

Registered Office

25 Wellard Street
Bibra Lake WA 6163

Telephone: +61 8 9437 7000
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Website

www.mineralresources.com.au

Auditors

RSM Bird Cameron Partners
8 St Georges Terrace, Perth WA 6000

Share Registry

Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St Georges Terrace, Perth WA 6000

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Bankers

National Australia Bank Limited
100 St George's Terrace, Perth WA 6000

Final dividend:-	
- Ex dividend date	9 September 2009
- Record date	15 September 2009
- Payment date	19 November 2009
- Annual General Meeting	19 November 2009

Annual General Meeting is held on the 19th of November at the Perth Convention Exhibition Centre, 21 Mounts Bay Road, Perth WA.

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CHAIRMAN'S MESSAGE

Dear Shareholder,

Mineral Resources' (MRL) business has proved to be resilient during 2008/09 despite the volatility and uncertainty in the broader world economy. Normalised net profit after tax of $49.6 million is a 3.1% improvement on 2008, a record result, with the underlying fundamentals remaining stronger than ever. As a result of this underlying strength of earnings and the company's ability to satisfactorily fund further expansion, the Directors have decided to retain the annual dividend at 2008 levels and recommended a fully franked final dividend of 12.35 cents per share. This represents a total of 19.35 cents per share or a 54% distribution of after tax profits.

Despite the difficult business conditions experienced in 2008/09, MRL maintains its position on the Standard and Poors / ASX 300 Leaders index and, at the time of writing, is the 177th largest company by market capitalisation listed on the ASX. This is an outstanding record of shareholder value creation since MRL listed in 2006, with cumulative total shareholder returns of 160%.

The MRL business model, underpinned by the portfolio of secure, long term contracts has given the company a sustainable base for further development. MRL continues to be a contractor of choice in the mining services sector, sustaining continued production and productivity improvements for customers leading to new contract wins and the extension of existing contracts. In addition, real progress has been achieved towards building a volume based commodities export business focused on manganese and iron ore.

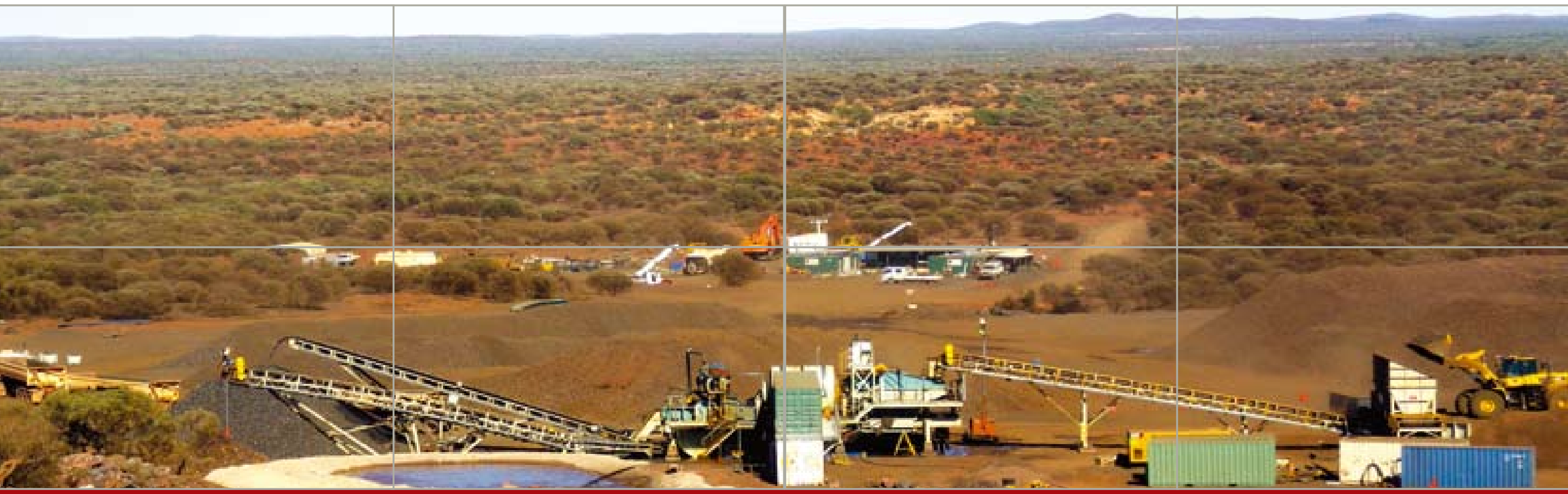
In keeping with this strategy, on 20 August 2009, MRL announced its intention of making an off-market take-over bid for at least 50.1% of Polaris Metals NL offering one MRL share for each 12.5 Polaris shares with an equivalent ratio for share options.

The take-over of Polaris will provide all shareholders with the benefits of developing Polaris' iron ore tenements in the Yilgarn area of Western Australia in addition to other iron ore assets throughout the state. We expect the acquisition will allow us to fast track production from Polaris' Yilgarn Iron Ore Project with first deliveries of product in 2010.

On behalf of the Board, I would like to thank MRL's employees for their professionalism and commitment to the Company that enabled it to produce an outstanding result for its shareholders. Of particular note is the Company's safety record with injury frequency rates being maintained at world class industry standards. This is only achieved from the consistent and dedicated focus by all employees on safe workplace behaviour.

In conclusion, I am pleased that shareholders have actively supported the Company through the year. Solid trading of the stock on the Australian equity markets has contributed to a continued improvement in the share price reflecting confidence in MRL's strategic direction. The Board is committed to providing shareholders with an unswerving dedication to generating shareholder value in the future. I look forward to shareholders attending our fourth Annual General Meeting on 19 November 2009 and welcome your feedback on the performance of the Company.

Peter Wade
Chairman



REVIEW OF OPERATIONS

2009 - AN OUTSTANDING YEAR

The 2009 year has been a period of substantial volatility characterised by rapid movements in demand and pricing of steel making minerals, large variations in AUD strength against the USD and broader world economy uncertainty and risk.

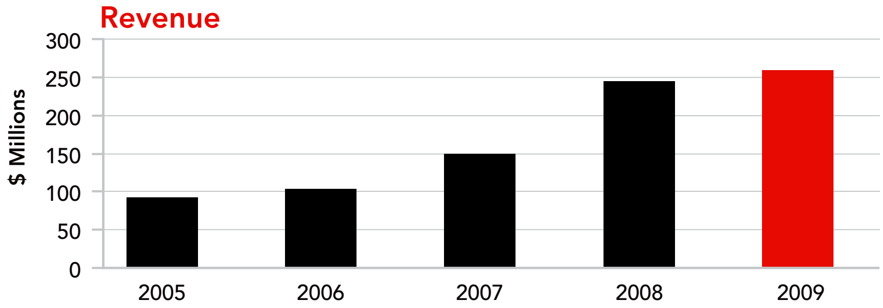
Notwithstanding these issues and their obvious impact on the mineral and resource sectors of the world's economy, Mineral Resources is pleased to report that the operating results for the Group have again been outstanding including another record normalised profit after tax for the year. The economic downturn that occurred midway through the financial year created a deterioration in economic conditions that was steeper than expected by all world governments but the Mineral Resources business model proved its strength and flexibility by producing continued growth in production output and maintaining positive and growing partnerships with our clients.

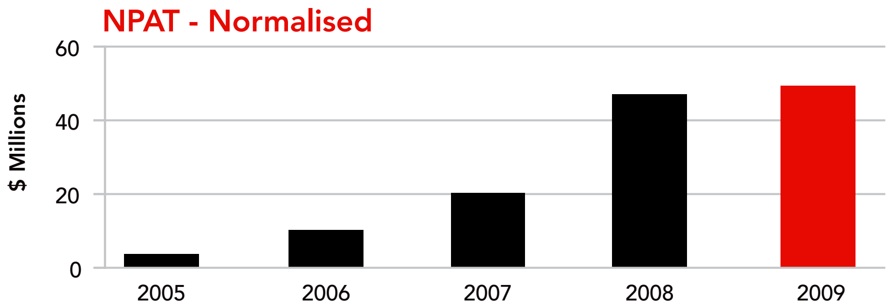
The Group's revenue grew 6% to $259 million in the period. Normalised profit after tax rose 3% to $49.6 million. Adjusted for the accounting revaluation of assets, the reportable Net Profit After Tax (NPAT) was $44.3 million. Revenue growth was stronger than NPAT growth because the proportion of mineral processing based earnings denominated in USD had lower margins as a result of declining commodity prices and the strengthening of the Australian dollar. Concurrently, the increased volume of infrastructure spend and infrastructure revenue flowed from lower margin work.

It is encouraging that we continue to win new work and secure contract duration extensions in contracting activities, supplementing projected volume based growth in iron ore and manganese from minerals processing activities. We enter 2010 with a strong order book of continuing term contracts for crushing and processing site operations for a range of blue chip clients and a project pipeline of potential new contracting operations that will continue to drive the business forward over the following years.

We are also aggressively focused on being a volume producer and exporter of steel making minerals to meet the anticipated significant future demand for these products in the growing BRIC markets. Specifically, we see the China market as growing at a high rate relative to the rest of the world economies over the next 10 years and we are positioning Mineral Resources to be a partner of choice in the production, and ownership and sales of iron ore, manganese and other steel making minerals to that market.

This exposure to growing demand in these sectors, supported by our financial strength, future growth focus, innovative technical capacity and industry skills, expertise and recognition, makes us confident that we are strongly placed to expand successfully as the world's economic improvement continues.





We have seen strong signs of a further rebound in demand for our services and products through the start of the 2010 financial year and, while we consider that market volatility will continue to be a risk to long term sustainable world growth, the long term prognosis for the bulk commodities market in which we operate is of continued growth in demand and pricing stability.

Balance Sheet and Funding

The year just passed has served to highlight the importance of a strong balance sheet, a strong cash flow position and stringent working capital ratios. In all of these financial parameters, Mineral Resources has excelled and has maintained its reputation as a well managed, financially secure and fiscally prudent ASX listed company.

The operating cash position in 2009 remained strong despite internally funding the completion of the Windimurra vanadium plant, undertaking the construction of two additional BOO crushing circuits and upgrades of other existing plants. Our gearing at the end of the financial year was only 8% and that has been further reduced over the initial months of the 2010 financial year.

In a year where significant debt on balance sheets led to substantial dilutive capital raisings for a significant range of companies, Mineral Resources has been able grow its operations through internal cash flow without the need to raise equity to shore up its balance sheet and has been able to utilise the Group's financial strength to make a take-over offer for the listed iron ore exploration company, Polaris Metals NL.

We have an enduring partnership with our bankers which has repeatedly proven its worth over the years and the relationship has been growing and refreshed throughout this troublesome year. We have adequate facilities in place to support the internal cash generation of our business for the projected capital requirements through 2010 and a balance sheet strength that can support further borrowings as required to maintain the organic growth of our contracting and processing operations.

Our Unified Operations

The resounding success of 2010 is directly attributable to the skills and commitment of the management and site teams to continually refine and perfect the operating processes of all of our operations and to the drive and focus of the Board in implementing long term strategies in a period of short term focus by the market.

The strength of the company's results is further enhanced from the merging of the original three separate businesses, PIHA Pty Ltd, Crushing Services International Pty Ltd and Process Minerals International Pty Ltd, into a single, unified business operation that draws upon the composite technical, commercial and management skills of the total group with a single, united focus on success.

The enviable brand awareness and recognition that the previously separate entities enjoyed in their respective fields has been expanded by their amalgamation into a single consolidated Group. This corporate structure has enabled Mineral Resources to create a collective brand awareness and thereby strengthen an already impressive reputation as a diversified mining services and mineral producing company with a proven history of providing innovative, safe and reliable service solutions to a broad cross-section of industry sectors, both in Australia and internationally.

In order to maintain our established reputation as an industry leader and innovator in some of the most technically challenging and advanced areas in the specialised fields of crushing, mineral processing and pipeline engineering and construction, Mineral Resources continues to invest in substantial research and development across our operations.

The Group's senior management team encourages a bold, innovative spirit across the technical aspects of our business, particularly within our processing and pipeline operations. The management team understands the true nature of innovation and that while innovation can not be taught, creating the right environment allows it to be fostered. The management

REVIEW OF OPERATIONS

team creates the right environment by removing the barriers to innovation, such as bureaucracy and hierarchy, and the Group aims to empower people for action. In turn, our people take ownership of their projects and enthusiastically seek out and grasp opportunities for value adding and continuous improvement.

The Group promotes open, effective communication within its in-house technical teams across its crushing, processing and infrastructure functions in an integrated approach and this collaborative sharing of knowledge stimulates and builds initiative amongst our people. By using this approach, innovation continues to be translated into results-based operational outcomes.

A substantial proportion of manganese and iron ore mines in Australia consider tailings from processing operations as a waste material since the "industry standard" processing technique is generally unable to economically process this finer or lower grade material to produce a saleable grade product.

The success of the Mineral Resources research and development program led to the successful development of a relocatable beneficiation plant able to treat tailings to extract fine ore and produce saleable grade product in a cost effective and profitable manner. The original beneficiation plant was trialled at Woodie Woodie in 2004 and enabled the reliable recovery of fine manganese ore from tailings to produce a world class manganese fines product; we have submitted a patent application to protect the integrity of the intellectual property contained in this process.

We have also successfully utilised this innovative design technique to develop operational processes that can beneficiate iron ore and produce a higher grade product, thereby increasing the value and marketability of the Group's iron resources.

Our in-house research and development team continues to improve the efficiency and effectiveness of the beneficiation process through innovation. A direct benefit of the technical expertise enjoyed by Mineral Resources is the ability to design, engineer and construct innovative solutions to better service crushing and processing requirements in a timely and cost effective manner. That design methodology has also been applied by our mineral processing team to improve the efficiency and effectiveness of its tailings treatment operations by increasing ore recovery and grade which in turn maximises profitability. This developmental work has an immediate utilisation for the expanding operation at Peak Hill, the pending Balfour Downs project as well as the iron ore operation targeted for commencement at the Poondano site in 2010.

We have also pursued innovative approaches to the design of our crushing circuits which facilitate the provision of reliable low cost, high throughput crushing circuits to a range of clients, which include the world's major mining houses. The extensive research and development programme conducted by our in-house team of design personnel has resulted in the Group developing a large scale, track mounted, crushing and screening machine that can process in excess of 1,000 tonnes per hour of iron ore and is now being extensively utilised on one of our major BOO iron ore sites. This unique mobile system of crushing devised by Mineral Resources is ideal for use in in-pit crushing operations as well as being of particular commercial benefit where short duration mineral recovery operations in remote locations mean the use of costly fixed plants is not a commercially viable option.

Additionally, the Group's design and development team remains at the forefront of the development of pipelining systems, which provide users with the cost saving ability to rehabilitate existing pipelines as well as providing additional protection against corrosion and erosion in new pipeline installations, thereby extending the life expectancy of costly infrastructure.

The continued success of this approach to research and development enables the Group to further cement its reputation as a world class service provider that truly understands the client's specific needs and develops and implements operation specific solutions to achieve outstanding results.

Operations and Project Developments

In order to be able to immediately respond to client requirements, the Group continues to expand its already extensive inventory of the various components required for specialised crushing and processing operations as well as highly specialised pipe fabrication, lining and installation equipment.

This impressive inventory of specialised plant and equipment enables Mineral Resources to expeditiously construct and commission specialist crushing and processing plants on short notice and at substantially lower cost than client developed operations, providing a premium value service to its clients.

The plant and equipment inventory, and the Group's operations, remain fully self-supported by our 3,000 square metre workshop in Kwinana which is used to repair and service plant, spares and consumables for the external contracting operations as well as for our internal processing and production services.

This year saw Mineral Resources develop and install a second HPGR circuit for a large iron ore client and successfully commence operations. Consistent with the Mineral Resources approach to design inbuilt excess capacity within circuits to allow for an anticipated need for increased product output, the new plant immediately demonstrated an ability to reliably exceed the production output targets forecast by the client.

Separately, in January 2009, an additional plant was also brought on line at one of our existing long term contract crushing sites to meet increased client demand for tonnage production, while the contract for the original crushing plant at the site was extended to 2013, further bolstering the Group's sustainable long term contracting operations.

The Group's mineral processing and export operations have continued to perform credibly in a difficult year with volatile demand and pricing exacerbated by AUD strength creating revenue and pricing uncertainty. Our site teams have successfully strived to maximise operational efficiency while reducing costs in order to minimise the effects of the reduced demand and prices for commodities experienced during the economic downturn. Product won and shipped to our Chinese customers in 2009 was down to 212,000 tonnes of lump and fine manganese ore from Woodie Woodie and Peak Hill and 300,000 tonnes of blended iron ore. This reduced tonnage was a conscious decision of Mineral Resources' while prices were at their lowest levels; our corporate financial strength has enabled us to stockpile materials for subsequent export when prices have stabilised or increased and we will see the benefit of that strategy in the 2010 and subsequent years.

Throughout the year, Mineral Resources entered into a number of farm-in agreements with various tenement holders through which the Group has acquired the rights to iron ore and/or manganese on a number of prospective tenements throughout Western Australia and the Northern Territory. Operational planning for a number of these tenements has commenced subsequent to the year end and will continue into the 2010 financial year with a view to subsequent production that is in line with our target to be a volume based processing services company.

In addition to the successful achievements of the Group's contract crushing and processing operations, the infrastructure section of the business also enjoyed a fruitful year exemplified by the successful completion of a number of pipelining infrastructure projects including the Boddington Gold Mine tailings pipeline, lined spool manufacture for Olympic Dam piping replacement and refurbishment and a continuity of lined piping operations for oil and gas facilities in Brunei.

Mineral Resources resource locations

Looking Forward

Mineral Resources adheres to the proven strategy of instilling the time honoured values of trust, support and respect into the commercial dealings with those with whom we interact.

The collaborative approach that Mineral Resources adopts with our clients has firmly established Mineral Resources as a project partner capable of adding significant value as a partner of choice.

The outstanding operational performance achieved by our Build Own Operate crushing and processing operations over the past year has enabled Mineral Resources to further develop and strengthen a number of key partnerships that the Group has established with its clients over many years, the majority of whom are numbered in the top 10 blue chip resource companies in the world.

This year has seen a number of our clients further acknowledging the benefits they derive from Mineral Resources being a project partner by renewing and extending crushing and infrastructure contracts within Australia and overseas. We consider that the best recommendation that a client can bestow is the award of repeat business and the extension of the operating contracts terms; we pride ourselves on our ability to become part of the client's team and add significant safety, commercial and output benefits to our client's business.

During the year, Mineral Resources finalised a number of collaborative agreements which will facilitate

a considerable increase in future tonnage and volume of our iron ore and manganese ore exports. Our long term business plan is to grow organically through our contracting operations and implement a volume based processing production operation to achieve long term sustainable revenue across the range of pricing and demand cycles.

We announced in 2008, a collaborative agreement with Hancock Prospecting for the implementation of a manganese processing and export operation at the Balfour Downs tenement in the Murchison region of Western Australia. The agreement provides for a development partnership with the parties working together to mine, process, transport, market and export an initial annual production in excess of 350,000 tonnes of ferruginous manganese to the Chinese market. We plan to implement that operation in the 2010 financial year with a target of 40,000 tonnes per month of product utilising the Mineral Resources developed mobile beneficiation circuit to improve product grade and tonnage recovery.

Some of the other agreements that the Group has entered into with various holders of tenements that are prospective for iron and/or manganese ore, include Polaris Metals in relation to the Poondano iron ore tenements, Gemstar Diamonds in relation to the Oakover manganese and Callawanyah iron ore tenements and, most recently, Sandfire Resources in relation to a number of manganese tenements in the Northern Territory totalling more than 11,000 km^2. These agreements grant Mineral Resources the exclusive right to evaluate and subsequently acquire the rights to any iron and/or manganese ore located on those tenements based around operational and commercial partnering arrangements.

Polaris Take-over Offer

On 20 August 2009, Mineral Resources announced its intention to offer to acquire 100% of the share capital and outstanding share options of Polaris Metals NL, a company with substantial iron ore reserves throughout Western Australia. In particular, iron ore assets in the Yilgarn region of Western Australia provide an opportunity to utilise Mineral Resources' business model to bring a significant iron ore project into operation.

The off-market take-over bid opened on 23 September 2009 will remain open for acceptance by shareholders and optionholders until 26 October 2009 unless extended. The general terms of the offers are:

- one Mineral Resources Share for every 12.5 Polaris shares,
- one comparable Mineral Resources share option for every 12.5 Polaris option, and
- the offers are conditional upon Mineral Resources becoming entitled to at least 50.1% of Polaris.

Polaris' directors have accepted the offers for all Polaris shares and options they hold and control.

One of Polaris' largest shareholders (Heron Resources Limited) has also provided its support for the offer having accepted the offer for 19.9% of Polaris' shares.

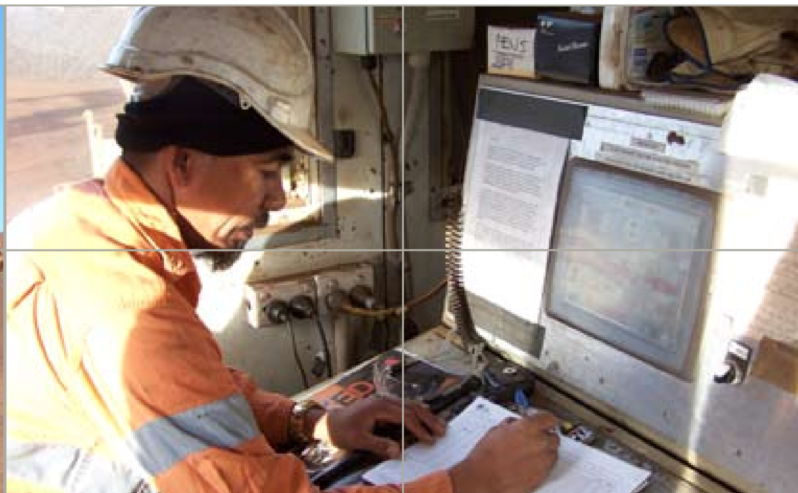
Investors in Polaris, by active and early support of the offers recognise the present and future benefits a combined Mineral Resources and Polaris company will provide for both groups of investors.

People and Safety

Our people and their safety are the most important elements in the operational management of our company. Our approach to safety is premised on the notion that our people are our most valuable assets. As such Mineral Resources is fully committed to achieving the goal of zero harm.

The concept of zero harm remains the core focus of the company's operating environment. Achievement of this goal is actively pursued through management policies, operational systems, support and fostering a culture of safety excellence throughout our business.

Mineral Resources incorporates safety procedures and safe working practices into all of our operations and engineering solutions as a means of achieving the goal of zero harm. This also ensures that our safety practices are relevant and able to reliably meet our clients' safety goals and expectations in an environment of reliable, secure and safe construction and operational outcomes.



SUSTAINABLE FUTURE

Management firmly believes that safety should properly be considered a value as opposed to a priority. The reason for this belief stems from Mineral Resources' understanding that priorities often change or diminish as a result of factors such as operational and production pressures. However if safety is considered to be a value, it remains a common thread that permeates throughout an organisations planning, design and day-to-day operations regardless of changing priorities.

To ensure the safety of all those involved in all our operations, Mineral Resources has implemented a safety management system that ensures a safe work environment for all our people including the employees of our subcontractors and visitors to our sites. This innovative management safety system also provides a reliable mechanism by which the company can continually identify, control and reduce the risk of injuries from work related activities.

With safety as a value that is embedded into all of our operations and instilled into the company culture, Mineral Resources firmly believes that the target to achieve our goal of zero harm throughout all of our operations is achievable.

Safety and people are interlinked. We recognise that a business comprises people and can only be as good as its people and their operation, ownership and interaction within the business.

The success of our business is the success of our people and the Group's continued success reflects the outstanding effort, skills and commitment of our people who are to be commended on their achievements this year.

The Board and management continue to promote a partnership with our people as opposed to a traditional employer and employee arrangement. We encourage our people to take ownership of the projects on which they work. The company continues to foster a culture throughout the company that our people should strive to be the very best that they can be.

The range of outcomes based policies coupled with remuneration strategies that enhance ownership coupled with a repeatedly demonstrated preference for internal promotion has proven successful with the recruitment and retention of the quality people that we currently employ.

The increased focus on personnel development and training has enabled us to maximise profitability by innovatively overcoming challenges within our operations and ensures that our people are well positioned to successfully exploit all future opportunities to derive maximum reward for the business and all stakeholders.

Business - Past and Future

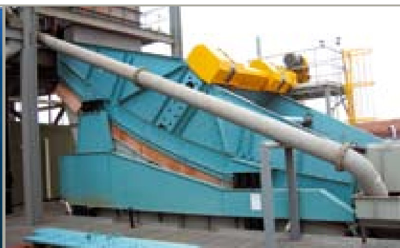
The past year of global financial instability has tempered the confidence of both international and Australian markets. The Australian resource sector has been impacted by the deterioration in economic conditions, reduced demand for product and doubts about future world growth.

Yet the business outlook for Mineral Resources remains positive and strong, with 2009 being a year of stabilisation and restructuring to establish the long term sustainability of the company as the contractor of choice in the mining services sector for 2010 and onwards.

We remain confident about the strength of future demand for steel making minerals, such as manganese and iron ore, and have committed the company to becoming a volume based supplier of those products both as a processor for sale and also as a contract crushing and screening supplier for our major blue chip mining clients.

The start of this financial year saw unprecedented demand and prices for steel making material including iron ore and manganese. This high level of demand and prices came at a time when the increase in Mineral Resources' production and export of these two commodities was only restrained by the Group's export capacity over export berths and the outlook for record financial returns for the year was extremely positive.

In the last quarter of calendar 2008, however, the worldwide downturn which was sparked by the sub-prime credit crisis in the US led to what has been dubbed the 'global financial crisis'. There is no question that for the remainder of the last quarter of calendar 2008 and into



the first quarter of calendar 2009, the demand for and prices of the steel making commodities of iron ore and manganese ore was considerably subdued.

While the 'crisis' affected our own export operations as well as the operations of our clients, the overall effect on revenue received from our manganese and iron ore exports to China was mitigated since the Asian giant's economy was one of the few to remain in growth throughout this period.

Further, this year's results have confirmed that the overall efficiency and low cost operation of Mineral Resources coupled with the robust business of our key clients ensures that the financial integrity and success of Mineral Resources is protected, even during challenging economic times.

In October 2009, the Australian dollar hit a 13-month high of 90 US cents, and a number of analysts are predicting it could rise above 95 US cents early next year. The slump in the US dollar against the Australian dollar means that export commodities that are sold in US dollars, such as iron ore and manganese, do not create as much Australian currency revenue once exchanged and this is a factor that will be carefully monitored over the coming months.

More positive, however, is the continuing strong recovery in business confidence around the world demonstrated by the reported monthly measure of business confidence for August 2009 reaching its highest level in almost six years. Internationally, the news from China is that its increasing appetite for iron ore and other steel making commodities will continue for years to come as development spreads across its territory. The increase in global demand will have a flow on effect on the prices of such commodities which in turn should offset the negative effects associated with the slumping US dollar.

Outlook

Mineral Resources sees 2010 as the next step in our growth platform to achieve the sustainable role of contractor of choice in the mining and resource services sector of the Australian economy.

We have started the 2010 financial year with an air of confidence that our business model has proven itself in the cauldron of the global financial crisis and our recognition and reputation for performance is stronger than ever before. Despite the challenging market and economic conditions, we have entered 2010 in good shape and have a foreseeable future that is extraordinarily robust and positive.

The management and operating teams are the strongest and most committed group that we have ever had and the strength of the business and the labour circumstances provides the opportunity to continue to recruit high calibre personnel to strengthen our management ranks.

During the downturn, the Board and management made the strategic decision to maintain their focus on cost control and to prepare for the future by increasing production capacity and finalising a number of agreements that have the potential to dramatically increase the company's iron and manganese ore production and export tonnages over the next 12 to 24 months. Those initiatives, together with the financial strength of the balance sheet and the flexible and focused management strategies, provide a clear path for organic growth of our business and targeted growth through farm-in and business acquisition.

In the current and foreseeable circumstances where the outlook for demand and prices of steel making commodities is very positive, and at the time when Mineral Resources is also exceptionally well placed to considerably increase production and export of both our iron and manganese products to our Chinese customers, the prospects for Mineral Resources to build upon the solid foundations and attain long term benefits for all stakeholders are compelling.

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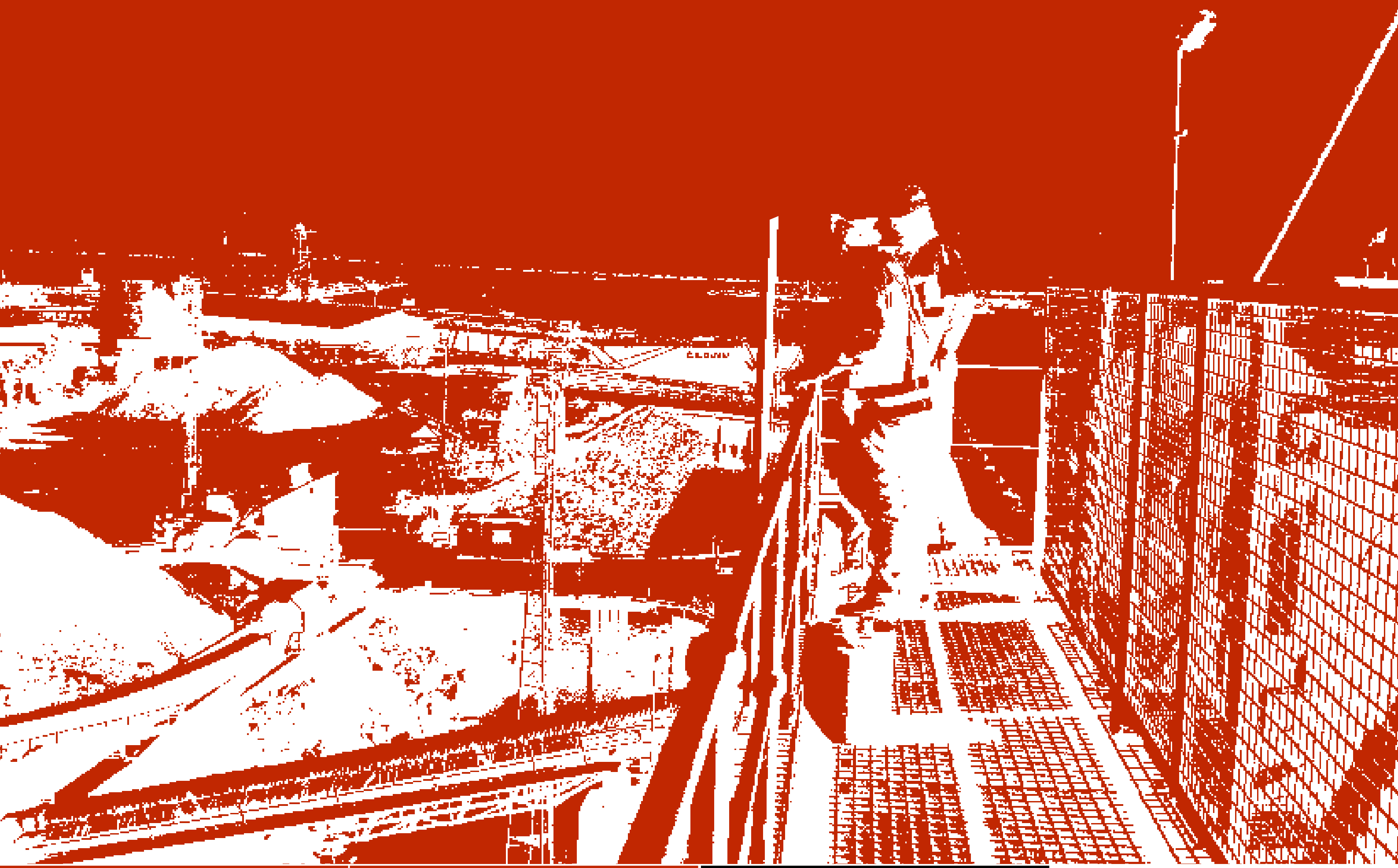
FINANCIAL INFORMATION



DIRECTORS REPORT

The directors present their report together with the financial statements of Mineral Resources Limited and of the consolidated entity, being the company and its subsidiaries for the period 1 July 2008 to 30 June 2009 and the independent audit thereon.

Directors

The directors of the company at any time during or since the end of the financial year are:

Peter Wade

Executive chairman and managing director (age 59)
Appointed 27 February 2006

Peter Wade has over 36 years experience in engineering, construction, project management and mining and infrastructure services.

Peter started his career in the NSW Public Service and managed the construction of the Port Kembla 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 1980s and 1990s 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 Smithfield Power Plants.

Joe Ricciardo

Independent non-executive director (age 54)
Appointed 26 June 2006

Joe Ricciardo has 28 years experience in feasibility studies, design, construction, maintenance and operation of mineral processing facilities and associated infrastructure.

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. Joe continued to lead the company, Roche Mining (JR) Pty Ltd in the capacity of general manager and director up to April 2006.

During his 20 year stewardship of JR, the company consistently grew to become a successful and major engineering services provider to the resources and mineral processing industry. Joe's 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.

Joe is currently the Managing Director of GR Engineering Services.

Chris Ellison

Executive director (age 52)
Appointed 27 February 2006

Chris Ellison is the founding shareholder of each of the Mineral Resources companies and has over 26 years experience in the mining contracting, engineering and resource processing industries.

Chris 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.

Mark Dutton

Executive director (age 41)
Appointed 8 November 2007

Mark has 13 years experience acting as a non-executive director of a range of growth businesses across Europe, Asia and Australia. He started his career at Price Waterhouse in England in 1991 where he qualified as a chartered accountant, subsequently working in Moscow in their Corporate Finance division.

Mark has worked in the private equity industry since the mid 1990s. He started with BancBoston Capital in the UK before being appointed Managing Director Asia-Pacific.

In 2003, he joined Foundation Capital in Perth to manage their later-stage investment fund. He is presently a director of Banksia Capital a WA-focussed private equity manager and an adviser to Navis Capital who manage US$1.5 billion in private equity targeted for investment across the Asia Pacific region.

Secretary

Bruce Goulds
Appointed Company Secretary on 27 February 2006.

Bruce 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.

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

Directors meetings

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors of the company during the financial year were:

Director	Directors Meetings		Audit Committee Meetings	
	Held	Attended	Held	Attended
P Wade	12	12	2	2
J Ricciardo	12	12	2	2
M Dutton	12	12	2	2
C Ellison	12	11	*	*

* - Not a member of the relevant committee.
Other committees are convened as required.

Principal activities

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 financial year.

DIRECTORS REPORT

Operating and financial review

2008/09 has been a year of contrasts and the Mineral Resources business model has proved to be effective through the various stages of the economic cycle experienced over the past 12 months. The business continues to prosper with an unprecedented demand for contracting services offsetting and in contrast to the significant pressures on commodity markets flowing directly from the global financial crisis. The volatility of commodity demand and pricing reinforces the basis for the business strategic focus of Mineral Resources in expanding its operations to become a volume based bulk commodities producer in both contracting and processing. Significantly, the benefit of strong business fundamentals and solid customer relationships in all areas has ensured that the Company continues to perform at premium levels.

Before impairment charges of $5.2 million, the normalised net profit after tax was $49.6 million for the year The consolidated entity recorded a net profit after tax of $44.3 million for the year ended 30 June 2009 on revenue of $256.8 million. The directors are confident that this outcome reflects a superior performance in difficult times and reinforces the overall strength of the Mineral Resources business.

This solid overall performance is testament to the Company's world class reputation for the provision of mining services and commodities underpinned by strong operational cash generation which has allowed for the continuation of the plant construction and acquisition programme that gives the Company a competitive edge in plant design, mobilisation and innovation.

The Company's emphasis on winning and maintaining highly sought after partnering relationships with blue chip clients has also proved to be a solid foundation for business success. Demand for contracting services continues to reflect customers' needs to achieve cost reduction and production improvement targets. Build Own and Operate and other outsourcing solutions continue to be a highly regarded strategy for achievement of these targets.

PIHA has continued to produce strong growth flowing through from the first half results. The level of demand for pipelining, HPDE fittings and pipeline installation and maintenance services is testament to the years of product and market development undertaken by the company and puts PIHA in a unique position of strength in infrastructure markets. In addition, the wide ranging application of HPDE products will give the business unprecedented access to new projects in oil, gas and uranium production into the future.

Build, own and operate production grew through the year as clients continued to address the dual problems of reducing costs and expanding operations. CSI's reputation for world class service and equipment has resulted in new contract wins and service expansion opportunities. In addition, the pipeline of business opportunities continues to be strong as clients look to increase capacity as the economic conditions improve.

The pressure on commodity prices is well documented and the Company's sales of manganese and iron ore are not immune to world events. The benefit of the Mineral Resources model flows from low production costs and a well managed logistics system that delivers product cheaply and efficiently to market. Volatile global commodity markets including foreign currency rates, shipping costs and ongoing negotiations of iron ore contract prices means that the commodity business will continue to be volatile. Recent demand and pricing improvements in these markets is, however, a promising sign that the world economy may have turned the corner.

Although too early to provide substantive comment on the anticipated strength of the world economy for the next year, the portents for continued growth in China (together with an upswing in the USA and European economies) are strong and Mineral Resources continues to be committed to expanding its operations through volume production in the steel making minerals particularly iron ore and manganese.

The outstanding 2008/09 result given the challenging environment is testament to the commitment, focus and skills of the board, management and workforce in dealing with and managing the unprecedented issues that have arisen through the year. The company believes it is now stronger and better placed to profit from the improvements implemented in our operations and strategic focus throughout the year past and, with the continued dedication of our highly skilled and regarded workforce and the unerring support of customers and shareholders, Mineral Resources believes it will continue to grow for the benefit of all of its stakeholders.

Significant changes in the state of affairs

There were no other significant changes in the state of affairs of the company or the consolidated entity during the past financial year other than as disclosed in the financial statements.

Dividends paid or recommended

Dividends paid or declared for payment in the year are as follows:

- Final Ordinary Dividend for 2007/08 of 13.35 cents per share, franked at a tax rate of 30%, paid on 18 November 2008 amounting to $16,507,646.
- Interim Ordinary Dividend for 2008/09 of 7.0 cents per share, franked at a tax rate of 30%, paid on 3 April 2009 amounting to $8,687,194; and
- Final Ordinary Dividend for 2008/09 of 12.35 cents per share, franked at a tax rate of 30%, has been recommended by Directors amounting to $15,336,572.

Events subsequent to reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affect the operations of the consolidated entity.

Environmental issues

The consolidated group's operations are subject to significant environmental regulation under the law of the Commonwealth and State. During the year the consolidated entity met all reporting requirements under relevant legislation. There were no incidents which required reporting.

DIRECTORS REPORT

Likely developments

Disclosure of information relating to the future developments in the operations of the consolidated entity which would not, in the opinion of the directors, be prejudicial to the consolidated entity's interests is contained in this Directors' Report.

Non-audit services

During the year, RSM Bird Cameron Partners, the Company's auditor, has performed certain other services in addition to their statutory duties. Details of the amounts paid to the auditors are disclosed in Note 26 of the financial statements.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110: Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Auditor's independence declaration

The auditor's independence declaration as required under Section 307C of the Corporations Act 2001 has been included as part of the financial statements.

Remuneration report

This remuneration report details the policy for determining the remuneration of directors and executives and provides specific detail of their remuneration.

Remuneration of non-executive directors

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Remuneration Committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

Shareholder approval must be obtained in relation to the overall limit set for directors' fees. The Remuneration Committee shall set individual Board fees within the limit approved by shareholders. Shareholders must also approve the framework for any equity based compensation schemes and if a recommendation is made for a director to participate in an equity scheme, that participation must be approved by the shareholders

Remuneration of executives

The Company's remuneration policy for executive directors and key management personnel is designed to promote superior performance and long term commitment to the Company. Executives receive a base remuneration which is market related. Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive market and business conditions where it is in the interests of the Company and shareholders to do so. Executive remuneration and other terms of employment are reviewed annually by the Remuneration Committee having regard to performance, relevant comparative information and expert advice. The Committee's reward policy reflects its obligation to align executive's remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Company.

DIRECTORS REPORT

Service agreements

The company has service agreements with each executive that defines:

- The role and appointment date
- Executive duties
- Remuneration and benefits
- Leave entitlements
- Summary dismissal for misconduct and fraud
- Use of expenses
- Notice periods of between three and twelve months
- Confidential information
- Restraint on practices

Details of the key conditions of service agreements for key management personnel are as follows:

	Commencement Date	Notice Period
Non-executive Directors		
J Ricciardo	25 June 2006	n/a
M Dutton	7 November 2007	n/a
Executive Directors		
P Wade - Chairman / Managing Director	1 July 2006	6 months
C Ellison - Business Development	1 July 2006	6 months
Executives		
S Wyatt - General Manager, CSI	1 July 2006	6 months
B Gavranich - General Manager, PIHA	1 July 2006	6 months
D Geraghty - Technical Director, PMI	1 July 2006	6 months
B Goulds - Chief Financial Officer	1 July 2006	6 months

DIRECTORS REPORT

Details and amounts of remuneration

2009	Short-term Benefits		Post Employment Benefits	Long-term Benefits		Total
	Cash, salary and commissions	Non-cash benefits	Superannuation	Share-based Payments		
				Equity	Options	
	$	$	$	$	$	$
Directors						
P.Wade	350,000	52,456	100,000	-	-	502,456
J.Ricciardo	90,000	-	8,100	-	98,454	196,554
C.Ellison	350,000	25,572	31,500	-	-	407,072
M.Dutton	90,000	-	8,100	-	-	98,100
	880,000	78,028	147,700	-	98,454	1,204,182
Key management personnel						
B.Gavranich	350,000	20,694	31,500	-	-	402,194
S.Wyatt	350,000	38,607	31,500	-	-	420,107
D.Geraghty	220,524	19,328	25,437	-	335,600	600,889
B.Goulds	204,661	-	22,500	-	49,227	276,388
	1,125,185	78,629	110,937	-	384,827	1,699,578
Total	2,005,185	156,657	258,637	-	483,281	2,903,760

2008	Short-term Benefits		Post Employment Benefits	Long-term Benefits		Total
	Cash, salary and commissions	Non-cash benefits	Superannuation	Share-based Payments		
				Equity	Options	
	$	$	$	$	$	$
Directors						
P.Wade	323,846	48,020	104,953	-	-	476,819
J.Ricciardo	93,462	-	8,411	-	134,094	235,967
C.Ellison	323,845	44,370	29,146	-	-	397,361
M.Dutton	59,523	-	5,358	-	-	64,881
M.Kiernan*	136,154	-	12,254	1,115,833	67,155	1,331,396
	936,830	92,390	160,122	1,115,833	201,249	2,506,424
*resigned 12 May 2008						
Key management personnel						
B.Gavranich	323,846	23,689	29,146	-	-	376,681
S.Wyatt	323,846	38,712	29,146	-	-	391,704
D.Geraghty	206,500	24,712	31,509	-	451,941	714,662
B.Goulds	166,914	12,696	33,300	-	67,047	279,957
	1,021,106	99,809	123,101	-	518,988	1,763,004
Total	1,957,936	192,199	283,223	1,115,833	720,237	4,269,428

DIRECTORS REPORT

Options granted as remuneration

No options were granted to directors or key management personnel in the financial period ended 30 June 2009.

Options

At the date of this report, the unissued ordinary shares of the company under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
25 Jun 2006	30 Jun 2010	$0.90	500,000
25 Jun 2006	28 Jul 2011	$0.90	500,000
1 Jul 2006	28 Jul 2011	$0.90	250,000
1 Jun 2007	15 Jan 2011	$1.80	781,890
1 Jul 2007	15 Jan 2012	$3.83	30,000
1 Jul 2007	15 Jan 2012	$1.90	1,375,000
8 Aug 2008	6 Aug 2010	$6.05	10,000,000
8 Aug 2008	6 Aug 2011	$6.05	5,000,000
			18,436,890

Option holders do not have any rights to participate in any issues of shares or other interests in the company or any other entity.

There have been no unissued shares or interests under option of any controlled entity within the Group during or since reporting date.

For details of options issued to directors and executives as remuneration, refer to the Remuneration Report.

During the year ended 30 June 2009, the following ordinary shares of the company were issued on the exercise of options granted. No further shares have been issued since year end. No amounts are unpaid on any of the shares.

Grant Date	Exercise Price	Number of Shares Issued
25 Jun 2006	$0.90	400,000
1 Jun 2007	$1.80	270,000
1 Jul 2007	$1.90	80,000
		750,000

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

DIRECTORS REPORT

Directors' relevant interests

No director has or has had any interest in a contract entered into during the year or any contract or proposed contract with the company or any controlled entity or any related entity other than as disclosed in the notes to the financial statements.

The relevant interest of each director in the capital of the company at the date of this report is as follows:

Director	No of Ordinary Shares	No of Options over Ordinary Shares
P Wade	6,116,162	-
J Ricciardo	555,750	1,500,000
M Dutton	-	-
C Ellison	44,062,815	-

Indemnifying Officers or Auditor

During or since the end of the financial year the company has paid premiums to insure all directors and executives against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the company, other than conduct involving a wilful breach of duty in relation to the company. Otherwise, the Company has not given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums on behalf of directors, executives and auditors.

Neither the Company nor any related entity has indemnified or agreed to indemnify, paid or agreed to pay any insurance premium which would be prohibited under Section 199A or Section 199B of the Corporations Act 2001 during or since the financial period ended 30 June 2009.

Proceedings on Behalf of Company

No person has applied for leave of Court under section 237 of the Corporations Act 2001to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Rounding of Amounts

The company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars.

Signed on behalf of the Board in accordance with a resolution of the directors.

PETER WADE

Executive Chairman / Managing Director
Dated this 20th day of August 2009

AUDITORS INDEPENDENCE DECLARATION

RSM! Bird Cameron Partners
Chartered Accountants

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9101
www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Mineral Resources Limited for the year ended 30 June 2009, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

Perth, WA
Dated: 20 August 2009

J A KOMNINOS
Partner

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Major Offices in:
Perth, Sydney, Melbourne, Adelaide and Canberra
ABN 36 965 185 036

RSM Bird Cameron Partners is an independent member firm of RSM International, an affiliation of independent accounting and consulting firms.

Quality Endorsed Company

CORPORATE GOVERNANCE STATEMENT

This statement outlines the Company's main corporate governance practices which have been in place throughout the financial year.

The Board considers it essential that directors and staff of Mineral Resources Limited employ sound corporate governance practices in carrying out their duties and responsibilities. Accordingly, a code of conduct has been issued to detail the expected behaviour required to ensure the company acts with integrity and objectivity.

A number of committees, which operate in accordance with their respective charters, have been established to assist the board in carrying out its responsibilities.

The Company has posted its corporate governance practices to its website: www.mineralresources.com.au. The code of conduct, committee charters and various policies are available on this website.

The ASX Corporate Governance Council released the second edition of its "Principles of Good Corporate Governance and Best Practice Recommendations" ("Recommendations") in August 2007. The directors of Mineral Resources Limited support the thrust of the Recommendations and whilst the Recommendations are not prescriptive, the ASX Listing Rules require listed companies to identify those recommendations that have not been followed and the reasons for not following them.

Unless disclosed below, all Recommendations have been applied for the entire financial year ended 30 June 2009.

Statement of Non-Compliance with Recommendations

The Company uses alternative methods of good corporate governance to those included in the ASX Corporate Governance Council's "Principles of Good Corporate Governance and Best Practice Recommendations" second edition.

Recommendation 2.1 The majority of the board should be independent directors.

As at the date of this report, the Company has four directors, two of which are considered to be independent. An additional independent director will be appointed to the board when a suitable candidate is identified.

Recommendation 2.2 The chair should be an independent director.

Recommendation 2.3 The roles of chair and chief executive officer should not be exercised by the same individual.

The Chairman of the Company, Peter Wade, also holds the position of Managing Director and is considered not to be independent. This board structure was created after due consideration to the strategy of the Company and the board considers Mr Wade the best person to lead the company from the combined position at this time.

Board of directors

The Board is accountable to shareholders for the performance of the Company. It oversees the activities and performance of management and provides an independent and objective view to the Company's performance.

The Board is comprised of two (2) non-executive directors and two (2) executive directors with a mix of skills and considerable experience in the resources and mining industry.

The details of the directors, their experience, qualifications, term of office, and independent status are set out in the Directors' Report.

The Recommendations state that to be considered independent, directors must be "independent of management and free from any business or other relationship that could materially interfere with (or could reasonably be perceived to materially interfere with) the exercise of their unfettered and independent judgement."

Messrs Ricciardo and Dutton would satisfy all the tests of the Recommendations and are considered as being independent.

In accordance with the Corporations Act 2001, any director who has an interest of any kind in relation to any matter dealt with at a board or committee meeting is required to advise the meeting and abstain from participation in the decision process.

All non-executive directors are subject to re-election at least every three years.

Independent professional advice may be sought by a director at the company's expense with the prior approval of the chairman. A copy of advice received by the director is made available to the chairman to be dealt with at his discretion.

The Board meets regularly to review management reports on the operational and financial performance of Mineral Resources Limited.

Board committees

The Board has established committees to assist it in carrying out its responsibilities. The charters that identify the roles and responsibilities of the various committees have been approved by the board and are available on the Company's web site.

The Audit Committee, consisting of two (2) non-executive directors and one (1) executive director, reviews the effectiveness of the risk management and other internal controls, the reliability of financial information and the effectiveness of the external audit function. To assist in this function the committee may invite the external auditor and senior executives to report to meetings. Any significant non-audit services to be provided by the external auditors must be approved in advance by the Audit Committee. The Audit Committee considers that the provision of those non-audit services provided to date by the external auditor would not affect the auditor's independence.

The Remuneration Committee, consisting of two (2) non-executive directors and one (1) executive director, advises the board on remuneration policies and practices generally, and makes specific recommendations to the board on remuneration packages and other terms of employment for senior executives and directors.

The Nomination Committee consists of two (2) non-executive directors and one (1) executive director. This committee reviews the composition of the board and makes recommendations on the appropriate skill mix, personal qualities, expertise and diversity.

CORPORATE GOVERNANCE STATEMENT

Share trading guidelines

Directors and officers are encouraged to have a personal financial interest in Mineral Resources Limited by acquiring and holding shares on a long term basis.

The buying or selling of shares in Mineral Resources Limited is not permitted by any director or any officer of the company or their associates when that person is in possession of price sensitive information not available to the market in relation to those shares. Apart from that, the directors or their associates may buy or sell shares in Mineral Resources Limited at any time during the year other than for one (1) month prior to the date of lodgement of announcements regarding the results of the company.

Directors, officers and their associates are required to inform the chairman of any intention to sell shares.

Continuous disclosure and shareholder communication

The secretary has been nominated as the person responsible for communications with the Australian Stock Exchange ("ASX"). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX listing rules.

The Company has established a website to enhance communication with its shareholders and potential investors. The website contains historical information, copies of all information disclosed to the ASX and a corporate governance section that includes details of the various committee charters and policies. Shareholders, who have advised the Company of their email addresses, are notified by email of all announcements to the ASX.

Risk management

The Managing Director and Chief Financial Officer report annually to the Audit Committee on the Company's risk management system.

The Board considers an internal audit function is not necessary due to the nature and size of the Company's operations. The external auditors report to the Audit Committee on risk management issues identified during the course of the audit.

INCOME STATEMENT For the year to 30 June 2009

	Note	Consolidated		Parent	
		2009	2008	2009	2008
		$'000	$'000	$'000	$'000
Revenue					
Revenue from continuing operations	3	**257,439**	238,115	**7,355**	-
Other income	3	**2,120**	6,860	**63,155**	21,017
		259,559	244,975	**70,510**	21,017
Changes in closing stock		**(3,049)**	(8,986)	**-**	-
Depreciation and amortisation		**18,407**	19,614	**-**	-
Employee benefit expenses:					
Share based payments		**2,728**	5,177	**232**	1,538
Other employee benefits		**42,794**	34,696	**2,363**	1,641
Equipment costs		**23,585**	20,122	**-**	-
Finance costs		**3,323**	2,208	**1,370**	3
Impairment loss		**5,248**	1,025	**2,550**	1,025
Raw materials and consumables		**33,005**	30,710	**-**	-
Subcontractors		**13,960**	14,812	**27**	-
Transport and freight		**44,577**	47,337	**-**	-
Other expenses	4	**20,801**	11,245	**1,625**	1,707
		205,379	177,960	**8,167**	5,914
Profit before income tax expense		**54,180**	67,015	**62,343**	15,103
Income tax expense	5	**(9,872)**	(19,920)	**79**	(182)
Profit after income tax expense		**44,308**	47,095	**62,422**	14,921
Basic earnings per share (cents per share)		**35.8**	38.7	**-**	-
Diluted earnings per share (cents per share)		**35.1**	38.3	**-**	-

The accompanying notes form an integral part of the Income Statement

BALANCE SHEET as at June 30 2009

	Note	Consolidated		Parent	
		2009	2008	2009	2008
		$'000	$'000	$'000	$'000
Current assets					
Cash and cash equivalents	6	**54,880**	49,577	**39,618**	2,184
Trade and other receivables	7	**36,777**	19,378	**4,784**	34,022
Inventories	8	**16,320**	14,252	**-**	-
Financial Assets	10	**188**	605	**-**	-
Other assets	9	**659**	516	**4**	2
Total current assets		**108,824**	84,328	**44,406**	36,208
Non current assets					
Trade and other receivables	7	**7**	1,539	**-**	-
Investment in subsidiaries		**-**	-	**54,667**	47,372
Investments accounted using the equity method	11	**189**	189	**-**	-
Financial assets	10	**2,405**	2,555	**5**	2,555
Plant and equipment	12	**157,033**	120,353	**57,000**	-
Intangible assets	13	**10,235**	10,235	**-**	-
Deferred tax assets	14	**10,127**	4,442	**4,395**	975
Total non current assets		**179,996**	139,313	**116,067**	50,902
Total assets		**288,820**	223,641	**160,473**	87,110
Current liabilities					
Trade and other payables	15	**40,494**	39,007	**512**	20,831
Finance lease liabilities	16	**9,829**	11,355	**-**	-
Income tax payable		**5,000**	16,068	**3,304**	479
Provisions	17	**4,439**	7,719	**1,274**	1,261
Total current liabilities		**59,762**	74,149	**5,090**	22,571
Non current liabilities					
Trade and other payables	15	**13**	15	**-**	-
Finance lease liabilities	16	**11,692**	16,766	**-**	-
Deferred tax liabilities	14	**14,890**	13,385	**-**	-
Secured loans	16	**45,000**	-	**45,000**	-
Provisions	17	**12,698**	3,304	**-**	-
Total non current liabilities		**84,293**	33,470	**45,000**	-
Total liabilities		**144,055**	107,619	**50,090**	22,571
Net assets		**144,765**	116,022	**110,383**	64,539
Equity					
Issued capital	18	**72,782**	64,161	**72,782**	64,161
Reserves	19	**4,456**	3,448	**-**	-
Retained earnings		**67,527**	48,413	**37,601**	378
Total equity		**144,765**	116,022	**110,383**	64,539

The accompanying notes form an integral part of the Balance Sheet

STATEMENT CHANGES IN EQUITY For the year to 30 June 2009

Consolidated 2009	Share Capital $'000	Retained Earnings $'000	Reserves $'000	Total $'000
Balance at 1 July 2008	**64,161**	48,413	**3,448**	116,022
Net proceeds of share issues from exercise of options	**1,093**	-	**-**	1,093
Purchase consideration for financial assets	**4,800**	-	**-**	4,800
Share based payments	**2,728**	-	**-**	2,728
Dividends paid	**-**	(25,194)		(25,194)
Deferred tax asset	**-**	-	**1,008**	1,008
Net profit	**-**	44,308	**-**	44,308
Balance at 30 June 2009	**72,782**	67,527	**4,456**	144,765
Parent Entity 2009				
Balance at 1 July 2008	**64,161**	373	**-**	64,534
Net proceeds of share issues from exercise of options	**1,093**	-	**-**	1,093
Purchase considering for financial assets	**4,800**	-	**-**	4,800
Share based payments	**2,728**	-	**-**	2,728
Dividends paid	**-**	(25,194)	**-**	(25,194)
Net profit	**-**	62,422	**-**	62,422
Balance at 30 June 2009	**72,782**	37,601	**-**	110,383

Consolidated 2008	Share Capital $'000	Retained Earnings $'000	Reserves $'000	Total $'000
Balance at 1 July 2007	**57,278**	16,316	**2,066**	75,660
Net proceeds of share issues from exercise of options	**1,706**	-	**-**	1,706
Share based payments	**5,177**	-	**-**	5,177
Dividends paid	**-**	(14,998)	**-**	(14,998)
Revaluation increment	**-**	-	**504**	504
Deferred tax asset	**-**	-	**878**	878
Net profit	**-**	47,095	**-**	47,095
Balance at 30 June 2008	**64,161**	48,413	**3,448**	116,022
Parent Entity 2008				
Balance at 1 July 2007	**57,278**	455	**-**	57,733
Net proceeds of share issues from exercise of options	**1,706**	-	**-**	1,706
Share based payments	**5,177**	-	**-**	5,177
Dividends paid	**-**	(14,998)	**-**	(14,998)
Net profit	**-**	14,921	**-**	14,921
Balance at 30 June 2008	**64,161**	378	**-**	64,539

The accompanying notes form an integral part of the Statement of Changes in Equity

CASH FLOW STATEMENT For the year to 30 June 2009

	Note	Consolidated		Parent	
		2009	2008	2009	2008
		$'000	$'000	$'000	$'000
Cash flows from operating activities					
Cash receipts from customers		**257,546**	250,823	**19,253**	3,894
Cash payments to suppliers and employees		**(185,694)**	(145,980)	**(4,034)**	(3,279)
Interest received		**1,507**	1,754	**730**	602
Interest and other costs of finance paid		**(3,323)**	(2,208)	**(1,370)**	(3)
Income taxes paid		**(24,108)**	(7,613)	**(515)**	(749)
Net cash flows from operating activities	20(b)	**45,928**	96,786	**14,064**	465
Cash flows from investing activities					
Payments for property, plant and equipment		**(49,789)**	(38,376)	**(57,000)**	-
Proceeds from the sale of fixed assets		**1,632**	591	**-**	-
Payments for available for sale investments		**-**	(4,057)	**-**	(4,057)
Proceeds on disposal of available for sale investments		**-**	707	**-**	707
Dividends received		**-**	-	**45,740**	16,031
Net cash flows from investing activities		**(48,157)**	(41,135)	**(11,260)**	12,681
Cash flows from financing activities					
Proceeds from exercise of share options		**1,093**	1,706	**1,093**	1,706
Proceeds from borrowings		**45,000**	-	**45,000**	-
Repayment of borrowings		**(13,367)**	(12,244)	**-**	-
Financing of related entities		**-**	-	**13,731**	(7,362)
Dividends paid		**(25,194)**	(14,997)	**(25,194)**	(14,997)
Net cash flows from financing activities		**7,532**	(25,535)	**34,630**	(20,653)
Net increase in cash and cash equivalents		**5,303**	30,116	**37,434**	(7,507)
Cash and cash equivalents at the beginning of the financial period		**49,577**	19,461	**2,184**	9,691
Cash and cash equivalents at the end of the financial period	20(a)	**54,880**	49,577	**39,618**	2,184

The accompanying notes form an integral part of the Cash Flow Statement

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

Note 1: Significant accounting policies

This financial report includes the consolidated financial statements and notes of Mineral Resources Limited and controlled entities ("Consolidated Entity"), and the separate financial statements and notes of Mineral Resources Limited as an individual parent entity ('Parent Entity').

The financial report was authorised for issue on 20 August 2009.

(i) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(ii) Basis of consolidation

A controlled entity is any entity Mineral Resources Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated group during the year, their operating results have been included/ excluded from the date control was obtained or until the date control ceased.

(iii) Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that each company in the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(iv) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is assigned on a standard cost basis with the exception of contract specific requirements to use an average cost basis.

Construction work in progress

Construction work in progress is stated at the aggregate of contracts costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where billings exceed the aggregate costs incurred including profit margins, the net amounts are presented under trade and other payables.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms and conditions of the contract and an allocation of overhead expenses incurred in connection with the consolidated entity's construction activities based on normal operating capacity.

Note 1: Significant accounting policies (continued)

(v) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(vi) Revenue recognition

Goods sold

Revenue from sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from bulk products exported from Australia, ownership in the goods transfers to the buyer after a clean bill of lading has been issued for the shipment, the preliminary payment is received and in accordance with any other specific terms of the contract of sale.

Services rendered

Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at balance sheet date. The stage of completion is assessed by reference to work performed.

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

Construction contracts

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

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

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

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

Interest revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividends

Revenue from distributions from controlled entities is recognised by the parent entity when they are declared by the controlled entities.

(vii) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

Bank overdrafts that are repayable on demand and form an integral part of the consolidated entity's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

(viii) Plant and equipment

Owned assets

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

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

Note 1: Significant accounting policies (continued)

Leased assets

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

Sale of non-current assets

The net gain or loss on disposal is included in the income statement at the date control of the asset passes to the buyer, usually when an unconditional contract for 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 disposal and the net proceeds on disposal (including incidental costs).

Subsequent costs

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

Revaluation

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

Depreciation

The depreciable amount of plant and equipment is depreciated over their useful lives on a straight line basis commencing from the time the asset is ready for use. Mobile crushing plant and certain associated plant and equipment are depreciated on the usage method of depreciation.

Class	Life
Buildings	20 years
Plant and equipment - other	3-20 years or the term of the lease
Tracking plant and equipment	6 years

(ix) Impairment

Financial instruments

At each reporting date, the consolidated entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Other assets

At each reporting date, the consolidated entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(x) Investments

Investments in controlled entities are carried at cost. Cost includes the purchase price of the entity as well as directly attributable costs associated with the acquisition. Directly attributable costs are capitalised only once there is written agreement to acquire the entity.

Note 1: Significant accounting policies (continued)

(xi) Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the consolidated entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and subsequent measurement

Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the consolidated entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges. Assessments are made by the consolidated entity both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of hedged assets or liabilities that are attributable to the hedged risk.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred to a hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in the hedge reserve in equity are transferred to the income statement in the periods when the hedged item will affect profit or loss.

Fair value

Fair value is determined based on current bid prices for all quoted investments.

NOTES TO THE FINANCIAL STATEMENTS
For the year to 30 June 2009

Note 1: Significant accounting policies (continued)

Impairment

At each reporting date, the consolidated entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Trade and other receivables

Trade receivables and other receivables are stated at cost less impairment losses.

Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 60 days.

Interest bearing loans and borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowing on an effective interest basis.

Finance costs

Finance costs comprise interest payable on borrowings calculated using the effective interest rate method, foreign exchange gains or losses and gains or losses on hedging instruments that are recognised in the income statement. The interest expense component of finance lease payments is recognised in the income statement using the effective interest method.

Foreign currency transactions and balances

Functional and presentation currency

The functional currency of entity is measured using the currency of the primary economic environment in which it operates. The consolidated financial statements are presented in Australian dollars which is the consolidated entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

(xii) Lease payments

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense and spread over the lease term.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(xiii) Employee benefits

Provision has been made in the financial statements for benefits accruing to employees in relation to annual leave, long service leave, workers' compensation and vested sick leave. No provision is made for non-vesting sick leave.

All on-costs, including payroll tax, workers' compensation premiums, superannuation and fringe benefits tax are included in the determination of provisions. Vested sick leave, and the current portion of annual leave, long service leave and workers' compensation provisions are measured at the amount of the expected payment to the employee.

The portions of annual leave, long service leave and workers' compensation provisions expected to be settled later than one year, are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Note 1: Significant accounting policies (continued)

(xiv) Share based payments

Certain employees may be entitled to participate in option ownership schemes. The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the vesting period being the period during which the employees become unconditionally entitled to the options. The fair value of options granted is measured using a recognised valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised in expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

(xv) Provisions

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Warranties

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

Project closure

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

Rehabilitation

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

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

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the consolidated entity from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(xvi) Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to ordinary shareholders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

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

(xvii) Australian goods and services tax

Revenues, 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 as 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 ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS
For the year to 30 June 2009

Note 1: Significant accounting policies (continued)

(xviii) Share capital

Dividends are recognised as a liability in the period on which they are declared.

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

(ixx) Comparatives

Where required by Australian Accounting Standards, comparative information has been adjusted to conform with changes in presentation for the current financial year.

(xx) Rounding of amounts

The parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and directors' report have been rounded off to the nearest $1,000.

(xxi) Critical accounting estimates and judgements

Provisions

Refer to note 1 (xv).

Impairment of goodwill and intangibles with indefinite useful lives

The consolidated entity assesses goodwill and intangibles with indefinite useful lives for impairment at least annually. These calculations involve an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated.

Impairment of available for sale assets

The consolidated entity assesses available for sale assets for impairment annually. The fair value of shares held in listed companies is usually assessed at the last price traded on ASX on the balance date. Note 10 discloses the fair value of available for sale assets and impairment adjustments as necessary.

Useful lives of plant and equipment

The consolidated entity assesses the useful life of plant and equipment assets annually. The useful life is assessed with reference to the assets operational activity and commitments and adjustments made to reflect the duty expected of the plant and equipment. Adjustments to depreciation rates of plant and equipment where the expected useful life is deemed to have changed is reflected in the notes to this financial report.

The financial effect of this change in estimates on future financial years can not be disclosed as the future estimated life of the assets involved cannot be reliably estimated.

Note 2: Statement of operations by segments

Business

Mineral Resources Limited operates in the single business segment. The group is an integrated supplier of goods and services to the resources sector.

The directors believe this to be the case for the following reasons:

- The consolidated entity performs services for a common industry sector being the resources sector,
- The consolidated entity operates with a centralized pool of management, engineering, operational labour and administrative and shared services personnel,
- The common use of plant, equipment and consumable inventory,
- Operations are conducted within a single regulatory environment, and
- Common customers exist within the divisions of the integrated business that is exposed to similar operational risks and rewards.

Geographical

Mineral Resources Limited operates in a single secondary reporting segment being Australia.

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

	Consolidated		Parent	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Note 3: Revenue				
Revenue from continuing operations				
Contract and operational revenue	**133,924**	100,244	**7,355**	-
Sale of goods and equipment	**117,305**	135,197	**-**	-
Equipment rental	**6,210**	2,674	**-**	-
	257,439	238,115	**7,355**	-
Other income				
Interest income	**1,510**	1,754	**730**	602
Administration charges	**-**	-	**16,685**	4,153
Dividends received	**-**	-	**45,740**	16,031
Profit on sale of fixed assets	**165**	313	**-**	-
Profit on sale of shares in listed companies	**-**	230	**-**	230
Costs recovered	**-**	3,490	**-**	-
Other	**445**	1,073	**-**	1
	2,120	6,860	**63,155**	21,017

	Consolidated		Parent	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Note 4: Profit before income tax				
Profit before income tax includes the following specific expenses not disclosed separately on the face of the income statement:				
Other expenses				
Rental expenses relating to operating leases	**1,836**	1,767	**-**	-
Foreign exchange gains and losses	**(1,056)**	(1,012)	**-**	-
Provision for impairment of receivable	**299**	687	**-**	-
Provision for rehabilitation	**2,959**	3,500	**-**	-
Provision for project closure	**2,119**	-	**-**	-
Travel & accommodation	**5,362**	3,565	**-**	-
Bank fees and charges	**629**	-	**629**	-
Other	**8,653**	2,738	**996**	1,717
	20,801	11,245	**1,625**	1,717
Foreign exchange gains and losses				
Net foreign exchange gain	**1,865**	1,852	**-**	-
Unrealised foreign exchange loss	**(809)**	(840)	**-**	-
	1,056	1,012	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Note 5: Income tax expense				
The components of tax expense comprise:				
Current tax	**13,043**	21,720	**341**	479
Deferred tax	**(3,171)**	(1,800)	**(420)**	(297)
	9,872	19,920	**(79)**	182
The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the financial statements as follows:				
Profit / (loss) before income tax	**54,180**	67,015	**62,343**	15,103
Prima facie tax thereon at 30%	**16,254**	20,106	**18,703**	4,530
Other non allowable items	**1,125**	41	**1**	-
Share based payments not allowable	**818**	1,553	**69**	461
Non-deductible depreciation	**992**	1,029	**-**	-
Research and development concessions	**(3,623)**	(2,809)	**-**	-
Investment allowance	**(5,710)**	-	**(5,130)**	-
Franking credits inter-group dividends	**-**	-	**(19,603)**	(6,870)
Gross up franked dividend for franking credit	**-**	-	**5,881**	2,061
Reconciliation of prior year items	**16**	-		-
Income tax expense attributable to profit	**9,872**	19,920	**(79)**	182

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Note 6: Cash & cash equivalents				
Cash at bank and on hand	**20,212**	1,889	**6,639**	503
Deposits at call	**34,668**	47,688	**32,979**	1,681
	54,880	49,577	**39,618**	2,184

Cash at bank and on hand is interest bearing at between 3.00% and 7.25%.

Deposits at call are interest bearing at between 3.06% and 7.69%.

The consolidated and parent entity's exposure to interest rate risk is discussed in note 27.

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

	Consolidated		Parent	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Note 7: Trade and other receivables				
Current				
Trade and other debtors:	**37,763**	20,065	**7,784**	-
Amounts receivable from wholly owned entities	**-**	-	**-**	34,022
	37,763	20,065	**7,784**	34,022
Less:				
Provision for impairment	**(986)**	(687)	**-**	-
	36,777	19,378	**-**	34,022
Non current				
Trade and other debtors	**-**	-	**-**	-
Amounts receivable from associated entities	**7**	1,539	**-**	-
	7	1,539	**-**	-

The amounts receivable from wholly owned entities are unsecured and payable on demand.

In the opinion of directors the amounts receivable from associated entities is recoverable in full.

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

Opening balance	**(687)**	-	**-**	-
Provision recognised during the year	**(299)**	(687)	**-**	-
Closing balance	**(986)**	(687)	**-**	-

Impaired trade receivables

As at 30 June 2009 current trade receivables of the consolidated entity with a nominal value of $986,000 (2008: $687,000) were impaired. The amount of the provision was $986,000 (2008: $687,000). The individually impaired receivables relate to customers, which are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered.

Past due but not impaired

As of 30 June 2009, trade receivables of $1,146,000 (2008: $1,922,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	60 days $'000	90 days + $'000	Total past due $'000
Past due trade receivables	1,007	139	1,146

Foreign exchange and interest rate risk

Information about the Group's and the parent entity's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 27.

	Consolidated		Parent	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Note 8: Inventories				
Current				
Raw materials and stores	**14,673**	12,995	**-**	-
Work in progress	**1,647**	1,257	**-**	-
	16,320	14,252	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
For the year to 30 June 2009

	Consolidated		Parent	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Note 9: Other assets				
Current				
Prepayments and other	**659**	516	**4**	2

	Consolidated		Parent	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Note 10: Financial assets				
Available-for-sale financial assets	**2,405**	2,555	**-**	2,555
Held for trading financial assets	**188**	605	**5**	-
	2,593	3,160	**5**	2,555
Current portion	**188**	605	**-**	-
Non-current portion	**2,405**	2,555	**5**	2,555
	2,593	3,160	**5**	2,555
Available-for-sale financial assets comprise				
Purchase considering for financial asset	**4,800**	-	**-**	-
Less: impairment provision	**(2,400)**	-	**-**	-
	2,400	-	**-**	-
Shares in listed corporation	**3,580**	3,580	**3,580**	3,580
Less: impairment provision	**(3,575)**	(1,025)	**(3,575)**	(1,025)
Shares in listed corporations	**5**	2,555	**5**	2,555
Total available-for-sale financial assets	**2,405**	2,555	**5**	2,555

Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity date attached to these investments.

Fair value of shares in listed companies is determined by the closing price on the balance date.

The impairment provision consists of a reduction in fair value of shares in Australian listed companies which were suspended from trading on ASX during the year. Directors have recognised an impairment adjustment of $2,550,000 (2008: 1,025,000) reducing the carrying value of the asset to nil.

During the year the Company recognised an available for sale financial asset of $4,800,000 supported by certain contractual arrangements relating to the development of manganese assets. The financial asset has been tested for impairment and Directors are of the opinion that $2,400,000 of the available for sale financial asset is impaired.

	Consolidated		Parent	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Held for trading financial assets comprise				
Net gain recognised as a result of the fair valuation of foreign exchange contracts	**188**	605	**-**	-

The consolidated entity has entered into forward exchange contracts which are economic hedges but do not satisfy the requirements for hedge accounting. These contracts are accounted for as held for trading. Changes in the fair value of these contracts are recorded in the Income Statement.

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

Note 11: Investments accounted for using the equity method

Interests are held in the following unlisted associated companies

Name	Principal Activities	Country of Incorpor-ation	Shares	Ownership Interest		Carry amount of investment	
				2009 %	2008 %	2009 $000	2008 $000
Minprocess Group Inc.	Mineral processing	Philippines	Ord	40	40	66	66
Iron Processing Group Inc.	Mineral processing	Philippines	Ord	40	40	54	54
Process Minerals International Pty Ltd Inc.	Mineral processing	Philippines	Ord	40	40	69	69
						189	189

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Assets, Liabilities and Performance of Associates				
Current assets	**21**	155	**-**	-
Non-current assets	**116**	341	**-**	-
Total assets	**137**	496	**-**	-
Current liabilities	**(22)**	(72)	**-**	-
Non-current liabilities	**(660)**	(678)	**-**	-
Total liabilities	**(682)**	(750)	**-**	-
Net assets	**545**	(254)	**-**	-
Revenues	**-**	92	**-**	-
Profit after income tax of associates	**(89)**	(172)	**-**	-

Ownership interest in Minprocess Group Inc. Iron Processing Group Inc and Process Minerals International Pty Ltd Inc, at the company's balance date was 40% of ordinary shares. The reporting date of the associates is 30th June.

Note 12: Plant and equipment

	Consolidated		Parent	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Plant and equipment owned				
Cost				
Opening balance	**70,307**	23,329	**-**	-
Category adjustment		567	**-**	-
Additions	**49,791**	38,835	**57,000**	-
Disposals	**(907**	(674)	**-**	-
Closing balance	**119,191**	62,057	**57,000**	-
Accumulated depreciation				
Opening balance	**(9,428)**	(6,646)	**-**	-
Category adjustment	**-**	440	**-**	-
Disposals	**595**	249	**-**	-
Depreciation expense	**(8,054)**	(3,471)	**-**	-
Closing balance	**(16,887)**	(9,428)	**-**	-
Assets completing lease contract – transfer	**5,663**	8,250	**-**	-
Net book value	**107,967**	60,879	**57,000**	-
Plant and equipment under lease				
Cost				
Opening balance	**85,359**	82,883	**-**	-
Category adjustment	**-**	(577)	**-**	-
Additions	**6,763**	11,303	**-**	-
Disposals	**(1,340)**	-	**-**	-
Closing balance	**90,782**	93,609	**-**	-
Accumulated depreciation				
Opening balance	**(29,012)**	(13,373)	**-**	-
Category adjustment	**-**	(445)	**-**	-
Disposals	**185**	-	**-**	-
Depreciation Expense	**(9,764)**	(15,194)	**-**	-
Closing balance	**(38,591)**	(29,012)	**-**	-
Assets completing lease contract	**(5,663)**	(8,250)	**-**	-
Net book value	**46,528**	56,347	**-**	-

Note 12: Plant and equipment (continued)

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Tracking plant and equipment				
Fair value				
Opening balance	**4,801**	3,851	**-**	-
Category adjustment	**-**	-	**-**	-
Additions	**-**	447	**-**	-
Disposals	**-**	-	**-**	-
Revaluation increments	**-**	503	**-**	-
Closing balance	**4,801**	4,801	**-**	-
Accumulated depreciation				
Opening balance	**(1,674)**	(726)	**-**	-
Category adjustment	**-**	-	**-**	-
Disposals	**-**	-	**-**	-
Depreciation expense	**(589)**	(948)	**-**	-
Closing balance	**(2,263)**	(1,674)	**-**	-
Net book value	**2,538**	3,127	**-**	-
Total property, plant and equipment	**214,774**	160,467	**57,000**	-
Total plant and equipment accumulated depreciation	**(57,441)**	(40,114)	**-**	-
Total, plant and equipment net	**157,033**	120,353	**57,000**	-

The basis of revaluation of track plant and equipment is an independent valuation by a qualified valuer or directors' valuation.

Assets in the course of construction

The carrying amounts of the assets disclosed above includes $13,622,135 (2008: $32,109,000) recognised in relation to property, plant and equipment in the course of construction.

Note 13: Intangible assets

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Goodwill - cost				
Opening balance	**10,235**	10,235	**-**	-
Impairment losses of goodwill	**-**	-	**-**	-
Closing balance	**10,235**	10,235		-

Impairment tests for cash generating units containing goodwill

The following cash generating units have significant carrying amounts of goodwill.

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
PIHA Pty Ltd	**8,817**	8,817	**-**	-
Process Minerals International Pty Ltd	**1,418**	1,418	**-**	-
	10,235	10,235	**-**	-

Note 13: Intangible assets (continued)

The recoverable amount of the cash generating unit is based on value-in-use calculations. The calculations use cash flow projections based on the following year's budget and plan, extended over a period of five years. Cash flows into perpetuity are extrapolated using a growth factor relevant to the sector and business plan. A pre-tax discount rate is applied adjusted for the risk of the industry in which each unit operates. Goodwill has an infinite life.

Impairment Disclosures

The recoverable amount of each cash-generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a five-year period. The cash flows are discounted using the target weighted average cost of capital for the consolidated entity.

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

Discount rate – 11% (2008: 11%)
Growth rate of cash flows – nil (2008: nil)

Management has based the value-in-use calculations on budgets for each cash generating unit. These budgets use historical weighted average growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the period which are consistent with inflation rates applicable to the locations in which the segments operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular cash generating unit.

Note 14: Deferred tax assets and liabilities

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Deferred tax assets				
Opening balance	**4,442**	3,660	**975**	678
Charged / (credited) to income statement	**5,685**	1,804	**3,420**	297
Charged / (credited) to equity	**-**	-	**-**	-
Prior year tax losses	**-**	(1,022)	**-**	-
	10,127	4,442	**4,395**	975
Deferred tax assets represented by:				
depreciation of fixed assets	**660**	421	**-**	-
employee benefit provisions	**1,146**	984	**382**	378
project closure / rehabilitation provisions	**3,995**	2,268	**-**	-
unrealised foreign exchange gain	**43**	(185)	**-**	-
impairment losses	**4,072**	514	**4,072**	308
other	**211**	440	**(59)**	289
	10,127	4,442	**4,395**	975
Deferred tax liabilities				
Opening balance	**13,384**	14,252	**-**	-
Charged / (credited) to income statement	**2,514**	11	**-**	-
Charged / (credited) to equity	**(1,008)**	(878)	**-**	-
	14,890	13,385	**-**	-
Deferred tax liabilities represented by:				
accrued revenue	**2,064**	1,275	**-**	-
unrealised foreign exchange gain	**588**	(96)	**-**	-
depreciation of fixed assets	**5,537**	4,466	**-**	-
asset revaluation reserve	**6,631**	7,639	**-**	-
other	**70**	101	**-**	-
	14,890	13,385	**-**	-

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Note 15: Trade and other payables				
Current				
Unsecured liabilities:				
trade creditors and accruals	**40,494**	39,007	512	540
amounts payable to wholly owned entities	**-**	-	-	20,291
	40,494	39,007	512	20,831
Non current				
Unsecured liabilities:				
trade creditors and accruals	**13**	15	-	-

The amounts payable to wholly owned entities are unsecured, interest free and payable on demand.

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Note 16: Financial liabilities				
Current				
Secured liabilities:				
finance lease liabilities	**9,829**	11,355	-	-
	9,829	11,355	-	-
Non current				
Secured liabilities:				
bank loans	**45,000**	-	45,000	-
finance lease liabilities	**11,692**	16,766	-	-
	56,692	16,766	45,000	-

Details of the security held is as follows:

Bank facilities are secured by:

- Registered mortgage debentures over the whole of the assets and undertakings of each of the parent entity and its controlled entities;
- Negative pledges with respect to financial covenants; and
- Interlocking guarantees.

Finance lease liabilities are secured over individual assets financed in the normal operation of a finance lease agreement, in the first instance and then by the bank security described above.

Bank loans are in the form of a floating rate bill facility to be converted into an equipment loan. The floating rate bill rolls periodically and the company has the right to have it converted into an equipment loan at each rollover.

Note 16: Financial liabilities (continued)

	Consolidated		Parent	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Finance facilities				
(a) The consolidated entity has access to the following lines of credit:				
Bank overdraft:				
Limit	**3,600**	3,600	**-**	-
Amount utilised	**-**	-	**-**	-
Unused facility	**3,600**	3,600	**-**	-
Finance lease liabilities:				
Limit	**58,886**	40,376	**-**	-
Amount utilised	**(20,771)**	(28,121)	**-**	-
Unused facility	**38,115**	12,255	**-**	-
Bank loans:				
Limit	**50,000**	50,000	**-**	-
Amount utilised	**45,000**	-	**-**	-
Unused facility	**5,000**	50,000	**-**	-

Facility use, expiry and interest rates:

Bank overdraft

This facility is an overdraft offset facility that can be drawn to a maximum of $3,600,000. The facility is renewable on an annual basis and is due for renewal on 31 December 2009. Interest is charged on this account at the National Australia Bank Indicator Rate plus a margin of 1.75%. At the balance date this rate was 12.43% per annum. This rate can vary.

Finance lease facilities

Finance lease contracts are utilised to finance the acquisition of plant and equipment. The consolidated group has a combination of a revolving limit and separately approved finance lease contracts. The contracts are negotiated on current interest rates and terms depending on the particular equipment purchased and the contract expires on completion of the payment schedule. Average interest rates and the unexpired terms of the contracts are disclosed in note 27.

Bank loan

The consolidated entity has a special purpose loan facility to fund the construction of plant.

NOTES TO THE FINANCIAL STATEMENTS
For the year to 30 June 2009

	Consolidated		Parent	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Note 17: Provisions				
Current portion	**4,439**	7,719	**1,273**	1,261
Non-current portion	**12,698**	3,304	**-**	-
	17,137	11,023	**1,273**	1,261
Employee entitlements	**3,819**	3,465	**1,273**	1,261
Warranty provision	**620**	-	**-**	-
Project closure provision	**6,328**	4,058	**-**	-
Site rehabilitation provision	**6,370**	3,500	**-**	-
	17,137	11,023	**1,273**	1,261
Employee entitlements				
Opening balance	**3,791**	2,496	**1,261**	971
Additional amounts provided for	**4,134**	2,460	**25**	344
Amounts used	**(4,106)**	(1,491)	**(13)**	(54)
Closing balance	**3,819**	3,465	**1,273**	1,261
Warranty provision movement				
Opening balance	**-**	-	**-**	-
Additional amounts provided for	**620**	-	**-**	-
Closing balance	**620**	-	**-**	-
Project closure provision movement				
Opening balance	**4,058**	4,058	**-**	-
Additional amounts provided for	**3,186**	-	**-**	-
Amounts used	**(916)**	-	**-**	-
Closing balance	**6,328**	4,058	**-**	-
Current portion	**-**	3,254	**-**	-
Non-current portion	**6,328**	804	**-**	-
Site rehabilitation movement				
Opening balance	**3,500**	-	**-**	-
Additional amounts provided for	**3,647**	3,500	**-**	-
Amounts used	**(777)**	-	**-**	-
Closing balance	**6,370**	3,500	**-**	-
Current portion	**-**	1,000	**-**	-
Non-current portion	**6,370**	2,500	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

Note 18: Share Capital

(a) Issued and paid up capital

Issued and paid up capital of the company is 124,182,776 ordinary shares (2008: 122,882,776).

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

(b) Movements in share capital

	2009 Number	2008 Number	2009 $'000	2008 $'000
Opening balance	**122,882,776**	120,348,000	**64,161**	57,278
Shares issued to directors in conjunction with a contract of service	**-**	1,166,666	**-**	-
Shares issued	**500,000**	-	**-**	-
Share options exercised by directors	**400,000**	500,000	**360**	450
Employee share options exercised	**400,000**	868,110	**733**	1,256
Issue of unlisted share options	**-**	-	**4,800**	-
Share-based payments	**-**	-	**2,728**	5,177
Closing balance	**124,182,776**	122,882,776	**72,782**	64,161

(c) Options

For information relating to the Mineral Resources Limited employee share option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year end, refer to note 25 Share based payments.

For information relating to share options issued to key management personnel during the financial year, refer to note 25 Share based payments.

(d) Capital management

The consolidated entity manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the consolidated entity consists of debt, which includes the borrowings disclosed in note 16, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings. Management and the Board balances the capital structure through payment of dividends, issue of new shares, repayment of existing debt and the acquisition of new debt.

On 22 December 2008, the Company introduced an on-market share buy-back for a maximum of 10% of the Company's share capital over a 12 month period. No shares have been purchased by the Company under the buy-back as at the date of this report.

The consolidated entity's overall capital management strategy remains unchanged from 2008.

Note 19: Reserves

Asset Revaluation Reserve

The asset revaluation reserve records the revaluations of plant and equipment.

Movement in the asset revaluation reserve:

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Opening balance	**3,448**	2,066	**-**	-
Revaluation	**-**	504	**-**	-
Deferred tax	**1,008**	878	**-**	-
Closing balance	**4,456**	3,448	**-**	-

Note 20: Cashflow information

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
(a) Reconciliation of cash				
Cash at bank and on hand	**54,880**	49,577	**39,618**	2,184
Bank overdraft	**-**	-	**-**	-
	54,880	49,577	**39,618**	2,184
(b) Cash flows from operations				
Profit after tax	**44,308**	47,094	**62,422**	14,921
Non-cash flows in profit				
Depreciation	**18,407**	19,614	**-**	-
Share based payments expense	**2,727**	5,177	**232**	1,538
Dividends received	**-**	-	**(45,740)**	(16,031)
Net gain on disposal of plant and equipment	**(165)**	(313)	**-**	-
Net gain on disposal of available for sale financial assets	**-**	(230)	**-**	(230)
Impairment of available for sale financial assets	**4,950**	1,025	**2,550**	1,025
Changes in assets and liabilities				
Trade receivables	**(15,867)**	8,760	**(4,785)**	(260)
Inventories	**(2,067)**	(9,408)	**-**	-
Trade payables and accruals	**1,487**	9,065	**(30)**	(219)
Provisions	**6,114**	4,470	**13**	290
Other current assets	**(143)**	(170)	**(2)**	(2)
Financial assets	**417**	(605)	**-**	-
Income taxes payable	**(11,068)**	13,077	**2,825**	(270)
Deferred taxes payables	**(3,172)**	(770)	**(3,421)**	(297)
Cash flows from operations	**45,928**	96,786	**14,064**	465

For the purposes of the cash flow statement, cash includes cash on hand and in banks and deposits at call, net of overdrafts and investments in money market instruments with less than 90 days to maturity.

During the year, the consolidated group acquired plant and equipment with an aggregate value of $6,763,000 (2008: $12,048,000) by means of finance leases.

	Consolidated		Parent	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Note 21: Operating and finance leases				
The operating leases have been entered into as a means of acquiring access to property. Rental payments are generally fixed.				
Non cancellable operating leases contracted for but not capitalised:				
Payable:				
not later than one year	**1,251**	1,729	**-**	-
later than one year but not later than five years	**2,906**	3,738	**-**	-
later than five years	**-**	-	**-**	-
	4,157	5,467	**-**	-
Finance lease liabilities				
Payable:				
not later than one year	**10,708**	13,067	**-**	-
later than one year but not later than five years	**12,098**	18,142	**-**	-
later than five years	**-**	-	**-**	-
Minimum finance lease payments	**22,806**	31,209	**-**	-
Less future finance charges	**(1,555)**	(3,088)	**-**	-
Total finance lease liabilities	**21,251**	28,121	**-**	-
Reconciled to:				
Current liabilities	**9,829**	11,355	**-**	-
Non current liabilities	**11,692**	16,766	**-**	-
	21,521	28,121	**-**	-

	Consolidated		Parent	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Note 22: Capital commitments				
Capital expenditure commitments contracted for:				
Plant and equipment purchases within one year	**41,562**	10,730	**-**	-

Note 23: Controlled entities

(a) Controlled entities

The financial statements include the following controlled entities. The financial years of all controlled entities are the same as that of the Parent entity.

	Country of Incorporation and Operation	Class	Equity Holding	
			2009 %	2008 %
Parent entity:				
Mineral Resources Limited	Australia			
Controlled entities:				
Crushing Services International Pty Ltd	Australia	Large Proprietary	100%	100%
PIHA Pty Ltd	Australia	Large Proprietary	100%	100%
Process Minerals International Pty Ltd	Australia	Large Proprietary	100%	100%

(b) Deed of cross guarantee

The parent entity has not entered into a deed of cross guarantee whereby the parent entity will provide that all parties to the deed will guarantee to each creditor payment in full of any debt of each company participating in the deed on winding up of that company.

Note 24: Key management personnel disclosures

The following were key management personnel of the consolidated entity at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non executive directors:

- Mr J Ricciardo
- Mr M Dutton

Executive directors:

- Mr P Wade (Chairman, Chief Executive Officer and Managing Director)
- Mr C Ellison (Director, Business Development)

Executives:

- Mr B Gavranich (General Manager, PIHA)
- Mr S Wyatt (General Manager, CSI)
- Mr D Geraghty (General Manager, PMI)
- Mr B Goulds (Chief Financial Officer)

Remuneration of key management personnel

Details of the nature and amount of each major element of annual compensation of each director and of each of the key management personnel of the company and consolidated entity as set out in the Directors' Report.

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For the year to 30 June 2009

Note 24: Key management personnel disclosures (Continued)

Loans to key management personnel and their related parties

No loans have been made to directors or key management personnel during the year.

Equity instruments

No equity instruments were granted to directors or key management personnel during the year.

Exercise of options granted as remuneration

There were no amounts unpaid on the shares issued as a result of the exercise of options.

Option holdings

	Opening Balance	Granted	Exercised	Closing Balance	Vested	Unvested
Peter Wade	-	-	-	-	-	-
Joe Ricciardo	1,500,000	-	-	1,500,000	1,000,000	500,000
Chris Ellison	-	-	-	-	-	-
Mark Dutton	-	-	-	-	-	-
Steve Wyatt	-	-	-	-	-	-
Bob Gavranich	-	-	-	-	-	-
David Geraghty	600,000	-	-	600,000	200,000	400,000
Bruce Goulds	500,000	-	-	500,000	250,000	250,000

Equity holdings and transactions

The movement during the current year in the number of ordinary shares of Mineral Resources Limited held directly or indirectly by each key management person, including their related parties is as follows:

	Opening Balance	Options Exercised	Sales on open market	Closing Balance
Peter Wade	6,116,162	-	-	6,116,162
Joe Ricciardo	555,750	-	-	555,750
Chris Ellison	44,062,815	-	-	44,062,815
Mark Dutton	-	-	-	-
Steve Wyatt	13,757,344	-	-	13,757,344
Bob Gavranich	11,132,768	-	-	11,132,768
David Geraghty	1,267,487	-	-	1,267,487
Bruce Goulds	250,000	-	-	250,000

Note 25: Share based payments

The following share based payment arrangements existed at 30 June 2009.

As part of Joe Ricciardo's engagement as non-executive director of the Company, he will be allocated up to 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 500,000 Options) on the dates that are 1, 2 and 3 years after the date the Company was 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.

As part of Mark Dutton's engagement as non-executive director of the Company, he will be allocated up to 1,500,000 Options exercisable at $3.50 and an expiry date of 3 years after the date of grant. The issue of securities are subject to shareholder approval after which he would be entitled to the grant of the initial tranche.

As part of Bruce Goulds' engagement as Chief Financial Officer of the Company, he will be allocated up to 750,000 Options under the terms of the Employee Share Option Plan 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 250,000 Options) on the dates that are 1, 2 and 3 years after the date the Company was admitted to the Official List, unless he ceases to be an employee during that period of time in which case he is not entitled to the securities which have not already been issued.

As part of David Geraghty's engagement as Technical Director of Process Minerals, he will be allocated up to 600,000 Options exercisable at an average price of $1.90 and an expiry date of 3 years after the date of issue. The securities will be issued in 3 equal tranches on 15 January 2008, 15 January 2009 and 15 January 2010, unless he ceases to be an employee of the consolidated group during that period of time in which case he is not entitled to the securities which have not already been issued.

Senior staff members have been granted up to 4,575,000 share options as part of their remuneration package. Options are exercisable at an average price of $1.90 and an expiry date of 3 years after the date of issue. The securities will be issued in 3 equal tranches on 15 January 2008, 15 January 2009 and 15 January 2010, unless the staff member ceases to be an employee of the consolidated group during that period of time in which case they are not entitled to the securities which have not already been issued.

Options

	Number of Options	Weighted Average Exercise Price $
Outstanding at the beginning of the year	6,946,890	1.5639
Granted	125,000	3.0800
Forfeited	(540,000)	1.9500
Exercised	(750,000)	1.2800
Expired	-	-
Outstanding at year-end	**5,781,890**	**1.6000**
Exercisable at year-end	**3,516,890**	**1.5400**

Note 25: Share based payments (continued)

No options were granted during the year.

Shares

No shares were granted during the year.

Share based payment expense

Included under employee benefits expense in the income statement is $2,727,115 and relates, in full, to equity-settled share-based payment transactions.

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Employee share based payments	**2,727**	5,177	**232**	1,538

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Note 26: Auditor's remuneration				
Amounts received or due and receivable by RSM Bird Cameron Partners for:				
Audit and review fees	**215,000**	168,000	**215,000**	168,000
Tax compliance services	**47,070**	33,000	**31,270**	15,000
	262,070	201,000	**246,270**	183,000

Note 27: Financial instruments

Financial risk management policies

The consolidated entity's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, loans to and from subsidiaries, leases, and derivatives.

The main purpose of non-derivative financial instruments is to raise finance for group operations. Derivatives are used by the consolidated group for hedging purposes. Such instruments consist of forward exchange contracts. The consolidated entity does not speculate in the trading of derivative instruments.

Treasury risk management

The Executive Chairman and Chief Financial Officer manage financial risk exposure and treasury management strategies in the context of the most recent economic conditions and forecasts. The overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, whilst minimising potential adverse effects on financial performance. The Board reviews treasury risk strategies on a regular basis.

Financial risk exposures and management

The main risks the group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, and credit risk.

Liquidity risk

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Credit risk exposures

Credit exposure represents the extent of credit related losses to which the consolidated entity may be subject on amounts to be received from financial assets. The consolidated entity, while exposed to credit related losses in the event of non-performance by counterparties to financial instruments, does not expect that any counterparties will fail to meet their obligations.

The consolidated entity's exposures to on-balance sheet credit risk are as indicated by the carrying amounts of its financial assets. The consolidated entity does not have a significant exposure to any individual counterparty.

NOTES TO THE FINANCIAL STATEMENTS
For the year to 30 June 2009

Note 27: Financial instruments (Continued)

Foreign currency risk

The consolidated entity is exposed to fluctuations in foreign currencies arising from the sale of goods in currencies other than the group's measurement currency.

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

At balance date, the details of outstanding forward exchange contracts are:

Sell United States Dollars Settlement

	Buy Australian Dollars		Exchange Rate	
	2009	**2008**	**2009**	2008
	$000	**$000**		
Sell USD $5,000,000	**-**	5,482	**-**	0.9120
Sell USD $5,000,000	**-**	5,338	**-**	0.9367
Sell USD $2,500,000	**-**	2,671	**-**	0.9358
Sell USD $5,000,000	**-**	5,303	**-**	0.9429
Sell USD $3,500,000	**4,457**	-	**0.7852**	-
Sell USD $1,000,000	**1,276**	-	**0.7836**	-

Contracts above relates to July 2009 (2008: July – August 2008).

Interest rate risk

Interest rate risk is managed fixed rate debt. It is the policy of the group to keep all debt on fixed interest rates unless funding plants constructions that are drawn down using flexible rate equipment loans that are converted to fixed rate instruments on completion of the project.

The consolidated entity is exposed to interest rate risk as follows:

Consolidated 2009	Effective Interest Rate	Total	Floating Interest Rate	1 year or less	Over 1 year to 5 years
Cash and cash equivalents	3.00%	54,880	54,880	-	-
Interest bearing liabilities – current*	7.48%	9,828	-	9,828	-
Interest bearing liabilities – non current*	4.43%	56,692	-	-	56,692

Consolidated 2008	Effective Interest Rate	Total	Floating Interest Rate	1 year or less	Over 1 year to 5 years
Cash and cash equivalents	4.25%	49,577	49,577	-	-
Interest bearing liabilities – current*	7.55%	11,355	-	11,355	-
Interest bearing liabilities – non current*	7.87%	16,766	-	-	16,766

* These assets / liabilities bear interest at a fixed rate

NOTES TO THE FINANCIAL STATEMENTS
For the year to 30 June 2009

Note 27: Financial instruments (Continued)

Fair Values

2009	Consolidated		Parent	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Trade and other receivables	**36,784**	36,784	**4,784**	4,784
Cash and cash equivalents	**54,880**	54,880	**39,618**	39,618
Interest bearing liabilities - current	**9,829**	9,829	**-**	-
Interest bearing liabilities – non current	**56,692**	56,692	**-**	-
Trade and other payables	**40,507**	40,507	**512**	512

2008	Consolidated		Parent	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Trade and other receivables	**21,584**	21,584	**13,739**	13,739
Cash and cash equivalents	**49,577**	49,577	**2,184**	2,184
Interest bearing liabilities - current	**11,355**	11,355	**-**	-
Interest bearing liabilities – non current	**16,766**	16,766	**-**	-
Trade and other payables	**39,022**	39,022	**544**	544

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

(i) Interest bearing liabilities

The fair value is estimated as the present value of future cash flows, discounted at market interest rates for homogeneous lease agreements. The estimated fair values reflect change in interest rates.

(ii) Trade and other receivables / payables

All trade and other receivables and payables are current and therefore carrying amount equals fair value.

Sensitivity

Interest rate risk

The consolidated entity has considered the sensitivity relating to its exposure to interest rate risk at balance date. This analysis considers the effect on current year results and equity which could result in a change in this risk. The management processes employed to control these factors involve entering into fixed interest rate borrowings and the potential impact on the profit and equity would not be a material amount.

Foreign currency risk

The consolidated entity has considered the sensitivity relating to its exposure to foreign currency risk at balance date. This sensitivity analysis considers the effect on current year results and equity which could result in a change in the USD / AUD rate. Management employed the use of forward exchange contracts to control this risk.

The table below summarises the impact of + / - 5% strengthening / weakening of the AUD against the USD on the consolidated entities post tax profit for the year and equity. The analysis is based on a 5% strengthening / weakening of the AUD against the USD at balance date with all other factors remaining equal. The impact of the analysis on 2009 results is considered to be minimal and has not been disclosed.

	Post tax profit	Equity
	2009 $'000s	2009 $'000s
AUD/USD + 5%	**(617)**	(633)
AUD/USD - 5%	**617**	633

Price risk

The consolidated entity has considered the sensitivity relating to its exposure to changes in the market price of shares held in listed companies and does not consider the amount material enough to disclose.

NOTES TO THE FINANCIAL STATEMENTS
For the year to 30 June 2009

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Note 28: Dividends paid or recommended				
Dividends Paid				
Final ordinary dividend for 2007/08 of 13.35 cents per share franked at a tax rate of 30% paid on 18 November 2008	**16,507**	7,671	**16,507**	7,671
Interim ordinary dividend for 2008/09 of 7.0 cents per share franked at a tax rate of 30% paid on 3 April 2009	**8,687**	7,326	**8,687**	7,326
	25,194	14,997	**25,194**	14,997
Dividends Proposed				
Proposed final ordinary dividend for 2008/09 of 12.35 cents per share franked at a tax rate of 30% and to be paid on 19 November 2009	**15,337**	16,264	**15,337**	16,264
Franking Credits				
Franking credits available for subsequent financial years based on a tax rate of 30%	**14,333**	1,570	**10,135**	1,570
Balance of franking account at year end adjusted for franking credits arising from:				
- payment of provision for income tax				
	14,333	1,570	**10,135**	1,570

	Consolidated	
	2009 $'000	2009 $'000
Note 29: Earnings per share		
The following reflects the income and share data used in the calculations of basic and dilutes earnings per share:		
Net profit attributable to ordinary shareholders of the parent entity used in calculating basic and diluted earnings per share	**44,308**	47,095
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	**123,797,502**	121,824,550
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	**126,136,832**	122,940,697
Basic earnings per share (cents per share)	**35.8**	38.7
Diluted earnings per share (cents per share)	**35.1**	38.3

NOTES TO THE FINANCIAL STATEMENTS
For the year to 30 June 2009

Note 30: Related party transactions and balances

Related party transactions

Transactions between group entities are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. All services provided by group entities are at arms length transactions. Transactions for the period between group entities relate to the provision of goods and services, including shared resources, in relation to the ongoing business activities of the company.

2009	Balance receivable by $'000s	Balance payable by $'000s	Sales to group companies $'000s	Purchases from group companies $'000s
Mineral Resources Ltd	127	57,165	1,004	-
PIHA Pty Ltd	7,207	4,897	2,311	755
Crushing Services International Pty Ltd	70,170	7,117	2,617	1,993
Process Minerals International Pty Ltd	19,278	27,603	127	3,311

2008	Balance receivable by $'000s	Balance payable by $'000s	Sales to group companies $'000s	Purchases from group companies $'000s
Mineral Resources Ltd	34,022	20,443	4,154	1,050
PIHA Pty Ltd	5,192	15,036	9,210	1,105
Crushing Services International Pty Ltd	2,008	9,576	9,953	2,792
Process Minerals International Pty Ltd	21,266	17,433	1,328	18,221
Minprocess Group Inc	-	709	-	-
Iron Process Group Inc	-	13	-	-
Process Minerals International Pty Ltd Inc	63	-	-	-

Transactions between related and associated parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. All services provided by related and associated parties are at arms length transactions.

Properties from which the company's operations are performed are rented from parties related to Chris Ellison and Peter Wade. The rent paid during the year was $1,590,000 (2008: $1,358,000).

Certain plant and equipment utilised by the group was rented from Crushing Services Group Pty Ltd as trustee for the Crushing Services International Unit Trust and Plastic Technology Development Pty Ltd as trustee for the Plastic Technology Development Unit Trust which are related to Chris Ellison and Peter Wade. The rent paid during the year was nil (2008: $189,000).

Certain plant and equipment was purchased at an assessed market value of $993,000 from Crushing Services Group Pty Ltd as trustee for the Crushing Services International Unit Trust and Plastic Technology Development Pty Ltd as trustee for the Plastic Technology Development Unit Trust which are related to Chris Ellison and Peter Wade.

Certain engineering services were provided by GR Engineering Services Pty Ltd, a company related to Joe Ricciardo. Services were provided on an arms length basis to the value of $40,860.

Related party balances

	Associated Director	Balance at 30 June 2009 $'000	Balance at 30 June 2008 $'000
Receivable by the Consolidated Entity			
Wellard Properties Pty Ltd	P Wade, C Ellison	4	12
Crushing Services International Unit Trust	P Wade, C Ellison	-	864
Sandini Pty Ltd	C Ellison	2	3
Payable by the Consolidated Entity			
Sandini Pty Ltd	C Ellison	13	15

Note 31: Non-director related parties

Transactions with wholly owned subsidiaries that are not on normal terms and conditions are disclosed in the financial report. All other transactions with non-director related parties are on normal terms and conditions.

Note 32: Subsequent events

No matters or circumstances have arisen since the end of the financial year which significantly affect the operations of the consolidated entity.

Note 33: Contingent liabilities

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

	Consolidated		Parent	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Bank guarantees facility	**5,320**	5,320	**-**	-
Amount utilised	**(3,364)**	(4,032)	**-**	-
Unused guarantee limit	**1,956**	1,288	**-**	-

Note 34: New Accounting Standards issued but not yet effective

The following Australian Accounting Standards have been issued or amended and are applicable to the parent and consolidated entity but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

- AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1,2,4,5,7,101,107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7: Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136] (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application. In this regard, its impact on the Group will be unable to be determined. The following changes to accounting requirements are included:

  - acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities;
  - contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;
  - a gain or loss of control will require the previous ownership interests to be remeasured to their fair value;
  - there shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Group's policy);
  - dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;
  - impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee; and
  - where there is, in substance, no change to Group interests, parent entities inserted above existing groups shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.

  The Group will need to determine whether to maintain its present accounting policy of calculating goodwill acquired based on the parent entity's share of net assets acquired or change its policy so goodwill recognised also reflects that of the non-controlling interest.

NOTES TO THE FINANCIAL STATEMENTS

For the year to 30 June 2009

Note 34: New Accounting Standards issued but not yet effective (continued)

- AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's Board for the purposes of decision making. The impact of this standard cannot be assessed at this stage.
- AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.
- AASB 123: Borrowing Costs and AASB 2007-6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] (applicable for annual reporting periods commencing from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has determined that there will be no effect on the Group as a policy of capitalising qualifying borrowing costs has been maintained by the Group.
- AASB 2008-1: Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations [AASB 2] (applicable for annual reporting periods commencing from 1 January 2009). This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.
- AASB 2008-2: Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations Arising on Liquidation [AASB 7, AASB 101, AASB 132 & AASB 139 & Interpretation 2] (applicable for annual reporting periods commencing from 1 January 2009). These amendments introduce an exception to the definition of a financial liability to classify as equity instruments certain puttable financial instruments and certain other financial instruments that impose an obligation to deliver a pro-rata share of net assets only upon liquidation.
- AASB 2008-5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-5) and AASB 2008-6: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-6) detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.
- AASB 2008-8: Amendments to Australian Accounting Standards – Eligible Hedged Items [AASB 139] (applicable for annual reporting periods commencing from 1 July 2009). This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item should be applied in particular situations and is not expected to materially affect the Group.
- AASB 2008-13: Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110] (applicable for annual reporting periods commencing from 1 July 2009). This amendment requires that non-current assets held for distribution to owners to be measured at the lower of carrying value and fair value less costs to distribute.
- AASB Interpretation 15: Agreements for the Construction of Real Estate (applicable for annual reporting periods commencing from 1 January 2009). Under the interpretation, agreements for the construction of real estate shall be accounted for in accordance with AASB 111 where the agreement meets the definition of 'construction contract' per AASB 111 and when the significant risks and rewards of ownership of the work in progress transfer to the buyer continuously as construction progresses. Where the recognition requirements in relation to construction are satisfied but the agreement does not meet the definition of 'construction contract', revenue is to be accounted for in accordance with AASB 118. Management does not believe that this will represent a change of policy to the Group.
- AASB Interpretation 16: Hedges of a Net Investment in a Foreign Operation (applicable for annual reporting periods commencing from 1 October 2008). Interpretation 16 applies to entities that hedge foreign currency risk arising from net investments in foreign operations and that want to adopt hedge accounting. The interpretation provides clarifying guidance on several issues in accounting for the hedge of a net investment in a foreign operation and is not expected to impact the Group.
- AASB Interpretation 17: Distributions of Non-cash Assets to Owners (applicable for annual reporting periods commencing from 1 July 2009). This guidance applies prospectively only and clarifies that non-cash dividends payable should be measured at the fair value of the net assets to be distributed where the difference between the fair value and carrying value of the assets is recognised in profit or loss.

The Group does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Group's financial statements.

DIRECTORS DECLARATION

1. In the opinion of the directors of Mineral Resources Limited ("company")

   (a) the financial statements and notes are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the financial position of the company and consolidated entity as at 30 June 2009 and of their performance, as represented by the results of their operations and their cash flows, for the year ended 30 June 2009; and

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

   (b) here are reasonable grounds to believe the company will be able to pay its debts as and when they become due and payable.

2. The Chief Executive Officer and Chief Finance Officer have each declared that:

   (a) the financial records of the company for the financial period have been properly maintained in accordance with section 286 of the Corporations Act 2001;

   (b) the financial statements and notes for the financial period comply with the Accounting Standards; and

   (c) the financial statements and notes for the financial year give a true and fair view.

This declaration is made in accordance with a resolution of the Board of directors and is signed for and on behalf of the directors by:

PETER WADE
Executive Chairman / Managing Director

Dated this 20th day of August 2009

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Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

MINERAL RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Mineral Resources Limited ("the company"), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

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

   (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

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

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

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the financial year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Mineral Resources Limited for the financial year ended 30 June 2009 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

Perth, WA
Dated: 20 August 2009

J A KOMNINOS
Partner

SHAREHOLDERS INFORMATION

A. Distribution of equity securities

The shareholder information set out below was applicable as 28 September 2009:

	Class of security	
	Ordinary shares	**Unlisted share options**
1 - 1,000	**364,066**	-
1,001 - 5,000	**2,607,955**	-
5,001 - 10,000	**2,383,808**	-
10,001 - 100,000	**6,646,679**	1,376,890
100,001 and over	**114,040,268**	16,030,000
	126,042,776	17,406,890

There were 23 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders - *Twenty largest quoted equity security holders*

The names of the twenty largest holders of quoted securities are listed below:

	Ordinary shares	
Name	**Numbers held**	**Percentage of issued shares**
Sandini Pty Ltd	**43,804,065**	34.75
Henderson Park Pty Ltd	**13,757,344**	10.91
Keneric Nominees Pty Ltd	**11,132,768**	8.83
RBC Dexia Investor Services Australia Nominees Pty Limited	**8,309,814**	6.59
P D Wade	**6,116,162**	4.85
National Nominees Limited	**3,552,002**	2.82
Cogent Nominees Pty Limited	**3,353,683**	2.66
RBC Dexia Investor Services Australia Nominees Pty Limited	**3,217,550**	2.55
UBS Nominees Pty Ltd	**2,942,176**	2.33
J P Morgan Nominees Australia Pty Limited	**2,815,993**	2.23
Citicorp Nominees Pty Limited	**2,387,028**	1.89
Paksian Pty Limited	**2,055,750**	1.63
D & C Geraghty Pty Ltd	**1,267,487**	1.01
HSBC Custody Nominees (Australia) Limited	**1,147,197**	0.91
ANZ Nominees Limited	**999,216**	0.79
Bond Street Custodians Limited	**517,571**	0.41
BotSIS Holdings Pty Ltd	**500,000**	0.40
Quotidian No 2 Pty Ltd	**500,000**	0.40
Equity Trustees Limited	**475,000**	0.38
Australian Executor Trustees Limited	**404,565**	0.32
	109,255,371	86.68

Unquoted equity securities

	Number on issue	**Number of holders**
Options issued under the Mineral Resources Limited employee share option plan to take up ordinary shares	2,446,890	37
Unlisted options over ordinary shares held by Hancock Manganese Pty Ltd	15,000,000	1

* Number of unissued ordinary shares under the options. One holder holds more than 20% or more of these securities.

C. Substantial Shareholders

Substantial shareholders in are listed below:

	Ordinary shares	
Name	**Numbers held**	**Percentage of issued shares**
Sandini Pty Ltd	**43,804,065**	34.75
Perpetual Nominees Pty Ltd (at 15 September 2009)	**16,483,233**	13.08
Henderson Park Pty Ltd	**13,757,344**	10.91
Keneric Nominees Pty Ltd	**11,132,768**	8.83

D. Voting rights

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

b) Unlisted share options
Unlisted share options have no voting rights.

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