



Mineral Resources Limited

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ABN 33 118 549 910
ACN 118 549 910

18 February 2010

Company Announcements Office
Australian Securities Exchange
Level 8, Exchange Plaza
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PERTH WA 6000

Financial Report for the half-year ended 31 December 2009

This announcement is for the immediate release to the market.

The directors of Mineral Resources Limited (ASX:MIN) are pleased to present the 2009 half-year financial report to the markets. Attached is the company's Appendix 4D and Financial Report for the half-year ended 31 December 2009.

For the half-year ended 31 December 2009, Mineral Resources announces a net profit after tax of \$27.436 million as part of the following half-year trading report:

	Half-year to December 2009	Half-year to June 2009	Dec09 half to Jun09 half	Half-year to December 2008	Dec09 half to Dec08 half
	Actual \$ millions	Actual \$ millions	% change	Actual \$ millions	% change
Revenue from ordinary activities	109.1	116.7	(6.5%)	142.9	(23.6%)
Net Profit after income tax	27.4	20.9	+31.0%	23.4	+17.4%
Earnings per share (cents per share)	21.4			18.9	+13.2%

The directors have declared today a fully franked interim dividend for the 2009/10 year of 6.4 cents per share, payable on 6 April 2010 for all shareholders of record at 17 March 2010. This interim dividend is in accordance with the company's dividend policy of distributing a minimum of 50% of the after tax profit.

Mineral Resources, reporting its business results as a single operating segment, is a consolidated mining services and processing group operating within the resources sector of the Australian economy.

Improving economic conditions have provided Mineral Resources with a solid financial performance in the half and present a number of strategic growth opportunities to expand its business base going forward.



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Export demand was sustained and growing, with improving product volumes towards the end of the half (and continuing) supported by consistent growth in traditional volume based operations. Pricing for steelmaking materials on Asia markets have generally improved throughout the half although the volatile Australian dollar continues to have an impact. Input costs remain stable with operational sites targeting to increase production output at small incremental cost. Newly developing sites are planned to operate at lower cost quartiles based on MRL's solid operational expertise developed over many years of contract performance. These trends provide a solid underlying business operation to support the group's aggressive growth strategy.

General contracting and infrastructure opportunities remain a key aspect of the growth strategy. Newly invigorated infrastructure and services development activity will provide an improving opportunity base. Contract orders are expected to increase during the upcoming half and labour and cost management will be the critical ongoing management focus.

The board's focus during the half has been to expand the company's resource and capacity base as a prerequisite to a significant capacity expansion. This strategy also involves the further acquisition and development of a highly proficient workforce to manage the additional level of activity.

MRL's financial strength has also been augmented by the injection of equity funds during the half to assist to finance capital expenditure and operational development activities, and the management team considers that the company is well positioned financially to execute the expansive strategy which will bring a number of key operations on stream during the upcoming year.

Yours Sincerely,

Peter Wade
Executive Chairman / Managing Director

Mineral Resources Limited

Appendix 4D

Half Year Report For the 6 months ended 31 December 2009

Results for Announcement to the Market

	Actual Result \$'000	Comparison to previous period: 6 months to Jun 09		Comparison to previous corresponding period: 6 months to Dec 08	
		% Inc / (Dec)	Inc / (Dec) \$'000	% Inc / (Dec)	Inc / (Dec) \$'000
Revenue from ordinary activities	109,084	6.5 %	(7,585)	(23.6 %)	(33,806)
Profit (Loss) from ordinary activities after tax attributable to members	27,436	31.0%	6,492	17.4%	4,072
Net Profit (Loss) for the period attributable to members	27,436	31.0%	6,492	17.4%	4,072

Dividends	Amount per Security	% Franked
<u>Current Period:</u> Final Dividend Dividend paid 19 November 2009	12.35 cents	100%
Interim Dividend declared during period Dividend is payable 6 April 2010 Record date for determining entitlement to the dividend is 17 March 2010	6.4 cents	100%
<u>Prior corresponding period:</u> Final Interim Dividend Dividend paid 18 November 2008	13.35 cents	100%
Interim Dividend Dividend paid 4 April 2009	7.0 cents	100%
Net Tangible assets per security As at 31 December 2009 As at 31 December 2008	239 cents 97 cents	

Results for the period should be read in conjunction with the Financial Report attached.

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

Interim Financial Report
For the half-year ended 31 December 2009

MINERAL RESOURCES LIMITED

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CORPORATE DIRECTORY

Directors

Peter Wade (Executive Chairman / Managing Director)
Chris Ellison (Executive Director)
Joe Ricciardo (Non-Executive Director)
Mark Dutton (Non-Executive Director)

Auditors

RSM Bird Cameron Partners
8 St Georges Terrace
Perth WA 6000

Company Secretary

Bruce Goulds

Share Registry

Computershare Limited
45 St Georges Terrace
Perth WA 6000

Registered Office

25 Wellard Street,
Bibra Lake WA 6163
Tel: (08) 9437 7000
Fax: (08) 9434 4955

Home Stock Exchange

Australian Securities Exchange Limited
Exchange Plaza
2 The Esplanade
Perth WA 6000
ASX Code: MIN

Bankers

National Australia Bank
100 St Georges Terrace
Perth WA 6000

MINERAL RESOURCES LIMITED

DIRECTORS' REPORT

The Directors submit their report on the consolidated entity of Mineral Resources Limited and the entities it controlled at the end of, or during the half-year ended 31 December 2009.

Directors

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

Peter Wade (Executive Chairman / Managing Director)

Chris Ellison (Executive Director)

Joe Ricciardo (Non-Executive Director)

Mark Dutton (Non-Executive Director)

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

Review of Operations

The consolidated entity recorded an operating profit after income tax of \$27.436 million for the half-year ended 31 December 2009.

The single segment activity of the consolidated entity is as an integrated supplier of goods and services to the resources sector. There has been no significant change in the nature of this activity during the period although the takeover of Polaris Metals NL towards the end of the period may impact the future operating and reporting environment.

Volatility in the world economy continued as the fundamental force in the global operating environment. However, within the consolidated entity's operating area of Australian resources and the Chinese commodities market, the impact on bulk commodities has been minimised by sustained demand for iron ore and steel making minerals. The operations of the consolidated entity have continued to perform strongly throughout the half year maintaining its reputation as a contractor of choice with a world best practice safety performance, significant value adding to all of our client's operations, and timely and efficient project completion.

During the half year, work in hand remained at strong levels and all of the existing long term operations have continued to achieve client's growing targets. Strong forward orders provide certainty going forward into the second half and significant prospects exist to further grow the business with major infrastructure projects in resources and public utilities. The business has also continued to mobilise for additional contract work and to develop processing plants for improved production volumes targeted to commence over the following 12 months. A solid opportunity list is being actively pursued and significant new sites, complementing the consolidated entity's tonnage based strategy, are being progressively developed.

A testament to the Group's reputation of providing significant value to customers operations is the quantum of repeat business accorded to MRL and the ever growing reputation and brand awareness of the MRL name and logo.

On 14 December 2009, MRL obtained control of Polaris Metals NL resulting from the off-market takeover offer for all of Polaris' issued shares and options. Since gaining control, MRL has obtained ownership of greater than 90% of the shares of Polaris and has commenced compulsory acquisition of the balance of the company. The acquisition of 100% of Polaris will be completed in the first half of 2010. This acquisition is an important step in MRL's strategy to become a volume player in the steel making commodity market.

In November, 2009 MRL (in consortium) submitted an offer to the receivers of MWVPL to recapitalise the Windimurra vanadium project which had been placed into receivership and, subject to appropriate finalisation of legal and financial documentation and due diligence, production at the site could be effected by the end of 2010. The delay in commencement of production at the Windimurra project has impacted on the operations of the MRL Build Own and Operate plant at the site. Management has not taken account of this opportunity in its forward projections.

Sales prices for commodities remain restrained although a strengthening trend in iron ore and manganese has emerged later in the half. Export shipping prices have remained competitive and prices are expected to further ease as new shipping capacity enters the market. The Australian dollar has incorporated a degree of volatility into export pricing as it absorbs the strengthening domestic economic forces and copes with the influence of international pressures.

Opportunities to obtain and develop additional ore deposits continue to give the group a significant growth path. The development of additional iron ore and manganese projects has been committed by the board and these are planned for initial operations in FY2011.

MINERAL RESOURCES LIMITED

DIRECTORS' REPORT

The Group's balance sheet has been further strengthened by the placement of 7.75 million shares in November. Injection of this equity supports the group's financial performance and aggressive growth strategy. Elevation to the ASX 200 index is a key corporate objective for 2010. Additional stock liquidity and turnover, a key plank of achieving this position, has been provided by the issue of new shares, a limited sell-down by existing major shareholders and the additional shares introduced into the market as part consideration of the Polaris acquisition.

Continued strength of MRL's business operations is testament to the skill and support the professional team involved in all aspects of the business. With the additional support of customers, suppliers and shareholders, the development plans for the business are taking shape. 2009 has been a year of establishment with the acquisition of new resources and the development of opportunities provided by a challenging business environment. MRL will focus on execution of these opportunities commencing in the early part of 2010 with the objective of achieving significant operational growth from the incorporation of a number of key sites.

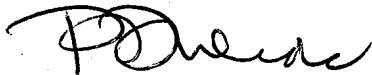
Auditor's Independence Declaration

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

Rounding of Amounts

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

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



PETER WADE
Director

Signed in Perth on the 18th day of February 2010

MINERAL RESOURCES LIMITED

Consolidated statement of comprehensive income

For the half-year ended 31 December 2009

	31 Dec 09 \$'000	31 Dec 08 \$'000
Revenue from operations	108,263	140,939
Other income	821	1,951
Depreciation and amortisation expense	(9,829)	(8,664)
Employee benefits expense:		
• Share based payments	(2,532)	(1,177)
• Other employee benefits	(18,452)	(20,386)
Equipment costs	(3,100)	(13,791)
Finance costs	(2,276)	(903)
Impairment	2,773	(2,849)
Raw materials and consumables used	(3,914)	(18,324)
Subcontractors	(2,585)	(9,858)
Transport and freight	(26,754)	(26,459)
Change in closing stock	(1,186)	6,233
Other expenses	(3,174)	(12,528)
Profit before income tax	38,055	34,184
Income tax expense	(10,619)	(10,820)
Profit for the half-year	27,436	23,364
Other comprehensive income		
Movement in asset revaluation reserve	468	507
Other comprehensive income for the half-year (net of tax)	468	507
Total comprehensive income for the half-year	27,904	23,871
Profit is attributable to:		
Owners of Mineral Resources Limited	27,436	23,364
Non-controlling interest	-	-
	27,436	23,364
Total comprehensive income is attributable to:		
Owners of Mineral Resources Limited	27,904	23,871
Non-controlling interest	-	-
	27,904	23,871
Basic profit per share (cents per share)	21.4	18.9
Diluted profit per share (cents per share)	21.1	18.7

The accompanying notes form part of these financial statements

MINERAL RESOURCES LIMITED

Consolidated statement of financial position

For the half-year ended 31 December 2009

	31 Dec 09 \$'000	30 Jun 09 \$'000
ASSETS – Current		
Cash and cash equivalents	92,401	54,880
Trade and other receivables	37,676	36,777
Inventory	16,647	16,320
Financial assets	855	188
Other assets	3,634	659
Total current assets	<u>151,213</u>	<u>108,824</u>
ASSETS – Non-current		
Trade and other receivables	9	7
Investments accounted using equity method	189	189
Financial assets	5,521	2,405
Property, plant and equipment	169,955	157,033
Mining Properties	219,826	-
Intangibles	10,235	10,235
Deferred tax assets	10,871	10,127
Total non-current assets	<u>416,606</u>	<u>179,996</u>
Total assets	<u>567,819</u>	<u>288,820</u>
LIABILITIES - Current		
Trade and other payables	35,659	40,494
Finance lease liabilities	10,243	9,829
Income tax payable	3,673	5,000
Provisions	4,692	4,439
Total current liabilities	<u>54,267</u>	<u>59,762</u>
LIABILITIES – Non-current		
Trade and other payables	13	13
Finance lease liabilities	10,646	11,692
Deferred tax liabilities	80,119	14,890
Secured loans	45,000	45,000
Provisions	10,986	12,698
Total non-current liabilities	<u>146,764</u>	<u>84,293</u>
Total liabilities	<u>201,031</u>	<u>144,055</u>
Net assets	<u>366,788</u>	<u>144,765</u>
EQUITY		
Contributed equity	227,737	72,782
Reserves	4,924	4,456
Non-controlling interest	54,725	-
Retained profits	79,402	67,527
Total equity	<u>366,788</u>	<u>144,765</u>

The accompanying notes form part of these financial statements

MINERAL RESOURCES LIMITED

Consolidated statement of changes in equity

For the half-year ended 31 December 2009

	Contributed Equity	Reserves	Retained Earnings	Total	Non- controll ing interest	Total
Balance at 1 July 2008	64,161	3,448	48,413	116,022	-	116,022
Asset revaluation reserve		507		507	-	507
Profit for the half year		-	23,364	23,364	-	23,364
Total comprehensive income for the year	64,161	3,955	71,777	139,893	-	139,893
Transactions with owners in their capacity as owners:						
Share issue from exercise of options	852	-	-	852	-	852
Consideration for financial assets	4,800	-	-	4,800	-	4,800
Share based payments	1,178	-	-	1,178	-	1,178
Dividends paid	-	-	(16,507)	(16,507)	-	(16,507)
	6,830	-	(16,507)	(9,677)	-	(9,677)
Balance at 31 December 2008	70,991	3,955	55,270	130,216	-	130,216
Balance at 1 July 2009	72,782	4,456	67,527	144,765	-	144,765
Asset revaluation reserve	-	468	-	468	-	468
Profit for the half year	-	-	27,436	27,436	-	27,436
Total comprehensive income for the year	72,782	4,924	94,963	172,669	-	172,669
Transactions with owners in their capacity as owners:						
Share issue from exercise of options	4,235	-	-	4,235	-	4,235
Net proceeds of share issues from share placement	51,815	-	-	51,815	-	51,815
Share based payments	2,532	-	-	2,532	-	2,532
Shares issued in part consideration for acceptances of the off-market takeover bid for Polaris Metals NL	96,373	-	-	96,373	-	96,373
Non-controlling interest in acquisition of subsidiary (Polaris Metals NL)	-	-	-	-	54,725	54,725
Dividends paid			(15,561)	(15,561)		(15,561)
	154,955	-	(15,561)	139,394	54,725	194,119
Balance at 31 December 2009	227,737	4,924	79,402	312,063	54,725	366,788

The accompanying notes form part of these financial statements

MINERAL RESOURCES LIMITED

Consolidated statement of cash flows

For the half-year ended 31 December 200

	Half-year 31 Dec 09 \$'000	Half-year 31 Dec 08 \$'000
Cash flows from operating activities		
Receipts from customers	113,052	161,653
Payments to suppliers and employees	(75,594)	(120,261)
Interest received	718	966
Interest and other costs of finance paid	(2,276)	(903)
Income taxes paid	(12,544)	(14,466)
Net cash inflow provided by operating activities	23,356	26,989
Cash flows from investing activities		
Payments for property, plant and equipment	(13,822)	(34,610)
Proceeds from the sale of other fixed assets	4,618	428
Payments for available for sale investments	(6,709)	-
Net cash used in investing activities	(15,913)	(34,182)
Cash flows from financing activities		
Proceeds from exercise of share options	4,235	852
Proceeds from share issue	51,815	-
Dividends paid	(15,561)	(16,507)
Repayment of borrowings	(10,411)	(5,565)
Proceeds of borrowings	-	1,573
Net cash provided by / (used in) financing activities	30,078	(19,647)
Net increase / (decrease) in cash held	37,521	(26,840)
Cash at beginning of the financial period	54,880	49,577
Cash at end of the financial period	92,401	22,737

The accompanying notes form part of these financial statements

MINERAL RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2009

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS

This general purpose financial report for the interim half-year reporting period ended 31 December 2009 has been prepared in accordance with Accounting Standard AASB134 "Interim Financial Reporting" and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this financial report should be read in conjunction with the annual report for the year ended 30 June 2009 and any public announcements made by Mineral Resources Limited and controlled entities during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

(a) Basis of accounting

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

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

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

New accounting policies adopted in the reporting period have been included below:

(a) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in the statement of comprehensive income as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

MINERAL RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2009

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in the statement of comprehensive income.

(b) Exploration and evaluation expenditure

Exploration and evaluation expenditure related to an area of interest are carried forward as an asset in the statement of financial position where the rights of tenure of an area are current and it is considered probable that the expenditure will be recouped through successful development and exploitation of the area of interest, or alternatively by its sale. Otherwise, exploration and evaluation expenditure is written off as incurred.

Capitalised expenditure include expenditure directly related to exploration and evaluation activities in the relevant area of interest. General and administrative costs are allocated to an exploration or evaluation asset only to the extent that those costs can be related directly to operational activities in the relevant area of interest.

Capitalised exploration and evaluation expenditure is written off where the above conditions are no longer satisfied.

Identifiable exploration assets acquired are recognised as assets at their fair value, as determined by the requirements of AASB 3 Business Combinations. Exploration and evaluation expenditure incurred subsequent to the acquisition of an exploration asset in a business combination is accounted for in accordance with this policy.

All capitalised exploration and evaluation expenditure is assessed for impairment if facts and circumstances indicate that impairment may exist. Exploration and evaluation assets are also tested for impairment once commercial reserves are found, before the assets are transferred to development properties.

(c) Development expenditure

Development expenditure incurred by or on behalf of the consolidated entity is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises cost directly attributable to the construction of a mine and the related infrastructure.

Once a development decision has been taken, the carrying amount of the exploration and evaluation expenditure in respect of the area of interest is aggregated with the development expenditure and classified under non-current assets as development properties.

A development property is reclassified as a mining property at the end of the commissioning phase, when the mine is capable of operating in the manner intended by management.

No depreciation is recognised in respect of development properties.

Development properties are tested for impairment in accordance with the policy on impairment of assets.

(d) Mining properties

When further development expenditure is incurred in respect of a mining property after the commencement of production, such expenditure is carried forward as part of the mining property when it is probable that additional future economic benefits associated with the expenditure will flow to the consolidated entity. Otherwise such expenditure is classified as a cost of production.

MINERAL RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2009

Depreciation is charged using the units-of-production method, with separate calculations being made for each area of interest. The units-of-production basis results in a depreciation charge proportional to the depletion of proved, probable and estimated reserves.

Mining properties are tested for impairment in accordance with the policy on impairment of assets.

(e) **Operating Segments**

The economic entity has applied AASB 8 Operating Segments with effect from 1 July 2009. AASB 8 requires the entity to identify operating segments and disclose segment information on the basis of internal reports that are provided to, and reviewed by, the chief operating decision maker of the economic entity to allocate resources and assess performance. In the case of the company, the chief operating decision maker is the management committee.

As a result of the adoption of AASB 8, the company's reportable segments have not changed. Operating segments represent the basis on which the company reports its segment information to the management committee.

(f) **Plant and equipment**

Change in accounting policy

At the commencement of the period, the company created an additional class of fixed plant and equipment, identified as beneficiation plants. The depreciation policy applicable to this class of asset is the units-of-production method as the economic benefit from the use of assets in this class will not occur evenly over time and instead the benefit is more closely associated with the production volume derived from usage of the asset.

Correction of error and change in estimates

During the half year, the estimated economic benefits of certain fixed assets were reviewed in respect of assumptions underlying an impairment charge recorded in the previous accounting period. The financial effect of the change in underlying estimates was a reversal of an impairment charge and an increase in the carrying value of the asset of the entity by \$2.773 million before tax. Assuming the assets are held until the end of their useful lives, depreciation in the economic entity in future years will be increased by \$277,300 per year over 10 years.

The estimate of the margin of certain long term contract works is reviewed at the end of each accounting period during which the contract work is undertaken. During the half year it was identified that the resulting profit on these projects was considerably higher than had been anticipated at the commencement of the period. The additional margin recognised in the income statement of the current financial period that had been earned in the prior period was \$2.8 million after tax. The revision of this estimate does not have an impact of future accounting periods.

2. **DIVIDENDS**

	Consolidated 31 Dec 09 \$'000	Consolidated 31 Dec 08 \$'000
DIVIDENDS PROVIDED AND PAID DURING HALF YEAR		
Fully franked dividends provided for and paid during the half-year	15,561	16,507
DIVIDENDS DECLARED SINCE THE END OF THE HALF-YEAR		
In addition to the above dividend, since the end of the half-year the directors have recommended the payment of a further interim dividend of 6.4 cents per share, fully franked that will be paid on 6 April 2010 for shares on record at 17 March 2010.	9,932	8,685

MINERAL RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2009

3. CONTRIBUTED EQUITY

	Consolidated 31 Dec 2009 \$'000	
a) Paid-Up Capital		227,737
b) Movements	No of Shares '000	Paid-Up Capital \$'000
Balance 1 July 2008	122,883	64,161
Exercise of share options	670	852
Share issued from share placement	500	-
Fair value of financial asset	-	4,800
Increase in equity from share based payments expense from issue of options	-	1,178
Balance 31 December 2008	124,053	70,991
Balance 1 July 2009	124,183	72,782
Exercise of share options	3,512	4,235
Share issued from share placement	7,750	51,815
Issued shares for acquisition	13,527	96,373
Increase in equity from share based payments expense from issue of options	-	2,532
Balance 31 December 2009	148,972	227,737

4. SEGMENT INFORMATION

The directors have considered the requirements of AASB 8 Operating Segments and the internal reports that are reviewed by the chief operating decision maker, to allocate resources and assess performance.

The directors have concluded that at this time there are no separately identifiable segments as the lowest level of financial reports provided to the chief operating decision maker are presented at the consolidated Mineral Resources Limited level.

Mineral Resources Limited operates in a single segment being an integrated supplier of goods and services to the resources sector

MINERAL RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2009

5. BUSINESS COMBINATION

On 20 August 2009 Mineral Resources Limited announced its intention to make off-market takeover bids to acquire all of the issued shares and unlisted share options in Polaris Metals NL. Mineral Resources Bidder's Statement was lodged with the ASIC and served on Polaris on 17 September 2009.

Under the terms of the Bidder's Statement, Mineral Resources offered:

- one Mineral Resources Share for every 12.5 Polaris Shares held by Polaris Shareholders; and
- one comparable Mineral Resources Option for every 12.5 Polaris Options held by Polaris Option holders.

The offers were subsequently improved over the course of the bid periods and the offers were declared final based on consideration of:

- one Mineral Resources Share for every 10 Polaris Shares plus 10.1 cents for every one Polaris share held by Polaris Shareholders; and
- one comparable Mineral Resources Option for every 10 Polaris Options held by Polaris Option holders.

On 14 December 2009 Mineral Resources acquired control over Polaris Metals NL by acquiring an interest in more than 50.1% Polaris' issued shares.

On 31 December 2009 Mineral Resources had acquired an interest in 68.4% of Polaris shares.

Details of purchase consideration and net assets acquired are as follows:

	\$'000
Purchase consideration as at 31 December 2009	
Cash paid	13,803
Mineral Resources shares issued	95,667
Fair value of option offer consideration	707
Total purchase consideration	110,177

The assets and liabilities arising from the acquisition are as follows:

	Fair value \$'000
Cash and cash equivalents	7,094
Receivables	498
Investments	3,115
Prepayments	134
Property, plant and equipment	392
Mining property assets	219,826
Deferred Tax Liability	(65,551)
Payables	(606)
Net identifiable assets acquired	164,902
Less: Non-controlling interest	(54,725)
Net Assets Acquired	110,177

The acquisition of Polaris Metals NL occurred on 14 December 2009. In accordance with AASB 3 Business Combinations, the initial accounting determined above is provisional. The provisional accounting for this acquisition may be adjusted in the next reporting period in the event that the finalisation of fair value procedures produces fair values which are different to those provisionally determined.

There is no goodwill attributed to the acquisition.

MINERAL RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2009

6. BUSINESS COMBINATION (Continued.)

Acquisition related costs

Acquisition related costs of \$0.5 million are included in other expenses in the statement of comprehensive income.

Equity instruments issued

Mineral Resources Limited issued 13,527,028 ordinary shares in Mineral Resources Limited during the half year in part consideration for acceptances of the share offer. The fair value of ordinary shares issued has been determined with reference to the price quoted on the Australian Stock Exchange at the date of acquisition.

Mineral Resources Limited issued 200,000 unlisted options over ordinary shares of Mineral Resources Limited. The fair value of options issued has been determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at issue date and expected price volatility of the underlying share, and the risk free interest rate for the term of the option.

Acquired receivables

The fair value of acquired trade receivables is \$0.498 million. The gross contractual amount for trade receivables due is \$0.498 million, all of which expected to be collectible.

Non-controlling interests

In accordance with the consolidated entity's accounting policies, the consolidated entity elected to recognise the non-controlling interests in Polaris Metals NL at its proportionate share of the acquired net identifiable assets.

Purchase consideration – cash outflow	\$'000
Outflow of cash of acquire subsidiary , net of cash acquired	
Cash consideration	13,803
Less: Balances acquired	
Cash	(7,094)
Outflow of cash – investing activities	<u>6,709</u>

7. CONTINGENT LIABILITIES

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

8. EVENTS SUBSEQUENT TO REPORTING DATE

On the 11 January 2010 Mineral Resources Limited reached the 90% threshold for compulsory acquisition of the balance of shares held by Polaris Metals NL shareholders that had not accepted the share offer. On 25 January 2010, the day the share offer closed, 97.94% of Polaris shares had been acquired.

Mineral Resources has issued compulsory acquisition notices to all remaining shareholders and intends to compulsorily acquire any remaining Polaris shares (2.06%) in accordance with the Corporations Act, a process that is expected to be finalised in the first half of 2010.

MINERAL RESOURCES LIMITED

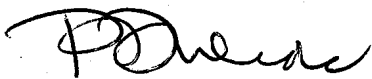
DIRECTORS' DECLARATION

In the Directors' opinion:

- 1) The financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (b) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements.
- 2) At the date of this statement there are reasonable grounds to believe that Mineral Resources Limited will be able to pay its debts when they become due and payable.

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

Signed at Perth on the 18th day of February 2010.



Peter Wade
Director

RSM! Bird Cameron Partners

Chartered Accountants

8 St Georges Terrace Perth WA 6000
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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

MINERAL RESOURCES LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Mineral Resources Limited ("the consolidated entity") which comprises the consolidated statement of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, accompanying notes to the financial statements and the directors' declaration. The consolidated entity comprises both Mineral Resources Limited as the parent entity and the entities it controlled during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

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

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

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

Liability limited by a
scheme approved under
Professional Standards
Legislation

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.



Independence

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

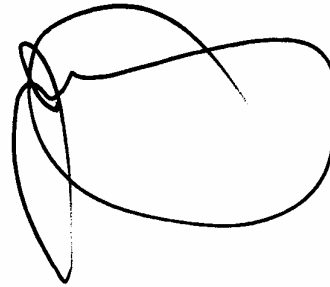
Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

A handwritten signature in black ink, appearing to read 'J A Komninos', with a large, stylized flourish extending to the right.

Perth, WA
Dated: 18 February 2010

J A KOMNINOS
Partner

RSM! Bird Cameron Partners

Chartered Accountants

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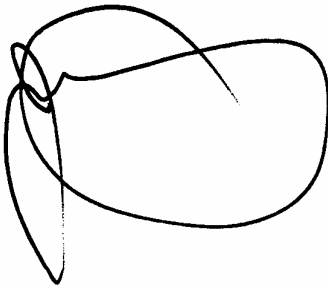
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Mineral Resources Limited for the half year ended 31 December 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants



J A KOMNINOS
Partner

Perth, WA
Dated: 18 February 2010

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