2012
Annual Report

MINERAL RESOURCES

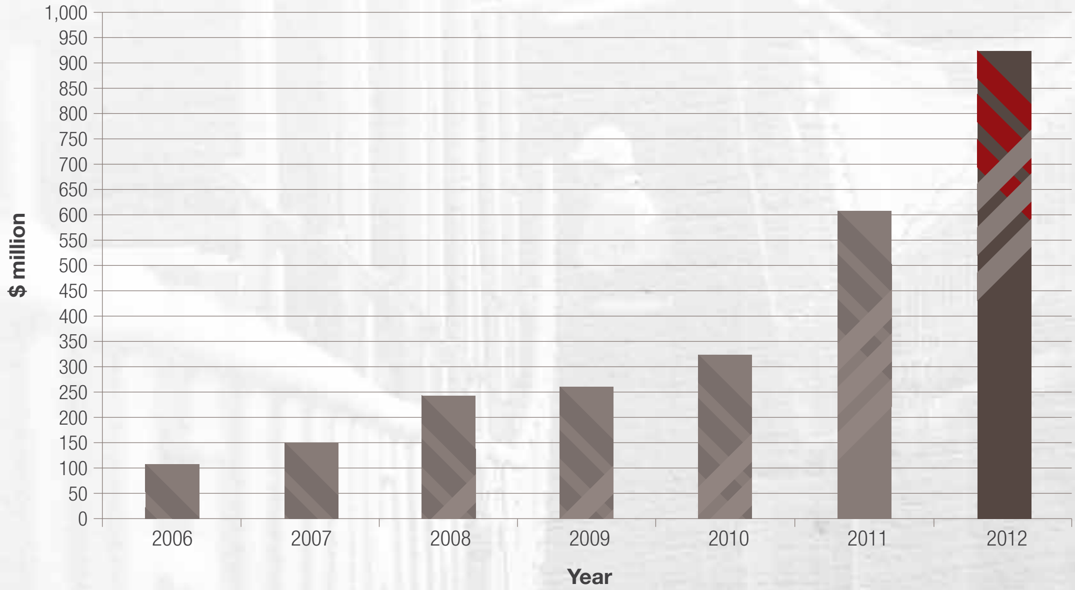
Contents

Financial Summary

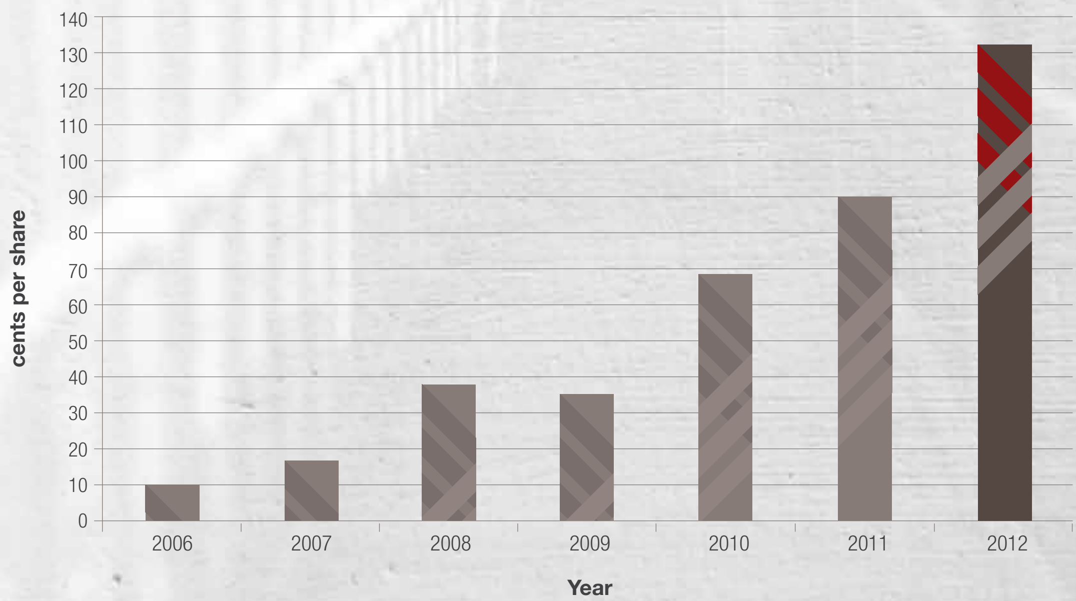
GROUP FINANCIAL PERFORMANCE

	2006	2007	2008	2009	2010	2011	2012
Revenue	103,368	148,846	244,975	259,559	322,477	609,518	925,857
NPAT	10,327	20,167	47,095	44,308	97,185	150,493	242,239
NPAT Margin	10.0%	13.5%	19.2%	19.1%	19.4%	24.7%	26.2%
ROE	23.7%	26.7%	40.6%	34.2%	20.0%	24.0%	26.4%
EPS (cps)	9.8	16.8	38.3	35.7	68.5	89.7	132.3
Interest cover	7.3	11.9	31.4	17.3	17.0	38.1	35.8
Dividend (cps)	1.20	8.30	19.35	19.35	20.00	42.00	46.00

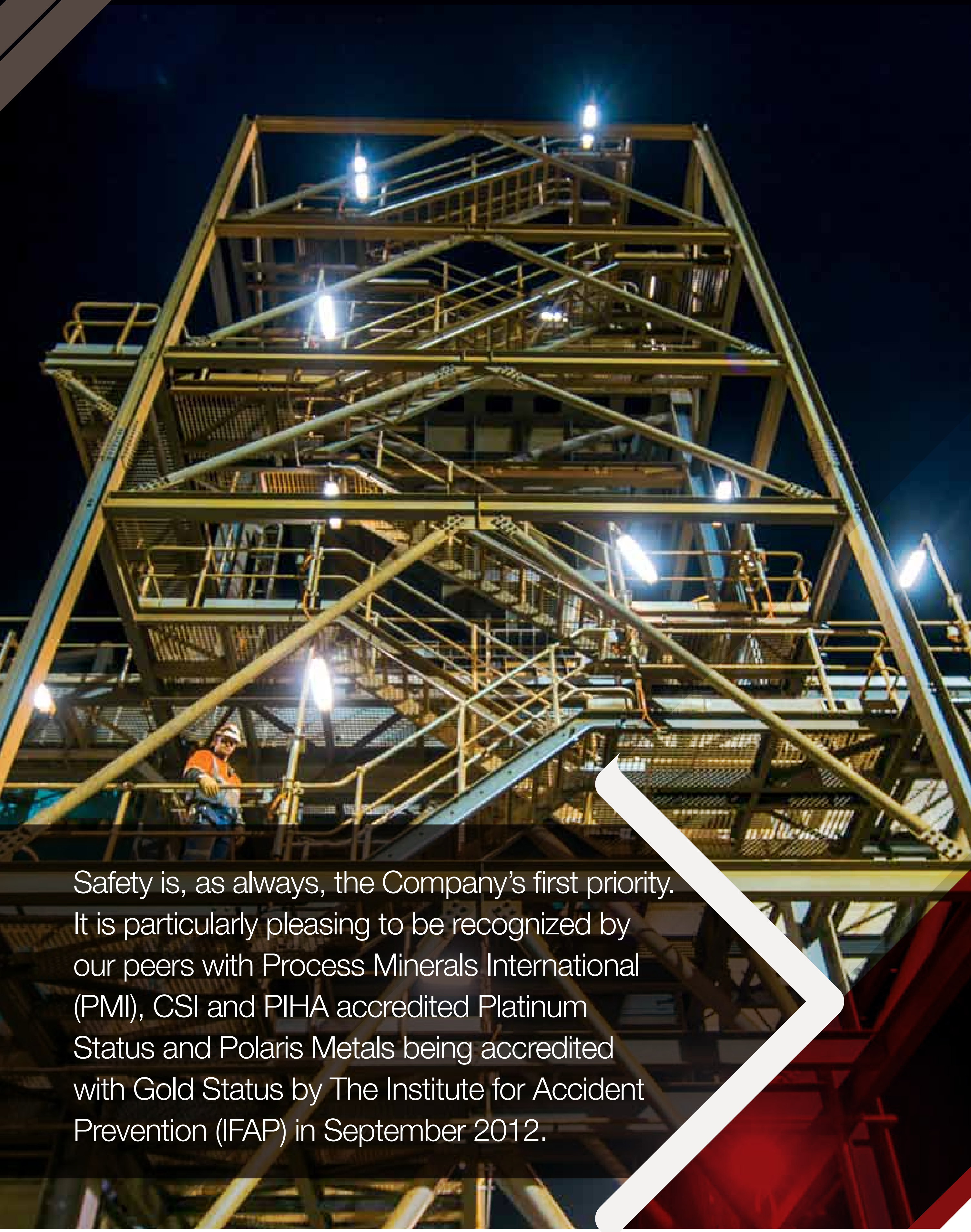
REVENUE



EPS (CPS)



Chairman's Letter



Safety is, as always, the Company's first priority. It is particularly pleasing to be recognized by our peers with Process Minerals International (PMI), CSI and PIHA accredited Platinum Status and Polaris Metals being accredited with Gold Status by The Institute for Accident Prevention (IFAP) in September 2012.

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Dear Shareholders,

On behalf of your Directors, I have pleasure in presenting Mineral Resources' 7th Annual Report.

It has now been over six years since Mineral Resources Limited (MRL) listed on the Australian Securities Exchange and in this time we have met all of the objectives we originally established in making the commitment to become a publicly traded company. In particular, the Company has put itself in a position to be able to grow the business organically by further expanding its service offerings for the key client base; established a public profile to assist in giving our customers a better understanding of who we are and what we are capable of; and provided a solid foundation for attracting and retaining the first class team of people now working in the Company.

2012 represents a continuation of the record growth and development we have experienced over the years. The Company was again able to grow by smooth execution of its combined contracting and mining strategy. In doing so, a number of records have been set along the way.

The record annual profit of $242 million, achieved from record revenue of $926 million, represents a 61% increase on the 2011 result. This was achieved from the continuing success flowing from all parts of the business.

In conjunction with the profit record, Directors have continued with the policy of distributing up to 50% of normalized net profit in franked dividends. This policy has been continued concurrently with the aggressive operational growth programme and emphasises the strong level of belief held by the Directors in the continued growth and development of the business. The fully franked final dividend declared on 16 August 2012 of 30 cents per share brings the total dividend paid for the year to 46 cents per share – another record.

Development of our Christmas Creek plants continues to progress in accordance with the programme agreed with our client Fortescue Metals Group (FMG). Christmas Creek 1 completed its first full year of operation attaining above target production and availability and we commenced wet commissioning of the Christmas Creek 2 plant during September 2012. The major construction activities for the associated jigging plant are nearing completion and circuit ramp up of production is progressing. Establishment of these plants has supported recognition that the development of the Christmas Creek project is the main driver of FMG's current export capacity.

Commencement of our own iron ore mines at both Carina (July 2011) and Poondano (October 2011) provided a record commodity export volume. Iron ore and manganese exports totalled over four million tonnes between our two port locations at Kwinana and Port Hedland.

The Company's manganese assets were also supplemented during the year with the acquisition of Auvex Resources Limited, Mesa Minerals joint venture partner in the Ant Hill and Sunday Hill projects. Completion of this acquisition provides the Company with a well-rounded resource future to capitalize on the projected long term manganese market requirements.

The economic environment within which the Company operates does however remain volatile. World economic concerns have put significant pressure on iron ore pricing albeit, in our view, for the short term. Although this point in the economic cycle creates volatility it also provides MRL with a number of opportunities for business development. The build, own, operate business model is at its most attractive when clients are looking for creative and cost effective processing solutions to manage their operations. As a result, Crushing Services International (CSI) has been awarded an additional three small tonnage build, own operate contracts with a major mining house (with the first project mobilising to site by late October) and is in negotiation for the development of several other substantial crushing plants with other clients. These projects provide the customers with incremental production from both brownfield and greenfield sites to supplement their aggressive export targets.

Safety is, as always, the Company's first priority. It is particularly pleasing to be recognized by our peers with Process Minerals International (PMI), CSI and PIHA accredited Platinum Status and Polaris Metals being accredited with Gold Status by The Institute for Accident Prevention (IFAP) in September 2012. These awards recognize the veracity of our safety systems which forms the nucleus of safe work practices on the ground. This, in addition to unyielding dedication by site managers, has continued the corporate record for world class industry standard injury performance results.

The Board continues to take its corporate governance responsibilities seriously. During FY2012, the board committee structure has been further streamlined to ensure a high degree of corporate governance practice is maintained. In addition, the Company's succession plans have continued to be developed to ensure that we have the resources to undertake and successfully execute the planned growth and development path now and in the future.

To conclude, I would like to take this opportunity to acknowledge the support of shareholders, customers and suppliers and equally the men and women, with the support of their families, that make-up the ever expanding Mineral Resources team.

As always, I invite all shareholders to our Annual General Meeting in November where I look forward to providing you with a further update on the Company's performance and plans for 2013.

Yours faithfully,

PDWade

Peter Wade
Chairman


CRANE

Operational Review

INTRODUCTION

The Company continues to report its business as two operating segments; mining services and processing (comprising the traditional MRL contracting operations) and mining (comprising Polaris, Mesa, Auvex and the recently acquired Central Pilbara tenements) and both operate within the Australian resources sector.

Expansion of both the services and mining segments continues to be undertaken concurrently. The Christmas Creek 1 plant, under a build, own, operate contract with FMG, is operating successfully ahead of operational targets after its first full year of production while the construction of the Christmas Creek 2 plant will be completed in late 2012. The operational phase of this 10 year build, own, operate contract will commence after wet commissioning is completed.

A range of smaller build, own and operate contracts for major mining houses have also recently been awarded and will commence operations in the short term. The inclusion of these operations brings the Company's annualised crushing capacity to 110 million tonnes per annum.

In addition to services projects in the execution stage, the level of business development opportunities has also continued at record levels with major build, own, operate and Engineering, Procurement and Construction (EPC) contracts for crushing works for resource based customers being negotiated.

In the mining segment, the Company commenced exports of iron ore from its Carina and Poondano mines in the year and development of its third iron ore mine at Phil's Creek is well progressed. More than 4 million tonnes of iron ore and manganese were exported in the FY2012 year, an increase of 49% from FY2011.

FOCUS

The group strategy for FY2012 continues to be to maintain organic growth and development within current business areas whilst establishing a number of new significant contracting and mining operations that utilise our mining services strength. This has been the historical focus since listing with both segments targeting tonnages as the measurable driver of growth. The success in achieved results has allowed for expansion of the direct contracting portfolio and also the consequent added advantage accruing to our own commodities business. Further development of the Company's services model has completed the establishment of a "cradle to grave" capacity supported by a complete suite of internal skills and resources capable of providing complete mining and logistical solutions.

Resultant success of this strategy is demonstrated in the improved contract earnings and complementary mining segment performance.

CONSTRUCTION

Construction projects in FY2012 continue the theme of previous years. In accordance with the Company's strategic approach, a number of major construction and mobilisation projects have been completed during the year ahead of time and within budget. Both in-house developments and build, own, operate plants have featured in this year's construction schedule.

In addition to build, own, operate opportunities, the Company is exploring opportunities to enter into contracting work that varies from this theme. A number of large scale processing plants are planned for development in Western Australia and the Company's innovative design and construction credentials, comprising cost effective, timely and fit for purpose operational development, are recognised by the major blue chip companies in the resources sector as high value adding skills that can be adopted as the contracting approach to support their significant opportunities to participate in the development of these projects.

PIHA

PIHA has benefited from the continued strength of infrastructure development in the Asia Pacific region. Manufactured polyethylene fittings, pipelining and laying services have been in high demand through a number of sectors, including traditional hard-rock mining, oil and gas, infrastructure developments and brown fields plant expansions. PIHA, through its extensive research and development programme and business development approach has also expanded its offering into the mine dewatering sector with the signing of framework agreements with major mining houses, giving it an opportunity to develop cohesive product packages for mine infrastructure management solutions.

As an independent operator in this niche area, PIHA has a significant order book evenly balanced between, the project intensive, infrastructure development operations and its ongoing maintenance work for repeat customers.

It also continues to develop innovative solutions to pipeline projects through a strong research and development focus that allows it to remain the market leader in its field.

Christmas Creek

The first stage of our iron ore crushing and processing plant at Christmas Creek has completed its first full year of operation under the 10 year build, own and operate contract with Fortescue Metals Group (FMG). This plant is a world class wet processing iron ore processing facility constructed to process 19 to 25 million tonnes of iron ore per annum. The operation has performed in excess of its targets to facilitate the customer's production plans and maximise the resource utilisation.

Based on the success of the Christmas Creek 1 operation, the terms for a second stage plant were agreed with FMG and construction commenced in September 2011. Wet commissioning of this second plant was commenced in September 2012, creating another record construction completed by the Crushing Services International team on time and on budget.

Under this combined contract, the two plants will provide FMG approximately 50 million tonnes per annum of processing capacity over the next ten years. Mineral Resources is proud to be associated with this project and these achievements are a testament to the skills of the CSI team and capacity of the Company to undertake projects of substantial financial size and complexity.

MINING

Commodity export volumes were again at record levels. In excess of 4 million tonnes of iron ore and manganese were exported from Western Australian ports in FY2012.

'000 tonnes	2011	2012
Iron ore		
. Utah Point	2,259	2,004
. KBT2	-	1,759
. Total	**2,259**	**3,763**
Manganese	449	269
Total commodity sales	**2,708**	**4,032**

MRL mining operations exported its first iron ore from the Carina iron ore mine in November 2011. This mine is the first of the Polaris tenements to be developed in Western Australia's Yilgarn iron ore district and is the culmination of the establishment of regional operational facilities that will facilitate further tenement expansion in the years ahead. For FY2012, a total of more than 1.7 million tonnes of lump and fines iron ore were exported through the newly developed Kwinana Berth 2, near Fremantle in Western Australia. This project was executed in accordance with the established MRL system of project delivery, by establishing temporary facilities for early commencement of operations whilst the permanent facilities were completed. The new 10+ million tonne per annum crushing, stockyard and train load-out facility has since been completed and commissioned with the first tonnes being processed through the completed system in late FY2012 however overall plant production will remain limited by the export port capacity at KB2 until further capacity from southern ports is developed.

This development is an outstanding achievement; notable for the building of the mine operations and all mines works and infrastructure, a 50 kilometre sealed haul road, a 10 million tonne crushing and processing facility, bulk stockyards and automated train loading system at the site within a 12 month construction duration.

A pre-requisite for the success of this start-up was for the Company to upgrade Kwinana Berth 2 in metropolitan Perth. The Company received an export allocation of up to 4.4 million tonnes per annum from the Fremantle Port Authority (FPA) on the condition that it makes substantial improvements to FPA's port infrastructure. This improvement project required that MRL refurbish and replace major components and re-invigorate the port's operating system. This work was undertaken at the same time as construction of the mine and its associated operations and was available to receive and load the first iron ore as planned.

The Company also commenced mining at Poondano, another tenement package from the Polaris Metals acquisition. This project, near Port Hedland in Western Australia, supplements export tonnes through Utah Point, giving the Company further longevity of resource life in the region.

For FY2012, a total of more than 1.7 million tonnes of lump and fines iron ore were exported through the newly developed Kwinana Berth 2, near Fremantle in Western Australia.

EXPLORATION AND COMMODITY INVENTORY

The Yilgarn region is a highly prospective iron ore precinct with a number of Mineral Resources' tenements of high prospectivity and we have continued to explore and develop this area for future iron ore projects to follow Carina. This exploration effort will continue in addition to other northern locations to ensure that the full potential of the Company tenement inventory is developed to maximize shareholder value.

In addition, the Company expanded its iron ore inventory in the Pilbara with the acquisition of the Central Pilbara Tenement package from Iron Ore Holdings Limited (ASX:IOH). The tenements acquired as part of this transaction included Phil's Creek, Lamb Creek and Yandicoogina Creek, all located in the iron circle of the Western Pilbara. These tenements provide a future development path for the Company to enhance its commodity export business through the Utah Point berth at Port Hedland in Western Australia. Phil's Creek is the first mine to be brought into production and the first ore is expected to be delivered for export in late 2012. This project will supplement the Company's existing bulk commodity activities in the regions from which more than 2 million tonnes of iron ore and manganese were exported in FY2012.

The Company consolidated its position over the Ant Hill and Sunday Hill tenements by purchasing Auvex Resources Limited, the 50% partner in the Mesa manganese joint venture, in exchange for 4.5 million Mineral Resources shares.

Completion of this acquisition expands the Company's manganese assets in the Pilbara region and provides the certainty necessary to develop the business once manganese markets have returned to normal levels.

This exploration effort will continue in addition to other northern locations to ensure that the full potential of the Company tenement inventory is developed to maximize shareholder value.

COMMODITIES MARKET

Iron Ore

Iron ore prices have declined over the latter part of the period as a result of European economic concerns and concern that the Chinese economy has come off the high levels of growth experienced in previous years. The Company has continued to experience strong demand for its products during this time with key clients strengthening their relationships. We are optimistic about the future for our products and will manage this period of weakness to maximise the return to shareholders.

One of the major strengths of the Mineral Resources business strategy, the utilisation of our services skills and experience to support the low cost development of our commodities operations, will be clearly recognised over this lower pricing part of the resource cycle. With the Company having ownership of both the tenements and the crushing and processing facilities, Mineral Resources Limited can control the volume of the tonnes it produces to comply with market pricing.

Manganese

Manganese selling prices have remained weak during the period and sales volumes have been restricted accordingly. A total of 269,000 tonnes of manganese were exported in the period. We envisage that export of production tonnage will remain at these limited levels, although our production capacity remains intact with available ore reserves supported by further manganese assets associated with the Mesa Minerals joint venture acquired during the year. We have built up product stockpiles and maintained plants in operation (albeit at lower production tonnages) to ensure output can be rapidly expanded once commodity prices improve.

FINANCIAL POSITION

The consolidated entity produced a net profit of $242 million for the year ended 30 June 2012, representing a 61% improvement on the previous corresponding year. This result is recorded on a solid increase of underlying sales for both its services operations and its core commodities production. The result is in accordance with the Company's expectations and represents a continuation of the exceptional performance from all areas of the business.

Continuing strong profitability and ongoing free cash flow generated from operations provided the Company with the capacity to internally fund substantial proportions of the capital expenditure being employed to expand the business. As a result the Company maintains a low geared balance sheet and minimal borrowings. During the year, additional debt funds were acquired in net terms to fund the number of capital projects under construction. This short term funding approach will enable speedy execution of this development programme and support the assets being put into operation at the optimal part of the production cycle.

The continuing strong Australian dollar has had an impact on commodity revenue. To manage the impact, the Company's conservative currency hedging policy, only implemented against defined export commitments, has had the effect of providing security on profitability of shipments in accordance with sale expectations.

Underlying the Company's operations is a continuing, significant research and development programme designed to ensure that MRL continues to be a leader in innovative mineral processing and infrastructure solutions that ultimately create value for the Company, its customers and other stakeholders.

Global economic conditions are weighing heavily on the Australian resources sector and the combined effects of a strong Australian Dollar (AUD) and fluctuating commodity prices have been a challenge for the Company. Significantly, commodity prices have been under extreme pressure flowing from global events and, combined with a move of the pricing mechanism for iron ore away from fixed quarterly pricing into a transparent index environment and the continued strength of the Australian dollar relative to USD, these factors have created challenging external conditions for the resources sector.

On 19 March 2012, the federal government's MRRT legislation was approved by Parliament, and came into effect on 1 July 2012. The Company has elected to use the market value method for determining its starting base allowance. For the year a preliminary evaluation has been made of the available starting base allowance resulting in a deferred tax asset (DTA), and corresponding income tax expense credit, of $65 million. This valuation exercise will continue and resulting DTA adjustments will be booked as the full impact of the starting base allowance is concluded.

HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY

A key aspect of the MRL business continues to be an unwavering commitment to people, health and safety, the environment and the community. Dedication to high industry standards in these areas is considered to be the cornerstone of our business culture and in the best interest of the business, employees, clients, shareholders, the overall community, and all other stakeholders.

The MRL team has grown to in excess of 1,500 people and each person is imperative in the success of the business.

Professional employees, to support the proven management team, have an unparalleled breadth of industry experience and are committed to achieving results and adding value for all stakeholders. Their knowledge and dedication has driven the business success. Accordingly, a key aspect of our business is selecting and retaining high calibre people to ensure the Company maintains its skill base and the continued growth and development of the business and its reputation.

As people are the Company's most valuable asset, their safety is the core focus and Zero Harm is the number one aspiration. Our policy, technically sound plants and equipment, systems and procedures, as well as safety initiatives are all continuously reviewed to ensure Mineral Resources Limited is at the forefront of Occupational Health and Safety best practise. We have proven this safety focus is successful with world class, low Lost Time Injuries (LTIs) in comparison to the general resources industry record.

Mineral Resources Limited also continues to be committed to making a positive difference in the communities in which we operate and is dedicated to bringing long term benefits to these communities through direct and indirect partnering in employment, training and the provision of local community infrastructure.

A key component of the Mineral Resources business is also to protect, maintain and enhance the environmental resources on our sites. We achieve this through wise environmental stewardship and diligently applying innovative management controls. Each business unit undertakes extensive environmental planning before beginning any project and develops detailed Environmental Programmes to mitigate or control potential impacts.

A key component of the Mineral Resources business is also to protect, maintain and enhance the environmental resources on our sites.

Mineral Resources will continue to advance a strategy of growing the business with a mining services focus in mind and take advantage of the commodities cycle as the opportunity presents.

OUTLOOK AND GROWTH

The Company's outlook remains positive. The current economic uncertainty has provided strategic development opportunities that may otherwise have been difficult to implement. The current business climate emphasises the value adding benefits of MRL's products and services and clearly highlights their quality, economy and efficiency to give clients a recognisably, proven pathway to achieve their operational goals.

Mineral Resources Limited will continue to advance a strategy of growing the business with a mining services focus in mind and take advantage of the commodities cycle as the opportunity presents. Our presence with the majority of the world's top mining houses at critical sites and provision of valuable plant and expertise is testament to the strength of the business model and we believe we can continue to benefit from the inherent growth from newly established operations and implement many more through the direct use of our build, own operate model or with variations to this theme that may suit the customer's own corporate business models.

The Company's business plan has not changed through the economic cycle and it has proved to have a distinct counter-cyclical character as customers understand the offering and how it can fit strategically into their projects.

The current business environment provides the Company with a wide range of growth opportunities and in the medium term, Directors will continue to undertake value creating expansion in the same orderly fashion as has been the past practice. Utilisation of the Company's significant financial, operational and human assets to provide a stable and manageable growth path for the future is the paramount concern for Directors and continuation of this current strategy is expected to continue to provide an the opportunity to deliver substantial shareholder value.

Annual Financial Report

for the year ended 30 June 2012

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CALENDAR

	Date
FINAL DIVIDEND	
• RECORD DATE	21 SEPTEMBER 2012
• PAYMENT DATE	26 OCTOBER 2012
ANNUAL GENERAL MEETING	22 NOVEMBER 2012

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Directors' Report
for the year ended 30 June 2012

The Directors present their report together with the financial statements and the independent auditor's report of Mineral Resources Limited and of the Consolidated Entity, being the Company and its controlled entities (the Group) for the year ended 30 June 2012.

DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

Peter Wade *BE (Hons), LGE*
Executive Chairman and Managing Director
Date of Appointment: 27 February 2006

Peter has over 40 years experience in engineering, construction, project management and mining and infrastructure services. He started his career with the NSW Public Service managing the construction of significant infrastructure projects in NSW including the Port Kembla coal loader and the grain terminals at Newcastle and Wollongong and was also the Deputy Director for the Darling Harbour Redevelopment construction project.

Following his period of employment with the NSW Public Service, Peter joined the executive team of the Transfield Group. Throughout the 1980s and 1990s he was General Manager of Sabemo Pty Ltd, Transfield Construction Pty Ltd, and Transfield Power Technologies and subsequently became Transfield Chief Operations Officer (Southern). During this period Peter was responsible for significant build, own, operate projects including the Melbourne City Link, the Airport Link, the Northside Storage Tunnel and the Collinsville and Smithfield Power Plants.

Peter became Managing Director of Crushing Services International Pty Ltd and PIHA Pty Ltd in 1999, and subsequently Process Minerals International Pty Ltd in 2002 (now the wholly owned subsidiary companies of Mineral Resources Limited) and he managed the companies through a sustained period of growth and development prior to the formation and listing of Mineral Resources Limited in 2006 at which time he was appointed Managing Director of the Group. He was subsequently appointed the Executive Chairman in 2008. Peter is also a director of Global Construction Services Ltd.

Joe Ricciardo *Bachelor Applied Science (Mech Eng)*
Independent non-executive director
Appointed 26 June 2006

Joe has over 35 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 Limited (ASX:GNG), a company that he founded in October 2006 and which is a highly recognised Perth based engineering design and construction contractor servicing the local and international mineral processing industry.

Chris Ellison
Executive director
Appointed 27 February 2006

Chris is the founding shareholder of each of the three original subsidiary companies of Mineral Resources Limited (Crushing Services International Pty Ltd, PIHA Pty Ltd and Process Minerals International Pty Ltd) and has over 35 years experience in the mining contracting, engineering and resource processing industries.

In 1979 Chris founded Karratha Rigging and was Managing Director until its acquisition by Walter Wright Industries in 1982. Chris was subsequently appointed as the General Manager, Walter Wright Industries for the Western Australia and Northern Territory regions.

In 1986 Chris founded Genco Ltd and following two years of considerable growth, Genco Ltd merged with the Monadelphous Group in 1988. In September 1988 Receivers and Managers were appointed to the Monadelphous Group. At this time, Chris was appointed the Managing Director and under his careful management, the group successfully traded out of its financial difficulties and eventually relisted on the ASX in late 1989.

In 1992 Chris founded PIHA Pty Ltd in which the company focused on the provision of specialised pipe lining and general infrastructure to the resources sector. Over the next three years through his work with PIHA Pty Ltd, Chris identified a real opportunity within the mining industry to satisfy the need for specialised contract crushing services which led to the founding of Crushing Services International Pty Ltd. Subsequently, Chris and his business partners within PIHA and CSI founded the mineral processing arm of Mineral Resources Limited, Process Minerals International Pty Ltd.

Chris is currently an executive director of Mineral Resources Limited having principal responsibility for business development and operations and remains the largest shareholder in Mineral Resources Limited. Chris's only other directorship in the past three years is his appointment as a director of Mesa Minerals Limited, having been appointed on 25 May 2010.

Mark Dutton *MA Cantab, ACA ICAEW*
Independent non-executive director
Appointed 8 November 2007

Mark has over 17 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 is a member of the Institute of Chartered Accountants of England & Wales and holds an MA in Management Studies and Natural Sciences from the University of Cambridge, England.

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 the co-founder and a director of Banksia Capital, a private equity manager focussed on Western Australia.

Kelvin Flynn *B Com, CA*
Independent non-executive director
Appointed 22 March 2010

Kelvin has over 20 years of corporate experience in leadership positions in Australia and Asia having held the position of Executive Director / Vice President with Goldman Sachs and Managing Director of Alvarez & Marsal in Asia. Kelvin is a qualified Chartered Accountant with experience in merchant banking and corporate advisory including private equity and special situations investments into the mining and resources sector. He has also worked in complex financial workouts, turnaround advisory and interim management.

Kelvin is a director of privately held Global Advanced Metals Pty Ltd (formerly Talison Tantalum Pty Ltd), owner of the Wodgina mine, the world's largest primary deposit of tantalum.

Kelvin is the founder and currently Managing Director of merchant bank and advisory firm Sirona Capital.

Ryan Welker *BA (Hons)*
Independent non-executive director
Appointed 1 December 2010, Resigned 7 October 2011

Ryan is a graduate of Regent's Business School London with a BA (Hons) in International Finance and Accounting. He has worked for Standard Bank and Rio Tinto as well as a broad range of mining finance groups, mining companies and other mining industry service companies as a consultant. Ryan specialises in developing commercial development strategies, resource acquisitions/divestures, joint ventures and project debt finance for projects and companies throughout the world.

SECRETARY

Bruce Goulds *BBus, Grad Dip Management, LLB (hons)*
Company Secretary
Appointed 27 February 2006

Bruce Goulds has over 30 years of finance and commercial experience in various listed and unlisted corporations including as Commercial Manager within Brambles Industries, Financial Controller and Company Secretary of Cockburn Corporation Limited and Commercial Manager for the Australasian operations of international mining equipment manufacturers Svedala Industrii, Metso Minerals and Sandvik.

In 2005, Bruce joined PIHA Pty Ltd, Crushing Services International Pty Ltd and Process Minerals International Pty Ltd as Group Finance Manager. In 2006, he was appointed the inaugural CFO and Company Secretary of Mineral Resources Limited on its listing on ASX.

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		Remuneration Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended
P. Wade	11	10	2	-	2	2
J. Ricciardo	11	11	2	2	2	2
M. Dutton	11	11	2	2	2	2
C. Ellison	11	11	*	*	2	2
K. Flynn	11	10	2	2	2	2
R. Welker**	3	-	*	*	-	-

* - Not a member of the committee
** - Resigned 7 October 2011

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.

OPERATING RESULTS AND REVIEW OF OPERATIONS FOR THE YEAR

The Consolidated entity produced a net profit of $242.2 million for the year ended 30 June 2012, representing a 60.9% improvement on the previous year. This result is recorded on a solid increase of underlying sales for both its services operations and its core commodities production. The result is in accordance with the Company's expectations and represents a continuation of the exceptional performance from all areas of the business.

Construction of the Christmas Creek 2 plant has continued on time and on budget. This 25 Mtpa iron ore processing plant supports a 10 year, build, own and operate contract with Fortescue Metals Group. Construction is expected to be completed during Q3 2012 with commissioning and ramp-up following thereafter. Crushing capacity will continue to rise substantially with the Christmas Creek 2 plant and other smaller BOO operations joining the portfolio in production in 2012/2013. Our services contracting operations, for external as well as internal sites, remains the foundation of the business and is a primary growth area. Our major clients and operations are located primarily in WA, and the business continues to expand its production base as the state's mining operators look for innovative ways to reach the extraordinary growth targets in iron ore and other steel making materials.

In addition to build, own, operate opportunities, the Company is exploring opportunities to enter into contracting work that varies from this theme. A number of large scale processing plants are planned for development in Western Australia and the Company's innovative design and construction credentials are considered suitable to support significant opportunities to participate in the development of these projects.

PIHA, the Company's pipeline services business, continues to enjoy a solid order-book having cemented its market presence with the signing of framework agreements with key mining customers. In addition, the business has expanded its offering into the oil and natural gas sectors.

In November 2011, MRL exported the first iron ore from its Carina mine. Development of this project, in the space of nine months from being granted access to the site, represents another outstanding achievement for the Company. During this first period of operation in 2011/2012 a total of 1.875 million tonnes of iron ore have been exported. The permanent plant and infrastructure has been completed in accordance with expectations, and the Company has begun to stabilise the production and logistics chain to maximise product output and efficiency of the site. Temporary facilities are now being de-mobilised.

Iron ore prices have declined over the latter part of the period as a result of European economic concerns and concern that the Chinese economy has come off the high levels of growth experienced in previous years. Iron ore demand has also been reported as being soft. The Company has continued to experience strong demand for its products during this time with key clients strengthening their relationships. The Company is optimistic about the future for its products and will manage this period of weakness to maximise the return to shareholders.

The Australian dollar has continued its volatile ride during the period, fluctuating across a wide range. This situation has generally been managed by the Company with a conservative hedging programme, although there is an expectation that volatility will continue whilst world economic conditions remain weak and unpredictable.

Commodity export volumes were again at record levels. A total of four million tonnes were exported from Western Australian ports for the year.

Commodity sales for the year were as follows:

'000 tonnes	2011	2012
Iron ore		
Utah Point	2,259	**2,004**
KBT2	-	**1,759**
Total	2,259	**3,763**
Manganese	449	**269**
Total commodity sales	2,708	**4,032**

Completion of the purchase of the Central Iron Ore tenements from Iron Ore Holdings (ASX:IOH) in the period increased the Company's resource base in the Pilbara region. Construction of the Phil's Creek project commenced in the period with the first iron ore due to be exported from the site in late 2012. This ore will supplement existing projects in the Pilbara region for export from Utah Point at Port Hedland.

Manganese price levels remained weak in the period and the Company restricted exports to remain in touch with existing customers. Indications of price improvement have emerged over the last few months but a decision to re-commence substantial export activities is not imminent.

Acquisition of Auvex Resources Limited, completed during the period, has given MRL control of the Ant Hill and Sunday Hill manganese deposits. This resource is considered to be a very prospective manganese region and, with its proximity to MRL's existing manganese assets, puts it in a very strong strategic position once manganese markets improve.

On 19 March 2012, the federal government's Minerals Resources Rent Tax (MRRT) legislation passed through parliament with a commencement date of 1 July 2012. The Company has elected to use the market value method for determining its starting base allowance. For the period a preliminary evaluation has been made resulting in a deferred tax asset (DTA), and corresponding income tax expense credit, of $65 million. This valuation exercise will continue and resulting DTA adjustments will be booked as the full impact of the starting base allowance is concluded.

The Company's balance sheet remains strong, with low gearing. Capital expenditure of $428 million was incurred in the period from the substantial development programme currently being undertaken by the Company. This has meant that additional debt has been acquired to assist in the funding of this and we expect to borrow further during the next financial year to complete this phase of the programme. Despite this borrowing, the free cash flow of the business is expected to contribute substantially to the programme and the balance sheet will be conservatively geared at the maximum debt levels.

FINANCIAL POSITION

The net assets of the Group have increased to $916,751,000 (2011: $627,506,000). The increase is largely due to:

- the operating performance of the Group;
- the raising of fund from the exercise of options by option holders; and
- the issue of shares to acquire Auvex Resources Limited.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of 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 2010/11 of 27.0 cents per share, fully franked at a tax rate of 30%, paid on 20 October 2011 amounting to $49,647,495;
- Interim Ordinary Dividend for 2011/12 of 16.0 cents per share, fully franked at a tax rate of 30%, paid on 5 April 2012 amounting to $29,553,038; and
- Final Ordinary Dividend for 2011/12 of 30.0 cents per share, fully franked at a tax rate of 30%, has been recommended by Directors amounting to $55,456,805.

EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affects the operations of the Consolidated Entity other than disclosed in the Financial Report.

ENVIRONMENTAL ISSUES

The 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.

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

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.

Details of the amounts paid to the auditors are disclosed in Note 27 of the financial statements.

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 – AUDITED

This Remuneration Report details the policy for determining the remuneration of directors and key management personnel and provides specific details 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 (currently $500,000). The Remuneration Committee sets individual Board fees within the limit approved by shareholders. Shareholders must separately 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 executive directors and key management personnel

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. Key management personnel 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 director 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 remuneration policy reflects its obligation to align executive director and key management personnel remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Company.

KEY MANAGEMENT PERSONNEL SERVICE AGREEMENTS – AUDITED

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 provisions

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

	Commencement Date	Notice Period	Base Salary (incl super)	Termination Payments Provided*
Directors				
Non-executive directors				
J. Ricciardo	25 June 2006	n/a	$98,100	none
M. Dutton	7 November 2007	n/a	$98,100	none
K. Flynn	22 March 2010	n/a	$98,100	none
R. Welker**	1 December 2010	n/a	$98,100	none
Executive Directors				
P. Wade – Executive Chairman/Managing Director	1 July 2006	6 months	$981,000	none
C. Ellison – Executive Director - Business Development	1 July 2006	6 months	$872,000	none
Executives				
S. Wyatt - General Manager, CSI	1 July 2006	6 months	$872,000	none
B. Gavranich - General Manager, PIHA	1 July 2006	6 months	$872,000	none
D. Geraghty - Technical Director	1 July 2006	6 months	$654,000	none
B. Goulds - Chief Financial Officer/Company Secretary	1 July 2006	6 months	$654,000	none
A. Haslam - General Manager – Iron Ore	30 March 2012	1 month	$599,500	none

* other than statutory entitlements.
** resigned 7 October 2011

Base salaries quoted are as at 30 June 2012 and are reviewed annually by the Remuneration Committee.

DETAILS AND AMOUNTS OF REMUNERATION – AUDITED

2012	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	778,846	56,946	50,000	-	-	885,792
J. Ricciardo	90,000	-	8,100	-	-	98,100
C. Ellison	692,307	34,406	46,230	-	-	772,943
M. Dutton	190,000	-	8,100	-	-	198,100
K. Flynn	98,100	-	-	-	-	98,100
R. Welker	25,961	-	2,336	-	-	28,297
	1,875,214	91,352	114,766	-	-	2,081,332
Key management personnel						
B. Gavranich	692,307	16,664	46,230	-	-	755,201
S. Wyatt	692,307	44,728	25,000	-	-	762,035
D. Geraghty	631,730	29,495	25,000	-	-	686,225
B. Goulds	502,767	-	50,000	-	-	552,767
A. Haslam	89,038	-	5,865	-	-	94,903
	2,608,149	90,887	152,095	-	-	2,851,131
Total	4,483,363	182,239	266,861	-	-	4,932,463

2011	Short-term Benefits		Post Employment Benefits	Long-term Benefits		Total
	Cash, salary and commissions	Non-cash benefits	Super- annuation	Share-based Payments		
				Equity	Options	
	$	$	$	$	$	$
Directors						
P. Wade	450,000	53,600	50,000	-	-	553,600
J. Ricciardo	90,000	-	8,100	-	-	98,100
C. Ellison	400,000	64,136	36,000	-	-	500,136
M. Dutton	190,000	-	17,100	-	-	207,100
K. Flynn	94,327	-	-	-	-	94,327
R. Welker	51,231	-	4,611	-	-	55,842
	1,275,558	117,736	115,811	-	-	1,509,105
Key Management Personnel						
B. Gavranich	400,000	55,878	36,000	-	-	491,878
S. Wyatt	400,000	64,136	25,000	-	-	489,136
D. Geraghty	326,923	15,780	25,000	-	-	367,703
B. Goulds	238,850	-	50,000	-	-	288,850
	1,365,773	135,794	136,000	-	-	1,637,567
Total	2,641,331	253,530	251,811	-	-	3,146,672

PERFORMANCE CONDITIONS – AUDITED

A. Haslam may earn a cash bonus of up to 60% of his base salary on achievement of key performance indicators directly related to the performance of his duties. For the financial period ended 30 June 2012, no performance bonus has been awarded.

No proportion of remuneration of directors or other key management personnel is dependent on the satisfaction of a performance condition.

EQUITY AND OPTIONS GRANTED AS REMUNERATION – AUDITED

No equity or options were granted to directors or key management personnel in the financial year ended 30 June 2012.

OPTIONS

At 30 June 2012, the unissued ordinary shares of the Company under option are as follows:

Date of Expiry	Exercise Price	Number under Option
15 Jan 2013	$2.00	440,900
		440,900

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

During the year ended 30 June 2012, the following ordinary shares of the Company were issued on the exercise of options granted. No amounts are unpaid on any of the shares.

Date of Expiry	Exercise Price	Number of Shares Issued
15 Jan 2012	$1.90	271,500
15 Jan 2013	$2.00	221,850
31 Dec 2011	$4.31	137,500
6 Aug 2011	$6.05	10,000,000
31 Dec 2011	$6.31	202,500
		10,833,350

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	Number of Ordinary shares	Number of Options over Ordinary Shares
P. Wade	1,416,162	-
J. Ricciardo	1,529,989	-
M. Dutton	15,000	-
C. Ellison	27,000,000	-
K. Flynn	-	-

INDEMNIFYING OFFICERS OR AUDITOR

During or since the end of the financial year the Company has paid premiums to insure all directors and key management personnel 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, key management personnel 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 year ended 30 June 2012.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court under section 237 of the Corporations Act 2001 to 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 financial year ended 30 June 2012.

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.

PDWade

PETER WADE
Executive Chairman / Managing Director
Dated this 16 August 2012

Auditor's Independence Declaration

RSM Bird Cameron Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Mineral Resources Limited for the year ended 30 June 2012, 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

TUTU PHONG
Partner

Perth, WA
Dated: 16 August 2012

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Corporate Governance Statement

for the year ended 30 June 2012

The Board considers it essential that directors and staff of the Company employ sound corporate governance practices in carrying out their duties and responsibilities. Accordingly, specific corporate governance policies have been issued to detail the expected behaviour required to ensure the Company acts with integrity and objectivity.

The Company has posted all its corporate governance policies to the Corporate Governance section of its website: **www.mineralresources.com.au**.

The ASX Corporate Governance Council released the second edition of its "Good Corporate Governance Principles and Recommendations" (Recommendations) in August 2007 and amended in 2010. The Board supports 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.

PRINCIPLE 1 - LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

RECOMMENDATION 1.1 - DELEGATION OF AUTHORITY

Board responsibility

The Board is responsible for guiding and monitoring the Company on behalf of shareholders.

Specific responsibilities of the Board include:

1. appointment, evaluation, rewarding and, if necessary, removal of the Managing Director and senior management;
2. in conjunction with management, development of corporate objectives, strategy and operations plans;
3. review and approval (as required) of plans, new investments, major capital and operating expenditures, capital management, acquisitions, divestitures and major funding activities;
4. establishing appropriate levels of delegation to the Managing Director to allow him to manage the business efficiently;
5. monitoring actual performance against planned performance expectations;
6. ensuring that the Company is appropriately positioned to manage significant business risks;
7. overseeing the management of safety, occupational health and environmental matters;
8. satisfying itself that the financial reporting of the Company fairly and accurately set out the financial position and financial performance of the Company;
9. satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, and internal control processes are in place and functioning appropriately;
10. to ensure that appropriate internal and external audit arrangements are in place and operating effectively;
11. having a framework in place to help ensure that the Company acts legally and responsibly on all matters consistent with the code of conduct; and
12. reporting to shareholders.

Management responsibility

The responsibility for the day-to-day operation and administration of the Company is delegated by the Board to the Managing Director.

Whilst there is a clear division between the responsibilities of the Board and management, the Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved.

RECOMMENDATION 1.2 – EVALUATION OF PERFORMANCE OF MANAGEMENT

The Board has in place a process for evaluating the performance of the Managing Director and other senior executives.

Managing Director

The Board will annually review the performance of the Managing Director. The Board and the Managing Director will agree a set of specific performance measures to be used in the review of the forthcoming year.

This includes:

(a) financial measures of the Company's performance;
(b) the measure for determining achievement of key operational goals and strategic objectives;
(c) development of management and staff;
(d) compliance with legal and Company policy requirements; and
(e) achievement of other key performance indicators.

Senior executives

The Managing Director is responsible for assessing the performance of the key executives.

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

RECOMMENDATION 2.1 - MAJORITY OF BOARD SHOULD BE INDEPENDENT DIRECTORS

Mr M. Dutton satisfies all the tests of the Recommendations and is considered independent. Each director's skills, experience and expertise relevant to the position of director and period of office of each director in office at the date of this annual report is contained in the Directors' Report.

RECOMMENDATION 2.2 AND 2.3 – INDEPENDENT CHAIRMAN AND MANAGING DIRECTOR

The roles of Chairman and Managing Director are currently combined. The Chairman of the Company, Mr P. 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.

Each director has the right to seek independent professional advice on matters relating to their position as a director of the Company at the Company's expense.

RECOMMENDATION 2.4 - NOMINATION COMMITTEE

The Board has established the functions of a Nomination Committee.

Composition

The Committee shall comprise at least three directors, the majority of whom must be non-executive directors, one of whom will be appointed the Committee Chairman. At present, due to the current size and composition of the Board, the full board operates as the Nomination Committee.

RECOMMENDATION 2.5 – BOARD PERFORMANCE EVALUATION PROCESS

The Board has established formal processes to review its own performance and the performance of individual directors (including the Managing Director) and the Committees of the Board.

As part of the annual review the appropriate size, composition and terms and conditions of appointment to and retirement from the Board are considered. The Board also reviews the appropriate criteria for board membership collectively.

The Board is required to meet annually with the specific purpose of reviewing the role of the Board, assessing its performance over the previous 12 months and examining ways in which the Board can better perform its duties.

The annual review includes consideration of the following:

(a) comparison of the performance of the Board against the requirements of the Board charter;

(b) assessment of the performance of the Board over the previous twelve months having regard to the corporate strategies, operating plans and the annual budget;

(c) the Board's interaction with management;

(d) identification of any particular goals and objectives of the Board for the next year;

(e) review the type and timing of information provided to the directors; and

(f) identification of any necessary or desirable improvements to Board or Committee charters.

Non-executive directors

The Chairman will have primary responsibility for conducting performance appraisals of non-executive directors in conjunction with them, having particular regard to their:

(a) contribution to Board discussions and functions;

(b) degree of independence, including relevance of any conflicts of interest;

(c) availability for and attendance at Board meetings and other relevant events;

(d) contribution to Company strategy;

(e) membership of and contribution to any Board Committees; and

(f) suitability to Board structure and composition.

Where the Chairman, following a performance appraisal, considers that action must be taken in relation to a director's performance, the Chairman must consult with the remainder of the Board regarding whether a director should be counselled to resign, not seek re-election, or in exceptional circumstances, whether a resolution for the removal of a director be put to shareholders.

PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

RECOMMENDATION 3.1 – CODE OF CONDUCT

The policies on this principle are disclosed on the Company's website.

RECOMMENDATIONS 3.2, 3.3, AND 3.4 - DIVERSITY

The Board has in place policies for the recruitment of the most suitable person for roles within the Company providing diversity of employment opportunities for, but not limited to, gender, age, ethnicity and cultural background for all Company roles. In respect of gender diversity, the Company has not determined a target proportion of appointments but relies on the requirement of "most suitable person for roles" as the overarching selection criteria for personnel.

As at the balance date, 9% (2011: 11%) of employees of the Company were females and two women function in senior executive positions. There are no women currently serving on the Company's Board.

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

RECOMMENDATION 4.1 – AUDIT COMMITTEE

Scope

The Audit Committee is a committee of the Board with the specific powers delegated by the Board. A charter sets out the Audit Committee's function, composition, mode of operation, authority and responsibilities summarised on the website.

RECOMMENDATION 4.2 AND 4.3 – AUDIT COMMITTEE MEMBERSHIP AND COMPOSITION

Disclosure of the names, qualifications and attendance at audit committee meetings is included in the Directors' Report.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

The policies on this principle are disclosed on the Company's website.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS

RECOMMENDATION 6.1 – SHAREHOLDER COMMUNICATION

The Company recognises the value of providing current and relevant information to its shareholders.

The Managing Director and Company Secretary have the primary responsibility for communication with shareholders.

The Company is committed to the promotion of investor confidence by ensuring that trading in the Company's securities takes place in an efficient, competitive and informed market.

Electronic communication and web-site

The Company's web-site will be updated with material released to the ASX as soon as practicable after confirmation of release by the ASX.

All web-site information will be continuously reviewed and updated to ensure that information is current, or appropriately dated and archived.

The Company places the full text of notices of meeting and explanatory material on the web-site.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

RECOMMENDATION 7.1 AND 7.2 – RISK MANAGEMENT

The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required by the Board to report back on the efficiency and effectiveness of risk management. The Board discuss risk management issues with management on an ongoing basis.

Management is responsible for the ongoing management of risk with standing instructions to apprise the Board of changing circumstances within the Company and within the international business environment.

RECOMMENDATION 7.3 - ASSURANCE FROM CEO AND CFO

Management sign-off procedure

The Audit Committee will ensure that the Managing Director and Chief Financial Officer prepare a written statement to the Board certifying that the Company's annual financial report and half yearly financial report present a true and fair view, in all material respects, of the financial condition of the Company and its operational performance and are in accordance with relevant accounting standards.

The statement is to be presented to the Board prior to the approval and sign-off of the respective annual and half yearly financial reports. Assurance from the CEO / CFO is founded on a sound system of risk management and internal control and the system is considered to operate effectively in all material respects in relation to reporting financial risk.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

RECOMMENDATIONS 8.1, 8.2, AND 8.3 – REMUNERATION COMMITTEE

The Board has established a Remuneration Committee. Composition of the Committee shall comprise at least three directors, the majority of whom must be non-executive directors, one of whom will be appointed the Committee Chairman.

The charter of the Committee and its functions and responsibilities are posted on the Company's website.

The Committee is currently chaired by Mr K. Flynn and members are Mr J. Ricciardo and Mr M. Dutton.

Non-executive remuneration

Non-executive directors are entitled to receive statutory superannuation benefits as well as accrued proportional leave benefits. No other post-employment benefits are provided to non-executive directors as at the date of this report.

Statement of Comprehensive Income

for the year ended 30 June 2012

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000
Revenue from continuing operations	3	925,857	609,518
Other income	3	13,036	28,734
Changes in closing stock		48,348	5,708
Depreciation and amortisation		(68,722)	(26,275)
Employee benefit expense		(113,595)	(82,759)
Equipment costs		(37,708)	(17,238)
Finance costs		(6,437)	(5,638)
Impairment losses		(2,474)	(1,038)
Raw materials and consumables		(231,930)	(97,443)
Subcontractors		(115,412)	(49,429)
Transport and freight		(151,761)	(123,747)
Other expenses	4	(35,022)	(31,478)
Profit before income tax		224,200	208,915
Income Tax expense	5	(47,123)	(58,422)
Profit before Mineral Resources Rent Tax ("MRRT") tax benefit and after Income tax expense		177,077	150,493
Tax benefit arising on introduction of MRRT	5	65,162	-
Profit for the year		242,239	150,493
Other comprehensive income			
Net change in fair value of plant and equipment		1,085	(459)
Other comprehensive income for the year		1,085	(459)
Total comprehensive income for the year		243,324	150,034
Profit is attributable to:			
Members of Mineral Resources Limited		242,204	150,957
Non-controlling interest		35	(464)
		242,239	150,493
Total comprehensive income is attributable to:			
Members of Mineral Resources Limited		243,289	150,498
Non-controlling interest		35	(464)
		243,324	150,034
Basic earnings per share (cents per share)		132.3	89.7
Diluted earnings per share (cents per share)		131.1	86.5

The accompanying notes form an integral part of the Statement of Comprehensive Income.

Statement of Financial Position

for the year ended 30 June 2012

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000
ASSETS - Current			
Cash and cash equivalents	6	76,282	180,456
Trade and other receivables	7	141,900	109,359
Inventories	8	67,121	17,043
Financial assets	11	5	4,044
Other assets	9	1,771	2,013
Total current assets		287,079	312,915
ASSETS – Non current			
Trade and other receivables	7	3,298	3,385
Exploration, evaluation and development expenditure	10	400,090	262,924
Investments accounted for using the equity method	12	190	190
Financial assets	11	1,391	2,739
Plant and equipment	13	584,148	319,494
Intangible assets	14	76,029	44,024
Deferred tax assets	15	83,704	24,386
Total non current assets		1,148,850	657,142
Total assets		1,435,929	970,057
LIABILITIES - Current			
Trade and other payables	16	162,374	91,690
Borrowings	17	34,754	64,378
Income tax payable		4,985	26,275
Provisions	18	13,628	9,304
Total current liabilities		215,741	191,647
LIABILITIES – Non current			
Borrowings	17	152,321	37,659
Deferred tax liabilities	15	141,762	102,503
Provisions	18	9,354	10,742
Total non current liabilities		303,437	150,904
Total liabilities		519,178	342,551
Net assets		916,751	627,506
EQUITY			
Issued capital	19	484,739	359,619
Reserves	20	6,012	4,927
Retained earnings		405,109	242,104
Parent interest		895,860	606,650
Non-controlling interest		20,891	20,856
Total equity		916,751	627,506

The accompanying notes form an integral part of the Statement of Financial Position.

Statement of Changes in Equity

for the year ended 30 June 2012

Consolidated	Contributed Equity	Reserves	Retained Earnings	Total	Non-controlling interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2010	315,526	5,386	139,309	460,221	25,458	485,679
Total comprehensive income for the year	-	(459)	150,957	150,498	(464)	150,034
Transactions with owners in their capacity as owners:						
Shares issued on exercise of options	37,467	-	-	37,467	-	37,467
Net proceeds from share issues	1,278	-	-	1,278	-	1,278
Share based payments	135	-	-	135	-	135
Employee share trust contributions	1,075	-	-	1,075	-	1,075
Shares issued in part consideration for acceptance of the off market takeover bid for Mesa Minerals Limited	4,138	-	-	4,138	(4,138)	-
Dividends paid	-	-	(48,162)	(48,162)	-	(48,162)
Balance at 30 June 2011	**359,619**	**4,927**	**242,104**	**606,650**	**20,856**	**627,506**
Balance at 1 July 2011	359,619	4,927	242,104	606,650	20,856	627,506
Total comprehensive income for the year	-	1,085	242,204	243,289	35	243,324
Transactions with owners in their capacity as owners:						
Shares issued on exercise of options	63,330	-	-	63,330	-	63,330
Net proceeds from share issues	7,246	-	-	7,246	-	7,243
Employee share trust movements	(1,193)	-	-	(1,193)	-	(1,193)
Shares issued in consideration for acceptance of the off market takeover bid for Auvex Resources Limited	55,737	-	-	55,737	-	55,737
Dividends paid	-	-	(79,199)	(79,199)	-	(79,199)
Balance at 30 June 2012	**484,739**	**6,012**	**405,109**	**895,860**	**20,891**	**916,751**

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

Statement of Cash Flows

for the year ended 30 June 2012

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000
Cash flows from operating activities			
Cash receipts from customers		894,940	630,919
Cash payments to suppliers and employees		(602,696)	(438,076)
Interest received		5,046	5,122
Interest and other costs of finance paid		(6,437)	(5,638)
Income taxes paid		(47,961)	(1,631)
		242,892	190,696
Payments relating to the construction of a processing plant previously recovered from customer		-	(73,940)
Net cash flows from operating activities	**21(b)**	242,892	116,756
Cash flows from investing activities			
Payments for property, plant and equipment		(277,843)	(161,030)
Proceeds from the sale of property, plant and equipment		3,347	63,929
Payments for the purchase of investments		(972)	(94)
Proceeds from the sale of investments		-	19,581
Payments for exploration and evaluation		(54,887)	(5,026)
Payments for mining development		(15,428)	-
Payments for intangibles		(33,632)	(1,527)
Payments for acquisition of subsidiary, net of cash acquired		235	-
Net cash flows from investing activities		(379,180)	(84,167)
Cash flows from financing activities			
Proceeds from shares issued		3,344	-
Proceeds from exercise of share options		63,330	37,479
Share issue costs		-	(11)
Proceeds from borrowings		63,839	-
Repayment of borrowings		(23,100)	(17,187)
Dividends paid		(75,299)	(46,884)
Net cash flows from financing activities		32,114	(26,603)
Net increase in cash and cash equivalents		(104,174)	5,986
Cash and cash equivalents at the beginning of the financial period		180,456	174,470
Cash and cash equivalents at the end of the financial period	**21(a)**	76,282	180,456

The accompanying notes form an integral part of the Statement of Cash Flows.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

These financial statements of Mineral Resources Limited (the Company) for the year ended 30 June 2012 represent those of the Company and its controlled entities ('the Consolidated Entity' or 'the Group'). The separate financial statements of the parent entity, Mineral Resources Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The Company is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The financial report was authorised for issue in accordance with a resolution of the Directors dated 16 August 2012.

(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.

In accordance with the relief available under ASIC Class Order 98/100, the financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($1,000) unless otherwise stated.

Adoption of new and revised accounting standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in a significant or material change to the Group's accounting policies.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(I) BASIS OF PREPARATION (CONT.)

New standards issued but not yet effective

At the date of this financial report the following standards, which may impact the entity in the period of initial application, have been issued but are not yet effective:

Reference	Title	Summary	Application date (financial years beginning)	Early Adoption
AASB 9	*Financial Instruments*	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1 January 2013 (likely to be extended to 2015 by ED 215)	No
AASB 10	*Consolidated Financial Statements*	Replaces the requirements of AASB 127 and Interpretation 112 pertaining to the principles to be applied in the preparation and presentation of consolidated financial statements.	1 January 2013	No
AASB 11	*Joint Arrangements*	Replaces the requirements of AASB 131 pertaining to the principles to be applied for financial reporting by entities that have an interest in arrangements that are jointly controlled.	1 January 2013	No
AASB 12	*Disclosure of Interests in Other Entities*	Replaces the disclosure requirements of AASB 127 and AASB 131 pertaining to interests in other entities.	1 January 2013	No
AASB 13	*Fair Value Measurement*	Provides a clear definition of fair value, a framework for measuring fair value and requires enhanced disclosures about fair value measurement.	1 January 2013	No
AASB 119	*Employee Benefits*	Prescribes the accounting and disclosure for employee benefits. This Standard prescribes the recognition criteria when in exchange for employee benefits.	1 January 2013	No
AASB 127	*Separate Financial Statements*	Prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	1 January 2013	No
AASB 128	*Investments in Associates and Joint Ventures*	Prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1 January 2013	No
IFRIC Interpretation 20	*Stripping Costs in the Production Phase of a Surface Mine*	This Interpretation clarifies the requirements for accounting for stripping costs in the production phase of a surface mine, such as when such costs can be recognised as an asset and how that asset should be measured, both initially and subsequently.	1 January 2013	Yes – from 1 July 2011

For the standards where the Group has decided not to early adopt, these changes in standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(II) BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Mineral Resources Limited at the end of the reporting period. A controlled entity is any entity over which Mineral Resources Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period that they were controlled.

In preparing the consolidated financial statements, all inter-Group balances and transactions between entities in the Group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the equity section of the consolidated Statement of Financial Position and Statement of Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the Statement of Comprehensive Income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is re-measured each reporting period to fair value through the Statement of Comprehensive Income unless the change in value can be identified as existing at the acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the Statement of Comprehensive Income.

Employee Share Trust

The Group has in place a trust to administer the Group's employee share and share option schemes. This trust is consolidated, as the substance of the relationship is that the trust is controlled by the Group.

Shares held by the Mineral Resources Employee Share Trust are disclosed as treasury shares and deducted from contributed equity.

(III) INCOME TAX

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities are therefore measured at the amounts expected to be paid to the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense is charged or credited directly to equity instead of to profit or loss when the tax relates to items that are credited or charged directly to equity.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(III) INCOME TAX (CONT.)

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax assets can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, or joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax consolidation

Mineral Resources Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the ‘stand-alone taxpayer’ approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The tax consolidated group has a tax funding agreement in place whereby each company in the group contributes to the income tax payable by the group in proportion to their contribution to the Group’s taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

Mineral Resource Rent Tax

Mineral Resource Rent Tax (MRRT) is an additional tax on profits from the mining of iron ore and coal in Australia, and came into effect on 1st July 2012. In determining MRRT payable, a deduction (MRRT Starting Base Allowance) is provided for the value of mining assets at 1 May 2010 plus eligible expenditure to 30 June 2012. An election is able to be made to value the mining assets at 1 May 2010 at either market value or cost. The Group has elected to use market value.

(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 valued at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

Construction profits are recognised on the stage of completion basis and measured using the proportion of costs incurred to date as compared to expected actual costs. Where losses are anticipated they are provided for in full.

Construction revenue has been recognised on the basis of the terms of the contract adjusted for any variations or claims allowable under the contract.

(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 the date of acquisition. Goodwill on acquisition 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.

Patents

Patents acquired as part of a business combination are recognised separately from goodwill. The patents are carried at fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost of patents over their estimated useful lives.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(V) INTANGIBLES (CONT.)

Port access rights

Port access rights acquired as part of a business combination are recognised separately from goodwill. The rights are carried at fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the access rights over their estimated useful lives.

Operating leases

Operating leases acquired as part of a business combination are recognised separately from goodwill. The leases are carried at fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the lease over their estimated useful lives.

(VI) REVENUE RECOGNITION

Revenue - goods sold

Revenue from the sale of goods and disposal of other assets is recognised when persuasive evidence, usually in the form of an executed sales agreement, or an arrangement exists, indicating there has been a transfer of risks and rewards to the customer, no further work or processing is required by the Group, the quantity and quality of the goods has been determined with reasonable accuracy, the price is fixed or determinable, and collectability is reasonably assured. This is generally when title passes. The majority of the Group's sales agreements specify that title passes when the product is delivered to the destination specified by the customer, which is typically the vessel on which the product will be shipped. In practical terms, revenue is generally recognised on the bill of lading date, which is the date the commodity is delivered to the shipping agent. These sales agreements also allow for an adjustment to the sales price based on a survey of the goods by the customer (an assay for mineral content); therefore recognition of the sales revenue is based on the most recently determined estimate of product specifications.

Services rendered

Revenue from services rendered is recognised in the Statement of Comprehensive Income in proportion to the stage of completion of the transaction at the reporting 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.

(VII) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and at 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 Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

(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 (CONT.)

(VIII) PLANT AND EQUIPMENT (CONT.)

Leased assets

Leases in terms of which the Group 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 payments at the inception of the lease, less accumulated depreciation and impairment losses.

Sale of non current assets

The net gain or loss on disposal of non-current assets is included in the Statement of Comprehensive Income 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 Group 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 Group and the cost of the item can be measured reliably. All other costs are recognised in the Statement of Comprehensive Income 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 Statement of Comprehensive Income.

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*
Plant and equipment - other	3-20 years or the term of the lease
Beneficiation plant	Usage basis
Tracked plant and equipment	Usage basis

(IX) 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 where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Otherwise, exploration and evaluation expenditure is written off as incurred.

Capitalised expenditure includes expenditure directly related to exploration and evaluation activities in the relevant area of interest including the generation of mining information. 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 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.

(X) DEVELOPMENT EXPENDITURE

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

Once a decision to develop an area has been made 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.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(X) DEVELOPMENT EXPENDITURE (CONT.)

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.

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

(XI) DEVELOPMENT STRIPPING

Development stripping costs

Development stripping costs arise from the removal of overburden and other mine waste materials removed during the development of a mine site in order to access the mineral deposit. Costs directly attributable development stripping activities, inclusive of an allocation of relevant overhead expenditure, are initially capitalised as Exploration and Evaluation expenditure. Capitalisation of development stripping costs ceases at the time that saleable material begins to be extracted from the mine. On completion of development, all capitalised development stripping included in Exploration and Evaluation is transferred to Development expenditure. Production stripping commences at the time that saleable materials begin to be extracted from the mine and, under normal circumstances continue throughout the life of the mine. Costs of production stripping are charged to the income statement as operating costs when the ratio of waste material to ore extracted for an area of interest is expected to be constant throughout its estimated life.

When the ratio of waste to ore is not expected to be constant, production stripping costs are accounted for as follows:

- All costs are initially charged to the Statement of Comprehensive Income and classified as operating costs.
- When the current ratio of waste to ore is greater than the estimated life-of-mine ratio, a portion of the stripping costs (inclusive of an allocation of relevant overhead expenditure) is capitalised to Development Expenditure.
- In subsequent years when the ratio of waste to ore is less than the estimated life-of-mine ratio, a portion of capitalised stripping costs is charged to the Statement of Comprehensive Income as operating costs. The amount of production stripping costs capitalised or charged in a financial year is determined so that the stripping expense for the financial year reflects the estimated life-of-mine ratio. Changes to the estimated life-of-mine ratio are accounted for prospectively from the date of the change.

(XII) IMPAIRMENT

Financial instruments

At each reporting date, the Group 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 (exceeding 12 months) or significant decrease from cost (exceeding 33%) in the market value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the Statement of Comprehensive Income immediately. Also, any cumulative decline in fair value recognised in other comprehensive income is reclassified as an impairment loss at this point.

Other assets

At each reporting date, the Group 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 Statement of Comprehensive Income.

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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(XIII) INVESTMENTS

Investments in controlled entities are carried at cost.

(XIV) INTERESTS IN JOINT VENTURES

The Group's share of the assets, liabilities, revenue and expenses of jointly controlled assets has been included in the appropriate line items of the consolidated financial statements.

The Group's interests in joint venture entities are brought to account using the proportionate consolidation method.

Where the Group contributes assets to the joint venture, or if the Group purchases assets from the joint venture, only the portion of the gain or loss that is not attributable to the Group's share of the joint venture shall be recognised. The Group will however recognise the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(XV) FINANCIAL INSTRUMENTS

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Group 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 transaction 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.

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

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 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 Group'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 Statement of Comprehensive Income unless they are designated as hedges. Assessments are made by the Group 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 Statement of Comprehensive Income, 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 Statement of Comprehensive Income. Amounts accumulated in the hedge reserve in equity are transferred to the Statement of Comprehensive Income in the periods when the hedged item will affect profit or loss.

Impairment

Refer to note 1 (xii).

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(XV) FINANCIAL INSTRUMENTS (CONT.)

Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 60 days of recognition of the liability.

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 Statement of Comprehensive Income 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 Statement of Comprehensive Income. The interest expense component of finance lease payments is recognised in the Statement of Comprehensive Income using the effective interest method.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign currency monetary items are translated at the year-end exchange rates. 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 rates at the dates when fair values were determined. Exchange differences arising on the translation of monetary items are recognised in the Statement of Comprehensive Income, 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 Statement of Comprehensive Income.

(XVI) LEASE PAYMENTS

Operating lease payments

Payments made under operating leases are recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Comprehensive Income 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.

(XVII) EMPLOYEE BENEFITS

Provision has been made 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 Statement of Comprehensive Income as incurred.

(XVIII) 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 number of options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised as an expense for the options granted is based upon the number of options that eventually vest.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(XIX) PROVISIONS

Provisions are recognised when the Group 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 Group's estimated liability on all products and services under warranty at the reporting 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 are estimated by reference to the Group's history of warranty claims.

Project closure

At the completion of some projects the Group 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 Group'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 Statement of Comprehensive Income 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 Statement of Comprehensive Income 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 Group from a contract are lower than the unavoidable costs of meeting the obligations under the contract.

(XX) 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.

(XXI) 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 Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows 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.

(XXII) SHARE CAPITAL

Dividends are provided for as a liability in the financial period in 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.

(XXIII) BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(XXIV) COMPARATIVES

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

(XXV) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Provisions

Refer to note 1 (xix).

Impairment of goodwill and intangibles with indefinite useful lives

The Group 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.

Mineral Resource Rent Tax (MRRT) Starting Base Allowance

In computing MRRT payable, a deduction is provided in respect of the market value of the mining assets as at 1 May 2010 plus eligible expenditure from that date to 30 June 2012 (Starting Base Allowance). The Group has elected market value to determine the starting value of the Starting Base Allowance. A provisional estimate of market value has been made as at reporting date. To the extent that recovery of the Starting Base Allowance is probable, a deferred tax asset is recognised on the temporary difference between the amount that is deductible for MRRT purposes and the carrying value of the assets in the accounts.

Useful lives of plant and equipment

The Group 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 cannot be disclosed as the future estimated life of the assets involved cannot be reliably estimated.

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

Ore reserve and resource estimates

Ore reserves are estimates of the amount of product that can be economically and legally extracted from the Group's current mining tenements. The Group estimates its ore reserves based on information compiled by appropriately qualified persons able to interpret the geological data. The estimation of recoverable reserves is based on factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs, along with geological assumptions and judgements made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact on the value of exploration and evaluation assets, mine properties, property plant and equipment, provision for rehabilitation and depreciation and amortisation charges.

Units of production depreciation

Estimated recoverable reserves are used in determining the depreciation and/or amortisation of mine specific assets. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The Group adopts a Run of Mine (ROM) tonnes of ore produced methodology.

NOTE 2: STATEMENT OF OPERATIONS BY SEGMENTS

BUSINESS SEGMENTS

Mineral Resources Limited has identified its operating segments based on internal management reports that are reviewed by the executive committee (the Chief Operating Decision Makers) in assessing performance and in determining the allocation of resources.

Mineral Resources Limited continues to report its business results as two operating segments being mining services and processing (comprising the traditional contracting operations) and mining (comprising Polaris, Mesa, Auvex and the recently acquired Central Pilbara tenements) both operating within the resources sector of the Australian economy.

The measurement of segment results is in line with the basis of information presented to management for internal management reporting purposes and the performance of each segment is measure based on underlying EBIT contribution.

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

30-Jun-12	Mining Services & Processing	Mining	Central	Consolidated
	$'000	$'000	$'000	$'000
Segment revenue from continuing operations	935,059	202,923	126	1,138,108
Revenue between segments	(200,869)	(11,323)	(59)	(212,251)
External segment revenue from continuing operations	734,208	191,581	67	925,857
Interest income	275	174	4,597	5,046
Other revenue	5,212	1,822	956	7,990
Interest expense	(4,065)	(102)	(2,271)	(6,437)
Depreciation & amortisation	(48,816)	(18,446)	(1,460)	(68,722)
Impairment	(1,362)	(514)	(598)	(2,474)
Other expenses	(473,252)	(137,445)	(17,647)	(632,702)
Reportable segment profit before income tax	203,485	37,070	(16,355)	224,200
Income tax expense	(47,788)	59,993	5,835	18,039
Profit for the year	155,697	97,063	(10,521)	242,239
Reportable segment assets	769,096	439,014	227,819	1,435,929
Exploration, evaluation and development assets	63,981	336,109	-	400,090
Reportable segment liabilities	293,172	101,799	124,207	519,178
Segment capital expenditure	206,278	109,622	8,550	324,490

30-Jun-11	Mining Services & Processing	Mining	Central	Consolidated
	$'000	$'000	$'000	$'000
Segment revenue from continuing operations	593,066	-	17,244	610,290
Revenue between segments	(772)	-	-	(772)
External segment revenue from continuing operations	592,294	-	17,244	609,518
Interest income	954	406	3,905	5,266
Other revenue	-	3,242	20,227	23,468
Interest expense	(2,240)	(53)	(3,346)	(5,638)
Depreciation & amortisation	(25,947)	(64)	(265)	(26,275)
Impairment	(1,038)	-	-	(1,038)
Other expense	(379,946)	-	(16,439)	(396,385)
Reportable segment profit before income tax	186,451	1,157	21,307	208,915
Income tax expense	(56,733)	1,370	(3,059)	(58,422)
Profit for the year	129,718	2,527	18,247	150,493
Reportable segment assets	420,636	285,040	264,380	970,057
Exploration, evaluation and development assets	-	262,924	-	262,924
Reportable segment liabilities	138,209	63,912	140,430	342,551
Segment capital expenditure	188,683	772	2,437	191,892

NOTE 2: STATEMENT OF OPERATIONS BY SEGMENTS (CONT.)

OTHER SEGMENT INFORMATION

i. Segment revenue

Revenues from external customers can be separated into the following categories; contract and operational revenue, sale of goods and equipment, and equipment rental. A breakdown of these revenues per class of product and service is detailed in Note 3.

ii. Revenue by geographical region

Revenue attributable to external customers is disclosed below, based on the location of the external customer:

	30 June 2012 $'000	30 June 2011 $'000
Australia	513,850	462,437
China	319,195	147,081
Singapore	79,218	-
Switzerland	13,614	-
Total revenue	**925,877**	**609,518**

iii. Assets by geographical region

All assets used in the operations of the Company are located in Australia.

iv. Major customers

Revenue from services provided and mining product sold was comprised of the following clients and buyers who each on a proportionate basis equated to greater than 10% of total sales for the year.

Customer	2012 $'000	2012 % of total revenue
Customer #1	300,464	32.5
Customer #2	174,013	18.8

Customer	2011 $'000	2011 % of total revenue
Customer #1	80,855	13.3
Customer #2	78,767	12.9

NOTE 3: REVENUE

	Consolidated	
	2012 $'000	2011 $'000
Revenue from continuing operations		
Contract and operational revenue	468,700	232,644
Sale of goods and equipment	456,226	376,128
Equipment rental	931	746
	925,857	**609,518**
Other income		
Interest income	5,046	5,266
Profit on sale of property, plant and equipment	-	3,067
Foreign exchange gain	4,029	-
Gain on sale of financial assets	-	19,581
Other	3,961	820
	13,036	**28,734**

	Consolidated	
	2012 $'000	2011 $'000
NOTE 4: PROFIT BEFORE INCOME TAX		
a) Profit before income tax includes the following specific expenses not disclosed separately on the face of the Statement of Comprehensive Income and included within other expenses:		
Other expenses:		
Rental expenses relating to operating leases	6,988	3,862
Travel and accommodation	16,710	8,755
Bank fees and charges	2,047	1,862
Foreign exchange loss	-	1,700
Loss on sale of fixed assets	349	-
Other	8,928	15,299
	35,022	**31,478**
b) Research and development expenditure	43,963	29,043

NOTE 5: INCOME TAX EXPENSE

	2012 $'000	2011 $'000
The components of tax expense comprise:		
Current tax	28,789	26,274
Deferred tax	(48,461)	34,850
Under / (over) provision in respect of prior years	1,633	(2,702)
	(18,039)	**58,422**
The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the financial statements as follows:		
Profit before income tax	224,200	208,915
Prima facie tax thereon at 30%	67,260	62,674
Other non-allowable items	1,960	379
Research and development concessions	(2,900)	(1,109)
Employee share trust	(358)	(1,208)
Recognition of previously unrecognised tax losses and temporary differences	(20,442)	-
Tax losses and temporary differences not recognised	(30)	388
Under / (over) provision in respect of prior years	1,633	(2,702)
Income tax expense	**47,123**	**58,422**
MRRT temporary difference	(65,162)	-
Net Income tax (benefit) /expense attributable to profit	**(18,039)**	**58,422**
(a) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	18,378	17,929
Potential tax benefit at 30%	**5,513**	**5,379**

All unused tax losses were incurred by Australian entities that are not part of the tax consolidated group.

	Consolidated 2012 $'000	Consolidated 2011 $'000
NOTE 6: CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	71,920	94,141
Deposits at call	4,362	86,315
	76,282	**180,456**

Cash at bank and on hand is interest bearing at 3.50% (2011: 4.75%).
Deposits at call are interest bearing at 0.18% USD (2011: USD nil, AUD between 4.75% and 5.85%).
The Group's exposure to interest rate risk is discussed in Note 28.

NOTE 7: TRADE AND OTHER RECEIVABLES

	2012 $'000	2011 $'000
Current		
Trade and other debtors	129,711	107,980
Amounts due from customers under construction contracts	13,190	2,357
Less		
Provision for impairment	(1,001)	(978)
	141,900	**109,359**
Non current		
Security deposits	3,298	3,385
	3,298	**3,385**
Movements in the provision for impairment of receivables are as follows:		
Opening balance	(978)	(912)
Provision movement during the year	(23)	(66)
Closing balance	**(1,001)**	**(978)**

Past due but not impaired

As of 30 June 2012, trade receivables of $53,746,000 (2011: $6,172,000) 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	3,179	50,567	53,746

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 28.

	Consolidated	
	2012 $'000	2011 $'000
NOTE 7: TRADE AND OTHER RECEIVABLES (CONT.)		
Construction contracts		
Contract costs incurred to date	279,975	55,547
Profit recognised to date	29,307	5,267
	309,282	**60,814**
Less: progress billings received and receivable	(300,345)	(60,310)
Net construction work in progress	**8,937**	**504**
Amounts due from customers	13,190	2,357
Amounts due to customers (Note 16)	(4,253)	(1,853)
	8,937	**504**
NOTE 8: INVENTORIES		
Current		
Raw materials and stores	60,373	17,043
Work in progress	6,748	-
	67,121	**17,043**
NOTE 9: OTHER ASSETS		
Current		
Prepayments	**1,771**	**2,013**

NOTE 10: EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

Year ended 30 June 2012	Opening balance 1 July 2011	Acquisition of subsidiaries	Additions	Transfers	Amortisation	Write offs	Closing balance 30 June 2012
	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s
Exploration and evaluation expenditure	262,924	78,609	54,885	(98,536)	-	-	297,882
Development expenditure	-	-	15,429	98,536	(11,757)	-	102,208
Total	262,924	78,609	70,314	-	(11,757)	-	400,090

Year ended 30 June 2011	Opening balance 1 July 2010	Acquisition of subsidiaries	Additions	Transfers	Amortisation	Write offs	Closing balance 30 June 2011
	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s
Exploration and evaluation expenditure	257,898	-	5,299	-	-	(273)	262,924
Development expenditure	-	-	-	-	-	-	-
Total	257,898	-	5,299	-	-	(273)	262,924

The recoverability of the carrying amount of these assets is dependent on the successful exploitation of the areas of interest.

NOTE 11: FINANCIAL ASSETS

	Consolidated 2012 $'000	Consolidated 2011 $'000
Current		
Financial assets at fair value through profit or loss	5	4,044
Non-current		
Available-for-sale financial assets	1,391	2,739
(a) Financial assets at fair value through profit or loss		
Net gain recognised as a result of the fair valuation of foreign exchange contracts	5	4,044

The Group 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 Statement of Comprehensive Income.

	2012 $'000	2011 $'000
(b) Available-for-sale financial assets		
Listed investments, at fair value		
Shares in listed corporations	1,391	1,377
Unlisted investments, at fair value		
Financial asset	-	1,362
Total available-for-sale investments at fair value	**1,391**	**2,739**

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

NOTE 12: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Interests are held in the following unlisted associated companies:

Name	Principal Activities	Country of Incorporation	Shares	Ownership Interest 2012 %	Ownership Interest 2011 %	Carrying amount of investment 2012 $'000	Carrying amount of investment 2011 $'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	70	70
						190	**190**

NOTE 12: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT.)

	Consolidated	
	2012 $'000	2011 $'000
Assets, liabilities and performance of associates		
Current assets	27	27
Non-current assets	189	189
Total assets	**216**	**216**
Current liabilities	(19)	(19)
Non-current liabilities	(733)	(733)
Total liabilities	**(752)**	**(752)**
Net assets	**(536)**	**(536)**
Revenues	-	-
Profit after income tax of associates	-	-

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 30 June.

NOTE 13: PLANT AND EQUIPMENT

Consolidated	Plant & Equipment Financed	Plant & Equipment	Beneficiation Plant	Tracked Plant & Equipment	Total
	Cost $'000	Cost $'000	Cost $'000	Fair value $'000	$'000
Year ended 30 June 2012					
Opening	55,019	261,999	-	2,476	319,494
Additions	44,325	277,110	-	1,536	322,971
Acquisition of subsidiary	-	1,519	-	-	1,519
Transfers	-	-	-	-	-
Disposals	-	(4,498)	-	-	(4,498)
Depreciation charge	(8,516)	(45,861)	-	(961)	(55,338)
Closing	90,828	490,269	-	3,051	584,148
At 30 June 2012					
Cost or fair value	109,498	619,313	-	5,294	734,105
Accumulated depreciation	(18,670)	(129,044)	-	(2,243)	(149,957)
	90,828	**490,269**	**-**	**3,051**	**584,148**
Year ended 30 June 2011					
Opening	47,536	107,665	57,000	2,538	214,739
Additions	30,862	161,030	-	-	191,892
Transfers	(17,816)	17,816	-	-	-
Disposals	-	(3,800)	(57,000)	(62)	(60,862)
Depreciation charge	(5,563)	(20,712)	-	-	(26,275)
Closing	**55,019**	**261,999**	**-**	**2,476**	**319,494**
At 30 June 2011					
Cost or fair value	65,173	345,182	-	3,758	414,113
Accumulated depreciation	(10,154)	(83,183)	-	(1,282)	(94,619)
	55,019	**261,999**	**-**	**2,476**	**319,494**

Assets in the course of construction

The carrying amounts of the assets disclosed above includes $195,861,000 (2011: $153,346,000) recognised in relation to plant and equipment in the course of construction.

NOTE 14: INTANGIBLE ASSETS

Consolidated	Goodwill $'000	Patents $'000	Port Access $'000	Operating lease $'000	Total $'000
2011					
Cost	10,235	10,984	15,767	7,038	44,024
Accumulated amortisation and impairment	-	-	-	-	-
	10,235	**10,984**	**15,767**	**7,038**	**44,024**
Opening	10,235	10,921	14,303	7,038	42,497
Additions – acquisition of subsidiary	-	63	1,464	-	1,527
Amortisation	-	-	-	-	-
Closing balance	**10,235**	**10,984**	**15,767**	**7,038**	**44,024**
2012					
Cost	10,235	10,984	47,643	7,038	75,900
Accumulated amortisation and impairment	-	-	(923)	(704)	(1,627)
	10,235	10,984	46,720	6,334	74,273
Opening	10,235	10,984	15,767	7,038	44,024
Additions	-	-	33,632	-	33,632
Amortisation	-	-	(923)	(704)	(1,627)
Closing balance	10,235	10,984	48,476	6,334	76,029

IMPAIRMENT TESTS FOR CASH GENERATING UNITS CONTAINING GOODWILL

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

	2012 $'000	2011 $'000
PIHA Pty Ltd	8,817	8,817
Process Minerals International Pty Ltd	1,418	1,418
	10,235	**10,235**

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 indefinite 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 Group.

The following assumptions were used in the value-in-use calculations:
Discount rate – 9% (2011: 11%)

Growth rate of cash flows – nil (2011: 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 is 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 15: DEFERRED TAX ASSETS AND LIABILITIES

	Consolidated 2012 $'000	Consolidated 2011 $'000
Deferred tax assets		
Opening balance	24,386	62,730
Charged / (credited) to Statement of Comprehensive Income	62,775	(39,419)
Under/(over) provision from prior year	(2,264)	-
Charged / (credited) to equity	(1,193)	1,075
	83,704	**24,386**
Deferred tax assets represented by:		
- MRRT	65,162	-
- trade and other receivables	470	298
- financial assets	1,020	1,121
- provisions	6,633	5,987
- borrowings	118	16
- employee share trust	1,022	3,111
- tax losses	8,152	10,839
- other	1,127	3,014
	83,704	**24,386**
Deferred tax liabilities		
Opening balance	102,503	108,028
Charged / (credited) to Statement of Comprehensive Income	14,313	(4,595)
Credited to equity	(930)	(930)
Arising on acquisition of subsidiary	24,651	-
Under provision from prior year	1,225	-
	141,762	**102,503**
Deferred tax liabilities represented by:		
- trade and other receivables	2,346	3,364
- inventory	-	8
- financial assets	-	517
- plant and equipment	18,339	19,737
- exploration and evaluation	121,077	78,877
	141,762	**102,503**

NOTE 16: TRADE AND OTHER PAYABLES

	2012 $'000	2011 $'000
Current		
Unsecured liabilities		
Trade creditors and accruals	158,121	89,837
Amounts due to customers under construction contracts (Note 7)	4,253	1,853
	162,374	**91,690**

NOTE 17: BORROWINGS

	2012 $'000	2011 $'000
Current		
Secured liabilities		
- bank loan	194	50,000
- finance lease liabilities	34,560	14,378
	34,754	**64,378**
Non-current		
Secured liabilities		
- bank loans	112,864	8,596
- finance lease liabilities	39,457	29,063
	152,321	**37,659**

NOTE 17: BORROWINGS (CONT.)

DETAILS OF THE SECURITY HELD ARE AS FOLLOWS:

Bank facilities are secured by:

- General Security Agreements over the whole of the assets and undertakings of Mineral Resources Ltd, Crushing Services International Pty Ltd, PIHA Pty Ltd, Process Minerals International Pty Ltd, and Polaris Metals Pty Ltd;
- 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.

Finance facilities

(a) The Group has access to the following lines of credit:

	Consolidated	
	2012 $'000	2011 $'000
Bank overdraft limit	3,600	3,600
Amount utilised	-	-
Unused facility	**3,600**	**3,600**
Finance lease liabilities limit	140,750	77,000
Amount utilised	(74,017)	(42,073)
Unused facility	**66,733**	**34,927**
Bank loans limit	133,404	58,722
Amount utilised	(113,058)	(58,596)
Unused facility	**20,346**	**126**

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 30 December 2012. Interest is charged on this account at the National Australia Bank Indicator Rate plus a margin of 0.75%. At the balance date this rate was 9.31% per annum. This rate can vary.

Finance lease facilities

Finance lease contracts are utilised to finance the acquisition of plant and equipment. The Group has a combination of a revolving limit and separately approved finance lease contracts. The contracts are negotiated on current interest rates and terms depend 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 28.

Bank loans and bill facilities

Bank loan and bill facilities are comprised of:

- Bank loan facilities of $126,446,000 with $76,000,000 expiring 31 October 2013 and $50,446,000 expiring 30 December 2016.
- Floating rate bill facility of $6,958,000. This floating rate bill has an expiry date of 31 December 2013.

NOTE 18: PROVISIONS

Consolidated	Employee Entitlements	Warranty	Project Closure	Site Rehabilitation	Total
	$'000	$'000	$'000	$'000	$'000
2012					
Opening balance	6,829	1,201	5,646	6,370	20,046
Additional provisions	13,643	-	390	1,700	15,733
Amounts used	(8,445)	-	(942)	(2,209)	(11,596)
Amounts written back	-	(1,201)	-	-	(1,201)
Closing balance	**12,027**	**-**	**5,094**	**5,861**	**22,982**
Current	11,902	-	1,726	-	13,628
Non-current	125	-	3,368	5,861	9,354
	12,027	**-**	**5,094**	**5,861**	**22,982**
2011					
Opening balance	4,732	952	4,615	6,370	16,669
Additional provisions	6,903	693	1,031	-	8,627
Amounts used	(4,806)	(444)	-	-	(5,250)
Closing balance	**6,829**	**1,201**	**5,646**	**6,370**	**20,046**
Current	6,768	1,201	1,335	-	9,304
Non-current	61	-	4,311	6,370	10,742
	6,829	**1,201**	**5,646**	**6,370**	**20,046**

NOTE 19: SHARE CAPITAL

(A) ISSUED AND PAID UP CAPITAL

Issued and paid up capital of the Company is 184,856,018 ordinary shares (2011: 169,168,017) at 30 June 2012.

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

	2012 Number	2011 Number	2012 $'000	2011 $'000
Opening balance	169,168,017	161,283,695	359,619	315,526
Employee share options exercised	493,350	1,342,650	944	2,820
Unlisted share options exercised by recipients of consideration for acquisition of Polaris Metals NL	340,000	795,000	1,885	4,397
Unlisted share options exercised by Hancock Prospecting Pty Ltd	10,000,000	5,000,000	60,500	30,250
Shares issued for acquisition of Mesa Minerals Limited	-	634,390	-	4,138
Shares issued for acquisition of Auvex Resources Limited	4,500,000	-	55,737	-
Shares issued to director as part of the package approved by Shareholders on 19 November 2009.	-	-	3,345	-
Shares issued for dividend reinvestment	354,651	112,282	3,902	1,278
Employee share trust contributions	-	-	(1,193)	1,075
Share based payments	-	-	-	135
Closing balance	**184,856,018**	**169,168,017**	**484,739**	**359,619**

NOTE 19: SHARE CAPITAL (CONT.)

(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 26.

For information relating to share options issued to key management personnel during the financial year, refer to Note 26.

Options on issue at balance date:

	Number of options	Weighted average exercise price $
Outstanding at the beginning of the year	11,394,250	
Issued	-	-
Exercised	(10,825,350)	5.85
Expired	(120,000)	1.90
Outstanding at year-end	**448,900**	**2.00**
Exercisable at year-end	**448,900**	**2.00**

(D) CAPITAL MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through optimising the use of debt and equity.

The capital structure of the Group consists of debt, which includes borrowings, cash and cash equivalents, and equity attributable to equity holders of the parent entity, 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.

The Group's overall capital management strategy remains unchanged from 2011.

NOTE 20: RESERVES

Asset revaluation reserve

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

Movement in the asset revaluation reserve:

	Consolidated	
	2012 $'000	2011 $'000
Opening balance	4,927	5,386
Net change in fair value	1,085	(459)
Closing balance	**6,012**	**4,927**

NOTE 21: CASH FLOW INFORMATION

	Consolidated 2012 $'000	Consolidated 2011 $'000
(a) Reconciliation of cash		
Cash at bank and on hand	76,282	180,456
	76,282	**180,456**
(b) Cash flows from operations		
Profit after tax	242,239	150,493
Non-cash flows in profit		
Depreciation and amortisation	68,723	26,275
Share based payments expense	-	135
Net gain on disposal of plant and equipment	349	(3,067)
Net gain on disposal of investments	-	(19,581)
Impairment losses	2,474	1,038
Changes in assets and liabilities:		
Trade receivables	(34,811)	(52,230)
Inventories	(47,721)	10,979
Financial assets	4,039	(5,037)
Other current assets	242	(1,237)
Trade payables and accruals	70,683	(51,153)
Provisions	2,937	3,377
Deferred tax assets	(60,511)	39,419
Current tax liability	(21,290)	21,940
Deferred tax liability	15,539	(4,595)
Cash flows from operations	**242,892**	**116,756**

During the year, the Group acquired plant and equipment with an aggregate value of $44,325,000 (2011: $30,862,000) by means of finance leases.

NOTE 22: OPERATING AND FINANCE LEASES

The operating leases have been entered into as a means of acquiring access to property. Rental payments are generally fixed.

	2012 $'000	2011 $'000
Non-cancellable operating leases contracted for but not capitalised:		
Payable:		
- Not later than one year	2,433	4,586
- Later than one year but not later than five years	3,813	5,230
- Later than five years	-	
	6,246	**9,816**
Payable:		
- Not later than one year	38,596	17,130
- Later than one year but not later than five years	42,150	30,709
- Later than five years	-	
Minimum finance lease payments	**80,746**	**47,839**
Less future finance charges	(6,729)	(4,398)
Total finance lease liabilities	**74,017**	**43,441**
Reconciled to:		
- Current liabilities	34,560	14,378
- Non current liabilities	39,457	29,063
	74,017	**43,441**

NOTE 23: COMMITMENTS

	Consolidated 2012 $'000	Consolidated 2011 $'000
Capital commitments		
Capital expenditure commitments contracted for:		
Plant and equipment purchases within one year	82,308	52,426
Exploration expenditure commitments		
- Not later than one year	4,188	3,531
- Later than one year but not later than five years	8,955	6,725
- Later than five years	17,118	15,585
	30,261	**25,841**

In order to maintain current rights to explore and mine the tenements held, the Group is required to perform minimum exploration work to meet the expenditure requirements specified by the Department of Mines and Petroleum.

NOTE 24: 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 2012 %	Equity Holding 2011 %
Parent entity:				
Mineral Resources Limited	Australia			
Controlled entities:				
Crushing Services International Pty Ltd	Australia	Large Proprietary	100.00%	100.00%
Eclipse Minerals Pty Ltd	Australia	Small Proprietary	100.00%	100.00%
HiTec Energy Pty Ltd	Australia	Small Proprietary	64.23%	64.23%
Mesa Minerals Limited	Australia	ASX Listed	64.23%	64.23%
PIHA Pty Ltd	Australia	Large Proprietary	100.00%	100.00%
Polaris Metals Pty Ltd (previously Polaris Metals NL)	Australia	Large Proprietary	100.00%	100.00%
Process Minerals International Pty Ltd	Australia	Large Proprietary	100.00%	100.00%
Auvex Resources Pty Ltd	Australia	Small Proprietary	100.00%	-

(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 25: KEY MANAGEMENT PERSONNEL DISCLOSURES

The following directors and officers were key management personnel (KMP) of the Group 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
- Mr K. Flynn
- Mr R. Welker**

** resigned 7 October 2011

Executive directors:

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

Executives:

- Mr B. Gavranich (General Manager, PIHA)
- Mr S. Wyatt (General Manager, CSI)
- Mr D. Geraghty (Technical Director, PMI)
- Mr B. Goulds (Chief Financial Officer)
- Mr A. Haslam (General Manager – Iron Ore)

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Refer to the remuneration report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2012.

The totals of remuneration paid to KMP of the Group during the year are as follows:

	Consolidated	
	2012 $	2011 $
Short-term employee benefits	4,665,602	2,894,861
Post-employment benefits	266,861	251,811
Other long-term benefits	-	-
Share-based payments	-	-
	4,932,463	**3,146,672**

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 AND TRANSACTIONS

	Opening Balance	Granted	Exercised	Closing Balance	Vested	Unvested
Mr D. Geraghty	400,000	-	(200,000)	200,000	200,000	-

EQUITY HOLDINGS AND TRANSACTIONS

The movement during the 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	Purchase on open market	Sales on open market	Closing Balance
Mr P. Wade	3,416,162	-	-	(2,000,000)	1,416,162
Mr J. Ricciardo	1,947,870	-	-	(417,881)	1,529,989
Mr C. Ellison	30,447,815	-	-	(3,447,815)	27,000,000
Mr M. Dutton	500,000	-	-	(485,000)	15,000
Mr S. Wyatt	11,757,344	-	-	(2,700,000)	9,057,344
Mr B. Gavranich	6,754,420	-	-	(1,647,825)	5,106,595
Mr D. Geraghty	1,439,799	200,000	-	(165,000)	1,474,799
Mr B. Goulds	300,000	-	-	-	300,000

NOTE 26: SHARE BASED PAYMENTS

The following share based payment arrangements existed at 30 June 2012.

David Geraghty's options

As part of David Geraghty's engagement as Technical Director of Process Minerals International Pty Ltd, he has been 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 have been issued in 3 equal tranches on 15 January 2008, 15 January 2009 and 15 January 2010. A total of 200,000 options remain unexercised as at the reporting date.

SHARE BASED PAYMENTS EXPENSE

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated	
	2012 $'000	2011 $'000
Options issued under employee option plan	-	135
	-	**135**

NOTE 27: AUDITOR'S REMUNERATION

	Consolidated	
	2012 $	2011 $
RSM Bird Cameron Partners:		
Audit and review of financial reports	361,000	389,500
Other auditors		
Audit and review of financial reports	-	10,653
	361,000	**400,153**
RSM Bird Cameron:		
Taxation services	260,385	162,715
	260,385	**162,715**
	621,385	**562,868**

NOTE 28: FINANCIAL INSTRUMENTS

Financial risk management policies

The Group'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 Group for hedging purposes. Such instruments consist of forward exchange contracts and options. The Group does not speculate in the trading of derivative instruments.

Treasury risk management

The Chief Financial Officer manages 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 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.

At 30 June 2012, the Group had unutilised standby credit facilities totalling $90,679,000 (2011: $38,653,000).

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the Statement of Financial Position date to the contractual maturity date. As the amounts disclosed in the table are the contractual undiscounted cash flows, these balances will not necessarily agree with the amounts disclosed in the Statement of Financial Position.

NOTE 28: FINANCIAL INSTRUMENTS (CONT.)

	30 June 2012					30 June 2011				
	Less than 6 months	6 to 12 Months	1 to 5 Years	Over 5 Years	Total	Less than 6 months	6 to 12 Months	1 to 5 Years	Over 5 Years	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial liabilities due for payment										
Trade and other payables	162,374				162,374	91,690				91,690
Borrowings	17,910	16,844	152,321	-	187,075	9,783	58,859	37,009	784	106,435
	180,284	**16,844**	**152,321**	**-**	**349,449**	**101,473**	**58,859**	**37,009**	**784**	**198,125**
Financial assets – cash flows realisable										
Cash and cash equivalents	76,282	-	-	-	76,282	180,456	-	-	-	180,456
Trade and other receivables	141,900	-	3,298	-	145,198	108,705	654	3,385	-	112,744
Other financial assets	5	-	1,391	-	1,396	4,044	-	2,739	-	6,783
	218,187	**-**	**4,689**	**-**	**222,876**	**293,205**	**654**	**6,124**	**-**	**299,983**
Net (outflow)/ inflow on financial instruments	**37,903**	**(16,844)**	**(147,632)**	**-**	**(126,573)**	**191,732**	**(58,205)**	**(30,885)**	**(784)**	**101,858**

Credit risk exposures

Credit exposure represents the extent of credit related losses to which the Group may be subject on amounts to be received from financial assets. The Group, 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 Group's exposures to financial position credit risk are as indicated by the carrying amounts of its financial assets. The Group does not have a significant exposure to any individual counterparty.

Foreign currency risk

The Group is exposed to fluctuations in foreign currencies arising from the sale of goods in currencies other than the Group's functional currency.

The Group 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 Group against unfavourable exchange rate movements for both the contracted and anticipated future sales undertaken in foreign currencies.

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

	Buy Australian Dollars		Average Exchange Rate	
	2012 $'000	2011 $'000	2012	2011
Sell United States Dollars Forward contracts; settlement less than 6 months[1]	3,814	44,085	1.0489	0.9754
Collar options	159,869	-	1.0071	-

[1] Contracts above relate to the July to September 2012 period (2011: July to September 2011).

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 plant constructions that are drawn down using flexible rate equipment loans that are converted to fixed rate instruments on completion of the project.

NOTE 28: FINANCIAL INSTRUMENTS (CONT.)

The Group is exposed to interest rate risk as follows:

Consolidated 2012	Effective Interest Rate	Total	Floating Interest Rate	1 year or less	Over 1 year to 5 years
		$'000	$'000	$'000	$'000
Cash and cash equivalents	2.13%	76,282	76,282	-	-
Interest bearing liabilities – current*	6.88%	34,754	-	34,754	-
Interest bearing liabilities – non-current*	6.86%	152,321	-	-	152,321

Consolidated 2011	Effective Interest Rate	Total	Floating Interest Rate	1 year or less	Over 1 year to 5 years
		$'000	$'000	$'000	$'000
Cash and cash equivalents	2.80%	180,456	180,456	-	-
Interest bearing liabilities – current*	6.16%	64,378	-	64,378	-
Interest bearing liabilities – non-current*	6.80%	37,659	-	-	37,659

* These assets / liabilities bear interest at a fixed rate

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the Statement of Financial Position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Consolidated	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
2012				
Financial assets				
Financial assets at fair value through profit or loss:	5	-	-	5
Available-for-sale financial assets				
- Listed investments	1,391	-	-	1,391
	1,396	**-**	**-**	**1,396**
2011				
Financial assets				
Financial assets at fair value through profit or loss:	4,044	-	-	4,044
Available-for-sale financial assets				
- Listed investments	1,377	-	-	1,377
- Unlisted investments	-	-	1,362	1,362
	5,421	-	1,362	6,783

Consolidated	2012		2011	
	Carrying amount $'000	Fair Value $'000	Carrying amount $'000	Fair Value $'000
Trade and other payables	162,374	162,374	91,690	91,690
Borrowings	187,075	187,075	102,037	102,037
Cash and cash equivalents	76,282	76,282	180,456	180,456
Trade and other receivables	145,198	145,198	109,359	109,359
Other financial assets	1,396	1,396	6,783	6,783

NOTE 28: FINANCIAL INSTRUMENTS (CONT.)

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 changes in interest rates.

(ii) *Trade and other receivables / payables*

All trade and other receivables and payables are current and therefore carrying amounts equal fair value.

Sensitivity

Interest rate risk

The Group has considered the sensitivity relating to its exposure to interest rate risk at reporting 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 Group has considered the sensitivity relating to its exposure to foreign currency risk at reporting 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 a 5% strengthening / weakening of the AUD against the USD on the Group's post tax profit for the year and equity at reporting date with all other factors remaining equal.

	Post tax profit	Equity
	2012 $'000s	2012 $'000s
AUD/USD + 5%	1,933	1,933
AUD/USD - 5%	(1,933)	(1,933)

	Post tax profit	Equity
	2011 $'000s	2011 $'000s
AUD/USD + 5%	1,831	1,831
AUD/USD - 5%	(1,831)	(1,831)

Financial instruments measured at fair value

The Group 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.

NOTE 29: DIVIDENDS PAID OR RECOMMENDED

	Consolidated 2012 $'000	Consolidated 2011 $'000
Dividends Paid		
Final ordinary dividend for 2010/11 of 27 cents per share fully franked at a tax rate of 30% paid on 20 October 2011 (2011: 13.6 cents per share fully franked at a tax rate of 30% paid on 18 November 2010)	49,647	22,813
Interim ordinary dividend for 2011/12 of 16 cents per share fully franked at a tax rate of 30% paid on 5 April 2012 (2011: 15 cents per share fully franked at a tax rate of 30% paid on 7 April 2011)	29,553	25,349
	79,200	**48,162**
Proposed final ordinary dividend for 2011/12 of 30.0 cents per share fully franked at a tax rate of 30% and to be paid on 26 October 2012 (2011: 27 cents per share fully franked at a tax rate of 30% paid on 20 October 2011)	55,457	49,619
Franking Credits		
Franking credits available for subsequent financial years based on a tax rate of 30%	17,538	1,408
Balance of franking account at year end adjusted for franking credits arising from: - Payment for income tax subsequent to the reporting date.	37,654	27,691

The reduction of the franking account from the payment of the dividend on 26 October 2012 will be $23,767,000 (2011: $21,265,000).

NOTE 30: EARNINGS PER SHARE

	Consolidated 2012 $'000	Consolidated 2011 $'000
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net-profit attributable to ordinary shareholders of the parent entity used in calculating basic and diluted earnings per share:	242,239	150,493
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	183,078,826	167,778,381
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	184,796,939	174,046,492
Basic earnings per share (cents per share)	132.3	89.7
Diluted earnings per share (cents per share)	131.1	86.5

NOTE 31: 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 arm's length. 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.

2012	Balance receivable by	Balance payable by	Sales to Group companies	Purchases from Group companies
	$'000s	$'000s	$'000s	$'000s
Mineral Resources Ltd	24,374	22,005	59	43,100
PIHA Pty Ltd	371	573	7,575	199
Crushing Services International Pty Ltd	2,172	20,713	147,825	14,296
Process Minerals International Pty Ltd	15,600	4,810	54,532	5,946
Polaris Metals Pty Ltd (previously Polaris Metals NL)	5,014	13,830	11,323	155,934
Eclipse Minerals Pty Ltd	-	-	-	
Mesa Minerals Limited	-	3,105	-	1,839
Auvex Resources Pty Ltd	17,506	1	-	-
HiTec Energy Pty Ltd	-	-	-	-

2011	Balance receivable by	Balance payable by	Sales to Group companies	Purchases from group companies
	$'000s	$'000s	$'000s	$'000s
Mineral Resources Ltd	881	4,185	654	265
PIHA Pty Ltd	1,438	74	9,657	475
Crushing Services International Pty Ltd	5,994	5,397	23,778	11,348
Process Minerals International Pty Ltd	3,162	1,839	2,855	24,193
Polaris Metals Pty Ltd (previously Polaris Metals NL)	772	130	30	128
Eclipse Minerals Pty Ltd	-	-	-	-
Mesa Minerals Limited	-	622	-	565
HiTec Energy Pty Ltd	-	-	-	-

Transactions between related and associated parties are on normal commercial terms and conditions no more favourable than those available to other non-related parties.

	Consolidated	
	2012 $'000	2011 $'000
Certain engineering services were provided by GR Engineering Services Limited, a company related to Joe Ricciardo.	3,518	1,526
Certain engineering services were provided to GR Engineering Services Limited, a company related to Joe Ricciardo.	-	91
Certain crushing and engineering services were provided by Global Advanced Metals Pty Ltd (formerly Talison Tantalum Pty Ltd), a company related to Kelvin Flynn in the previous financial year.	1,861	-
Certain crushing and engineering services were provided to Global Advanced Metals Pty Ltd (formerly Talison Tantalum Pty Ltd), a company related to Kelvin Flynn in the previous financial year.	23,911	-
Properties from which the Company's operations are performed are rented from parties related to Chris Ellison and Peter Wade.	1,527	1,638

NOTE 31: RELATED PARTY TRANSACTIONS AND BALANCES (CONT.)

Related party balances

	Associated Director	Balance at 30 June 2012 $'000	Balance at 30 June 2011 $'000
Receivable by the Group			
Sandini Pty Ltd	C Ellison	20	6
Payable by the Group			
GR Engineering Services Limited	J Ricciardo	238	-

NOTE 32: SUBSEQUENT EVENTS

Apart from those matters disclosed above, no other matters or circumstances have arisen since the end of the financial year which significantly affects the operations of the Group.

NOTE 33: CONTINGENT LIABILITIES

The Group 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	
	2012 $'000	2011 $'000
Bank guarantees facility	27,676	23,349
Amount utilised	(14,356)	(20,453)
Unused facility	**13,320**	**2,896**

NOTE 34: PARENT ENTITY INFORMATION

Information for Mineral Resources Limited		
Current assets	184,653	201,234
Total assets	541,094	521,919
Current liabilities	14,794	85,212
Total liabilities	124,207	140,430
Issued capital	484,739	359,619
Retained earnings / (accumulated losses)	(67,852)	21,870
Total shareholders' equity	**416,887**	**381,489**
Net profit after tax of the parent entity	(10,521)	18,247
Total comprehensive income of the parent	(10,521)	18,247

There are no guarantees entered into by the parent entity in relation to the debts of its subsidiaries.

There are no contingent liabilities of the parent entity as at the reporting date.

There are no contractual commitments by the parent entity for the acquisition of property, plant and equipment as at the reporting date.

NOTE 35: ACQUISITION OF AUVEX RESOURCES LIMITED

On 2 August 2011, the Group completed the acquisition of Auvex Resources Limited (Auvex) through the acquisition of 100 % of the issued capital of Auvex via a scheme of arrangement.

The acquisition of Auvex was treated as an asset acquisition. Fair value was based on the market value of MRL shares at acquisition date, issued to effect the acquisition. The total number of shares issued for the acquisition was 4,500,000.

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

	Fair Value $'000
Cash	235
Trade and other receivables	26
Exploration and evaluation expenditure	78,609
Plant and equipment	1,518
Deferred tax liabilities	(24,651)
Net assets acquired	55,737
Cost of acquisition	55,737
Shares issued at fair value	55,737

NOTE 36: JOINTLY CONTROLLED ASSETS

In the prior year the Group accounted for its interest in the Mesa / Auvex Joint Venture under a contractual arrangement which did not give rise to a jointly controlled entity. Under the contractual arrangements, benefits were derived by the Group from the operation of the jointly owned assets, rather than from an interest in a jointly controlled entity. During the financial year the Group acquired 100% of the shares in Auvex and assets previously controlled by the Joint Venture are now aggregated within the Group. For the prior period, Mesa's share of net assets of the jointly controlled assets and operations as at the reporting date were:

	2011 $'000
Current assets	
Cash and cash equivalents	67
Trade and other receivables	22
Total current assets	**89**
Non-current assets	
Plant and equipment	5
Total non-current assets	**5**
Current liabilities	
Trade and other payables	-
Total current liabilities	-
Share of total net assets of joint venture	**94**
Revenue	4,342
Expenses	(4,248)
Profit before income tax	**94**
Income tax expense	**-**
Profit after income tax	**94**

NOTE 37: COMPANY DETAILS

The registered office and the principal place of business of the Company is 1 Sleat Road, Applecross, Western Australia 6153.

Directors' Declaration

for the year ended 30 June 2012

1. In accordance with a resolution of the directors of Mineral Resources Limited, I state that:

   (a) the financial statements of the Group including the notes and the additional disclosures included in the Directors' Report designated as audited, are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the financial position of the Group as at 30 June 2012 and of its performance for the year ended on that date;

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

   (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1(i);

   (c) there are reasonable grounds to believe the Group will be able to pay its debts as and when they become due and payable.

2. This declaration is made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2012.

Signed in accordance with a resolution of the directors made pursuant to section 295(5) of the *Corporations Act 2001* and is signed for and on behalf of the directors by:

PDWade

PETER WADE
Executive Chairman / Managing Director
Dated this 16 August 2012

Independent Auditor's Report

to the Members of Mineral Resources Limited

RSM Bird Cameron Partners

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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, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(i), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply 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 about 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.

RSM Bird Cameron Partners

Independence

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

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 consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

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

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

Report on the Remuneration Report

We have audited the Remuneration Report contained within the directors' report for the year ended 30 June 2012. 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.

Opinion

In our opinion the Remuneration Report of Mineral Resources Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

Rsm Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 16 August 2012

Shareholder Information

A) DISTRIBUTION OF EQUITY SECURITIES

The shareholder information set out below was applicable as 21 September 2012.

	Class of security	
	Ordinary shares	Unlisted share options
1 - 1,000	2,437,095	-
1,001 - 5,000	10,013,211	-
5,001 - 10,000	4,331,727	-
10,001 - 100,000	12,071,741	420,900
100,001 and over	156,152,244	200,000
Total	**185,006,018**	**620,900**

There were 352 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:

Name	Ordinary shares	
	Numbers held	Percentage of issued shares
Sandini Pty Ltd	26,741,250	14.45
Hsbc Custody Nominees (Australia) Limited	20,277,817	10.96
National Nominees Limited	20,096,876	10.86
J P Morgan Nominees Australia Limited	15,322,802	8.28
Hancock Prospecting Pty Ltd	14,753,543	7.97
Henderson Park Pty Ltd	9,057,344	4.90
Bnp Paribas Noms Pty Ltd	7,590,254	4.10
Rbc Investor Services Australia Nominees Pty Limited	6,925,429	3.74
Keneric Nominees Pty Ltd	5,106,595	2.76
Ubs Wealth Management Australia Nominees Pty Ltd	3,235,745	1.75
Citicorp Nominees Pty Limited	2,319,725	1.25
Wavefront Asset Pty Ltd	2,059,460	1.11
Ubs Nominees Pty Ltd	1,987,110	1.07
Paksian Pty Ltd	1,529,989	0.83
P D Wade	1,416,162	0.77
Woodross Nominees Pty Ltd	1,374,256	0.74
D & C Geraghty Pty Ltd	1,267,487	0.69
Citicorp Nominees Pty Limited	1,008,657	0.55
Hsbc Custody Nominees (Australia) Limited-Gsco Eca	954,338	0.52
Amp Life Limited	882,304	0.48
Total	**143,907,143**	**77.79**

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	620,900	8
Total	**620,900**	**8**

C) SUBSTANTIAL SHAREHOLDERS

Substantial shareholders are listed below:

Name	Ordinary shares	
	Numbers held	Percentage of issued shares
Sandini Pty Ltd	26,741,250	14.45
Hsbc Custody Nominees (Australia) Limited	20,277,817	10.96
National Nominees Limited	20,096,876	10.86
J P Morgan Nominees Australia Limited	15,322,802	8.28
Hancock Prospecting Pty Ltd	14,753,543	7.97

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.

Our Values

WE VALUE HUMAN LIFE ABOVE ALL ELSE

WE CARE FOR THE ENVIRONMENT

WE AIM TO BE THE BEST AT ALL WE DO

WE CONSTANTLY LOOK FOR WAYS TO IMPROVE

WE ARE ALWAYS ETHICAL, FAIR AND HONEST IN OUR DEALINGS

WE ENCOURAGE INTERACTION WITH TEAM MEMBERS

WE RECOGNISE AND HAVE RESPECT FOR PEOPLE AND
THEIR VARYING BACKGROUNDS AND CULTURES

WE WILL NOT CONDONE ANY FORM OF ANTI-SOCIAL BEHAVIOUR

WE STRIVE TO UNDERSTAND THE CLIENT'S REQUIREMENTS

WE ALWAYS STRIVE TO MAKE A PROFIT

Designed by Chameleon Creative

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