15 August 2013

The Manager
Company Announcements
Australian Stock Exchange Limited
Level 8, Exchange Plaza
2 The Esplanade
Perth WA 6000

2013 Annual Financial Report

The Directors of Mineral Resources Limited (Company) (ASX:MIN) are pleased to present the 2012/13 Financial Report to the markets.

HIGHLIGHTS:

- **Record revenue generated of $1. 097 billion;**
- **EBITDA of $385.0 million, 29% greater than the previous year;**
- **Net profit after tax of $180.4 million, 2% greater than the previous year;**
- **Fully franked final dividend of 32.0 cents per share declared; and**
- **Improved second half earnings, a result of:**
    - **Improved mining services business performance, and**
    - **Second half recovery of iron ore earnings due to improved prices; a weakening Australian dollar; and increased volumes.**

The Company has produced another record result for the year with a 2% improvement in earnings[1]. This result is in keeping with expectations and represents a significant improvement during the second half of the year. Both Mining Services and Mining activities achieved their respective performance targets substantiating the Company's sound business model.

Expansion of the business continued as planned this year:

- Contracting volumes have increased with six crushing contracts commencing operations through the year, augmented by the solid contributions from PIHA and a broadening of the service base into accommodation and materials handling activities.

- Mining operations produced an outstanding result despite low iron ore prices in the first half of the financial year, with iron ore export volumes 44% greater than in the previous year. Carina is now progressing towards its optimum output and the new Phil's Creek mine is beginning to contribute to export volumes.

[1] 2011/12 Normalised net profit after tax excludes the accounting adjustment to recognise the preliminary estimate of MRRT deferred tax asset.

- A syndicated debt and bank guarantee facility was finalised during the year, increasing the Company's capacity to support growth.

Another significant corporate achievement this year was the Company's elevation to the S&P ASX 100 index, in less than seven years from listing.

The Directors have continued the policy of distributing approximately 50% of normalised after tax profits to shareholders as fully franked dividends by declaring a final dividend of 32.0 cents per share, payable on 25th October 2013 for all shareholders at 20th September 2013. The total dividend for the year is 48.0 cents per share, being an annual increase of 4.3%.

In summary, 2012/13 has been an outstanding year for the Company, with tangible improvements in all business areas. The Company continues to be of the view that iron ore offers a stable platform for growth. Both services and mining divisions have significant exposure to iron ore markets and we expect that the sector will provide increasing opportunities that suit our business model.

On behalf of the Board and Management, I would like to take the opportunity to acknowledge the contribution of all customers, employees and contractors, and thank them for their assistance in producing continued positive outcomes to the benefit of all stakeholders.

Yours sincerely

Peter Wade
Chairman

APPENDIX 4E
PRELIMINARY FINAL REPORT

1. Company details

Name of entity:	**Mineral Resources Limited**
ABN:	33 118 549 910
Reporting period:	**Year ended 30 June 2013**
Previous corresponding period:	Year ended 30 June 2012

2. Results for announcement to the market

Revenues from ordinary activities	up	18.5%	to	$ 1,096,982,000
Profit from ordinary activities after tax attributable to the owners of Mineral Resources Limited (net of 2012 MRRT benefit) *	up	1.9%	to	$ 180,418,000
Profit from ordinary activities after tax	down	25.5%	to	$ 180,418,000
Profit for the period attributable to the owners of Mineral Resources Limited	down	25.1%	to	$ 181,295,000

Dividends

	Amount per security	Franked amount per security
Interim dividend	16.000cents	16.000cents
Final dividend	32.000cents	32.000cents
Total dividend	48.000cents	48.000cents

* In the financial year ended 30 June 2012, the profit from ordinary activities includes recognition of Mineral Resources Rent Tax ("MRRT") deferred tax benefit of $65,162,000.

3. Net tangible assets

	Reporting period	Previous corresponding period
Net tangible assets per ordinary security	508.04 cents	454.80 cents

4. Dividends

Current period

	Amount per security	Franked amount per security
Interim dividend	16.000cents	16.000cents
Final dividend	32.000cents	32.000cents
Total dividend	48.000cents	48.000cents

Previous corresponding period

	Amount per security	Franked amount per security
Interim dividend	16.000cents	16.000cents
Final dividend	30.000cents	30.000cents
Total dividend	46.000cents	46.000cents

5. Dividend reinvestment plans

The following dividend or distribution plans are in operation:

The record date for determining entitlements to the final dividend will be 20 September 2013 and paid on 25 October 2013. The Company has a dividend reinvestment plan (DRP) in place and it will be available to shareholders for the 2013 final dividend. Directors have determined that the DRP shares allocated in the payment of this dividend be priced at the volume weighted average price (VWAP) for fully paid MRL shares sold on ASX in the five business days following the record date, rounded to the nearest whole cent. No discount will be applied. The DRP will not be underwritten. Shares issued under the DRP will rank equally in all respects with existing fully paid MRL shares and will be credited to the Participant's shareholding. Full particulars of the operation of the DRP are available on the Company's website, www.mineralresources.com.au.

The last date(s) for receipt of election notices for the dividend or distribution plans: 20 September 2013

6. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The accounts have been audited and an unqualified opinion has been issued.

Mineral Resources Limited

ABN 33 118 549 910

Annual Report - 30 June 2013

Mineral Resources Limited
Contents
30 June 2013

Contents

Mineral Resources Limited
Corporate directory
30 June 2013

Directors	Peter Wade Chris Ellison Joe Ricciardo Mark Dutton Kelvin Flynn
Company secretary	Bruce Goulds
Registered office	1 Sleat Road Applecross WA 6153 P: + 61 8 9329 3600 F: + 61 8 9329 3601 Postal address: Locked Bag 3, Canning Bridge, Applecross WA 6153
Principal place of business	1 Sleat Road Applecross WA 6153
Share register	Computershare Investor Services Pty Limited Level 2, Reserve Bank Building 45 St Georges Terrace Perth WA 6000 P: + 61 8 9323 2000 F: + 61 8 9322 2033 www-au.computershare.com
Auditor	RSM Bird Cameron Partners 8 St Georges Terrace Perth WA 6000 P: + 61 8 9261 9100 F: + 61 8 9261 9111 www.rsmi.com.au
Bankers	National Australia Bank 100 St Georges Terrace Perth WA 6000 www.nab.com.au
Stock exchange listing	Mineral Resources Limited shares are listed on the Australian Securities Exchange (ASX code: MIN)
Website	www.mineralresources.com.au

Mineral Resources Limited
Directors' report
30 June 2013

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 2013.

Directors

The following persons were directors of Mineral Resources Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Peter Wade
Chris Ellison
Joe Ricciardo
Mark Dutton
Kelvin Flynn

Principal activities

During the financial year, the principal continuing activities of the Consolidated Entity consisted of the integrated supply of goods and services to the resources sector.

Dividends

Dividends paid during the financial year were as follows:

	30 June 2013 $'000	30 June 2012 $'000
Final dividend for the year ended 30 June 2012 (2012: 30 June 2011) of 30 cents (2012: 27.0 cents) per ordinary share fully franked at a tax rate of 30% paid on 26 October 2012 (2012: 20 October 2011)	55,457	49,647
Interim dividend for the year ended 30 June 2013 (2012: 30 June 2012) of 16 cents (2012: 16 cents) per ordinary share fully franked at a tax rate of 30% paid on 11 April 2013 (2012: 5 April 2012)	29,764	29,552
	85,221	79,199

On 15 August 2013, the directors declared a final dividend for the year ended 30 June 2013 of 32 cents per ordinary share to be paid on 25 October 2013, a total estimated distribution of $59,516,000 based on the number of ordinary shares on issue as at 15 August 2013.

Review of operations

The Consolidated Entity produced earnings before interest, tax and depreciation of $385 million for the year ended 30 June 2013, 29% greater than for the previous corresponding period. Net Profit of $180.4 million was 2% greater than for the previous corresponding period excluding the MRRT adjustment. This result was achieved on an improvement in the business in all areas, offset by a decline in achieved iron ore prices, particularly in the first half of the year.

The financial result for the period is the product of two distinct halves. Economic events, particularly affecting iron ore markets in late 2012, put pressure on first half results. The second half proved the strength and resilience of Mineral Resources' business model with the introduction of new crushing contracts and an increase in iron ore volumes from new and existing mines. The combination of these events produced an EBITDA 65% greater than the first half and 63% greater than the previous corresponding half. Net profit after tax for the second half was 86% greater than the first half.

Mining Services

Installed crushing volumes were achieved in accordance with the predetermined programme, reaching the 130 million tonne rate by June. This is a result of bringing six crushing contracts into operation during the period, the largest being our Christmas Creek 2 operation for Fortescue Metals (ASX:FMG).

PIHA has also achieved significant improvements in its overall business with increasing work coming from the gas sector in addition to traditional resources and infrastructure markets. The growing impact of the gas sector in Australia provides a significant platform for PIHA to develop its existing business model and also take a step into service provision across these markets.

Accommodation services have proved to be a successful addition to the product offering. The Company has used its existing business model and customer base to develop this product and a number of opportunities have been secured. During the year new construction and operations have added 485 beds under management.

Poondano, the third operation in the Pilbara programme, continues its ramp-down as other projects come on stream. The second half sales level of 386,000 tonnes will continue until the resource is exhausted, providing valuable blending material for the Company's Pilbara blend.

The mining services segment result includes the component of iron ore sales from Poondano alongside the contracting operations. As with other operations in the mining segment, iron ore prices were affected by pricing changes in the period, exaggerated by a reduction in volume as a result of the ramp-down schedule at Poondano. As a result, the overall 19% increase in profit is the net result of a substantial increase in contracting earnings from on-going and new contracts, off-set by a reduction in iron ore volume and prices for Poondano ore.

Mining

Actual commodity sales volumes are as follows:

'000 tonnes	**First Half 2011-12**	**Second Half 2011-12**	**Total 2011-12**	**First Half 2012-13**	**Second Half 2012-13**	**Total 2012-13**
Iron ore						
. Utah Point						
.. Phil's Creek					464	464
.. Poondano & other	1,190	814	2,004	1,015	386	1,401
.. Total Utah Point	**1,190**	**814**	**2,004**	**1,015**	**850**	**1,865**
. KBT2	325	1,434	1,759	1,528	2,016	3,544
. Total	**1,515**	**2,248**	**3,763**	**2,543**	**2,866**	**5,409**
Manganese	187	82	269	117	30	147
Total commodity sales	**1,702**	**2,330**	**4,032**	**2,660**	**2,896**	**5,556**

Iron ore export tonnes for the year were 44% greater than the previous corresponding period. Further expansion of the Carina mine along with early ramp-up tonnes from Phil's Creek have contributed to this increase. Achieved selling prices for iron ore for the year were down by 13% on the previous corresponding period, a reflection of the volatile market conditions experienced from the latter part of 2012, with an improving trend both in prices achieved and the weakening Australian dollar during the second half. The achieved iron ore price in the second half was 28% greater than the first half, as markets emerged from the short-term shock.

Whilst the Consolidated Entity limited its commodity export expansion programme during the first half in response to the reduced iron ore pricing in anticipation of a subsequent recovery and to facilitate a re-configuration of the Pilbara operations, the programme returned to planned levels in the second half. As a consequence, the Carina mine is currently (August 2013) operating at an annual rate of 4.6 mtpa.

The Phil's Creek mine continues its ramp-up with 464,000 tonnes sold since commencing the project in February 2013. Completion of mine and logistics infrastructure is well advanced and scheduled for completion in quarter 2 of FY2014. Production ramp-up is continuing using a temporary transport route achieving a 2mtpa run rate in June 2013. Completion of the construction activities will allow operations to subsequently lift output to the planned levels. In addition, the Consolidated Entity's commodity inventory was enhanced by the signing of agreements with both Iron Ore Holdings (ASX:IOH) to develop its Iron Valley deposit (once formal approvals have been granted) and Moly Mines (ASX:MOL) to operate its Spinifex Ridge mine. Both projects, located in the Pilbara region of Western Australia, will assist to add further capacity and resource life in the region.

Pilbara Fe grades have been maintained within the target range as new operations become more prominent in the blend. Grades at Carina have developed in accordance with the mine plan and a consistent product has now been established.

Iron ore prices have remained volatile, although improving from the lows of late 2012. In response the Consolidated Entity has expanded its market focus and sales system to ensure the best possible outcomes. During the year the Consolidated Entity exported iron ore to customers in both Korea and China. In addition, development of new market opportunities and changes to pricing methodologies within the existing portfolio is gaining momentum.

The Company continues to be of the view that iron ore offers a stable platform for growth. Both services and mining divisions have significant exposure to iron ore markets and we expect that the sector will provide increasing opportunities that suit the business model.

Manganese markets have improved during the period. Although limited manganese export tonnes have been shipped, the Company is confident that the fundamentals of this business remain positive.

<u>Corporate / Financial</u>

During the year, Mineral Resources Limited was elevated to the S&P ASX100 index. This represents another milestone in the Company's growth, having achieved this in less than seven years from listing, an achievement few companies can lay claim to.

The Consolidated Entity's balance sheet remains strong, with an increased capacity to support growth opportunities via the acquisition of additional debt facilities. During the financial year a $575 million syndicated debt and bank guarantee package was finalised to fund on-going capital expenditure and to support bonding requirements for potential EPC work. At 30 June 2013, a total of $309 million was drawn from the new facility. A restructuring of this package is currently underway to reflect business conditions and opportunities. The Consolidated Entity is negotiating an additional $120 million equipment leasing facility and has reduced its bank guarantee facility by $136 million. Total debt at 30 June 2013 was $368 million representing a 23% gearing ratio using total debt to total capital.

Capital expenditure for the year was $419 million (including leased items). Key items of CAPEX included completion of the Christmas Creek 2 plant, establishment and construction of the Phil's Creek mine and construction and establishment of plants and equipment for recently awarded Build Own Operate (BOO) crushing and haulage contracts. The level of capital expenditure reduced in the second half on completion of a number of these projects and, although capital expenditure will be maintained at substantial levels, the requirements remain subject to contract wins and new business opportunities.

Cost management remains a key focus of the business. Initiatives through the period have had a positive impact on results and will continue to provide efficiencies into the future. On 26 July 2013, the Company signed a purchase agreement for 322 rail wagons for its Carina iron ore operation. Delivery of these units will provide an overall cost saving and an increase in productivity by allowing for 150 wagon consists on the Kwinana line.

<u>Summary</u>

Directors continue to be very positive about the Company's medium to long term prospects for both contracting and mining activities. An increase in the Company's contracting activity provides confidence in the outlook and supports the on-going strength of the business model. In addition, directors remain confident that iron ore will continue to be an attractive sector providing the requisite environment to increase shareholder value.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Consolidated Entity during the financial year.

Matters subsequent to the end of the financial year

On 1 July 2013, the Company's Mine Gate purchase agreement for the purchase of iron ore from Moly Mines Limited's Spinifex Ridge came into effect.

On 30 July 2013, the Company has elected a Voluntary Reduction in the guarantee facility amounting to $136,000,000 with an effective date of 6 August 2013.

No other matter or circumstance has arisen since 30 June 2013 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the Consolidated Entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Consolidated Entity.

Environmental regulation

The Consolidated Entity is subject to and is compliant with all aspects of environmental regulation of its exploration and mining activities. The directors are not aware of any environmental law that is not being complied with.

Information on directors

Name:	Peter Wade
Title:	Non-Executive Chairman
Qualifications:	BE (Hons), LGE
Experience and expertise:	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 subsequently was appointed the Executive Chairman in 2008.
Other current directorships:	Non-Executive Chairman of Global Construction Services Ltd
Former directorships (in the last 3 years):	None
Special responsibilities:	Chairman of Board of Directors, member of the Audit Committee
Interests in shares:	1,416,162
Interests in options:	None

Name:	Chris Ellison
Title:	Managing Director
Experience and expertise:	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.
Other current directorships:	Director of Mesa Minerals Limited
Former directorships (in the last 3 years):	None
Special responsibilities:	Managing Director
Interests in shares:	27,038,000
Interests in options:	None

Name:	Joe Ricciardo
Title:	Non-Executive Director
Qualifications:	Bachelor Applied Science (Mech Eng)
Experience and expertise:	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 Executive Chairman 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.
Other current directorships:	Executive Chairman of GR Engineering Services Limited (ASX:GNG)
Former directorships (in the last 3 years):	
Special responsibilities:	Member of the Audit Committee and Remuneration Committee
Interests in shares:	1,529,989
Interests in options:	None

Name:	Mark Dutton
Title:	Independent Non-Executive Director
Qualifications:	MA Cantab, ACA ICAEW
Experience and expertise:	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.
Other current directorships:	None
Former directorships (in the last 3 years):	None
Special responsibilities:	Chairman of Audit Committee, Member of the Remuneration Committee
Interests in shares:	15,000
Interests in options:	None

Name:	Kelvin Flynn
Title:	Independent Non-Executive Director
Qualifications:	B Com, CA
Experience and expertise:	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 and the world's largest primary deposit of tantalum. Kelvin is the founder and currently Managing Director of merchant bank and advisory firm Sirona Capital.
Other current directorships:	None
Former directorships (in the last 3 years):	Global Advanced Metals Pty Ltd
Special responsibilities:	Chairman of Remuneration Committee, Member of the Audit Committee
Interests in shares:	None
Interests in options:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Bruce Goulds (BBus, Grad Dip Management, LLB (hons)) 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 Minerals 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.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') and of each board committee held during the year ended 30 June 2013, and the number of meetings attended by each director were:

	Full Board		Audit Committee		Remuneration Committee	
	Attended	Held	Attended	Held	Attended	Held
Peter Wade	11	11	2	2	*	*
Chris Ellison	11	11	*	*	*	*
Joe Ricciardo	10	11	2	2	2	2
Mark Dutton	11	11	2	2	2	2
Kelvin Flynn	11	11	1	2	2	2

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

* Not a member of the committee

Other committee meetings are convened as required.

Remuneration report (audited)

The remuneration report outlines the key management personnel remuneration arrangements (also referred to as "Compensation") for the Consolidated Entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:

A Principles of Compensation
B Details of remuneration
C Service agreements
D Share-based compensation

A Principles of Compensation

The objective of the Consolidated Entity's Compensation framework is to ensure reward for performance is market competitive and appropriate for the results delivered. The framework aligns Compensation with the achievement of strategic objectives and the creation of shareholders value and conforms to the market practice for delivery of Compensation. The Board of Directors (the "Board") ensures that Compensation satisfies the following key elements for good governance practices:

- competitiveness and reasonableness
- alignment to shareholders' interests
- performance linkage / alignment of executive compensation
- transparency

The Remuneration Committee is responsible for determining and reviewing remuneration arrangements for directors and other key management personnel. As performance of the Consolidated Entity depends on the quality of its directors and executives, the remuneration philosophy is designed to assist to attract, motivate and retain high performance and high quality personnel.

Competitiveness and reasonableness:

- The Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Consolidated Entity
- Committee members have evaluated the market competitive frameworks used by other ASX 100 companies and crafted the Compensation framework to reflect both current market practice (where relevant) and MRL's particular requirements.

Alignment to shareholders' interests:

- KMPs generally have substantial shareholdings in the Company and executives are encouraged to own shares. This is a key element of the link between performance and shareholder's interests.
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Remuneration Committee. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

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.

Executive remuneration

The Consolidated Entity aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has four components:

- fixed remuneration
- short-term performance incentives
- share-based payments
- other benefits

The combination of these comprises the executive's total remuneration.

Fixed remuneration

Consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Remuneration Committee, based on individual and business performance, the overall performance of the Consolidated Entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Consolidated Entity and provides additional value to the executive.

Consolidated Entity performance and link to remuneration
Remuneration for certain individuals is directly linked to personal performance and that of the Consolidated Entity. A portion of bonus and incentive payments are dependent on defined performance targets being met. Key business drivers are used to determine performance targets with Company performance and safety outcomes being threshold determinants of individual bonus payments. Bonus and incentive payments are also at the discretion of the Remuneration Committee.

The Remuneration Committee is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

Voting and comments made at the Company's 2012 Annual General Meeting ('AGM')
At the 2012 AGM, 95% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2012. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

B Details of remuneration

Amounts of remuneration
Details of the remuneration of the key management personnel of Consolidated Entity are set out in the following tables.

The key management personnel of the Consolidated Entity consisted of the following directors of Mineral Resources Limited:

- P Wade - Non-Executive Chairman (Appointed on 16 November 2012, Resigned as Managing Director on 16 November 2012)
- C Ellison - Managing Director (Appointed as Managing Director on 16 November 2012)
- J Ricciardo - Non Executive Director
- M Dutton - Independent Non Executive Director
- K Flynn - Independent Non Executive Director

And the following persons:

- B Goulds - Chief Financial Officer and Company Secretary
- J Seymour - Chief Operating Officer (Appointed on 24 October 2012)
- B Gavranich - General Manager, PIHA
- S Wyatt - General Manager, Crushing Services International
- D Geraghty - Technical Director
- A Haslam - General Manager, Iron Ore

30 June 2013	Short-term benefits			Post-employment benefits	Other statutory entitlements	Share-based payments	
Name	Cash salary and fees $	Bonus and other $	Non-monetary $	Super-annuation $	$	Equity-settled $	Total $
Non-Executive Directors:							
P Wade*	367,287**	-	-	13,542	-	-	380,829
J Ricciardo	90,000	-	-	8,100	-	-	98,100
M Dutton	90,000	-	-	8,100	-	-	98,100
K Flynn	98,100	-	-	-	-	-	98,100
Executive Directors:							
P Wade***	884,464	-	-	11,458	200,413	-	1,096,335
C Ellison	825,000	-	83,377	25,000	-	-	933,377
Other Key Management Personnel:							
B Goulds	625,000	-	-	25,000	-	-	650,000
J Seymour****	421,541	-	9,656	11,085	-	-	442,282
B Gavranich	825,000	-	56,477	25,000	-	-	906,477
S Wyatt	800,000	-	83,377	25,000	-	-	908,377
D Geraghty	600,000	36,000	29,495	25,000	64,615	-	755,110
A Haslam	540,692	34,320	16,304	25,000	-	-	616,316
	6,167,084	70,320	278,686	202,285	265,028	-	6,983,403

* Appointed as Non Executive Chairman on 16 November 2012. Represents remuneration from 16 November 2012 to 30 June 2013

** Represented by director fees of $111,537 and $255,750 for technical consulting advice

*** Resigned as Managing Director on 16 November 2012. Represents remuneration from 1 July 2012 to 16 November 2012

**** Appointed on 24 October 2012

30 June 2012	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
Name	Cash salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
J Ricciardo	90,000	-	-	8,100	-	-	98,100
M Dutton	190,000	-	-	8,100	-	-	198,100
K Flynn	98,100	-	-	-	-	-	98,100
R Welker *	25,961	-	-	2,336	-	-	28,297
Executive Directors:							
P Wade	778,846	-	56,946	50,000	-	-	885,792
C Ellison	692,307	-	34,406	46,230	-	-	772,943
Other Key Management Personnel:							
B Goulds	502,767	-	-	50,000	-	-	552,767
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
A Haslam**	89,038	-	-	5,865	-	-	94,903
	4,483,363	-	182,239	266,861	-	-	4,932,463

* Resigned on 7 October 2011 and remuneration is to date of resignation.
** Appointed on 30 March 2012

A Haslam, D Geraghty and J Seymour may earn a cash bonus of up to 60% of their base salary on achievement of key performance indicators related to the performance of their duties. Key performance indicators are set on corporate and personal achievement measures. Corporate key performance indicators of the Company financial performance and safety are established as threshold measures and no bonus is payable unless these are achieved. These measures have been chosen to align personal performance to shareholders' interests and also the cultural priorities of the Company. Personal key performance indicators are established by the Managing Director periodically to reflect operational outcomes aligned to group strategy.

The percentage cash bonus paid/payable or forfeited is determined by the proportion and weighting of the key performance indicators achieved:

	Cash bonus paid/payable		**Cash bonus forfeited**	
Name	**30 June 2013**	**30 June 2012**	**30 June 2013**	**30 June 2012**
Other Key Management Personnel:				
A Haslam	40%	- %	60%	100%
D Geraghty*	40%	- %	60%	100%
J Seymour**	- %	- %	- %	- %

* Short term bonus scheme effective from 1 January 2013
** Appointed on 24 October 2012. J Seymour is not entitled to a cash bonus during this financial year.

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

C Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Peter Wade
Title:	Non-Executive Chairman
Agreement commenced:	16 November 2012
Details:	Base remuneration of $200,000 including superannuation

Name:	Chris Ellison
Title:	Managing Director
Agreement commenced:	16 November 2012
Details:	Base salary of $850,000 including superannuation with a notice period of 6 months.

Name:	Joe Ricciardo
Title:	Non-Executive Director
Agreement commenced:	25 June 2006
Details:	Base salary of $98,100 including superannuation.

Name:	Mark Dutton
Title:	Independent Non-Executive Director
Agreement commenced:	7 November 2007
Details:	Base salary of $98,100 including superannuation.

Name:	Kelvin Flynn
Title:	Independent Non-Executive Director
Agreement commenced:	22 March 2010
Details:	Base salary of $98,100 including superannuation.

Name:	Bruce Goulds
Title:	Chief Financial Officer and Company Secretary
Agreement commenced:	1 July 2006
Details:	Base salary of $650,000 including superannuation with a notice period of 6 months

Name:	J Seymour
Title:	Chief Operating Officer
Agreement commenced:	24 October 2012
Details:	Base salary of $650,000 including superannuation with a notice period of 3 months.

Name:	Bob Gavranich
Title:	General Manager, PIHA
Agreement commenced:	1 July 2006
Details:	Base salary of $850,000 including superannuation with a notice period of 6 months.

Name:	Steve Wyatt
Title:	General Manager, Crushing Services International
Agreement commenced:	1 July 2006
Details:	Base salary of $850,000 including superannuation with a notice period of 6 months.

Name:	David Geraghty
Title:	Technical Director
Agreement commenced:	1 July 2006
Details:	Base salary of $625,000 including superannuation.

Name:	A Haslam
Title:	General Manager, Iron Ore
Agreement commenced:	30 March 2012
Details:	Base salary of $597,000 including superannuation

D Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2013.

Options
There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2013.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2013.

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of Mineral Resources Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
1 September 2011	31 August 2014	$4.09	100,000
1 September 2012	31 August 2015	$4.13	100,000
			200,000

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

Shares issued on the exercise of options
The following ordinary shares of Mineral Resources Limited were issued during the year ended 30 June 2013 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
15 January 2013	$2.00	540,900

Indemnity and insurance of officers
The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor
The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 35 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 35 to the financial statements do not compromise the external auditor’s independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor’s own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former audit partners of RSM Bird Cameron Partners
There are no officers of the Company who are former audit partners of RSM Bird Cameron Partners.

Rounding of amounts
The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Auditor
RSM Bird Cameron Partners continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Chris Ellison
Managing Director

15 August 2013

RSM Bird Cameron Partners
8 St George's Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 **F** +61 8 9261 9101
www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Mineral Resources Limited for the year ended 30 June 2013, 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

Perth, WA
Dated: 15 August 2013

TUTU PHONG
Partner

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 disclose the extent to which they have followed the Recommendations in the reporting period and 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 – Roles and responsibilities of board and management

Board responsibility

The Board is responsible for guiding and monitoring the Company on behalf of shareholders. The Board has the following overall responsibilities:

1. establish the direction, strategies and financial objectives for the Company and monitoring the implementation of those policies, strategies and financial objectives; and
2. monitoring compliance with regulatory requirements and confirming the culture for ethical behaviour and standards.

Functions reserved to the Board are:

1. appointment, evaluation, rewarding and, if necessary, removal of the Managing Director and senior management;
2. review and approval of plans, new investments, major capital and operating expenditures, capital management, acquisitions, divestitures and major funding activities exceeding the delegated authority of the Managing Director;
3. establishing appropriate levels of delegation to the Managing Director to allow him to manage the business efficiently;
4. monitoring actual performance against planned performance expectations;
5. ensuring that the Company is appropriately positioned to manage significant business risks;
6. overseeing the management of safety, occupational health and environmental matters;
7. satisfying itself that the financial reporting of the Company fairly and accurately sets out the financial position and financial performance of the Company;
8. 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;
9. to ensure that appropriate internal and external audit arrangements are in place and operating effectively;
10. 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
11. 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 including:

1. approval and monitoring of a strategic plan;
2. approval of annual budgets and monitoring actual performance against budget; and
3. procedures are in place to incorporate presentations to each Board meeting of financial, operations, and marketing information.

Recommendation 1.2 – Evaluation of performance of management

Senior executives (including the managing director) have formal job descriptions and letters of appointment describing their term in office, duties, rights and responsibilities, and entitlements on termination.

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.

Recommendation 1.3 – Compliance
The Company complies with Recommendations 1.1, 1.2 and 1.3.

Performance evaluations have taken place in the reporting period in accordance with the processes determined by the Board.

<u>Principle 2 – Structure the Board to add value</u>

Recommendation 2.1 - Majority of board should be independent directors

Messrs Dutton and Flynn satisfy the tests of the Recommendations and are considered independent. Mr Flynn is associated with a customer of the Company. His association with this customer is as an independent non-executive director. This association is not considered to detract from Mr Flynn's independence.

The overall composition of the Board is considered by Directors to be the most appropriate structure, created after due consideration of the strategy of the Company, to effectively discharge the duties imposed by law, and adds value in a way that is appropriate to the Company's circumstances.

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 the annual report, is contained in the Directors' Report.

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 2.2– Independent Chairman

The Chairman of the Company, Peter Wade, is considered not to be independent. During the reporting period Mr Wade relinquished the dual roles of Executive Chairman / Managing Director. This new board structure was created after due consideration to the strategy of the Company. The Board considers Mr Wade the best person to lead the Board at this time, drawing on his experience and previous leadership role of the Company.

Recommendation 2.3 –Chairman and Managing Director

The roles of Chairman and Managing Director were separated during the reporting period. The Chairman of the Company, Mr Peter Wade, previously also held the position of Managing Director. On 16 November 2012 Mr Wade relinquished this dual role with the appointment of Mr Chris Ellison to the position of Managing Director.

The Board has agreed the division of responsibilities between the Chairman and Managing Director.

Recommendation 2.4 - Nomination committee

The Board has an established nomination committee. The Company has posted the committees charter to the Corporate Governance section of its website: www.mineralresources.com.au.

Composition

The Committee has three directors, the majority of whom are non-executive directors. Mr Flynn, an independent non-executive director, is the Committee Chairman. Membership of the nomination committee is included in the Directors' Report.

Recommendation 2.5 – Board performance evaluation process

As part of the annual review of the performance of the Board, 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 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, annually.

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 review incorporates the performance of the Board.

The annual review includes consideration of the following measures:

(f) comparison of the performance of the Board against the requirements of the Board Charter;
(g) assessment of the performance of the Board over the previous twelve months having regard to the corporate strategies, operating plans and the annual budget;
(h) review the Board's interaction with management;
(i) identification of any particular goals and objectives of the Board for the next year;
(j) review the type and timing of information provided to the directors; and
(k) 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:

(a) contribution to board discussion and function;
(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.

A performance evaluation for the board, its committees and directors has been undertaken during the reporting period.

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.

Recommendation 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, 11% (2012, 9%) 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. The charter of the Audit Committee's function, composition, mode of operation, authority and responsibilities is set out on the Company's website: www.mineralresources.com.au.

Recommendation 4.2 and 4.3 – Audit Committee membership and composition

The audit committee is chaired by Mark Dutton, an independent director who is not the Chair of the Company, consists of a majority of independent directors and has at least three members.

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: www.mineralresources.com.au.

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 Company Secretary has 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

Recommendation 8.1, 8.2, and 8.3 – Remuneration Committee

The Board has established a Remuneration Committee. Composition of the Committee comprises at least three directors, the majority of whom are 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: www.mineralresources.com.au.

The Committee is currently chaired by Kelvin Flynn, an independent non-executive director, and members are Joe Ricciardo and Mark Dutton.

Non-executive remuneration

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

Mineral Resources Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2013

	Note	Consolidated 30 June 2013 $'000	 30 June 2012 $'000
Revenue	5	1,096,982	925,857
Other income	6	8,353	13,056
Expenses			
Changes in closing stock		6,137	48,348
Raw materials and consumables		(145,659)	(231,930)
Equipment costs		(45,981)	(37,708)
Subcontractors		(132,124)	(115,412)
Employee benefits expense		(159,690)	(113,595)
Transport and freight		(191,569)	(151,761)
Depreciation and amortisation	7	(127,058)	(68,722)
Impairment losses		-	(2,474)
Other expenses		(53,319)	(35,022)
Finance costs	7	(5,550)	(6,437)
Profit before income tax (expense)/benefit		250,522	224,200
Income tax expense	8	(70,104)	(47,123)
Profit before Mineral Resources Rent Tax (“MRRT”) tax benefit and after Income tax expense		180,418	177,077
Tax benefit arising on introduction of MRRT	8	-	65,162
Profit for the year		180,418	242,239
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Net change in asset revaluation reserve		(31)	1,085
Other comprehensive income for the year, net of tax		(31)	1,085
Total comprehensive income for the year attributable to the owners of Mineral Resources Limited		180,387	243,324
Profit for the year is attributable to:			
Non-controlling interest		(877)	35
Owners of Mineral Resources Limited	30	181,295	242,204
		180,418	242,239
Total comprehensive income for the year is attributable to:			
Non-controlling interest		-	35
Owners of Mineral Resources Limited		180,387	243,289
		180,387	243,324
		Cents	**Cents**
Basic earnings per share	45	97.48	132.29
Diluted earnings per share	45	97.37	131.06

Mineral Resources Limited
Statement of financial position
As at 30 June 2013

	Note	Consolidated 30 June 2013 $'000	Consolidated 30 June 2012 $'000
Assets			
Current assets			
Cash and cash equivalents	9	57,832	76,282
Trade and other receivables	10	196,943	141,900
Inventories	11	75,689	67,121
Financial assets at fair value through profit or loss	12	-	5
Other	13	5,896	1,771
Total current assets		336,360	287,079
Non-current assets			
Receivables	14	113	3,298
Investments accounted for using the equity method	15	190	190
Available-for-sale financial assets	16	2,712	1,391
Property, plant and equipment	17	905,011	584,148
Intangibles	18	72,849	76,029
Exploration and evaluation & development	19	403,868	400,090
Deferred tax	20	83,330	83,704
Total non-current assets		1,468,073	1,148,850
Total assets		1,804,433	1,435,929
Liabilities			
Current liabilities			
Trade and other payables	21	203,095	162,374
Borrowings	22	80,376	34,754
Financial liabilities value at fair through profit or loss	23	387	-
Income tax	24	6,635	4,985
Provisions	25	16,397	13,628
Total current liabilities		306,890	215,741
Non-current liabilities			
Borrowings	26	287,742	152,321
Deferred tax	27	179,338	141,762
Provisions	28	12,723	9,354
Total non-current liabilities		479,803	303,437
Total liabilities		786,693	519,178
Net assets		1,017,740	916,751
Equity			
Issued capital	29	490,562	484,739
Reserves		5,981	6,012
Retained profits	30	501,183	405,109
Equity attributable to the owners of Mineral Resources Limited		997,726	895,860
Non-controlling interest	31	20,014	20,891
Total equity		1,017,740	916,751

Mineral Resources Limited
Statement of changes in equity
For the year ended 30 June 2013

Consolidated	Issued capital $'000	Reserves $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2011	359,619	4,927	242,104	20,856	627,506
Profit after income tax (expense)/benefit for the year		-	242,204	35	242,239
Other comprehensive income for the year, net of tax	-	1,085	-	-	1,085
Total comprehensive income for the year	-	1,085	242,204	35	243,324
Transactions with owners in their capacity as owners:					
Shares issued on exercise of options	63,330	-	-	-	63,330
Net proceeds from share issues	7,246	-	-	-	7,246
Employee share trust contributions	(1,193)	-	-	-	(1,193)
Shares issued in consideration for acceptance of the off market takeover bid for Auvex Resources Limited	55,737	-	-	-	55,737
Dividends paid (note 32)		-	(79,199)	-	(79,199)
Balance at 30 June 2012	484,739	6,012	405,109	20,891	916,751

Mineral Resources Limited
Statement of changes in equity
For the year ended 30 June 2013

	Issued capital $'000	Reserves $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Consolidated					
Balance at 1 July 2012	484,739	6,012	405,109	20,891	916,751
Profit/(loss) after income tax (expense)/benefit for the year		-	181,295	(877)	180,418
Other comprehensive income for the year, net of tax	-	(31)	-	-	(31)
Total comprehensive income for the year	-	(31)	181,295	(877)	180,387
Transactions with owners in their capacity as owners:					
Shares issued on exercise of options	1,203	-	-	-	1,203
Share issued under Dividend Reinvestment Plan	5,005	-	-	-	5,005
Employee share trust contributions	(385)	-	-	-	(385)
Dividends paid (note 32)		-	(85,221)	-	(85,221)
Balance at 30 June 2013	490,562	5,981	501,183	20,014	1,017,740

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

Mineral Resources Limited
Statement of cash flows
For the year ended 30 June 2013

	Note	Consolidated 30 June 2013 $'000	30 June 2012 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,103,573	894,941
Payments to suppliers and employees (inclusive of GST)		(746,578)	(602,696)
		356,995	292,245
Other revenue		8,353	5,046
Interest and other finance costs paid		(5,163)	(6,437)
Income taxes paid		(30,921)	(47,961)
Net cash from operating activities	43	329,264	242,893
Cash flows from investing activities			
Payment for investments		(2,336)	(972)
Payment for purchase of subsidiary, net of cash acquired		-	235
Payments for property, plant and equipment		(387,102)	(277,845)
Payments for intangibles		-	(33,632)
Payments for exploration and evaluation		(15,863)	(54,885)
Payments for mining development		(14,074)	(15,429)
Proceeds from sale of property, plant and equipment		-	3,347
Net cash used in investing activities		(419,375)	(379,181)
Cash flows from financing activities			
Proceeds from issue of shares		-	3,344
Proceeds from exercise of share options		1,203	63,330
Proceeds from borrowings		222,586	63,839
Dividends paid		(80,216)	(75,299)
Repayment of borrowings		(71,912)	(23,100)
Net cash from financing activities		71,661	32,114
Net decrease in cash and cash equivalents		(18,450)	(104,174)
Cash and cash equivalents at the beginning of the financial year		76,282	180,456
Cash and cash equivalents at the end of the financial year	9	57,832	76,282

Note 1. General information

The financial report covers Mineral Resources Limited as a Consolidated Entity consisting of Mineral Resources Limited and the entities it controlled. The financial report is presented in Australian dollars, which is Mineral Resources Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Mineral Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

1 Sleat Road
Applecross WA 6153

A description of the nature of the Consolidated Entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 15 August 2013. The directors do not have the power to amend and reissue the financial report.

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.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared on 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.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent Entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated Entity only. Supplementary information about the Parent Entity is disclosed in note 39.

Note 2. Significant accounting policies (continued)

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Mineral Resources Limited ('Company' or 'Parent Entity') as at 30 June 2013 and the results of all subsidiaries for the year then ended. Mineral Resources Limited and its subsidiaries together are referred to in these financial statements as the 'Consolidated Entity'.

Subsidiaries are all those entities over which the Consolidated Entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Consolidated Entity. Losses incurred by the Consolidated Entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 2. Significant accounting policies (continued)

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 Consolidated Entity, 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 Consolidated Entity'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.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Note 2. Significant accounting policies (continued)

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Tax Consolidation
Mineral Resources Limited (the "Head Entity") and its wholly-owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'stand alone taxpayer' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the interCompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries 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 Consolidated Entity has elected to use market value.

Note 2. Significant accounting policies (continued)

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial instituitions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. 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.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Consolidated Entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories
Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity, with the exception of contract specific requirements to use an average cost basis. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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.

Derivative financial instruments
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Note 2. Significant accounting policies (continued)

Associates

Associates are entities over which the Consolidated Entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Consolidated Entity's share of net assets of the associates. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Consolidated Entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Consolidated Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the Consolidated Entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either: i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Note 2. Significant accounting policies (continued)

Impairment of financial assets
Financial Instruments
The Consolidated Entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss. Any cumulative decline in fair value recognised in other comprehensive income is reclassified as an impairment loss at this point.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

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.

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.

Note 2. Significant accounting policies (continued)

Property, 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.

Leased assets

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

Sale of non current assets

The net gain or loss on disposal is included in the 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).

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Building	40 years
Plant and equipment financed	3 - 20 years or the term of the lease
Plant and equipment	Usage basis
Tracked plant and equipment	Usage basis

Subsequent costs

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

Note 2. Significant accounting policies (continued)

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Consolidated Entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss 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.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Patents and trademarks

Patents acquired as part of a business combination are recognised separately from goodwill. The patents are carried at their 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.

Port access rights

Port access rights acquired as part of a business combination are recognised separately from goodwill. The rights are carried at their 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 their 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.

Note 2. Significant accounting policies (continued)

Exploration and evaluation assets
Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

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

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

Note 2. Significant accounting policies (continued)

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

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

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.

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 costs, inclusive of an allocation of relevant overhead expenditure, are initially capitalised to 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 income statement 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 income statement 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

Investments
Investments in controlled entities are carried at cost.

Interest in Joint Ventures
The Consolidated Entity'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 Consolidated Entity's interests in joint venture entities are brought to account using the interests in joint venture operation are brought to account using the proportionate consolidation method.

Where the Consolidated Entity contributes assets to the joint venture, or if the Consolidated Entity purchases assets from the joint venture, only the portion of the gain or loss that is not attributable to the Consolidated Entity's share of the joint venture shall be recognised. The Consolidated Entity however will 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 2. Significant accounting policies (continued)

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

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.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

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.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:
- interest on short-term and long-term borrowings
- interest on finance leases

Provisions
Provisions are recognised when the Consolidated Entity has a present (legal or constructive) obligation as a result of a past event, it is probable the Consolidated Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 2. Significant accounting policies (continued)

Employee benefits

Wages and salaries and annual leave
Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave
The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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.

Employee Share Trust
The Consolidated Entity has in place a trust to administer the Consolidated Entity'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 Consolidated Entity.

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

Foreign Currency Transactions
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Exchange differences arising on the translation of monetary items are recognised in the 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.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Note 2. Significant accounting policies (continued)

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Consolidated Entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Consolidated Entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Consolidated Entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Mineral Resources Limited, 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 financial 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.

Note 2. Significant accounting policies (continued)

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2013. The Consolidated Entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Consolidated Entity, are set out below.

AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and 2012-6 Amendments to Australian Accounting Standards arising from AASB 9

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2015 and completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The Consolidated Entity will adopt this standard from 1 July 2015 but the impact of its adoption is yet to be assessed by the Consolidated Entity.

AASB 10 Consolidated Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns (e.g. dividends, remuneration, returns that are not available to other interest holders including losses) from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights (e.g. voting rights, potential voting rights, rights to appoint key management, decision making rights, kick out rights) that give it the current ability to direct the activities that significantly affect the investee's returns (e.g. operating policies, capital decisions, appointment of key management). The Consolidated Entity will not only have to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes. The adoption of this standard from 1 July 2013 may have an impact where the Consolidated Entity has a holding of less than 50% in an entity, has de facto control, and is not currently consolidating that entity.

Note 2. Significant accounting policies (continued)

AASB 11 Joint Arrangements
This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard defines which entities qualify as joint ventures and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets will use equity accounting. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities will account for the assets, liabilities, revenues and expenses separately, using proportionate consolidation. The adoption of this standard from 1 July 2013 will not have a material impact on the Consolidated Entity.

AASB 12 Disclosure of Interests in Other Entities
This standard is applicable to annual reporting periods beginning on or after 1 January 2013. It contains the entire disclosure requirement associated with other entities, being subsidiaries, associates and joint ventures. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'. The adoption of this standard from 1 July 2013 will significantly increase the amount of disclosures required to be given by the Consolidated Entity such as significant judgements and assumptions made in determining whether it has a controlling or non-controlling interest in another entity and the type of non-controlling interest and the nature and risks involved.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13
This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets whereas liabilities would be based on transfer value. As the standard does not introduce any new requirements for the use of fair value, its impact on adoption by the Consolidated Entity from 1 July 2013 should be minimal, although there will be increased disclosures where fair value is used.

AASB 127 Separate Financial Statements (Revised)
AASB 128 Investments in Associates and Joint Ventures (Reissued)
These standards are applicable to annual reporting periods beginning on or after 1 January 2013. They have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12. The adoption of these revised standards from 1 July 2013 will not have a material impact on the Consolidated Entity.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)
This revised standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments make changes to the accounting for defined benefit plans and the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. The later will require annual leave that is not expected to be wholly settled within 12 months to be discounted allowing for expected salary levels in the future period when the leave is expected to be taken. The adoption of the revised standard from 1 July 2013 is expected to reduce the reported annual leave liability of the Consolidated Entity.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement
These amendments are applicable to annual reporting periods beginning on or after 1 July 2013, with early adoption not permitted. They amend AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). The adoption of these amendments from 1 July 2014 will remove the duplication of information relating to individual KMP in the notes to the financial statements and the directors report. As the aggregate disclosures are still required by AASB 124 and during the transitional period the requirements may be included in the Corporations Act or other legislation, it is expected that the amendments will not have a material impact on the Consolidated Entity.

Note 2. Significant accounting policies (continued)

AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards

The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments make numerous consequential changes to a range of Australian Accounting Standards and Interpretations, following the issuance of AASB 10, AASB 11, AASB 12 and revised AASB 127 and AASB 128. The adoption of these amendments from 1 July 2013 will not have a material impact on the Consolidated Entity.

AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities

The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The disclosure requirements of AASB 7 'Financial Instruments: Disclosures' (and consequential amendments to AASB 132 'Financial Instruments: Presentation') have been enhanced to provide users of financial statements with information about netting arrangements, including rights of set-off related to an entity's financial instruments and the effects of such rights on its statement of financial position. The adoption of the amendments from 1 July 2013 will increase the disclosures by the Consolidated Entity.

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities

The amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of "currently has a legally enforceable right of set-off"; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a material impact on the Consolidated Entity.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle

The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 (IFRS 1) 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 ‘Income Taxes’; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities. The adoption of the amendments from 1 July 2013 will not have a material impact on the Consolidated Entity.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Fair value and hierarchy of financial instruments
The Consolidated Entity is required to classify financial instruments, measured at fair value, using a three level hierarchy, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2: 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); and Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). An instrument is required to be classified in its entirety on the basis of the lowest level of valuation inputs that is significant to fair value. Considerable judgement is required to determine what is significant to fair value and therefore which category the financial instrument is placed in can be subjective.

Estimation of useful lives of assets
The Consolidated Entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets
The Consolidated Entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Consolidated Entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Consolidated Entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions.

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 Consolidated Entity 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.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

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 Consolidated Entity 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 Consolidated Entity's current mining tenements. The Consolidated Entity 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 Consolidated Entity adopts a Run of Mine (ROM) tonnes of ore produced methodology.

Income tax
The Consolidated Entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Consolidated Entity recognises liabilities for anticipated tax based on the Consolidated Entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amount, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Note 4. Operating segments

Business segment
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 three operating segments being mining services and processing, mining and central. All are 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.

Major customers
During the year ended 30 June 2013 approximately 39.0% (2012: 51.3%) of the Consolidated Entity's external revenue was derived from sales to two customers being 20.7% and 18.3% respectively (2012: 32.5% and 18.8% respectively).

Operating segment information

Consolidated - 30 June 2013	Mining services & processing $'000	Mining $'000	Central $'000	Intersegment eliminations/ unallocated $'000	Total $'000
Revenue					
Sales to external customers	854,791	438,931	48,755	-	1,342,477
Intersegment sales	(187,856)	(9,044)	(48,595)	-	(245,495)
Total sales revenue	666,935	429,887	160	-	1,096,982
Total revenue	666,935	429,887	160	-	1,096,982
	666,935	429,887	160	-	1,096,982
Depreciation and amortisation	(84,675)	(40,208)	(2,175)	-	(127,058)
Finance costs	(5,332)	(177)	(41)	-	(5,550)
Other revenue	2,248	3,973	2,132	-	8,353
Other expenses	(336,863)	(363,938)	(21,404)	-	(722,205)
Profit/(loss) before income tax expense	242,313	29,537	(21,328)	-	250,522
Income tax expense					(70,104)
Profit after income tax expense					180,418
Assets					
Segment assets	965,143	616,287	223,003	-	1,804,433
Total assets					1,804,433
Liabilities					
Segment liabilities	332,929	143,517	310,247	-	786,693
Total liabilities					786,693

Note 4. Operating segments (continued)

Consolidated - 30 June 2012	Mining Services & Processing $'000	Mining $'000	Central $'000	Intersegment eliminations/ unallocated $'000	Total $'000
Revenue					
Sales to external customers	935,059	202,923	126	-	1,138,108
Intersegment sales	(200,851)	(11,342)	(58)	-	(212,251)
Total sales revenue	734,208	191,581	68	-	925,857
Total revenue	734,208	191,581	68	-	925,857
	734,208	191,581	68	-	925,857
Depreciation and amortisation	(48,816)	(18,446)	(1,460)	-	(68,722)
Impairment of assets	(1,362)	(514)	(598)	-	(2,474)
Finance costs	(4,065)	(102)	(2,270)	-	(6,437)
Other revenue	5,487	1,996	5,573	-	13,056
Other expenses	(481,967)	(137,445)	(17,668)	-	(637,080)
Profit/(loss) before income tax benefit	203,485	37,070	(16,355)	-	224,200
Income tax benefit					18,039
Profit after income tax benefit					242,239
Assets					
Segment assets	769,096	439,014	227,819	-	1,435,929
Total assets					1,435,929
Liabilities					
Segment liabilities	293,172	101,799	124,207	-	519,178
Total liabilities					519,178

Geographical information

	Sales to external customers		**Geographical non-current assets**	
	30 June 2013 $'000	**30 June 2012 $'000**	**30 June 2013 $'000**	**30 June 2012 $'000**
Australia	595,731	513,850	1,384,553	1,064,956
China	323,313	319,195	-	-
Singapore	65,323	79,218	-	-
Others	112,615	13,594	190	190
	1,096,982	925,857	1,384,743	1,065,146

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Note 4. Operating segments (continued)

Revenue by 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.

	Consolidated	
	30 June 2013 $'000	**30 June 2012 $'000**
Customer		
Customer #1	227,525	300,464
Customer #2	200,871	174,013
	428,396	474,477

The percentage of the total revenue for customer #1 and customer #2 is 20.7% (2012:32.5%) and 18.3% (2012: 18.8%) respectively.

Note 5. Revenue

	Consolidated	
	30 June 2013 $'000	**30 June 2012 $'000**
Contract and operational revenue	529,111	468,680
Sale of goods and equipment	566,885	456,246
Equipment rental	986	931
Revenue	1,096,982	925,857

Note 6. Other income

	Consolidated	
	30 June 2013 $'000	**30 June 2012 $'000**
Interest income	352	5,046
Rent received	858	-
Foreign exchange gain	4,358	4,029
Other	2,785	3,981
Other income	8,353	13,056

Note 7. Expenses

	Consolidated	
	30 June 2013 $'000	**30 June 2012 $'000**
Profit before income tax includes the following specific expenses:		
Depreciation		
Plant and Equipment	98,779	55,338
Amortisation		
Development expenditure	26,145	11,757
Port access	1,413	923
Others	721	704
Total amortisation	28,279	13,384
Total depreciation and amortisation	127,058	68,722
Finance costs		
Interest and finance charges paid/payable	5,550	6,437
Net loss on disposal		
Net loss on disposal of property, plant and equipment	106	349
Rental expense relating to operating leases		
Minimum lease payments	8,567	6,988
Research costs		
Research costs	48,835	43,963

Note 8. Income tax expense/(benefit)

	Consolidated	
	30 June 2013 $'000	30 June 2012 $'000
Income tax expense/(benefit)		
Current tax	43,809	28,790
Deferred tax - origination and reversal of temporary differences	26,883	(48,462)
Adjustment recognised for prior periods	(588)	1,633
Aggregate income tax expense/(benefit)	70,104	(18,039)
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease/(increase) in deferred tax assets (note 20)	3,129	(62,775)
Increase in deferred tax liabilities (note 27)	23,754	14,313
Deferred tax - origination and reversal of temporary differences	26,883	(48,462)
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Profit before income tax (expense)/benefit	250,522	224,200
Tax at the statutory tax rate of 30%	75,157	67,260
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Research and development concessions	(4,884)	(2,900)
Employee share trust	(587)	(358)
Sundry items	270	1,960
	69,956	65,962
Adjustment recognised for prior periods	(588)	1,633
Current year tax losses not recognised	736	(30)
Prior year temporary differences not recognised now recognised	-	(20,442)
Mining Resources Rent Tax temporary difference	-	(65,162)
Income tax expense/(benefit)	70,104	(18,039)

Note 8. Income tax expense/(benefit) (continued)

	Consolidated	
	30 June 2013 $'000	30 June 2012 $'000
Amounts charged/(credited) directly to equity		
Deferred tax assets (note 20)	863	1,193
Deferred tax liabilities (note 27)	(305)	(930)
	558	263

	Consolidated	
	30 June 2013 $'000	30 June 2012 $'000
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	21,756	18,378
Potential tax benefit @ 30%	6,527	5,513

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 9. Current assets - cash and cash equivalents

	Consolidated	
	30 June 2013 $'000	30 June 2012 $'000
Cash at bank and on hand	57,827	71,920
Deposits at call	5	4,362
	57,832	76,282

Cast at bank and on hand is interest bearing at 2.75% AUD 0.03% USD (2012: 3.50% AUD 0.03% USD).

Deposits at call are interest bearing at 2.9% AUD NIL USD (2012: NIL AUD 0.18% USD).

Note 10. Current assets - trade and other receivables

	Consolidated	
	30 June 2013 $'000	30 June 2012 $'000
Trade receivables	197,597	142,901
Provision for impairment	(654)	(1,001)
	196,943	141,900

Included in trade receivables is amount due from customers of $10,591,000 (2012: $13,190,000)

Note 10. Current assets - trade and other receivables (continued)

Impairment of receivables
The Consolidated Entity has recognised a reversal of $347,000 (2012: loss of $23,000) in profit and loss in respect of impairment of receivables for the year ended 30 June 2013.

The ageing of the impaired receivables provided for above are as follows:

	Consolidated	
	30 June 2013 $'000	**30 June 2012 $'000**
1 to 60 days overdue	-	1,001
61 to 90 days overdue	-	-
Over 90 days overdue	654	-
	654	1,001

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

	Consolidated	
	30 June 2013 $'000	**30 June 2012 $'000**
Opening balance	1,001	978
Additional provisions recognised	-	23
Unused amounts reversed	(347)	-
Closing balance	654	1,001

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $9,959,000 as at 30 June 2013 ($7,857,000 as at 30 June 2012).

The Consolidated Entity did not consider a credit risk on the aggregate balances after reviewing credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

	Consolidated	
	30 June 2013 $'000	**30 June 2012 $'000**
61-90 days overdue	803	3,179
Over 90 days overdue	9,156	4,678
	9,959	7,857

These relate to a number of independent customers for whom there is no recent history of default.

Note 10. Current assets - trade and other receivables (continued)

	Consolidated	
	30 June 2013 $'000	**30 June 2012 $'000**
Construction contracts		
Contract costs incurred to date	100,575	279,975
Profit recognised to date	13,685	29,307
	114,260	309,282
Less: progress billings received and receivable	(142,254)	(300,345)
Net construction work in progress	(27,994)	8,937
Representing:		
Amounts due from customers included in trade receivables	10,591	13,190
Amounts due to customers included in trade and other payables (note 21)	(38,585)	(4,253)
	(27,994)	8,937

Note 11. Current assets - inventories

	Consolidated	
	30 June 2013 $'000	**30 June 2012 $'000**
Raw materials and stores	17,101	11,401
Ore inventory stockpiles	37,680	45,232
Work in progress	20,908	10,488
	75,689	67,121

Note 12. Current assets - financial assets at fair value through profit or loss

	Consolidated	
	30 June 2013 $'000	**30 June 2012 $'000**
Financial assets at fair value through profit or loss	-	5

Refer to note 33 for further information on financial instruments.

The Consolidated Entity has entered into forward exchange contracts which are economic hedges but do not satisfy the requirements for hedge accounting. These contracts are accounted for as held for trading. Changes in the fair value of these contracts are recorded in the statement of comprehensive income. Fair value of shares in listed companies is determined by the closing price on the reporting date.

Note 13. Current assets - other

	Consolidated	
	30 June 2013 $'000	30 June 2012 $'000
Prepayments	5,896	1,771

Note 14. Non-current assets - receivables

	Consolidated	
	30 June 2013 $'000	30 June 2012 $'000
Security deposits	113	3,298

The trade receivables are not past due or nor impaired. The carrying amount is equivalent to fair value.

Note 15. Non-current assets - investments accounted for using the equity method

	Consolidated	
	30 June 2013 $'000	30 June 2012 $'000
Investment in Minprocess Group Inc.	66	66
Investment in Iron Processing Group Inc.	54	54
Investment in Process Minerals International Pty Ltd Inc.	70	70
	190	190

Refer to note 41 for further information on investments in associates.

Note 16. Non-current assets - available-for-sale financial assets

	Consolidated	
	30 June 2013 $'000	30 June 2012 $'000
Shares in listed corporations - at fair value	376	1,391
Investment in unlisted Company	2,336	-
	2,712	1,391

Refer to note 33 for further information on financial instruments.

Note 17. Non-current assets - property, plant and equipment

	Consolidated	
	30 June 2013 $'000	**30 June 2012 $'000**
Land - cost	13,319	-
	13,319	-
Buildings - cost	10,172	150
Less: Accumulated depreciation	(160)	(27)
	10,012	123
Plant and equipment financed - cost	139,867	109,498
Less: Accumulated depreciation	(34,432)	(18,670)
	105,435	90,828
Plant and equipment - cost	985,095	619,163
Less: Accumulated depreciation	(211,667)	(129,017)
	773,428	490,146
Tracked plant and equipment - valuation	5,293	5,294
Less: Accumulated depreciation	(2,476)	(2,243)
	2,817	3,051
	905,011	584,148

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Land $'000	Building $'000	Plant & equipment financed $'000	Plant & equipment $'000	Tracked plant & equipment $'000	Total $'000
Consolidated						
Balance at 1 July 2011	-	-	55,019	261,849	2,476	319,344
Additions	-	150	44,325	277,110	1,536	323,121
Additions through acquisition	-	-	-	1,519	-	1,519
Disposals	-	-	-	(4,498)	-	(4,498)
Depreciation expense	-	(27)	(8,516)	(45,834)	(961)	(55,338)
Balance at 30 June 2012	-	123	90,828	490,146	3,051	584,148
Additions	13,319	10,022	30,369	365,237	-	418,947
Disposals	-	-	-	(1,476)	-	(1,476)
Transfers in/(out)	-	-	-	2,171	-	2,171
Depreciation expense	-	(133)	(15,762)	(82,650)	(234)	(98,779)
Balance at 30 June 2013	13,319	10,012	105,435	773,428	2,817	905,011

Asset in the course of construction
The carrying amounts of the assets disclosed above includes $182,584,000 (2012:$195,861,000) recognised in relation to plant and equipment in the course of construction.

Note 18. Non-current assets - intangibles

	Consolidated	
	30 June 2013 $'000	**30 June 2012 $'000**
Goodwill cost	10,235	10,235
	10,235	10,235
Patents cost	10,984	10,984
	10,984	10,984
Port access cost	48,287	49,399
Less: Accumulated amortisation	(2,336)	(923)
	45,951	48,476
Operating lease cost	7,038	7,038
Less: Accumulated amortisation	(1,408)	(704)
	5,630	6,334
Software - at cost	66	-
Less: Accumulated amortisation	(17)	-
	49	-
	72,849	76,029

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Goodwill $'000	Patents $'000	Port access $'000	Operating lease $'000	Software $'000	Total $'000
Consolidated						
Balance at 1 July 2011	10,235	10,984	15,767	7,038	-	44,024
Additions	-	-	33,632	-	-	33,632
Amortisation expense	-	-	(923)	(704)	-	(1,627)
Balance at 30 June 2012	10,235	10,984	48,476	6,334	-	76,029
Additions	-	-	1,059	-	66	1,125
Transfers in/(out)	-	-	(2,171)	-	-	(2,171)
Amortisation expense	-	-	(1,413)	(704)	(17)	(2,134)
Balance at 30 June 2013	10,235	10,984	45,951	5,630	49	72,849

Note 18. Non-current assets - intangibles (continued)

Impairment testing
The following cash generating units have significant carrying amounts of goodwill:

	Consolidated	
	30 June 2013 $'000	30 June 2012 $'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 Consolidated Entity.

The following assumptions were used in the value-in-use calculations:
Discount rate - 12.1% (2012: 9.0%)
Growth rate of cash flows - 2.5% (2012: 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 19. Non-current assets - exploration and evaluation & development

	Consolidated	
	30 June 2013 $'000	30 June 2012 $'000
Exploration and evaluation expenditure	301,875	297,882
	301,875	297,882
Development expenditure	139,896	113,965
Less: Accumulated amortisation	(37,903)	(11,757)
	101,993	102,208
	403,868	400,090

Note 19. Non-current assets - exploration and evaluation & development (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Exploration and evaluation $'000	Development $'000	Total $'000
Consolidated			
Balance at 1 July 2011	262,924	-	262,924
Additions	54,885	15,429	70,314
Additions through acquisitions	78,609	-	78,609
Transfers in/(out)	(98,536)	98,536	-
Amortisation expense	-	(11,757)	(11,757)
Balance at 30 June 2012	297,882	102,208	400,090
Additions	15,863	14,074	29,937
Write off of assets	(14)	-	(14)
Transfers in/(out)	(11,856)	11,856	-
Amortisation expense	-	(26,145)	(26,145)
Balance at 30 June 2013	301,875	101,993	403,868

Note 20. Non-current assets - deferred tax

	Consolidated	
	30 June 2013 $'000	**30 June 2012 $'000**
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	5,994	8,152
Impairment of receivables	925	470
Employee benefits	1,839	1,022
Mineral Resource Rent Tax	65,162	65,162
Financial assets	-	1,020
Provisions	8,703	6,633
Borrowings	28	118
Other	679	1,127
Deferred tax asset	83,330	83,704
Movements:		
Opening balance	83,704	24,386
Credited/(charged) to profit or loss (note 8)	(3,129)	62,775
Charged to equity	(863)	(1,193)
Under/(over) provision from prior year	3,618	(2,264)
Closing balance	83,330	83,704

Note 21. Current liabilities - trade and other payables

	Consolidated	
	30 June 2013 $'000	**30 June 2012 $'000**
Trade payables and accruals	164,510	158,121
Amount due to customers (Note 10)	38,585	4,253
	203,095	162,374

Refer to note 33 for further information on financial instruments.

Note 22. Current liabilities - borrowings

	Consolidated	
	30 June 2013 $'000	**30 June 2012 $'000**
Bank loans	40,000	194
Lease liability	40,376	34,560
	80,376	34,754

Refer to note 26 for further information on assets pledged as security and financing arrangements and note 33 for further information on financial instruments.

Note 23. Current liabilities - financial liabilities value at fair through profit or loss

	Consolidated	
	30 June 2013 $'000	**30 June 2012 $'000**
Financial liabilities at fair value through profit or loss	387	-

Refer to note 33 for further information on financial instruments.

The Consolidated Entity has entered into forward exchange contracts which are economic hedges but do not satisfy the requirements for hedge accounting. These contracts are accounted for as held for trading. Changes in the fair value of these contracts are recorded in the statement of comprehensive income. Fair value of shares in listed companies is determined by the closing price on the reporting date.

Note 24. Current liabilities - income tax

	Consolidated	
	30 June 2013 $'000	**30 June 2012 $'000**
Income tax payable	6,635	4,985

Note 25. Current liabilities - provisions

	Consolidated	
	30 June 2013 $'000	**30 June 2012 $'000**
Employee entitlements	13,742	11,902
Warranties	240	-
Project closure	2,415	1,726
	16,397	13,628

Warranties

Provision is made in respect of the Consolidated Entity's estimated liability on all products are services under warranty at reporting date. The provision is measured as the present value of future cash flows estimated to be required to settle warranty obligation. The future cash flows are estimated by reference to the Consolidated Entity's history of warranty claims.

Project Closure

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

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Warranties	**Project closure**
	$'000	$'000
Consolidated - 30 June 2013		
Carrying amount at the start of the year	-	1,726
Additional provisions recognised	240	689
Carrying amount at the end of the year	240	2,415

Note 26. Non-current liabilities - borrowings

	Consolidated	
	30 June 2013 $'000	**30 June 2012 $'000**
Bank loans	228,968	112,864
Lease liability	58,774	39,457
	287,742	152,321

Refer to note 33 for further information on financial instruments.

Note 26. Non-current liabilities - borrowings (continued)

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	30 June 2013 $'000	**30 June 2012 $'000**
Bank loans	268,968	113,058
Lease liability	99,150	74,017
	368,118	187,075

Assets pledged as security
The bank overdraft and loans are secured by
• General Security Agreements over the whole of the assets and undertakings of Mineral Resources Ltd, Crushing Services International Pty Ltd, Process Minerals International Pty Ltd, Polaris Metals Pty Ltd, PIHA Pty Ltd and Auvex Resources Pty Ltd;
• Negative pledges with respect to financial covenants; and
• Interlocking guarantees

The lease liabilities are effectively secured as the rights to the leased assets, recognised in the statement of financial position, revert to the lessor in the event of default.

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	30 June 2013 $'000	**30 June 2012 $'000**
Total facilities		
Bank overdraft	3,600	3,600
Bank loans	339,000	133,404
Lease liability	100,000	140,750
	442,600	277,754
Used at the reporting date		
Bank overdraft	-	-
Bank loans	268,968	113,058
Lease liability	99,150	74,017
	368,118	187,075
Unused at the reporting date		
Bank overdraft	3,600	3,600
Bank loans	70,032	20,346
Lease liability	850	66,733
	74,482	90,679

Note 27. Non-current liabilities - deferred tax

	Consolidated	
	30 June 2013 $'000	**30 June 2012 $'000**
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Trade and other receivables	5,595	2,346
Property, plant and equipment	47,436	18,339
Exploration and evaluation	126,307	121,077
Deferred tax liability	179,338	141,762
Movements:		
Opening balance	141,762	102,503
Charged to profit or loss (note 8)	23,754	14,313
Credited to equity	(305)	(930)
Additions through acquisitions	-	24,651
Under-provision from prior year	14,127	1,225
Closing balance	179,338	141,762

Note 28. Non-current liabilities - provisions

	Consolidated	
	30 June 2013 $'000	**30 June 2012 $'000**
Employee entitlements	117	125
Project closure	6,795	3,368
Site rehabilitation	5,811	5,861
	12,723	9,354

Note 28. Non-current liabilities - provisions (continued)

Site Rehabilitation

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

Each period the impact of unwinding of the discount is recognised in the 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.

Project Closure

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

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Project closure $'000	Site rehabilitation $'000
Consolidated - 30 June 2013		
Carrying amount at the start of the year	3,368	5,861
Additional provisions recognised	3,427	-
Amounts used	-	(50)
Carrying amount at the end of the year	6,795	5,811

Note 29. Equity - issued capital

	Consolidated		Consolidated	
	30 June 2013 Shares	30 June 2012 Shares	30 June 2013 $'000	30 June 2012 $'000
Ordinary shares	185,987,992	184,856,018	490,562	484,739

Note 29. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	No of shares	Issue price	$'000
Balance	1 July 2011	169,168,017		359,619
Employee share options exercised		493,350	$1.91	944
Unlisted share options exercised by recipients of consideration for acquisition of Polaris Metals NL		340,000	$5.54	1,885
Unlisted share options excercised by Hancock Prospecting Pty Ltd		10,000,000	$6.05	60,500
Share issued for acquisition of Auvex Resources Limited		4,500,000	$12.39	55,737
Share issued for dividend reinvestment		354,651	$11.00	3,902
Shares issed to director as part of the package approved by Shareholders on 19 November 2009				3,345
Employee share trust contributions				(1,193)
Balance	30 June 2012	184,856,018		484,739
Employee share options exercised		570,900	$2.11	1,203
Share issued for dividend reinvestment		561,074	$8.92	5,005
Employee share trust contribution				(385)
Balance	30 June 2013	185,987,992		490,562

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

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

Share buy-back
There is no current on-market share buy-back.

Note 29. Equity - issued capital (continued)

Capital risk management

The Consolidated Entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Consolidated Entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Consolidated Entity would look to raise capital when an opportunity to invest in a business or Company was seen as value adding relative to the current Parent Entity's share price at the time of the investment. The Consolidated Entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Consolidated Entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 2012 Annual Report.

The Consolidated Entity monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less 'cash and cash equivalents' as shown in the statement of financial position. Total capital is calculated as 'total equity' as shown in the statement of financial position (including non-controlling interest) plus net debt.

The gearing ratio at the reporting date was as follows:

	Consolidated	
	30 June 2013 $'000	**30 June 2012 $'000**
Current liabilities - borrowings (note 22)	80,376	34,754
Non-current liabilities - borrowings (note 26)	287,742	152,321
Total borrowings	368,118	187,075
Current assets - cash and cash equivalents (note 9)	(57,832)	(76,282)
Net debt	310,286	110,793
Total equity	1,017,740	916,751
Total capital	1,328,026	1,027,544
Gearing ratio - actual	23%	11%
Gearing ratio - target	25%	25%

Note 30. Equity - retained profits

	Consolidated	
	30 June 2013 $'000	**30 June 2012 $'000**
Retained profits at the beginning of the financial year	405,109	242,104
Profit after income tax (expense)/benefit for the year	181,295	242,204
Dividends paid (note 32)	(85,221)	(79,199)
Retained profits at the end of the financial year	501,183	405,109

Note 31. Equity - non-controlling interest

	Consolidated	
	30 June 2013 $'000	**30 June 2012 $'000**
Interest in retained profits	20,014	20,891

Note 32. Equity - dividends

Dividends

	Consolidated	
	30 June 2013 $'000	**30 June 2012 $'000**
Final dividend for the year ended 30 June 2012 (2012: 30 June 2011) of 30 cents (2012: 27.0 cents) per ordinary share fully franked at a tax rate of 30% paid on 26 October 2012 (2012: 20 October 2011)	55,457	49,647
Interim dividend for the year ended 30 June 2013 (2012: 30 June 2012) of 16 cents (2012: 16 cents) per ordinary share fully franked at a tax rate of 30% paid on 11 April 2013 (2012: 5 April 2012)	29,764	29,552
	85,221	79,199

On 15 August 2013, the directors declared a final dividend for the year ended 30 June 2013 of 32 cents per ordinary share to be paid on 25 October 2013, a total estimated distribution of $59,516,000 based on the number of ordinary shares on issue as at 15 August 2013.

Note 32. Equity - dividends (continued)

Franking credits

	Consolidated	
	30 June 2013 $'000	30 June 2012 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	8,248	37,654

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 33. Financial instruments

Financial risk management objectives
The Consolidated Entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity. The Consolidated Entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Consolidated Entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Consolidated Entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Consolidated Entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The Consolidated Entity undertakes certain transactions denominated in foreign currency and are exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity’s functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

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

Note 33. Financial instruments (continued)

The maturity, settlement amounts and the average contractual exchange rates of the Consolidated Entity's outstanding forward foreign exchange contracts at the reporting date was as follows:

	Sell Australian dollars		Average exchange rates	
	30 June 2013 $'000	30 June 2012 $'000	30 June 2013	30 June 2012
Buy US dollars				
Maturity:				
0 - 3 months	4,888	3,814	1.0271	1.0489

The carrying amount of the Consolidated Entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

	Assets		Liabilities	
	30 June 2013 $'000	30 June 2012 $'000	30 June 2013 $'000	30 June 2012 $'000
Consolidated				
US dollars	57,506	37,933	815	733

The Consolidated Entity had net assets denominated in foreign currencies of $56,691,000 (assets $57,506,000 less liabilities $815,000) as at 30 June 2013. (2012: $37,200,000 (assets $37,933,000 less liabilities $733,000)). Based on this exposure, had the Australian dollar weakened by 5%/strengthened by 5% (2012: weakened by 5%/strengthened by 5%) against these foreign currencies with all other variables held constant, the Consolidated Entity's profit before tax for the year would have been $2,835,000 lower/$2,835,000 higher (2012: $1,933,000 lower/$1,933,000 higher).

Price risk
The Consolidated Entity is exposed to commodity price risk which arises from iron ore held as inventory.

The policy of the Consolidated Entity is to sell iron ore at contracted price and spot price. It has not entered into any hedging contracts. The Consolidated Entity's revenues were exposed to fluctuation in the price of iron ore. If the average selling price of iron ore of $107.26 (2012: $108.93) for the financial year had increased/decreased by 10% the change in the profit before income tax for Mining Segment would have been an increase /decrease of $2,953,700 (2012: $3,708,900).

If there was a 10% increase or decrease in market price of iron ore, the net realisable value of inventory on hand would increase/(decrease) by $2,506,000 (2012: $3,043,000). As iron ore on hand is held at cost there would be no impact on profit or loss.

Interest rate risk
The Consolidated Entity's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Consolidated Entity to interest rate risk. Borrowings issued at fixed rates expose the Consolidated Entity to fair value interest rate risk.

Note 33. Financial instruments (continued)

As at the reporting date, the Consolidated Entity is exposed to interest rate risk as follows:

	30 June 2013		30 June 2012	
Consolidated	**Weighted average interest rate %**	**Balance $'000**	**Weighted average interest rate %**	**Balance $'000**
Cash and cash equivalents	2.12	57,832	2.13	76,282
Interest bearing liabilities - variable	6.42	268,968	6.86	112,864
Net exposure to cash flow interest rate risk		326,800		189,340

An analysis by remaining contractual maturities in shown in 'liquidity and interest rate risk management' below.

The Consolidated Entity has considered sensitivity relating to exposure to interest rate risk at reporting date. An official increase/decrease in interest rate of 100 (2012:100) basis points would have an adverse/favourable effect on the profit before tax of $1,225,000 (2012: $395,000) per annum.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Consolidated Entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Consolidated Entity does not hold any collateral.

The Consolidated Entity's exposure to financial position credit risk are as indicated by the carrying amounts of its financial assets. The Consolidated Entity does not have a significant exposure to any individual counterparty.

Liquidity risk
Vigilant liquidity risk management requires the Consolidated Entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Consolidated Entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 33. Financial instruments (continued)

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated	
	30 June 2013 $'000	**30 June 2012 $'000**
Bank overdraft	3,600	3,600
Bank loans	70,032	20,346
Lease liability	1,855	66,733
	75,487	90,679

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time and have an average maturity of 3 years. (2012: Between 1 and 3 years).

Remaining contractual maturities
The following tables detail the Consolidated Entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 30 June 2013	Weighted average interest rate %	$'000	1 year or less $'000	Between 1 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	-	203,095	-	-	203,095
Other financial liabilities	-	-	387	-	-	387
Interest-bearing - variable rate						
Bank loans	6.42	-	40,000	228,968	-	268,968
Interest-bearing - fixed rate						
Lease liability	5.67	-	40,376	58,774	-	98,146
Total non-derivatives		-	283,854	287,742	-	570,596

Note 33. Financial instruments (continued)

Consolidated - 30 June 2012	Weighted average interest rate %	$'000	1 year or less $'000	Between 1 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	-	162,374	-	-	162,374
Interest-bearing - fixed						
Bank loans	6.86	-	194	112,864	-	113,058
Interest-bearing - fixed rate						
Lease liability	6.88	-	34,560	39,457	-	74,017
Total non-derivatives		-	197,128	152,321	-	349,449

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

The following tables detail the Consolidated Entity's fair values of financial instruments categorised by the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: 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 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Consolidated - 30 June 2013	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Available-for-sale financial assets	2,712	-	-	2,712
Total assets	2,712	-	-	2,712
Liabilities				
Financial liabilities at fair value through profit or loss	387	-	-	387
Total liabilities	387	-	-	387

Consolidated - 30 June 2012	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Financial assets at fair value through profit or loss	5	-	-	5
Available-for-sale financial assets	1,391	-	-	1,391
Total assets	1,396	-	-	1,396

There were no transfers between levels during the financial year.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Note 34. Key management personnel disclosures

Directors
The following persons were directors of Mineral Resources Limited during the financial year:

Peter Wade	Non Executive Chairman
Chris Ellison	Managing Director
Joe Ricciardo	Non-Executive Director
Mark Dutton	Independent Non-Executive Director
Kelvin Flynn	Independent Non-Executive Director

Other key management personnel
The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the Consolidated Entity, directly or indirectly, during the financial year:

Bob Gavranich	General Manager, PIHA
David Geraghty	Technical Director
Bruce Goulds	Chief Financial Officer and Company Secretary
Andrew Haslam	General Manager, Iron Ore
Jarrod Seymour	Chief Operating Officer
Steve Wyatt	General Manager, Crushing Services International

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Consolidated Entity is set out below:

	Consolidated	
	30 June 2013 $	**30 June 2012 $**
Short-term employee benefits	6,516,090	4,665,602
Post-employment benefits	202,285	266,861
Other statutory entitlements	265,028	-
	6,983,403	4,932,463

Shareholding
The number of shares in the Parent Entity held during the financial year by each director and other members of key management personnel of the Consolidated Entity, including their personally related parties, is set out below:

30 June 2013*	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Directors					
P Wade	1,416,162	-	-	-	1,416,162
C Ellison	27,000,000	-	38,000	-	27,038,000
J Ricciardo	1,529,989	-	-	-	1,529,989
M Dutton	15,000	-	-	-	15,000
Other KMPs					
B Gavranich	5,106,595	-	-	(1,000,000)	4,106,595
D Geraghty	1,474,799	-	200,000	(65,000)	1,609,799
B Goulds	300,000	-	-	(120,000)	180,000
S Wyatt	9,057,344	-	-	(1,205,000)	7,852,344
	45,899,989	-	238,000	(2,390,000)	43,747,889

* K Flynn, A Haslam and J Seymour did not hold any shares or options at any time of the year.

Note 34. Key management personnel disclosures (continued)

30 June 2012	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Directors					
P Wade	3,416,162	-	-	(2,000,000)	1,416,162
C Ellison	30,447,815	-	-	(3,447,815)	27,000,000
J Ricciardo	1,947,870	-	-	(417,881)	1,529,989
M Dutton	500,000	-	-	(485,000)	15,000
Other KMPs					
B Gavranich	6,754,420	-	-	(1,647,825)	5,106,595
D Geraghty	1,439,799	-	200,000	(165,000)	1,474,799
B Goulds	300,000	-	-	-	300,000
S Wyatt	11,757,344	-	-	(2,700,000)	9,057,344
	56,563,410	-	200,000	(9,063,521)	45,899,989

Option holding
The number of options over ordinary shares in the Parent Entity held during the financial year by each director and other members of key management personnel of the Consolidated Entity, including their personally related parties, is set out below:

30 June 2013	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
D Geraghty	200,000	-	(200,000)	-	-
	200,000	-	(200,000)	-	-

30 June 2012	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
D Geraghty	400,000	-	(200,000)	-	200,000
	400,000	-	(200,000)	-	200,000

Note 35. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Bird Cameron Partners, the auditor of the Company:

	Consolidated	
	30 June 2013 $	**30 June 2012 $**
Audit services - RSM Bird Cameron Partners		
Audit or review of the financial statements	407,250	361,000
Other services - RSM Bird Cameron		
Taxation services	403,936	260,385
	811,186	621,385

Note 36. Contingent liabilities

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

	Consolidated	
	30 June 2013 $'000	**30 June 2012 $'000**
Bank guarantee facility	236,000	27,676
Amount utilised	(39,553)	(14,356)
Unused facility	196,447	13,320

On 30 July 2013, the Company has elected a Voluntary Reduction in the guarantee facility amounting to $136,000,000 with an effective date 6 August 2013.

Note 37. Commitments

	Consolidated	
	30 June 2013 $'000	**30 June 2012 $'000**
Capital commitments - Property, plant and equipment		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	27,527	82,308
One to five years	31,234	-
	58,761	82,308

Note 37. Commitments (continued)

	Consolidated	
	30 June 2013 $'000	**30 June 2012 $'000**
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	4,650	2,433
One to five years	9,082	3,813
	13,732	6,246
Lease commitments - finance		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	45,181	38,596
One to five years	62,656	42,150
Total commitment	107,837	80,746
Less: Future finance charges	(8,687)	(6,729)
Net commitment recognised as liabilities	99,150	74,017
Representing:		
Lease liability - current (note 22)	40,376	34,560
Lease liability - non-current (note 26)	58,774	39,457
	99,150	74,017
Exploration expenditure commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	2,398	4,188
One to five years	14,339	8,955
More than five years	7,415	17,118
	24,152	30,261

Operating lease commitments includes contracted amounts for various retail outlets, warehouses, offices and plant and equipment under non-cancellable operating leases expiring within one to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 38. Related party transactions

Parent Entity
Mineral Resources Limited is the Parent Entity.

Subsidiaries
Interests in subsidiaries are set out in note 40.

Associates
Interests in associates are set out in note 41.

Key management personnel
Disclosures relating to key management personnel are set out in note 34 and the remuneration report in the directors' report.

Note 38. Related party transactions (continued)

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	30 June 2013 $	**30 June 2012 $**
Other transactions:		
Certain engineering services were provided by GR Engineering Services Limited, a Company related to Joe Ricciardo	(880,283)	(3,518,000)
Certain crushing and engineering services were provided by Global Advanced Metals Pty Ltd (formerly Talison Tantalum Pty Ltd), a Company related to Kelvin Flynn	(935,468)	(1,861,000)
Certain crushing and engineering services were provided to Global Advanced Metals Pty Ltd (formerly Talison Tantalum Pty Ltd), a Company related to Kelvin Flynn	21,499,495	23,911,000
Properties from which the Consolidated Entity's operations are performed are rented from parties related to Chris Ellison and Peter Wade	(876,025)	(1,527,000)

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	30 June 2013 $	**30 June 2012 $**
Current receivables:		
Trade receivables from Sandini Pty Ltd, a Company associated with Chris Ellison, a director	12,380	20,000
Current payables:		
Trade payables to GR Engineering Services Limited, a Company associated with Joe Ricciardo, a director	-	238,000

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 39. Parent Entity information

Set out below is the supplementary information about the Parent Entity.

Statement of profit or loss and other comprehensive income

	Parent	
	30 June 2013 $'000	**30 June 2012 $'000**
Loss after income tax	(7,048)	(10,523)
Total comprehensive income	(7,048)	(10,523)

Statement of financial position

	Parent	
	30 June 2013 $'000	**30 June 2012 $'000**
Total current assets	186,064	184,655
Total assets	660,600	541,096
Total current liabilities	80,180	14,793
Total liabilities	330,159	124,204
Net assets	330,441	416,892
Equity		
Issued capital	490,562	484,739
Accumulated losses	(160,121)	(67,847)
Total equity	330,441	416,892

Guarantees entered into by the Parent Entity in relation to the debts of its subsidiaries
The Parent Entity had provided guarantees in relation to the debts of its subsidiaries as at 30 June 2013 and 30 June 2012.

Contingent liabilities
The Parent Entity had no contingent liabilities as at 30 June 2013 and 30 June 2012.

Capital commitments - Property, plant and equipment

The Parent Entity had no capital commitments for property, plant and equipment at as 30 June 2013 and 30 June 2012.

Significant accounting policies
The accounting policies of the Parent Entity are consistent with those of the Consolidated Entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the Parent Entity.
- Investments in associates are accounted for at cost, less any impairment, in the Parent Entity.
- Dividends received from subsidiaries are recognised as other income by the Parent Entity and its receipt may be an indicator of an impairment of the investment.

Note 40. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

		Equity holding	
Name of entity	**Country of incorporation**	**30 June 2013 %**	**30 June 2012 %**
Crushing Services International Pty Ltd	Australia	100.00	100.00
Eclipse Minerals Pty Ltd	Australia	100.00	100.00
HiTec Energy Pty Ltd	Australia	64.91	64.23
Mesa Minerals Limited	Australia	64.91	64.23
PIHA Pty Ltd	Australia	100.00	100.00
Polaris Metals Pty Ltd	Australia	100.00	100.00
Process Minerals International Pty Ltd	Australia	100.00	100.00
Auvex Resources Pty Ltd	Australia	100.00	100.00
MRL (Equipment) Pty Ltd	Australia	100.00	-
PIHA (Water) Pty Ltd	Australia	100.00	-

Note 41. Investments in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates is set out below:

		Consolidated Percentage interest	
Associate	**Principal activities**	**30 June 2013 %**	**30 June 2012 %**
Minprocess Group Inc.	Mineral processing	40.00	40.00
Iron Processing Group Inc.	Mineral processing	40.00	40.00
Process Minerals International Pty Ltd Inc.	Mineral processing	40.00	40.00

Note 42. Events after the reporting period

On 1 July 2013, the Company's Mine Gate purchase agreement for the purchase of iron ore from Moly Mines Limited's Spinifex Ridge came into effect.

On 30 July 2013, the Company has elected a Voluntary Reduction in the guarantee facility amounting to $136,000,000 with an effective date 6 August 2013.

No other matter or circumstance has arisen since 30 June 2013 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Note 43. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	30 June 2013 $'000	**30 June 2012 $'000**
Profit after income tax (expense)/benefit for the year	180,418	242,239
Adjustments for:		
Depreciation and amortisation	127,058	68,723
Impairment	-	2,474
Net loss on disposal of non current assets	106	349
Change in operating assets and liabilities:		
Increase in trade and other receivables	(53,075)	(34,811)
Increase in inventories	(8,568)	(47,721)
Decrease/(increase) in deferred tax assets	374	(60,511)
Decrease in financial assets	1,020	4,039
Decrease/(increase) in other operating assets	(4,125)	242
Increase in trade and other payables	40,721	70,683
Increase in derivative liabilities	387	-
Increase/(decrease) in provision for income tax	1,650	(21,290)
Increase in deferred tax liabilities	37,160	15,539
Increase in other provisions	6,138	2,938
Net cash from operating activities	329,264	242,893

Note 44. Non-cash investing and financing activities

	Consolidated	
	30 June 2013 $'000	**30 June 2012 $'000**
Acquisition of plant and equipment by means of finance leases	30,369	44,325

Note 45. Earnings per share

	Consolidated	
	30 June 2013 $'000	**30 June 2012 $'000**
Profit after income tax	180,418	242,239
Non-controlling interest	877	(35)
Profit after income tax attributable to the owners of Mineral Resources Limited	181,295	242,204
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	185,987,992	183,078,826
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	200,000	1,718,113
Weighted average number of ordinary shares used in calculating diluted earnings per share	186,187,992	184,796,939
	Cents	**Cents**
Basic earnings per share	97.48	132.29
Diluted earnings per share	97.37	131.06

Note 46. Share-based payments

A share option plan has been established by the Consolidated Entity and approved by shareholders at a general meeting, whereby the Consolidated Entity may, at the discretion of the Remuneration Committee, grant options over ordinary shares in the Parent Entity to certain key management personnel of the Consolidated Entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Remuneration Committee.

Mineral Resources Limited
Directors' declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes thereto give a true and fair view of the Consolidated Entity's financial position as at 30 June 2013 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

____
Chris Ellison
15 August 2013
Perth

RSM Bird Cameron Partners

RSM Bird Cameron Partners
8 St George's Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 **F** +61 8 9261 9101
www.rsmi.com.au

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 statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 2, 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.

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 2013 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 2.

Report on the Remuneration Report

We have audited the Remuneration Report contained within the directors' report for the year ended 30 June 2013. 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 2013 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 15 August 2013