MINERAL RESOURCES

Annual Report 2014

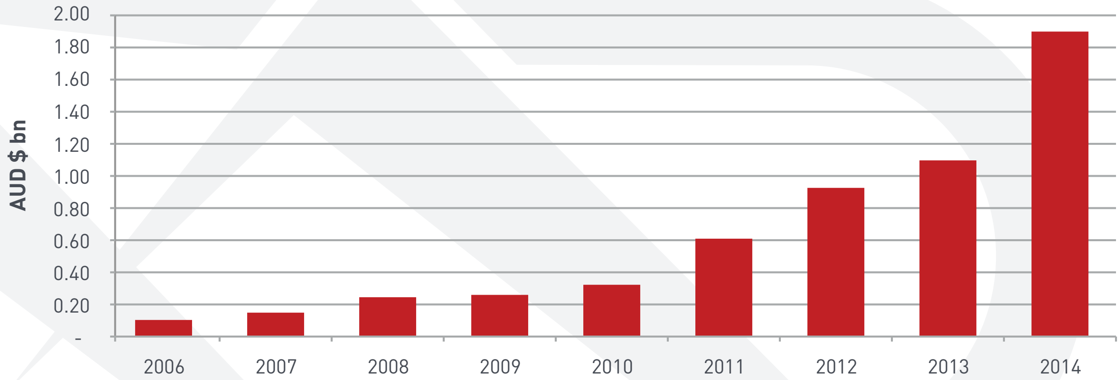
Integrated Mining Services

Contents

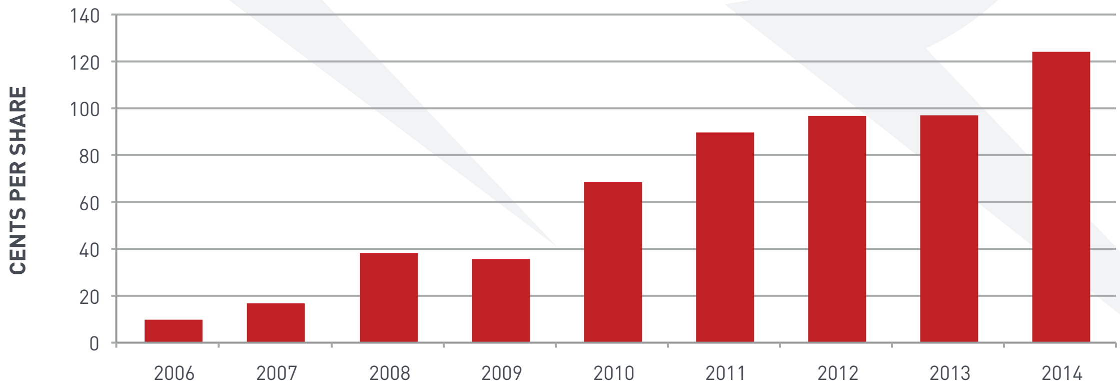
Financial Summary

Financial Summary	2006	2007	2008	2009	2010	2011	2012	2013	2014
REVENUE ($000's)	103,368	148,846	244,975	259,559	322,477	609,518	925,857	1,096,982	1,899,032
NPAT ($000's)	10,327	20,167	47,095	44,308	97,185	150,493	177,077*	180,418	230,536
ROE	23.7%	26.7%	40.6%	34.2%	20.0%	24.0%	19.3%	17.7%	20.2%
EPS (CPS)	9.8	16.8	38.3	35.7	68.5	89.7	96.7	97.5	124.1
DIVIDEND (CPS)	1.2	8.3	19.4	19.4	20.0	42.0	46.0	48.0	62.0

REVENUE



EARNINGS PER SHARE



* 2012 NPAT excludes the accounting adjustment of Mineral Resources Rent Tax (MRRT) deferred tax benefit

MRL delivered another record result for the year:

- 45%[1] increase in EBITDA
- 22% growth in Total Shareholder Return
- $0.6 billion[2] increase in net cash position
- Total Recordable Injuries down by 51%[3]
- 88% increase in export tonnes

(1) before recognition of $18 million capital writedown on the Aquila Resources shares
(2) including cash from post year end sale of Aquila Resources shares
(3) on a rolling 12 monthly basis

Chairman's Letter

I am pleased to present the 2014 Annual Report to shareholders.

Business performance was sound during the year with new work being introduced in traditional Build, Own, Operate (BOO) contracting areas as well as in mine development. Divestment opportunities for our plants and operations at Christmas Creek and Woodie Woodie also contributed solid gains.

This performance produced an outstanding financial outcome for Mineral Resources with record profitability and cash generation placing the balance sheet in the strongest position ever. It is also reflected in Total Shareholder Returns (TSR) which increased by $1.96 per share, or 22%, over the period. Achieving this performance was particularly pleasing as the price achieved for our major product, iron ore, reduced substantially during the second half of the year and continues to decline in real terms.

Further to the improved TSR, the Company has produced another record result in the underlying result with a 45%[1] increase in Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and a 27% increase in Earnings Per Share. Cash generated from Operating and Investing activities was $686 million[2], allowing debt to be retired and providing capacity for the Group to seek opportunities to capitalise on its unique "pit to port" business formula.

The year was marred by the tragic death of one of our CSI employees, Kurt Williams. While the safety of every employee has always been a key management focus and our systems and processes provided robust results, this event has certainly brought about a renewed focus on managing safety throughout the Group. Safety initiatives implemented, including the alignment with a DuPont safety management style, have assisted us to do even better. The Group's 12 month rolling Total Recordable Injury Frequency Rate (TRIFR) was reduced to a record low of 7.16 in June 2014, a 51% reduction for the year.

Mining Services continues its excellent performance with BOO contracts delivering exceptional results for our clients. New work won in FY2014 will increase our crushing capacity in FY2015. Growth of this area is a key management objective and there are a number of opportunities to increase capacity in the short to medium term. Nammuldi Below Water Table EPC project is progressing well, with the programme for delivery of the plant to our customer projected to be on budget and on schedule.

Mining activities provided a record 10.4 million tonnes export result, an 88% increase over FY2013, with both the Pilbara and Yilgarn regions delivering expected results. Development of the Iron Valley project continues as the next primary source of supply for the Pilbara operations, while recent approvals for J4 will enable the Yilgarn operations to continue at targeted levels. A number of operational and efficiency measures were implemented throughout the mining operations over the year which will reduce the cost base during FY2015. The purchase of MRL's own rail fleet and on site efficiencies such as in-pit dumping are examples of some of the measures implemented.

The strong financial performance ensured our ability to meet the ongoing commitment to shareholders, by distributing 50% of FY2014 profits as fully franked dividends.

To facilitate the future growth and development of the Company, the MRL Board is currently evaluating a number of business opportunities, made possible by the strong balance sheet, available funding facilities and capacity. These opportunities will allow MRL to express its talent for cost effective and efficient development and operation of unique bulk materials handling solutions and create substantial opportunities to generate shareholder value.

In closing, I would like to once again take the opportunity to acknowledge the contribution of all customers, employees and contractors in supporting our activities and achieving our target of being recognised as the contractor of choice throughout our industry.

I look forward to your attendance at this year's annual general meeting in November 2014, where we will take the opportunity to provide shareholders with an update on the business environment.

Yours Sincerely

P D Wade

Peter Wade
Chairman

(1) before recognition of $18 million capital writedown on the Aquila Resources shares
(2) including cash from post year end sale of Aquila Resources shares

Cash flow in the year was extremely strong with $686 million from operating and investing activities

Managing Director's Report

CORPORATE / FINANCIAL

The Group delivered record revenues of $1.9 billion for the year, up 73% on record iron ore exports and the impact of EPC construction activity.

Earnings before interest, tax, depreciation and amortisation of $554 million (before recognition of $18 million capital writedown on the Aquila Resources shares) for the year were 45% greater than the prior period. Net profit of $249 million (before the Aquila writedown) and reported net profit of $231 million were 38% and 27% greater than the prior year respectively.

Cash flow in the year was extremely strong with $686 million of cash generated from operating and investing activities (including proceeds from the post year end sale of Aquila shares). This performance was driven by record profits, reduced capital expenditure, proceeds from the FMG and CML settlements, and working capital gains on EPC construction contracts.

The Company has continued with its dividend policy of distributing 50% of Net Profits and the Directors have declared a fully franked fixed dividend for the year of 32 cents per ordinary share.

Dividends paid in the year of 62 cents per ordinary share, plus the increase in the share price have delivered a Total Shareholder Return (TSR) of $1.96 per ordinary share, up 22% on the prior period.

The Group's balance sheet has strengthened significantly this financial year with use made of the strong cash flow to pay down and restructure debt, whilst at the same time increasing available financing facilities.

Borrowings reduced $242 million in the year, from $368 million at the end of FY2013 to $126 million at the end of FY2014.

Net debt (measured by cash and cash equivalents less borrowings) reduced from net debt of $310 million at the end of FY2013 to a net cash positive position of $81 million by the end of FY2014. This balance was further enhanced post year end by $179 million of cash received from the sale of the Aquila Resources shares.

Capital expenditure for the year was $184 million (including leased items) which was down from $417 million in the prior year. Key items of CAPEX included: the recommissioning of the Nammuldi Above Water Table crushing plant; Iron Valley mine development; Phil's Creek, Aurora and Poondano accommodation village construction; the acquisition of the Steel Pile and GFR's valves businesses; and rail locomotives and wagons.

Future CAPEX is expected to be maintained at substantial levels. However, the specific requirements remain subject to contract wins and new business opportunities.

MINING SERVICES

CSI

Crushing

Crushing target volumes and customer production targets were achieved for FY2014.

Value adding via volume enhancement to CSI's existing blue chip clients has been the key focus for the period. This strategy has produced targeted sustainable results in both crushed volume and contract retention.

During FY2014, CSI sold its Christmas Creek plants to FMG. These plants represent state of the art wet iron ore processing technology previously not seen in the industry. CSI constructed the two plants under contract with FMG between 2009 and 2014, providing it with the opportunity to design and construct the technology that will drive the iron ore processing industry into the future as the majority of all new iron ore developments are expected to source their material from below the water table. The successful completion and commissioning of these plants was instrumental in CSI's new generation of plant being incorporated in the Nammuldi Below Water Table development.

CSI is the premier provider of contract crushing and mineral processing services in the world. It currently processes, for both external customers and its own projects approximately 8% of Western Australia's iron ore production. With innovative applications of the technology, CSI has been able to expand its core competence and therefore increase its offering into areas previously not thought possible. Key to the success is CSI's in-house model of design, construct and operate which provides customers with capital light, quickly implemented solutions that have them in operation faster than would otherwise be possible, allowing customers to benefit from its output sooner, thus improving the project's value.

Construction

The CSI Construction team successfully executed multiple projects within the resources sector, which were conducted simultaneously across a diverse range of mining infrastructure assets.

CSI Construction was awarded the engineering, procurement and construction (EPC) of Jerriwah Village, a 414 man camp located on the client's Nammuldi project. This facility was constructed in a modularized form enabling construction to be completed in a record 34 weeks, with rooms made progressively available from August 2013 to January 2014.

In addition, the EPC contract for construction of the Nammuldi Below Water Table Project, comprising a 25 million tonne per annum iron ore processing facility, commenced the onsite construction phase and is on schedule to be completed in the second half of FY2015.

While the construction of client's assets was a major focus throughout the period, CSI also commenced the construction of the Iron Valley facility. This project is now completed, being handed over to the operations team ready to commence mining operations in line with the planned schedule.

In addition, CSI delivered a 67 man accommodation village located on the Poondano tenement, together with a major 70km road sealing upgrade of the publicly gazetted Roy Hill Road, situated in the East Pilbara.

PIHA

Projects

PIHA has continued to expand and refine a full-service offering of pipeline and dewatering services to key clients:

- Rio Tinto: Hope Downs 4 - Design and construction of the dewatering discharge pipeline
- Rio Tinto: Jacobs - Cape Lambert Port B
- FMGL: Solomon - Kings Valley carbon steel tailings pipeline
- Carnegie: Perth Wave Energy Project - Installation of onshore and offshore seawater discharge ocean outfall pipeline.

Workshop

PIHA's workshop and fabrication facilities have continued to supply the oil and gas industry, as well as the mining and infrastructure sectors with High Density Polyethylene (HDPE) high specification fittings. The focus this year has been on improving efficiency and quality through innovation with the introduction of the latest in workshop CNC manufacturing, fabrication and machining equipment. The quality of HDPE fittings manufactured by PIHA workshop is further enhanced with the introduction of the latest X-Ray technology that enables all manufactured HPPE fittings up to 1000mm diameter to be X-Rayed on completion.

Vent Master

PIHA has extended its product offering this year with the acquisition of the Vent Master valves business. The Vent Master range of valves provides a low cost, low maintenance and corrosion free solution for removing air from a pipeline system in:

- potable water systems
- slurry pipelines
- waste water systems, and
- coal seam gas industries.

Vent Master valves are also used worldwide for the control of gases in pipelines. Products are marketed to high specification markets including heavy industry, mining and utilities. The range allows operations to reach and maintain pipeline performance, minimize downtime and keep operations running smoothly and safely – translating to lower operating costs.

Another product expansion for PIHA sees the business bring Australian made 'Steel Pile' to the market, offering high quality, fabricated steel pipe for use in a wide variety of applications including:

- water and sewage transmission
- outfalls, pile casings
- construction piling
- high-spec pipelines, and
- commercial structures.

Steel Pile

Steel Pile offers major advantages over alternative materials, utilizing a spiral forming process, which ensures the manufacturing process meets precise design specifications. This product is easy to use, and combined with high quality welding and testing, ensures enduring dependability.

By complementing existing services and capabilities, the acquisitions of Vent Master and Steel Pile enhances PIHA's ability to provide turnkey solutions within the mining, oil and gas, and infrastructure industries.

PROCESS MINERALS INTERNATIONAL

Site Services

The business was established in 2009 with the intent of providing a level of service to MRL employees and contractors, and third party customers that is second to none in remote accommodation. With a theme of "home away from home", the team of hospitality staff ensure that the remote village environment provides fly-in-fly-out staff with top quality accommodation during their shift by focusing on providing a comfortable and relaxed environment and a range of social events and health conscious living.

PMI Site Services currently has 1,068 rooms under management at the end of FY2014, a 7% growth from the prior year.

In November 2013, the Group signed a service agreement for the 414 bed Jerriwah Village providing accommodation services. This is an acknowledgment by the wider resources industry of PMI Site Services' standing in the accommodation sector as a key player.

Construction of the 67 rooms Poondano Village was completed in February 2014, and a 3 year contract was secured with a third party to occupy a significant part of the village. It is currently planned to expand Poondano Village in the second half of FY2015.

In developing the ideal environment for remote accommodation, the PMI Site Services team incorporates an all-round healthy living experience by staffing the operations with a range of recreational facilities including gyms, sporting facilities, and the services of healthy living coordinators on larger sites to assist employees maintain a healthy lifestyle whilst away from home.

In addition to meeting the needs of the Group and external customers, PMI Site Services prides itself on supporting local communities, businesses and charities. PMI Site Services constantly help organisations that actively contribute to these communities through making contributions in excess of $20,000 per month from wet mess sales available for community donations. In FY2014, the donation program has supported charities such as:

- SIDS for kids
- Make a Wish
- Leukaemia Foundation (greatest shave)
- Ronald McDonald House, and
- Royal Flying Doctor Service.

Logistics & Haulage

MRL formally launched its Yilgarn rail fleet in July 2014, consisting of 6 new locomotives and 382 purpose built iron ore wagons. The iron ore wagons were designed by MRL's design and engineering team to revolutionise the way iron ore is transported and discharged, where the product can be discharged in seconds compared with the existing technology that has been the standard for bulk product handling since the 1960s.

The fleet will initially carry iron ore from the Carina mine site to Kwinana Port for export, enabling a reduction in ore haulage costs and the expansion of Carina exports and significantly reducing haulage times to the port. The fleet is supported by 6 new UGL locomotives manned by a professional operator.

MINERAL SERVICES

Mineral Services is the Group's newest subsidiary business, focused on providing small scale crushing services, surface mining, construction and plant / crane hire to mining and related industries. It offers an additional suite of services not covered by the traditional CSI Crushing model that assists customers with short term or low volume site processing and materials handling activities along with maximising the Group's mobile fleet utilisation.

Mineral Services has access MRL's fleet of over 1,000 items of plant and mobile equipment available for outside work when not utilised by the core business areas. Each item is equipped and maintained to the highest mining standards and is available on a wet hire basis.

Mineral Services is focused on providing outstanding customer service, offering turn-key processing solutions to client's specifications. In addition, Mineral Services has the flexibility to work in partnership with clients who may require scope changes throughout the life of the project.


S/No: 13150
Equip. No: CN2301
CLASS: C4M3

MINING

Commodity export volumes in FY2014 were as follows:

'000 tonnes	First Half 2012-13	Second Half 2012-13	Total 2012-13	First Half 2013-14	Second Half 2013-14	Total 2013-14
Utah Point						
Iron ore						
Phil's Creek	-	464	464	1,721	2,289	4,010
Spinifex Ridge	-	-	-	653	737	1,390
Poondano & Other	1,015	386	1,401	319	161	480
Total Iron ore	**1,015**	**850**	**1,865**	**2,693**	**3,187**	**5,880**
Manganese	117	30	147	-	-	-
Total Utah Point	**1,132**	**880**	**2,012**	**2,693**	**3,187**	**5,880**
KBT2						
Carina Iron Ore	1,528	2,016	3,544	2,376	2,177	4,553
Total KBT2	**1,528**	**2,016**	**3,544**	**2,376**	**2,177**	**4,553**
Total commodity sales	**2,660**	**2,896**	**5,556**	**5,069**	**5,364**	**10,433**

The ramp-up of production at the Phil's Creek mine and the Spinifex Ridge minegate operation, together with an increase in production from the Carina mine, have contributed to an 88% growth in export tonnes. Poondano, the third operation in the Pilbara program, ended production in the year and entered into its rehabilitation phase.

Achieved selling prices for iron ore reflected the decline in global iron ore prices denominated in US dollars and the strengthening of the US currency against the Australian dollar. The achieved selling price of iron ore in the second half was 21% less than that in the first, reflecting the fall in global iron ore price exaggerated by a widening of the discount to Platts Index being offered by producers towards the end of FY2014.

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

PILBARA IRON ORE

The Pilbara iron ore strategy involves development of Iron Valley as the major source of supply for the region. This approach will provide the Group with a single source mining operation benefiting from the efficiencies that can be gained and allow for the development of a number of key processing and infrastructure initiatives to maximize the economic returns from the region. Development of this project has advanced well with mining operations commencing in July 2014, the removal of top soil, the pre-stripping of waste and the initial haul road construction. The first blast took place in early August and wet commissioning of the crushing plant is now complete.

Phil's Creek and Spinifex Ridge operations will wind down in FY2015, with output from these projects steadily replaced by that of Iron Valley.

YILGARN IRON ORE

The Carina mine performed to expectation in the year, increasing its exported tonnes by 28% to 4.6 million tonnes. A range of initiatives were implemented in the year to ensure that the operations continue to run safely, efficiently and cost effectively.

A significant milestone achieved was the arrival and commissioning of the first fleet of the MRL rail wagons and locomotives. The new rail fleet will significantly decrease transport related costs and will increase rail capacity from FY2015. The rail fleet was officially launched in July 2014 and entered into full service from 1 September.

EXPLORATION

Approvals for two mines at Iron Valley in the Pilbara and J4 in the Yilgarn were advanced to production status in FY2014.

During the year, 176 Reverse Circulation holes for 11,082m were drilled at Iron Valley. This program infilled the first 3 years of mining to a 50m x 50m spacing to enable accurate short term mine planning. Additionally 8 PQ3 diamond drill holes were completed for 466m. Two of these diamond drill cores were targeted to understand the geotechnical wall design parameters and all of the holes are presently being subjected to metallurgical testwork to understand the chemical, physical, and steelmaking properties of the lump and fine products.

A nearby prospect at Wedge in the Pilbara was tested with 20 holes for 1,692m. Similarly, the 919 prospect near J4 in the Yilgarn region was tested with 10 holes for 1,038m. Significant mineralization was intersected at both prospects and the results have been added to the future resources programs.

The J4 deposit in the Yilgarn has been advanced and has achieved the relevant approval for mining under the Environmental Protection Act. 8 HQ diamond drill holes drilled for metallurgical purposes during FY2013 were analysed to confirm J4's future product configuration. Ecological and hydrological studies were also completed to finalise the technical program.

The J4 project was referred to the Environmental Protection Authority that favourably completed their assessment at the API(A) level. Mining Act approvals are in progress to enable construction to commence, well in advance of the requirements of the mine plan.

MESA MINERALS

Mesa's focus during FY2014 has been ongoing feasibility studies for commencement of the Ant Hill manganese mine and development of a manganese sulphate plant in the Pilbara, using Mesa's patented process technology.

HEALTH, SAFETY & TRAINING

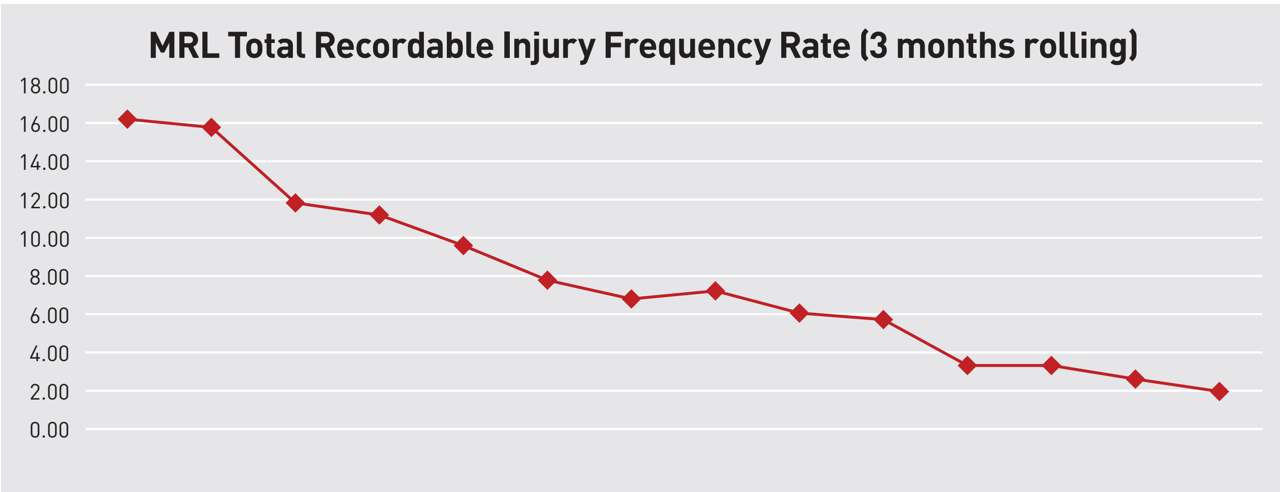
The health, safety and wellbeing of our employees, their families, contractors and visitors are of paramount importance to management.

Leaders throughout the MRL Group are continually implementing and reviewing operational initiatives and improvements to prove the Group's vision that all injuries are preventable.

The successful safety performance during FY2014 has been driven by robust hazard identification processes, including visible leadership behaviours, engaging field interactions and quality inspections and audits, resulting in practicable and accountable actions being implemented and effectively completed.

The Company has also developed and implemented a Safe Production Program that provides leaders with the skills, knowledge and competencies to responsibly manage the MRL Occupational Hazard Management requirements for their workplaces. Leaders are engaged and aligned to the expected behaviours and the correct drivers to achieve a successful result for employees and the business alike.

The result of the above focus has seen the Group's safety performance improve significantly, with a 51% reduction in the Total Recordable Injury Frequency Rate (TRIFR) for FY2014 on a rolling 12 monthly basis and ongoing improvements post year-end, indicative of the measured and consistent effort.



ENVIRONMENT

MRL's robust environment management systems ensure legislative compliance at current and future project sites is maintained along with managing broader impacts on the environment. The Group is committed to implementing and maintaining its systems in accordance with environmental best practice. MRL strives to continually improve its environmental performance through research and development, innovation and adaptive management. To measure its environmental performance, MRL engages its key stakeholders from Government, the community and other specific interest organisations.

During the year, MRL partnered with Curtin University to sponsor a biodiversity research program which uses predictive modelling to study flora and vegetation. The program collects data from the Yilgarn region of Western Australia, and studies the relationship of this data with regional environmental factors such as topography, aspect, altitude, soil and climate. This research is the first of its kind in the Yilgarn region and will enable data to be extrapolated further afield to benefit all future botanical studies and provide MRL with an understanding of the attributes required by various plant species to assist with mine rehabilitation planning.

During the year, the Group completed extensive ecological studies of the Yilgarn over four seasons; spring and autumn 2013 and 2014. An environmental study to this extent is unprecedented, and has been peer reviewed by Curtin University. The study exceeds the exacting standards set by the Department of Parks and Wildlife.

MRL has continued the successful Northern Quoll monitoring program this year. The program received a special mention at the inaugural AMEC Environment Awards, in recognition of the successful re-colonisation of this species to rehabilitated mesa landforms at the Poondano mining operation in the Pilbara. Particularly pleasing is that the 2014 monitoring program has shown that the Quoll have returned in greater numbers, and are in healthier condition, than measured during our pre-mining surveys.

This year, MRL has partnered with Curtin University to sponsor a biodiversity research program

UWA Aspire Program - Kimberly Camp

COMMUNITY

The Group continues to recognise the importance of augmenting the positive relationship with communities with which we interact. MRL takes these relationships seriously, and has partnered with a number of community support organisations to achieve these goals. This has been complimented by various staff initiated fundraising and charity events throughout the year, which have been encouraged and supported throughout the business.

MRL continues to be one of the biggest corporate supporters for WA charities

SPONSORSHIPS PROGRAM

MRL is in the second year of its 3 year partnership program with selected charitable organisations.

Rockingham Police & Community Youth Centres (PCYC)

PCYC is working on the design of their new "Dare 2 Care" training workshops with MRL's continued support, with a view to rolling out these new youth programs next year. In 2014 PCYC ran a pilot of the program, which followed last year's "My Steps To Success". The program provides: an introduction to manual tasks; hand and power tool use and care; building and construction; good nutrition; meals on a budget; budgeting; sport and recreation. Successful participants are provided with a formal recognition through award of a certificate in leadership.

Peel Region Secondary Schools

A community partnership between MRL and Peel district secondary schools offers paid scholarships and work experience at MRL's Kwinana workshop facility to secondary students exploring opportunities for their work careers. In addition, MRL has encouraged employees to become mentors for students providing benefits to both the mentors and students by inspiring and helping students to learn additional skills and get the most out their work experience.

Starlight Foundation

As a major sponsor of the Starlight Wish Granting Program in Western Australia, this year MRL also "granted a wish" to Jordan Weyer and his family on behalf of Starlight. MRL teamed up with Northern Star Resources to host Jordan's wish at the Paulsens gold mine, taking the whole family on a Pilbara adventure.

UWA Aspire Program - Kimberly Camp

Princess Margaret Hospital for Children

MRL continues to support Princess Margaret Hospital's Regional Assistance Fund, which last year assisted hundreds of families in out of pocket expenses incurred when travelling to Perth from remote areas.

Salvation Army - Kwinana Men's Shed

Providing operational funding for the Salvation Army's Kwinana Men's Shed Program ensures the Salvation Army's presence remains in the community, delivering "real services, to real people, in ways that meet their real needs". This program is pivotal in the Rockingham and Kwinana community, encouraging men to build new relationships and explore individual worth, confidence and a healthy, positive lifestyle. The program provides support through a variety of social activities, health seminars, walking groups and woodwork activities.

UWA Aspire Program - Kimberley Camp

This year, the Aspire Program has been able to expand to the Kimberly region, where more than 50 students from six high schools took part in a range of activities to help inspire them to a higher education. Enrolment data confirms that Aspire UWA is already achieving higher transfer rates to university. As a program designed to improve transfer rates to higher education overall, this is a very pleasing outcome.

Parkerville Children and Youth Care Centre

Parkerville Children and Youth Care George Jones Child Advocacy Centre (GJCAC) is currently not government funded, relying on continued funding through sponsorship and donation partnerships to sustain its operations and the successful rehabilitation of vulnerable children in Perth. Plans are underway for a Northern GJCAC to compliment the Southern operations.

Make-A-Wish Foundation

MRL continues to be one of the biggest WA supporter for Make-A-Wish Foundation, enabling wish granting to reach more West Australian kids and families throughout the year.

Cerebral Palsy Foundation

The Cerebral Palsy Foundation has now successfully completed the construction and opening of their new CP Tech Unit. A plaque was kindly erected in the 'Rainbow Waiting Room' in recognition of MRL's support.

INDIGENOUS ENGAGEMENT

MRL continues its commitment to providing increasing opportunities for Indigenous engagement and employment with an active Aboriginal Engagement Program. Implementation is facilitated through the ongoing employment of a permanent full time Group Relations Aboriginal Facilitator.

The Group implemented various cultural initiatives and awareness training programs in FY2014 to deliver a stronger workforce with diverse knowledge and a greater understanding of Indigenous cultural values. These values provide a greater understanding of Aboriginal incorporation and engagement and lead to the development of Aboriginal employment opportunities within the Group.

Highlights for the period include:

- Aboriginal Steering Group to guide the MRL's continuous improvement in engagement with Indigenous communities.
- Workshop delivery of cultural education, safety, understanding and values of Indigenous Australia.
- Traditional Owner Group's engagement with regard to business opportunities, employment and community development.
- Engagement with Rio Tinto Iron Ore (RTIO) and Australian Football League (AFL) on their RTIO/AFL Footy Means Business Program, seeking employment opportunities for Indigenous candidates.
- Sponsorship of the Books In Homes Program to Indigenous communities that encourages parent and child engagement through reading.
- Sponsorship of a community program with Traditional Owners and Kalgoorlie Heat Basketball Association for Goldfields Indigenous Youth.
- National Aboriginal and Islander Day Observance Committee (NAIDOC) for NAIDOC Week celebration, launch of a week-long art exhibition at MRL's Corporate Offices, and incorporation of bush foods into camp site menus.

Financial Statements

CALENDAR	DATE
FINAL DIVIDEND	
• RECORD DATE	5 SEPTEMBER 2014
• PAYMENT DATE	10 OCTOBER 2014
ANNUAL GENERAL MEETING	20 NOVEMBER 2014

GENERAL INFORMATION

The financial statements cover Mineral Resources Limited as a consolidated entity consisting of Mineral Resources Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is Mineral Resources Limited's functional and presentation currency.

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 notes to the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 14 August 2014. The directors do not have the power to amend and reissue the financial statements.

Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity' or 'Group') consisting of Mineral Resources Limited (referred to hereafter as the 'Company' or 'Parent Entity') and the entities it controlled at the end of, or during, the year ended 30 June 2014.

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:

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Final dividend for the year ended 30 June 2013 (2013: 30 June 2012) of 32 cents (2013: 30 cents) per ordinary share fully franked at a tax rate of 30% paid on 25 October 2013 (2013: 26 October 2012)	59,516	55,457
Interim dividend for the year ended 30 June 2014 (2013: 30 June 2013) of 30 cents (2013: 16 cents) per ordinary share fully franked at a tax rate of 30% paid on 10 April 2014 (2013: 11 April 2013)	55,894	29,764
	115,410	85,221

On 14 August 2014, the directors declared a final dividend for the year ended 30 June 2014 of 32 cents per ordinary share to be paid on 10 October 2014, a total estimated distribution of $59,698,000 based on the number of ordinary shares on issue as at 14 August 2014.

REVIEW OF OPERATIONS

The Consolidated Entity produced record revenues of $1.9 billion for the year ended 30 June 2014, which were 73% greater than for the previous corresponding period. This result was achieved on record iron ore exports of 10.4 million tonnes and the impact of EPC construction revenue.

The Consolidated Entity produced record earnings before interest, tax, depreciation and amortisation of $554 million (before recognition of $18 million capital write down on the Aquila Resources shares) for the year ended 30 June 2014, 45% greater than for the previous corresponding period. Record net profit of $249 million (before recognition of $18 million capital write down on the Aquila Resources shares) was 38% greater than for the previous corresponding period with the reported net profit of $231 million being 27% greater than previous corresponding period. This result was achieved on iron ore export growth and the impact of FMG and CML settlements.

The Second Half result was impacted by a 21% decline in the achieved iron ore price and the lesser crushed tonnes following the FMG contract exit, partially offset by the EPC profits from the FMG agreement, the CML settlement and a strong performance in the other areas of the business.

The Consolidated Entity continued to improve safety management during the year with a number of key initiatives to further improve the safety culture and performance. Total Recordable Injury Frequency Rate (TRIFR) at 30 June 2014 was at a world class 7.16 recordable injuries per million hours worked on a rolling twelve monthly basis. Management continues to focus on strategies to further improve this outcome in the future.

MINING SERVICES

Mining Services revenues of $951 million for the year ended 30 June 2014 were 43% greater than for the previous corresponding period. This result was principally achieved from the impact of EPC construction activity and increased income from the ramp up of the minegate operation at Spinifex Ridge.

Earnings before interest, tax, depreciation and amortisation of $366 million were 10% higher than for the previous corresponding period after taking a conservative accounting for EPC construction work.

The EPC contract for the construction of Nammuldi Below Water Table process plant was awarded on 9 August 2013 and construction activities commenced on 26 August. Progress by 30 June 2014 was on schedule, however due to the technical nature of the project, the directors have taken a conservative view on the recognition of EPC profit in the year ended 30 June 2014, recognizing no margin in the period.

Construction of the Jerriwah accommodation village was completed in the year ended 30 June 2014 with 414 rooms made available progressively from August 2013 to January 2014 for PMI to manage. The EPC profit on the project was recognized in the year ended 30 June 2014.

Crushing volumes for the year ended 30 June 2014 were marginally higher than those delivered in the previous corresponding period. The ramp up of volumes on new contracts won in the year ended 30 June 2013 offset the reduction of FMG crushing volumes. Crushing volumes in the First Half of the year ended 30 June 2014 were higher than in the Second Half principally due to the loss of FMG tonnes. The business is focused on the acquisition of crushing tonnes over the next 24 months to replace this volume with the potential for new contracts and improvements in existing activities on-track to achieve this objective.

PIHA continues to provide solid contribution to earnings. During the year, PIHA made two small acquisitions (GFR's valve business and Steelpile Australia) expanding its offering in the oil and gas infrastructure sectors. The traditional business areas continue to perform in accordance with targets.

PMI Site Services has 1,068 rooms under management at 30 June 2014 (7% greater than the previous period) with an additional 258 rooms scheduled for opening early in the Second Half of FY2015. The business continues with its strategy of leveraging accommodation services for our own operations to provide services for external customers.

Operations at Poondano were essentially completed in the year ended 30 June 2014.

Operations at the contract mining operation at Spinifex Ridge ramped up over the year ended 30 June 2014 and ended the 12 months with 1.4 million tonnes exported. The Second Half sales level of 0.7 million tonnes will continue until the resource is exhausted, providing valuable blending material for the Company's Pilbara blend.

MINING

Actual commodity sales volumes are as follows:

'000 tonnes	First Half 2012-13	Second Half 2012-13	Total 2012-13	First Half 2013-14	Second Half 2013-14	Total 2013-14
Utah Point						
Iron ore						
Phil's Creek	-	464	464	1,721	2,289	4,010
Spinifex Ridge	-	-	-	653	737	1,390
Poondano & Other	1,015	386	1,401	319	161	480
Total Iron ore	**1,015**	**850**	**1,865**	**2,693**	**3,187**	**5,880**
Manganese	117	30	147	-	-	-
Total Utah Point	**1,132**	**880**	**2,012**	**2,693**	**3,187**	**5,880**
KBT2						
Carina Iron Ore	1,528	2,016	3,544	2,376	2,177	4,553
Total KBT2	**1,528**	**2,016**	**3,544**	**2,376**	**2,177**	**4,553**
Total commodity sales	**2,660**	**2,896**	**5,556**	**5,069**	**5,364**	**10,433**

Iron ore export tonnes for the year of 10.4 million tonnes were 93% greater than the previous corresponding period. A significant ramp-up of tonnes from Phil's Creek and Spinifex Ridge, along with further expansion of the Carina mine contributed to this record increase. Exports from Poondano have declined in the year as the mine works were running down.

This annual result in iron ore prices was achieved in distinctly different environments during the year. The achieved iron ore price in the Second Half of the year was 21% less than that achieved in the First Half as a result of the fall in global iron ore prices and exaggerated by a widening of the discount to the Platts Index being offered by producers towards the end of FY2014.

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

Manganese markets are now relatively stable. Although no export tonnes have been shipped during the year, the Company is confident that the fundamentals of this business remain positive and is looking at opportunities to monetise its manganese stock piles. Subsequent to 30 June, three manganese shipments have been sold.

CORPORATE / FINANCIAL

Basic earnings per share of 124.10 cents for the year ended 30 June 2014 were 26.62 cents or 27% higher than for the previous corresponding period.

Return on equity for the year ended 30 June 2014 (defined as Net Profit as a percentage of Total Equity at year end) of 20.2% was 14% higher than in the previous corresponding period.

Cash Flow in the year ended 30 June 2014 was extremely strong with $686 million of cash generated from operating and investing activities (including the proceeds from the Company's investment in Aquila Resources). Key to this performance was record profits, a decline in capital expenditure from the prior year, proceeds from the settlement of FMG and CML, and working capital gains on EPC construction contracts.

Capital expenditure for the year ended 30 June 2014 was $184 million (including leased items) down from $417 million in the previous corresponding period. Key items of capital expenditure included: the purchase of Carina rail fleet locomotives and wagons; the re-commissioning of Nammuldi Above Water Table crushing plant; Iron Valley mine site development; Phil's Creek, Aurora and Poondano accommodation camps; and the acquisition of the Steelpile Australia and GFR valve businesses.

The Company has continued with its dividend policy of distributing 50% of Net Profits and the directors have declared a fully franked final dividend for the year ended 30 June 2014 of 32 cents per ordinary share. The 2014 interim and final dividends of 62 cents per ordinary share is 29% greater than for the previous year.

The Consolidated Entity's balance sheet remains strong, with an increased capacity to support growth opportunities from its cash holdings and debt facilities.

During the financial year, the Company consolidated and reorganized its various debt facilities to minimize interest costs whilst at the same time maintaining the ability to raise additional debt should an attractive growth opportunity arise. The Company was net cash (cash less borrowings) positive to the extent of $81 million at 30 June 2014 with this increasing to $260 million on sale of the Aquila shares.

SUMMARY

Directors continue to be positive about the Company's medium to long term prospects for both contracting and mining activities. In addition, directors remain confident that iron ore will continue to be an attractive sector providing the requisite environment to increase shareholder value and will continue to pursue expanded services contracts and alternative infrastructure and mining production opportunities to maintain the Company's growth momentum.

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 3 July 2014, the Company has unconditionally accepted the cash takeover offer made by Baosteel Resources Australia Pty Ltd and Aurizon Operations Limited for Aquila Resources Limited (ASX:AQA) shares.

Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 30 June 2014 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 of 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 wholly owned subsidiaries of Mineral Resources Limited). He managed the companies through a sustained period of growth and development prior to the formation and listing of Mineral Resources Limited in 2006 at which time he was appointed Managing Director of the Group. He was subsequently appointed Executive Chairman in 2008 and Non-Executive Chairman in 2012.
Other current directorships:	Non-Executive Chairman of Global Construction Services Ltd (ASX:GCS)
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of Board of Directors
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 of 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 (ASX:MAS)
Former directorships (last 3 years):	None
Special responsibilities:	Managing Director
Interests in shares:	25,103,000
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 of 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 (last 3 years):	None
Special responsibilities:	Member of Audit Committee and Remuneration Committee
Interests in shares:	1,179,989
Interests in options:	None

Name:	**Mark Dutton**
Title:	Independent Non-Executive Director
Qualifications:	MA Cantab, ACA ICAEW
Experience and expertise:	Mark has over 18 years of experience acting as a non-executive director of a range of growth businesses across Europe, Asia and Australia. He started his career at PriceWaterhouse 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:	Pioneer Credit Limited (ASX:PNC)
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of Audit Committee, Member of 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 24 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 significant investment banking and corporate advisory experience 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 ASX listed Mutiny Gold Limited. Kelvin is the founder and currently a Managing Director of private equity firm Sirona Capital.

Other current directorships: Mutiny Gold Limited (ASX:MYG)

Former directorships (last 3 years): None

Special responsibilities: Chairman of Remuneration Committee, Member of 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 Certified Practicing Accountant (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 2014, 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	*	*	*	*
Chris Ellison	11	11	*	*	*	*
Joe Ricciardo	11	11	2	2	4	4
Mark Dutton	10	11	2	2	4	4
Kelvin Flynn	11	11	2	2	4	4

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 directors of Mineral Resources Limited present this Remuneration Report, which provides an overview of directors and Key Management Personnel (KMP) remuneration for the Consolidated Entity for the year ended 30 June 2014. The information provided in this report has been audited as required by section 308 (3C) of the Corporations Act 2001 (Cth.) and forms part of the Directors Report.

KEY MANAGEMENT PERSONNEL FOR THE 2014 FINANCIAL YEAR:

Non-Executive Directors

Peter Wade	Non-executive Chairman
Mark Dutton	Independent Non-executive Director
Kelvin Flynn	Independent Non-executive Director
Joe Ricciardo	Non-executive Director

Executive Director

Chris Ellison	Managing Director

Other Key Management Personnel

Bob Gavranich	Executive General Manager, PIHA
David Geraghty	Executive General Manager, Process Minerals International
Bruce Goulds	Chief Financial Officer / Company Secretary
Jarrod Seymour	Chief Operating Officer
Steve Wyatt	Executive General Manager, Crushing Services International

Former Key Management Personnel

Andrew Haslam	Executive General Manager Iron Ore (Resigned on 16 May 2014)

REMUNERATION AT A GLANCE:

Key Developments	Managing Director and KMP remuneration was comprehensively reviewed with reference to market based comparative data. Key recommendations arising from the review included formalising and extending the Short Term Incentive arrangements (STI) and introducing a Long Term Incentive Scheme (LTI).
Fixed Remuneration	KMP Fixed Remuneration (salary and fees, non-monetary remuneration and superannuation) increased by an average of 1.4% over last financial year. The Managing Director's Fixed Remuneration was increased by 11.8% as a result of a market based comparative data review.
Short Term Incentive Scheme (STI)	The Group formalised and extended its STI. The STI provides a financial benefit to senior staff in specified roles to deliver agreed Key Performance Indicators (KPIs) that improve operational efficiency and increase return to shareholders.
Long Term Incentive Scheme (LTI)	The Group introduced a LTI for senior staff in specified roles this financial year. The scheme is designed to reward performance and improvement of shareholder value, and act as a mechanism to retain quality people in the business. Achievement of the LTI measures entitles beneficiaries to a grant of MIN shares that vest in the future, subject to continued performance.
Director's Remuneration	Remuneration for Non-executive Directors is fixed, and does not have any variable component. Fees are reviewed annually by the Remuneration Committee and assessed periodically to ensure they remain market related. Fees are then set by the Board, subject to the level currently authorised by shareholders ($500,000 per annum). Directors' fees have not increased this financial year and have not increased since the Group listed in 2006. Non-executive Directors may provide consulting services on a commercial, arms-length, basis to the Group. The scope and estimated cost of such services is approved by the Board prior to engagement.
Post-employment Benefits	KMP are not entitled to post-employment benefits under the terms of their employment contracts, over and above statutory entitlements.

PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

On listing in 2006, the Group's senior management ranks were heavily populated with shareholders who held significant numbers of MIN shares. These shareholdings provided an incentive to link corporate performance and shareholder value. While senior managers involved at the Group's listing continue to serve the business, new senior managers recruited to assist with growth and development of the Group do not have such significant shareholdings. The Board, in designing the remuneration system, is mindful of these varying circumstances and has attempted to create a system that aligns performance with the improvement of shareholder value, suiting the varying circumstances of senior managers.

The objective of the Group'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, operational performance and the creation of shareholder value, and is structured to provide an appropriate mix between short and long term rewards. The Board ensures that compensation satisfies the following key elements for good governance:

- 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 KMP. As the Group's performance 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 Group's reward strategy.
- Committee members have evaluated the market competitive frameworks used by other ASX 100 companies, supported by a detailed market review this financial year, and crafted the compensation framework to reflect both current market practice and MRL's particular requirements.

A summary of the Group's KMP remuneration policy is as follows:

Attracting and retaining talented and qualified executives	Encouraging executives to strive for superior performance	Aligning executive and Shareholder interests
Remuneration is market related (aimed at the 62.5% percentile of relevant market data).	Significant portion of remuneration is 'at risk' under short and long term incentive plans. Value is derived for the KMP by meeting personal and corporate goals, which are assessed annually. STI incentives are awarded only on achieving key safety, productivity and profitability targets.	Long term incentives are delivered through awarding MIN shares, which encourages delivery of an absolute improvement in shareholder value and also focuses executives on key non-financial value drivers such as safety. Granted awards vest in the future only if the individual and the Group continue to meet future targets.

Fixed Remuneration

Fixed Remuneration consists of base salary, superannuation and non-monetary benefits. This is reviewed annually by the Remuneration Committee, based on general economic conditions, individual and business performance, and comparable market remuneration.

KMP 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 Group and provides additional value to the executive.

Short Term Incentives

The STI is a feature of MRL's remuneration and benefits structure for predetermined levels within the organisation. The intent of the STI is to provide a financial incentive to staff in roles that have the capacity to drive and influence performance and to deliver agreed outcomes that increase shareholder value. In 2013/14, this group is represented by a high proportion of senior operations managers who have the capacity to positively drive performance.

The STI is performance based and bonuses are available for individuals based on the positive achievement of KPIs for the Group as a whole and an individual's KPIs. In addition, the Board believes that the overall performance of the management team is fundamental to the success of business outcomes; the final award of STI is therefore moderated by the Board depending on the overall performance of the management team.

The STI has the following key components:

- Performance measures are particular to each individual and have been established by taking into account the Group's overall short term financial and operational performance, operational performance of individual business areas and personal performance.
- The system is based on an annual cycle (financial year) and participants are invited to participate each year. Participation is not assured.

The STI is cash settled and paid after the Group posts its full year results (August of each year).

STI Measures

STIs are awarded for personal as well as team performance. The Group sets stretch operational and financial targets for the award of STIs. These targets are chosen to suit the individual's circumstances and ensure the delivery of outcomes and behaviours that provide a safe workplace and deliver agreed short-term personal and corporate goals. STIs are proposed by the Remuneration Committee and are approved annually by the Board to ensure they align with the Group's strategy for the financial year.

In 2013/14, the STI measures were focused on safety, production / export volumes, production costs and business efficiency within the individual's area of influence, overlaid by a reflection of corporate performance as measured for LTI.

Long Term Incentives

A Long Term Performance Rights ("Rights") system was developed and implemented in 2013/14 as the foundation of the Company's LTI. The LTI is designed to retain quality people in senior positions in the business and reward ongoing, long term performance.

The LTI has been designed with the following key components:

- Participants will be invited to participate each year and there will be no guarantee of their ongoing participation in the LTI.
- Performance Rights consist of MIN shares (LTI shares) issued at no cost to the participant based on an award value approved by the Remuneration Committee.
- Calculation of each individual's entitlement is based on the entitlement value approved by the Remuneration Committee, divided by the 5 day market price Volume Weighted Average Price (VWAP) of MIN shares at the grant date. The market price of MIN shares for the purpose of determining the number of shares will be at the discretion of the Remuneration Committee.
- Performance Rights are granted annually and one third will vest over each of the next 3 years with the first tranche vesting 12 months from the grant date[1].
- Vesting conditions:
  - The threshold vesting condition is the ongoing employment of the recipient within the Group, and
  - Performance rights, once granted, will again be tested against performance measures each year. They will vest on achievement against the relevant current year's performance.
  - The Remuneration Committee will have an overriding authority to vest granted rights in extraordinary circumstances.
- Dividend rights for unvested Performance Rights will not accrue to the individual.
- One set of corporate performance measures apply to all participants. The final score granted will be dependent on success of both the performance measures and the individual's performance rating.
- Post-employment benefits: unvested Rights will lapse on a participant's termination of employment with the Group (with some rules around death, sickness, and certain other uncontrollable events) or if future performance conditions are not achieved at the vesting point. Ultimately, the Remuneration Committee will have the discretion to recommend that Rights remain in force after a participant leaves the Group.

[1]The 2014 grant is to be treated as a transition period to inaugurate the LTI. The first one third of this tranche will vest on the grant date (immediately after reporting of the 2013/14 full year results to the markets) and the following two tranches vest in 12 and 24 months from the grant date in accordance with the vesting conditions. This effectively makes the 2013/14 grant a two year scheme.

LTI PERFORMANCE MEASURES AND ASSESSMENTS:

Measures

Performance measures align the reward to an improvement of shareholder value, with a key focus on safety performance and operational efficiency. To measure performance, the Board believes that management should focus on improving shareholder financial outcomes directly, and consequently references to comparative measures do not provide a valuable gauge of successful outcomes.

The Board has chosen to use an absolute measure of shareholder value, Total Shareholder Return (TSR) (increase in market value of shares plus dividends paid), as the primary measure of how management has improved shareholder value. This primary measure is supported by:

- an improvement in the internal financial measure of diluted earnings per share (EPS) (profit after tax divided by shares and options on issue) ensuring that shareholder value is created without excessive dilution from the use of additional equity,
- an improvement in return on equity (ROE) (profit after tax over shareholder funds at the financial year end) to ensure that management increasingly utilises the equity invested to improve profits.

Finally, the importance of providing a safe working environment is fundamental to the operation of the Group and only if employees return safely to their families has the business ultimately been successful. Total Reportable Injury Frequency Rate (TRIFR) is an industry standard for the measurement of safety performance. A world class target of 5 (being five reportable "incidents" per million hours worked) has been chosen as MRL's LTI target. In addition, a set of sub-targets is used to measure safety performance at the operational level.

Assessments

	Measure	Weighting	2013/14 Financial Year Score	2012/13 Financial Year Score	Weighting Achieved	Target
1	Service Hurdle	Threshold				Continued employment with the Group
2	External:					
2a.	TSR	35%	$1.96 per share	$(0.24) per share	35%	Achieve an improvement on previous corresponding period
3	Internal:					
3a.	EPS (diluted)	20%	124.1 cents per share	97.4 cents per share	20%	Achieve an improvement on previous corresponding period
3b.	ROE	20%	20.2%	17.7%	20%	Achieve an improvement on previous corresponding period
3c.	Safety measure	25%	7.16		nil	Achieve rolling 12 month TRIFR ≤ 5 (considered best practice)
		100%			75%	

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 non-cash incentives. Directors' remuneration is in accordance with the amount approved by shareholders from time to time (currently $500,000) and has not been increased since the Company listed in 2006.

Non-executive Directors may provide consulting services on agreed commercial terms to the Group. The scope and estimated cost of such services are approved by the Board prior to engagement.

Key earnings data:

Group earnings for the five years to 30 June 2014 are summarised below:

$000's	2010	2011	2012[1]	2013	2014
Revenue	312,643	609,518	925,857	1,096,982	1,899,032
EBITDA	103,664	235,562	294,313	382,778	554,061
EBIT	84,368	209,287	225,591	255,720	339,184
PBT	81,659	208,915	224,200	250,522	327,152
PAT	97,185	150,493	177,077	180,418	230,536
EPS (cents/share)	68.50	89.70	96.70	97.37	124.10

[1] 2012 PAT and Earnings Per Share exclude the impact of the Deferred Tax Asset taken up for Mineral Resource Rent Tax (MRRT). PAT for the financial year ended 30 June 2012 would be $242,239,000 and EPS 132.3c/share if the impact of the MRRT were to be included.

The Group has enjoyed consistent and regular growth in the key earnings data over the last five years.

The following measures are included in Total Shareholder Return (TSR):

TSR	Prior Yrs	2010	2011	2012	2013	2014
Opening share price	$0.90	$4.25	$8.10	$11.50	$8.95	$8.25
Closing share price	$4.25	$8.10	$11.50	$8.95	$8.25	$9.59
Increase/(decrease) in share price	$3.35	$3.85	$3.40	($2.55)	($0.70)	$1.34
Total Dividends paid (cents/share)	$0.35	$0.19	$0.29	$0.43	$0.46	$0.62
TSR	$3.70	$4.04	$3.69	($2.12)	($0.24)	$1.96
Cumulative TSR	$3.70	$7.74	$11.43	$9.31	$9.07	$11.03

The Group has delivered an average 34.5% return in TSR over the last five years.

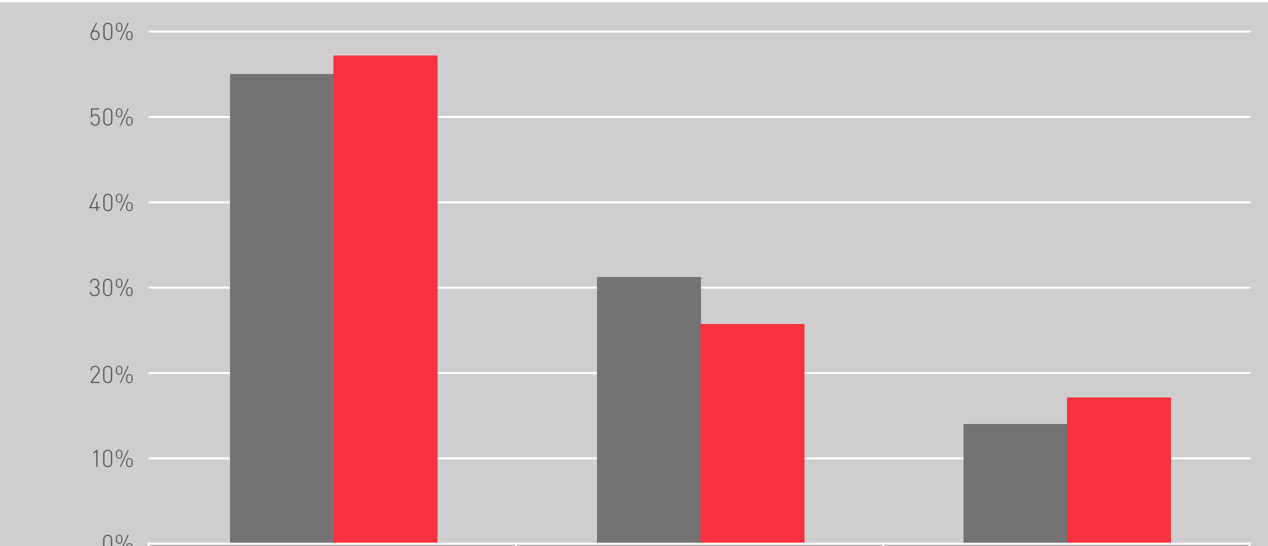
Voting and comments made at the Group's 2013 Annual General Meeting (AGM)

At the 2013 AGM, 96.8% of the votes received supported the adoption of the Remuneration Report for the year ended 30 June 2013. Specific feedback at the AGM regarding its remuneration practices focussed on the Company's simple reward structure and the focus on shareholder value.

DETAILS OF REMUNERATION:

Remuneration mix "at target"

The proportion of remuneration linked to performance ("at risk") for the CEO and other KMP is as follows:



	Base	At Risk STI (cash)	At Risk LTI (Shares)
CEO	55%	31%	14%
Other KMP	57%	26%	17%

The target remuneration mix has been developed to ensure that managers have a high proportion of their overall remuneration at risk. The Managing Director has 45% of his remuneration at risk, and for other KMP 43% is at risk.

A summary by KMP is as follows:

	Fixed Remuneration	At Risk - STI	At Risk - LTI
	2014	2014	2014
Non-executive Directors			
P Wade	100%	0%	0%
J Ricciardo	100%	0%	0%
M Dutton	100%	0%	0%
K Flynn	100%	0%	0%
Executive Directors			
C Ellison	55%	31%	14%
Other KMP			
B Gavranich	58%	29%	13%
D Geraghty	60%	27%	13%
B Goulds	58%	30%	12%
J Seymour	58%	29%	13%
S Wyatt	60%	28%	12%

The proportion of the STI/LTI paid/payable or forfeited is as follows:

STI:

2014	Paid/Payable	Forfeited
Name	30/06/2014	30/06/2014
C Ellison	80%	20%
B Gavranich	80%	20%
D Geraghty	80%	20%
B Goulds	80%	20%
J Seymour	80%	20%
S Wyatt	80%	20%

LTI:

2014	Paid/Payable	Forfeited
Name	30/06/2014	30/06/2014
C Ellison	75%	25%
B Gavranich	75%	25%
D Geraghty	75%	25%
B Goulds	75%	25%
J Seymour	75%	25%
S Wyatt	75%	25%

LTI – amount vested and future vesting rights/values:

The table below sets out the amount of shares granted under the LTI, the number vested this financial year, and the maximum number able to vest in future years, depending on the vesting conditions being met.

2014		Remuneration rewarded and number vested:				Rights to deferred shares:	
Name:	Year granted	Amount Granted ($)	Vested %	Value vested ($)	Forfeited %	Financial year end in which shares may vest:	Maximum value yet to vest[1]: ($)
C Ellison	2014	391,875	33.00%	$130,625	-	30/06/2014	-
						30/06/2015	130,625
						30/06/2016	130,625
B Gavranich	2014	288,461	33.00%	$96,154	-	30/06/2014	-
						30/06/2015	96,154
						30/06/2016	96,154
D Geraghty	2014	209,790	33.00%	$69,930	-	30/06/2014	-
						30/06/2015	69,930
						30/06/2016	69,930
B Goulds	2014	210,938	33.00%	70,313	-	30/06/2014	-
						30/06/2015	70,313
						30/06/2016	70,313
A Haslam	2014	-	33.00%	-	-	30/06/2014	-
						30/06/2015	-
						30/06/2016	-
J Seymour	2014	221,514	33.00%	73,838	-	30/06/2014	-
						30/06/2015	73,838
						30/06/2016	73,838
S Wyatt	2014	288,461	33.00%	96,154	-	30/06/2014	-
						30/06/2015	96,154
						30/06/2016	96,154
		1,611,039		537,013			1,074,026

[1] Undiscounted and pre probability of retention and performance being achieved.

The table below shows details of the KMP Remuneration for the financial year. LTI Remuneration is based on vested grants and probabilistic estimates for those grants that have not yet vested.

KMP REMUNERATION:

2013/14

	Short Term Benefits					Post Employment Benefits	Other Statutory Entitlements	Long term benefits	Long Term Benefits		
	Salary and Fees	Bonus 2012/13 paid 2013/14[1]	Bonus 2013/14 (accrued)[2]	Other fees for services rendered[3]	Non Monetary	Superannuation		Long service leave	Vested	Granted subject to future vesting conditions	Total
	$	$	$		$	$	$	$	$	$	$
Non-executive Directors											
P Wade	200,000	-	-	262,500	-	25,000	-	-	-	-	487,500
J Ricciardo	90,000	-	-	-	-	8,100	-	-	-	-	98,100
M Dutton	90,000	-	-	-	-	8,100	-	-	-	-	98,100
K Flynn	98,100	-	-	76,865	-	-	-	-	-	-	174,965
Executive Directors											
C Ellison	950,000	332,500	266,000	-	83,377	25,000	-	-	130,625	130,625	1,918,127
Other KMP											
B Gavranich	846,590	247,500	205,128	-	33,363	25,000	-	-	96,154	96,154	1,549,888
D Geraghty	591,378	136,000	149,184	-	19,663	24,039		-	69,930	69,930	1,060,124
B Goulds	625,000	187,500	150,000	-		25,000	-	-	70,313	70,312	1,128,125
A Haslam[4]	529,989	74,320	-	-	17,337	22,596	94,966	-	-	-	739,208
J Seymour	647,585	190,059	157,521	-	23,036	19,802		-	73,838	73,838	1,185,678
S Wyatt	846,835	247,500	205,128	-	83,377	25,000	-	-	96,154	96,154	1,600,148
	5,515,477	1,415,379	1,132,961	339,365	260,153	207,637	94,966	-	537,013	537,012	10,039,963

[1] Bonus relates to performance for the 2012/13 financial year which was measured and approved on 13 December 2013.
[2] Payable August 2014.
[3] Other fees for services were as follows; rendered by Peter Wade for general management advice (current trade payable balance at 30 June 2014 $114,657), and to Sirona Capital Pty Ltd, a director related entity of Kelvin Flynn, for financial options relating to the Carina mine site (no trade payable balance owing at 30 June 2014).
[4] Resigned on 16 May 2014. Represents remuneration from 1 July 2013 to 16 May 2014.

2012/13

	Short Term Benefits					Post Employment Benefits	Other Statutory Entitlements	Long term benefits	Long Term Benefits		
Non executive directors	Salary and Fees	Bonus 2011/12 paid 2012/13	Bonus 2012/13 (paid/ accrued)	Other fees for services rendered[4]	Non Monetary	Super -annuation		Long service leave	Vested	Granted subject to future vesting conditions	Total
	$	$	$	$	$	$	$	$	$	$	$
Non-executive Directors											
P Wade[1]	111,537	-	-	255,750	-	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[2]	884,464	-	-	-	-	11,458	200,413	-	-	-	1,096,335
C Ellison	825,000	-	-	-	83,377	25,000	-	-	-	-	933,377
Other KMP											
B Gavranich	825,000	-	-	-	56,477	25,000	-	-	-	-	906,477
D Geraghty	600,000	-	36,000	-	29,495	25,000	64,615	-	-	-	755,110
B Goulds	625,000	-	-	-		25,000	-	-	-	-	650,000
A Haslam	540,692	-	34,320	-	16,304	25,000	-	-	-	-	616,316
J Seymour[3]	421,541	-	-	-	9,656	11,085	-	-	-	-	442,282
S Wyatt	800,000	-	-	-	83,377	25,000	-	-	-	-	908,377
	5,911,334	-	70,320	255,750	278,686	202,285	265,028	-	-	-	6,983,403

[1] Appointed Non-executive Chairman on 16 November 2012. Represents remuneration from 16 November 2012 to 30 June 2012.
[2] Resigned as Managing Director on 16 November 2012. Represents remuneration from 1 July 2012 to 16 November 2012.
[3] Appointed on 24 October 2012.
[4] Other fees for services were as follows; rendered by Peter Wade for general management advice (current trade payable balance at 30 June 2013 $52,250).

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 $950,000 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: Jarrod Seymour
Title: Chief Operating Officer
Agreement commenced: 24 October 2012
Details: Base salary of $656,000 including superannuation with a notice period of 3 months.

Name: Steve Wyatt
Title: Executive General Manager, Crushing Services International
Agreement commenced: 1 July 2006
Details: Base salary of $879,700 including superannuation with a notice period of 6 months.

Name: Bob Gavranich
Title: Executive General Manager, PIHA
Agreement commenced: 1 July 2006
Details: Base salary of $879,700 including superannuation with a notice period of 6 months.

Name: David Geraghty
Title: Executive General Manager, Process Minerals International Pty Ltd
Agreement commenced: 1 July 2006
Details: Base salary of $646,600 including superannuation.

Name: Andrew Haslam (Resigned on 16 May 2014)
Title: Executive General Manager, Iron Ore
Agreement commenced: 26 March 2012
Details: Base salary of $597,000 including superannuation.

SHARE-BASED COMPENSATION

Issue of shares

There were no shares issued to directors and other KMP as part of compensation during the year ended 30 June 2014.

Options

There were no options over ordinary shares issued to directors and other KMP as part of compensation that were outstanding as at 30 June 2014.

There were no options over ordinary shares granted to or vested by directors and other KMP as part of compensation during the year ended 30 June 2014.

ADDITIONAL DISCLOSURES RELATING TO KMP

Shareholding

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

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
P Wade	1,416,162	-	-	-	1,416,162
C Ellison	27,038,000	-	65,000	(2,000,000)	25,103,000
J Ricciardo	1,529,989	-	-	(350,000)	1,179,989
M Dutton	15,000	-	-	-	15,000
B Gavranich	4,106,595	-	3,600	-	4,110,195
D Geraghty	1,609,799	-	13,562	(182,312)	1,441,049
B Goulds	180,000	-	-	-	180,000
S Wyatt	7,852,344	-	-	(2,000,000)	5,852,344
	43,747,889	-	82,162	(4,532,312)	39,297,739

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	30 June 2014 $	30 June 2013 $
Other transactions:		
Certain engineering services were provided by GR Engineering Services Limited, a company related to Joe Ricciardo	(252,934)	(880,283)
Certain crushing and engineering services were provided by Global Advanced Metals Pty Ltd, a company related to Kelvin Flynn	(4,396)	(935,468)
Certain crushing and engineering services were provided to Global Advanced Metals Pty Ltd, a company related to Kelvin Flynn	5,955,166	21,499,495
Properties from which the Consolidated Entity's operations are performed are rented from parties related to Chris Ellison and Peter Wade	(1,393,618)	(1,321,184)
Services provided by Reed Industrial Minerals Pty Ltd, a director related entity of Chris Ellison	(843,894)	(362,491)
Services provided by Sirona Capital Pty Ltd, a company related to Kelvin Flynn	(76,865)	-

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 2014 $	30 June 2013 $
Current receivables:		
Trade receivables from Global Advanced Metals Pty Ltd, a company related to Kelvin Flynn	10,305	-
Trade receivables from Sandini Pty Ltd, a company associated with Chris Ellison	-	12,380
Current payables:		
Trade payables to Global Advanced Metals Pty Ltd, a company related to Kelvin Flynn	4,396	-

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.

This concludes the remuneration report, which has been audited.

SHARES UNDER OPTION

There were no unissued ordinary shares of Mineral Resources Limited under option outstanding at the date of this report.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

The following ordinary shares of Mineral Resources Limited were issued during the year ended 30 June 2014 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
1 September 2011	$4.09	100,000
1 September 2012	$4.13	100,000
		200,000

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 37 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 37 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

14 August 2014
Perth

RSM Bird Cameron Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Mineral Resources Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

Rsm Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 14 August 2014

Corporate Governance Statement

The Board and management consider it essential that for the Group to achieve its vision and mission as an integrated supplier of goods and services to the resources sector, it is necessary for the Group to meet and exceed the highest industry standards is safety, environmental performance, governance and business ethics. Accordingly, specific corporate governance policies have been issued to detail the expected behaviour required to ensure these objectives are met. These are available on the Corporate Governance section of the Group's 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 these 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.

SECTION 1:

SUMMARY OF PRINCIPLES, RECOMMENDATIONS AND MRL'S COMPLIANCE:

ASX Recommendations	How MRL satisfies the Recommendations
Principle 1 – Lay solid foundations for management and oversight	
Establish and disclose the functions reserved to the Board and those delegated to management.	Section 2.1 details the division of responsibility between Board and Management.
Disclose the process for evaluating the performance of Senior Executives.	Section 2.2 details how Senior Executive performance is reviewed.
Compliance.	Section 2.3 confirms MRL's compliance with these recommendations.
Principle 2 – Structure the Board to add value	
A majority of the Board should be independent directors.	Two of MRL's five directors are considered Independent under the Recommendations. MRL does not comply with this Recommendation. Refer to Section 2.4 for comment in this regard.
The chairperson should be an independent Director.	MRL is not compliant with this requirement, as discussed in Section 2.5
The roles of chairperson and chief executive officer should not be exercised by the same person.	Section 2.6 confirms this.
Disclose whether there is a procedure agreed by the Board for Directors to take independent professional advice at the expense of the company.	Section 2.4 confirms this.
The Board should establish a nominations committee consisting of a minimum of three members, the majority being independent directors.	Section 2.7 confirms this.
Disclose the process for evaluating the performance of the Board, its committees and individual directors.	Section 2.8 outlines this process.
Principle 3 – Promote ethical and responsible decision making	
Establish a code of conduct to guide the Directors, Managing Director and Chief Executive Officer, the CFO and other key management personnel.	Section 2.9 details the Group's policy in this regard.
Adopt and disclose a diversity policy and set measurable objectives related to gender for disclosure in the Annual Report.	The Group does not set a target to be achieved. Section 2.10 details the Group's policy in this regard.
Disclose the proportion of female employees in senior executive positions and on the Board in the Annual Report.	Refer Section 2.10.

Principle 4 – Safeguard integrity in financial reporting

The Board should establish an Audit Committee and structure the Committee so that it: • Consists only of non-executive directors • Consists of a majority of independent directors • Is chaired by an independent chair, who is not chair of the Board, and • Has at least three members.	Section 2.11 details the Group's compliance in this regard.
The Audit Committee should have a formal charter.	Refer Section 2.11 for the Audit Committee's charter.

Principle 5 – Make timely and balanced disclosure

Establish and disclose written policies and procedures to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	Refer Section 2.12 for the Group's policy on Continuous Disclosure compliance.

Principle 6 – Respect the rights of shareholders

Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at General Meetings.	Section 2.12 and 2.13 summarises the Group's shareholder communication policy.

Principle 7 – Recognise and manage risk

Establish policies for the oversight and management of material business risks and disclose a summary of these policies.	The Group has established policies for the oversight and management of risk. Refer Section 2.14.
Require management to design and implement the risk management and internal control system to manage the company's material business risks and report to the Board on whether those risks are being managed effectively. Disclose whether management has reported to the Board as to the effectiveness of the company's management of its material business risks.	Management has designed and implemented risk management policies and procedures, and provides reports on key risk, strategies and the management of these key risks, to the Board. Refer Section 2.14.
Disclose whether the Board has received assurance from the Managing Director and the CFO that the declaration provided under s295A of the Corporations Act is founded on a sound system of risk management and internal control that is operating effectively in all material respects in relation to financial reporting risks.	The Managing Director and Chief Financial Officer provide the Board with the declaration required under s295A of the Corporations Act. Refer Section 2.14.

Principle 8 – Remunerate fairly and responsibly

The Board should establish a Remuneration Committee.	The Group has established a Remuneration Committee – refer Section 2.15.
Distinguish the structure of non-executive Director's remuneration from that of executive Directors and Senior Executives.	Remuneration for non-executive directors is distinguished from that of executive directors – refer Section 2.15.

SECTION 2:
HOW MRL SATISFIES THE ASX'S RECOMMENDATIONS
2.1 Board and Management Responsibility:

PRINCIPLE 1 - LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

RECOMMENDATION 1.1 – ROLES AND RESPONSIBILITIES OF BOARD AND MANAGEMENT

2.1.1 Board Responsibility

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

- establish the direction, strategies and financial objectives for the Company and monitoring the implementation of those policies, strategies and financial objectives; and
- 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.

2.1.2 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:

- approval and monitoring of a strategic plan;
- approval of annual budgets and monitoring actual performance against budget; and
- presentation at each Board meeting of financial, operations, and marketing information.

2.2 Performance Review:

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 reviews the performance of the Managing Director on an annual basis. The Board and the Managing Director agree a set of specific performance measures to be used in the review of the forthcoming year.

This includes:

- financial measures of the Company's performance;
- achievement of key operational goals and strategic objectives;
- development of management and staff;
- compliance with legal and Company policy requirements; and
- achievement of other key performance indicators.

Senior executives

The Managing Director is responsible for assessing the performance of the key executives using the same process outlined for the Managing Director above.

2.3 Compliance:

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. Cascading processes of annual Performance Reviews are conducted throughout the Group by each manager/supervisor. Managers/supervisors are required to attend training annually on how to conduct Performance Reviews, and MRL's HR Department monitors and assists managers/supervisors with this process to ensure compliance throughout the Group.

2.4 Board Structure:

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

RECOMMENDATION 2.1 - MAJORITY OF BOARD SHOULD BE INDEPENDENT DIRECTORS

Mr Mark Dutton and Mr Kelvin Flynn satisfy the tests of the Recommendations and are considered independent. Mr Flynn is associated with a customer of the Group. 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.

2.5 Independent Chairman:

RECOMMENDATION 2.2– INDEPENDENT CHAIRMAN

The Chairman of the Company, Peter Wade, is considered not to be independent. During the 2012/13 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 continues to consider Mr Wade the best person to lead the Board, drawing on his experience and previous leadership role within the Company.

2.6 Separation of roles of Chairman and Managing Director:

RECOMMENDATION 2.3 –CHAIRMAN AND MANAGING DIRECTOR

The roles of Chairman and Managing Director were separated during the 2012/13 reporting period. On 16 November 2012 Mr Wade relinquished the dual role of Chairman and Managing Director, 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.

2.7 Nominations Committee:

RECOMMENDATION 2.4 – NOMINATIONS COMMITTEE

The Board has established a Nominations Committee. The Company has posted the Committee's 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.

Roles and responsibilities

The role of the Nomination Committee is to assist and advise the board in fulfilling its responsibilities to members of the company on:

- matters relating to the composition, structure and operation of the board;
- matters relating to senior executive selection and performance; and
- other matters as required.

The Board Nomination Committee is not a policy making body, but assists the Board by implementing Board policy and recommending nominations which require Board approval.

Board objectives

The objectives to the Committee include:

- Providing assurance that the Board has the effective composition, size and commitment to adequately discharge its responsibilities and duties.
- Conducting searches for new Board members and recommending preferred candidates to the Board.
- Assessing the extent to which the necessary and desirable competencies are represented on the Board.
- Recommending required Board competencies, number and profiles of Board members.
- Ensuring that Board succession plans are in place to maintain the required competencies, number and profiles of Board members.
- Review the nominations received from members who wish to be appointed to the Board in accordance with the preferred criteria and guidelines set out below.
- Continually monitor Board membership and structure to ensure that there is appropriate representation on the Board from across the membership.
- Maintaining a process for evaluating the performance of the Board.

Managing director and senior executive objectives

The objectives of the Committee include:

- Conducting searches for the Managing Director and senior executives and recommending preferred candidates to the Board.
- Ensuring that succession plans are in place.
- Evaluating the performance of the Managing Director and senior executives.

In discharging their responsibilities, the committee members have a duty to act in the best interest of the Company as a whole, irrespective of personal, professional, commercial or other interests, loyalties or affiliations and to take the Company's interest into consideration with candidates for Board members.

Nomination criteria

When reviewing a nomination for directorship, the Nomination Committee must take into account:

- The level of seniority in the nominee's workplace.
- Previous and other directorial experience.
- The level of further education undertaken by the nominee.
- The standing of the nominee in the community.
- Qualifications.
- Skills set of the nominee to complement the skill set of the Board.
- Industry/professional sector of the nominee to ensure diversity on the Board, keeping in mind the composition of the membership at large.
- Consideration of their experience as a recognised thought leader and team player.
- Declared/ apparent conflict of interest.
- Any other attributes that the nominations committee believes will benefit the Company.

2.8 Board performance:

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 twelve months and examining ways in which the Board can better perform its duties. This review incorporates the performance of the Board.

The annual review includes consideration of the following measures:

- comparison of the performance of the Board against the requirements of the Board Charter;
- assessment of the performance of the Board over the previous twelve months having regard to the corporate strategies, operating plans and the annual budget;
- review the Board's interaction with management;
- identification of any particular goals and objectives of the Board for the next year;
- review the type and timing of information provided to the Directors; and
- identification of any necessary or desirable improvements to Board or committee charters.

Non-executive directors

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

- contribution to Board discussion and function;
- degree of independence including relevance of any conflicts of interest;
- availability for and attendance at Board meetings and other relevant events;
- contribution to Company strategy;
- membership of and contribution to any Board committees; and
- 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.

2.9 Ethical and responsible decision making:

PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

RECOMMENDATION 3.1 – CODE OF CONDUCT

The Group has established a Code of Conduct which aims to encourage the appropriate standards of conduct and behavior of the directors, officers, employees and contractors (collectively called the employees) of the Company.

- Employees are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.
- Employees of the Company must act honestly, in good faith and in the best interests of the Company as a whole.
- Employees have a duty to use due care and diligence in fulfilling the functions of their position and exercising the powers attached to their employment.
- Employees must recognise that their primary responsibility is to the Company's shareholders as a whole.
- Employees must not take advantage of their position for personal gain, or the gain of their associates.
- Employees have an obligation to be independent in their judgments.
- Confidential information received by employees in the course of the exercise of their duties remains the property of the Company. Confidential information can only be released or used with specific permission from the Company.
- Employees have an obligation, to comply with the spirit as well as the letter, of the law and with the principles of this code.

The Company views breaches of the code as serious misconduct. Employees who have become aware of any breaches of this code must report the matter immediately to their line manager or the Company Secretary. The line manager or Company Secretary has the responsibility to report the breach to the appropriate senior management and to advise the relevant employee of the outcome and actions implemented.

Any employee who in good faith, reports a breach or a suspected breach will not be subject to any retaliation or recrimination for making that report.

Employees who breach the policies outlined in the Code may be subject to disciplinary action, including in the case of serious breaches, dismissal.

DIRECTORS

The following additional comments apply to directors of the Company and aim to ensure directors have a clear understanding of the Company's expectations of their conduct:

Fiduciary duties

All directors have a fiduciary relationship with the shareholders of the Company. A director occupies a unique position of trust with shareholders, which makes it unlawful for directors to improperly use their position to gain advantage for themselves.

Duties of directors

Each director must endeavour to ensure that the Company is properly managed so as to protect and enhance the interests of all shareholders. To this end, directors need to devote sufficient time and effort to understand the Company's operations.

Directors should ensure that shareholders and the ASX are informed of all material matters which require disclosure and avoid or fully disclose conflicts of interest.

Conflict of interest

At all times a director must be able to act in the interests of the Company. Where the interests of associates, the personal interest of a director or a director's family may conflict with those of the Company, then the director must immediately disclose such conflict and either:

- eliminate the conflict, or
- abstain from participation in any discussion or decision-making process in relation to the subject matter of the conflict.

Executive directors must always be alert to the potential for a conflict of interest between their roles as executive managers and their fiduciary duty as directors.

Insider trading

Information concerning the activities or proposed activities of the Company, which is not public and which could materially affect the Company's share price must not be used for any purpose other than valid Company requirements.

STAKEHOLDERS

The Board recognises that the primary stakeholders in the Company are its shareholders. Other legitimate stakeholders in the Company include employees, customers and the general community.

The Company's primary objective is to create shareholder wealth through capital growth and dividends by the continued development and application of its various products, and the provision of innovative customer and market focused solutions.

The Company is committed to conducting all its operations in a manner which:

- protects the health and safety of all employees, contractors and community members;
- recognises, values and rewards the individual contribution of each employee;
- achieves a balance between economic development, maintenance of the environment and social responsibility;
- maintains good relationships with suppliers and the local community; and
- is honest, lawful and moral.

All employees (including directors) are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

The policies on this principle are disclosed on the Company's website www.mineralresources.com.au.

Section 2.10 Diversity:

RECOMMENDATION 3.2, 3.3, AND 3.4 – DIVERSITY

The Board has a policy to ensure merit based selection is in place for recruitment within the Company. This policy provides for diversity of employment opportunities within the Group.

In respect of gender diversity, the Company has not determined a target for appointments but relies on the requirement of merit based selection as the overarching selection criteria. As at 30 June 2014, 15% (2013: 11%) of employees of the Company were females and one (2013 two) is in a senior executive position. There are currently no women serving on the Company's Board.

The Group has an active Aboriginal engagement program, with a permanent full time Group Relations Aboriginal Facilitator. Major initiatives this financial year have included the creation of an Aboriginal Engagement Steering Committee to guide the Aboriginal Engagement plan, which includes:

- Monitoring and assisting with the Aboriginal employment program,
- Cultural education and safety,
- Community engagement,
- Traditional Owner Group's engagement.

The Group has implemented various cultural initiatives and awareness training aligned with the Aboriginal Engagement Plan.

Section 2.11 Integrity in Financial Reporting:

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 primary function of the Committee is to assist the Board in fulfilling its responsibilities relating to accounting and reporting practices of the Company. In addition, the Committee:

(a) oversees, co-ordinates and appraises the quality of the audits conducted by both the Company's external and internal auditors;

(b) determines the independence and effectiveness of the external and internal auditors;

(c) maintains open lines of communications among the Board, the internal and external auditors to exchange views and information, as well as confirm their respective authority and responsibilities;

(d) serves as an independent and objective party to review the financial information submitted by management to the Board for issue to shareholders, regulatory authorities and the general public; and

(e) reviews the adequacy of the reporting and accounting controls of the Company.

The Committee is not required to personally conduct accounting reviews or audits and is entitled to rely on employees of the Company or professional advisers where appropriate.

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.

Section 2.12 Timely and balanced disclosure:

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

The Group's policy in this regard is summarised below:

The Company is committed to:

- complying with the general and continuous disclosure principles contained in the Corporations Act and the ASX Listing rules;
- preventing the selective or inadvertent disclosure of material price sensitive information;
- ensuring shareholders and the market are provided with full and timely information about the Company's activities;
- ensuring that all market participants have equal opportunity to receive externally available information issued by the Company.

Disclosure officer

The Managing Director and the Company Secretary have been appointed as the Company's Disclosure Officers responsible for implementing and administering this policy. The Disclosure Officers are responsible for all communication with ASX and the Managing Director is responsible for making decisions on what should be disclosed publicly under this policy. In the absence of the Managing Director and Company Secretary, any matters regarding disclosure issues are to be referred to the Chairman.

Material information

In accordance with the ASX Listing Rules, the Company must immediately notify the market (via an announcement to the ASX) once it becomes aware of any information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Company's securities.

The Company is also required to disclose information if asked to do so by the ASX, to correct or prevent a false market.

Note that the Company is deemed to have become aware of information where a director or executive officer has, or ought to have, come into possession of the information in the course of the performance of his duties as a director or executive officer.

The Corporations Act defines a material effect on price or value as being where a reasonable person would be taken to expect information to have a material effect on the price or value of securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the securities.

Review of communications for disclosure

The Disclosure Officers review all communications to the market to ensure that they are full and accurate and comply with the Company's obligations. Where there is any doubt as to whether an issue might materially affect the price or value of the Company's securities, the Disclosure Officers will assess the circumstances with appropriate senior executives and if necessary, seek external professional advice.

All presentations to analysts and investors will be released to the ASX and then included on the Company's website.

Authorised spokespersons

The Company's authorised spokespersons are the Managing Director, Chairman, and Company Secretary. In appropriate circumstances, the Managing Director may from time to time authorise other spokespersons on particular issues and those within their area of expertise. No employees or consultants are permitted to comment publicly on matters confidential to the Company. Any information which is not public must be treated by employees and consultants as confidential until publicly released.

Reporting of disclosable information

Once the requirement to disclose information has been determined, the Disclosure Officers or Chairman are the only persons authorised to release that information to the ASX. Information to be disclosed must be lodged immediately with the ASX. Any such information must not be released to the general public until the Company has received formal confirmation of lodgement by the ASX. All information disclosed to the ASX in compliance with this policy must be promptly placed on the Company's website.

Market speculation and rumours

As a guiding principle, the Company has a "no comment" policy on market speculation and rumours, which must be observed by all employees. However, the Company will comply with any request by the ASX to comment upon a market report or rumour.

Trading halts

The Company may, in exceptional circumstances, request a trading halt to maintain orderly trading in the Company's securities and to manage any disclosure issues. No employee of the Company is authorised to seek a trading halt except for the Disclosure Officers or the Board.

Meetings and group briefings with investors and analysts

The Managing Director and Company Secretary are primarily responsible for the Company's relationship with major shareholders, institutional investors and analysts and shall be the primary contacts for those parties. Any written materials containing new price-sensitive information to be used in briefing media, institutional investors and analysts are lodged with ASX prior to the briefing commencing. Upon confirmation of receipt by ASX, the briefing material is posted to the Company's website. Briefing materials may also include information that may not strictly be required under continuous disclosure requirements.

The Company will not disclose price sensitive information in any meeting with an investor or stockbroking analyst before formally disclosing it to the market. The Company considers that one-on-one discussions and meetings with investors and stockbroking analysts are an important part of pro-active investor relations. However, the Company will only discuss previously disclosed information in such meetings.

Periods prior to release of financial results

During the time between the end of the financial year or half year and the actual results release, the Company will not discuss financial performance, broker estimates and forecasts and, particularly, any pre-result analysis with stockbroking analysts, investors or the media, unless the information to be discussed has already been disclosed to the ASX.

Web-based communication

The Company's website features discrete sections for shareholders and investors to ensure that such information can be accessed by interested parties. Announcements lodged with the ASX will be placed on the Company's website as soon as practicable after ASX confirms receipt of that information. Shareholders may be offered the option of receiving information via e-mail instead of post.

Analysts reports and forecasts

Stockbroking analysts frequently prepare reports on listed companies that typically detail their opinion on strategies, performance and financial forecasts. To avoid inadvertent disclosure of information that may affect the Company's value or share price. The Company's comments on analyst reports will be restricted to:

(a) information the Company has issued publicly; and

(b) other information that is in the public domain.

Given the level of price sensitivity to earnings projections, the Company will only make comment to correct factual errors in relation to information publicly issued by other parties and Company statements.

The policies on this principle are disclosed on the Company's website: www.mineralresources.com.au.

Section 2.13 – Rights of shareholders:

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 website

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

All website 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.

Section 2.14 – Risk Management

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 ensures 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 presented to the Board prior to the approval and sign-off of the respective annual and half yearly financial reports. Confirmation is provided by the Managing Director and Chief Financial Officer that the assurance provided to the Board 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.

Section 2.15 – Remuneration

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.

Statement of Profit or Loss and Other Comprehensive Income

	Note	Consolidated 30 June 2014 $'000	Consolidated 30 June 2013 $'000
Revenue	5	1,899,032	1,096,982
Other income	6	116,597	8,353
Expenses			
Changes in closing stock		51,201	6,137
Raw materials and consumables		(247,169)	(112,865)
Equipment costs		(45,589)	(45,981)
Subcontractors		(295,620)	(132,124)
Employee benefits expense		(244,897)	(159,690)
Transport and freight		(488,518)	(191,569)
Depreciation and amortisation	7	(196,684)	(127,058)
Impairment of financial assets (Investment in AQA)		(18,193)	-
Other expenses		(185,240)	(86,113)
Finance costs	7	(17,768)	(5,550)
Profit before income tax expense		327,152	250,522
Income tax expense	8	(96,616)	(70,104)
Profit after income tax expense for the year		230,536	180,418
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Net change in asset revaluation reserve		157	(31)
Other comprehensive income for the year, net of tax		157	(31)
Total comprehensive income for the year		230,693	180,387
Profit for the year is attributable to:			
Non-controlling interest		(551)	(877)
Owners of Mineral Resources Limited	31	231,087	181,295
		230,536	180,418
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(551)	(877)
Owners of Mineral Resources Limited		231,244	181,264
		230,693	180,387

	Note	Cents	Cents
Basic earnings per share	47	124.10	97.48
Diluted earnings per share	47	124.10	97.37

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

Statement of Financial Position

	Note	Consolidated 30 June 2014 $'000	Consolidated 30 June 2013 $'000
Assets			
Current assets			
Cash and cash equivalents	9	206,454	57,832
Trade and other receivables	10	142,862	196,944
Inventories	11	111,040	75,689
Financial assets (investment in AQA shares)	12	178,977	-
Other		15,012	5,896
Total current assets		654,345	336,361
Non-current assets			
Receivables	13	6,511	113
Investments accounted for using the equity method	14	190	190
Financial assets	15	3,553	2,712
Property, plant and equipment	16	660,917	905,011
Intangibles	17	66,701	72,849
Exploration & mine development expenditure	18	378,217	403,868
Deferred tax	19	87,784	83,330
Total non-current assets		1,203,873	1,468,073
Total assets		1,858,218	1,804,434
Liabilities			
Current liabilities			
Trade and other payables	20	327,150	203,095
Borrowings	21	44,000	80,376
Financial liabilities at fair value through profit or loss	22	-	387
Income tax	23	63,277	6,635
Employee benefits	24	14,654	13,742
Provisions	25	9,050	2,655
Total current liabilities		458,131	306,890
Non-current liabilities			
Borrowings	26	81,708	287,742
Deferred tax	27	168,285	179,338
Employee benefits	28	162	117
Provisions	29	10,623	12,606
Total non-current liabilities		260,778	479,803
Total liabilities		718,909	786,693
Net assets		1,139,309	1,017,741
Equity			
Issued capital	30	495,552	490,562
Reserves		6,138	5,981
Retained profits	31	616,860	501,183
Equity attributable to the owners of Mineral Resources Limited		1,118,550	997,726
Non-controlling interest	32	20,759	20,015
Total equity		1,139,309	1,017,741

The above Statement of Financial Position should be read in conjunction with the accompanying notes

Statement of Changes in Equity

Consolidated	Issued capital	Reserves	Retained profits	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2012	484,739	6,012	405,109	20,892	916,752
Profit/(loss) after income tax expense 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 contributions	(385)	-	-	-	(385)
Dividends paid (note 33)	-	-	(85,221)	-	(85,221)
Balance at 30 June 2013	490,562	5,981	501,183	20,015	1,017,741

Consolidated	Issued capital	Reserves	Retained profits	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2013	490,562	5,981	501,183	20,015	1,017,741
Profit/(loss) after income tax expense for the year	-	-	231,087	(551)	230,536
Other comprehensive income for the year, net of tax	-	157	-	-	157
Total comprehensive income for the year	-	157	231,087	(551)	230,693
Transactions with owners in their capacity as owners:					
Share issued on exercise of options	822	-	-	-	822
Transaction with non-controlling interest	-	-	-	1,295	1,295
Share issued under Dividend Reinvestment Plan	4,168	-	-	-	4,168
Dividends paid (note 33)	-	-	(115,410)	-	(115,410)
Balance at 30 June 2014	495,552	6,138	616,860	20,759	1,139,309

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

Statement of Cash Flows

	Note	Consolidated 30 June 2014 $'000	Consolidated 30 June 2013 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,048,915	1,103,573
Payments to suppliers and employees (inclusive of GST)		(1,455,286)	(746,578)
		593,629	356,995
Other revenue		39,439	8,353
Interest received		5,513	371
Interest and other finance costs paid		(16,734)	(5,163)
Income taxes paid		(55,291)	(30,921)
Net cash from operating activities	45	566,556	329,635
Cash flows from investing activities			
Payments for investments		(198,043)	(2,336)
Payments for property, plant and equipment		(148,944)	(387,473)
Payments for intangibles		(5,263)	-
Payments for exploration and evaluation		(11,353)	(15,863)
Payments for mine development expenditure		(18,542)	(14,074)
Proceeds from sale of property, plant and equipment		322,145	-
Net cash used in investing activities		(60,000)	(419,746)
Cash flows from financing activities			
Proceeds from borrowings		-	222,586
Proceeds from exercise of share option		822	1,203
Loan advanced to third party		(6,400)	-
Dividends paid		(109,946)	(80,216)
Repayment of borrowings		(242,410)	(71,912)
Net cash (used in)/from financing activities		(357,934)	71,661
Net increase/(decrease) in cash and cash equivalents		148,622	(18,450)
Cash and cash equivalents at the beginning of the financial year		57,832	76,282
Cash and cash equivalents at the end of the financial year	9	206,454	57,832

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

NOTE 1. 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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

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 under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, certain classes of property, plant and equipment and derivative financial instruments.

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 2.

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 41.

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 2014 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' or 'Group'.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. 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. 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.

REVENUE RECOGNITION

Revenue is recognised when it is probable that the economic benefit will flow to the Consolidated Entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

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.

Rendering of services

Revenue from services rendered is recognised in the statement of profit or loss and other 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

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

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

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 interests in subsidiaries, associates or 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 at 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 entities which intend to settle simultaneously.

Mineral Resources Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' 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 each subsidiary 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.

CURRENT AND NON-CURRENT CLASSIFICATION

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, 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.

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. Trade receivables are generally due for settlement within 30 days.

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. 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.

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 associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. 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.

The Consolidated Entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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.

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.

Available-for-sale financial assets are classified as non current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

Impairment of financial assets

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.

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.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

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.

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 - 8 years or the term of the lease
Plant and equipment	1 - 10 years or usage basis
Tracked plant and equipment	4 - 5 years or usage basis

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

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 profit or loss and other 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 profit or loss and other comprehensive income.

Sale of non current assets
The net gain or loss on disposal is included in the statement of profit or loss and other 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).

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.

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 arises on the acquisition of a business. 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

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit.

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.

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.

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.

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

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 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 to 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 Mine Development expenditures. 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 profit or loss 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 profit or loss 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 Mine Development expenditure
- 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. The stripping costs are amortised against the profit or loss to the extent that, in subsequent periods, the current period ratio falls short of the 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 operation 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.

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 of disposal 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

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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.

EMPLOYEE BENEFITS

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service 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.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. 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.

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.

FAIR VALUE MEASUREMENT

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

FOREIGN CURRENCY TRANSACTIONS

The financial statements are presented in Australian dollars, which is the Consolidated Entity's functional and presentation currency.

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

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.

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.

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 2014. 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 and its consequential amendments

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2017 and completes phases I and III of the IASB's project to replace IAS 39 (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. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The Consolidated Entity will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed 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 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
These amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed. The adoption of these amendments from 1 July 2014 may increase the disclosures by the Consolidated Entity.

AASB 2013-5 Amendments to Australian Accounting Standards - Investment Entities
These amendments are applicable to annual reporting periods beginning on or after 1 January 2014 and allow entities that meet the definition of an 'investment entity' to account for their investments at fair value through profit or loss. An investment entity is not required to consolidate investments in entities it controls, or apply AASB 3 'Business Combinations' when it obtains control of another entity, nor is it required to equity account or proportionately consolidate associates and joint ventures if it meets the criteria for exemption in the standard. The adoption of these amendments from 1 July 2014 will have no impact on the Consolidated Entity.

Annual Improvements to IFRSs 2010-2012 Cycle
These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for 'performance condition' and 'service condition' in AASB 2 'Share-based Payment'; Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date; Amends AASB 8 'Operating Segments' to require entities to disclose the judgements made by management in applying the aggregation criteria; Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments: Recognition and Measurement' and AASB 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial; Clarifies that in AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (i.e. proportional restatement of accumulated amortisation); and Amends AASB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments from 1 July 2014 will not have a material impact on the Consolidated Entity.

Annual Improvements to IFRSs 2011-2013 Cycle
These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects four Accounting Standards as follows: Clarifies the 'meaning of effective IFRSs' in AASB 1 'First-time Adoption of Australian Accounting Standards'; Clarifies that AASB 3 'Business Combination' excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; Clarifies that the scope of the portfolio exemption in AASB 13 'Fair Value Measurement' includes all contracts accounted for within the scope of AASB 139 'Financial Instruments: Recognition and Measurement' or AASB 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132 'Financial Instruments: Presentation'; and Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 'Business Combinations' and investment property as defined in AASB 140 'Investment Property' requires the separate application of both standards independently of each other. The adoption of these amendments from 1 July 2014 will not have a material impact on the Consolidated Entity.

NOTE 2. 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.

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 1. 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.

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 audit issues 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 amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

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

Rehabilitation provision

A provision has been made for the present value of anticipated costs for future rehabilitation of land explored or mined. The Consolidated Entity's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Consolidated Entity recognises management's best estimate for assets retirement obligations and site rehabilitations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the Consolidated Entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off 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.

Construction contracts

Construction contracts require significant estimates and assumptions in relation to:

- determining the stage of completion;
- estimation of total contract revenue and contract costs,
- acceptance of the probability of customer approval of variations and acceptance of claims,
- estimation of project completion date
- assumed levels of project execution productivity

These uncertainties may result in future project outcomes that differ from the amounts currently expected.

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.

NOTE 3. RESTATEMENT OF COMPARATIVES

Royalties of $32,794,000 which were presented as raw materials and consumables in the statement of profit or loss and other comprehensive income in prior period, have been more appropriately classified as other expenses. The reclassification has affected financial statement line items for the prior period as follows:

Statement of profit or loss and other comprehensive income

Extract		Consolidated	
	30 June 2013 $'000 Reported	$'000 Adjustment	30 June 2013 $'000 Restated
Expenses			
Raw materials and consumables	(145,659)	32,794	(112,865)
Other expenses	(53,319)	(32,794)	(86,113)

The reclassification has no impact on profit before income tax, net profit or total comprehensive income.

NOTE 4. OPERATING SEGMENTS

Business segment

Mineral Resources Limited has identified its operating segments based on internal management reports that are reviewed by the Board (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.

Operating segment information

Consolidated - 30 June 2014	Mining Services & Processing	Mining	Central	Total
	$'000	$'000	$'000	$'000
Total revenue	950,778	948,254	-	1,899,032
Interest revenue	2	71	5,663	5,736
Other revenue	110,000	-	861	110,861
Finance costs	(6,489)	(59)	(11,220)	(17,768)
Depreciation and amortisation	(103,761)	(89,098)	(3,825)	(196,684)
Impairment of assets	-	-	(18,193)	(18,193)
Other expenses	(694,738)	(754,818)	(6,276)	(1,455,832)
Profit/(loss) before income tax expense	255,792	104,350	(32,990)	327,152
Income tax expense				(96,616)
Profit after income tax expense				230,536
Assets				
Segment assets	1,202,406	621,482	34,330	1,858,218
Total assets				1,858,218
Liabilities				
Segment liabilities	373,197	112,967	232,745	718,909
Total liabilities				718,909

NOTE 4. OPERATING SEGMENTS (CONTINUED)

Consolidated - 30 June 2013	Mining Services & Processing	Mining	Central	Total
	$'000	$'000	$'000	$'000
Total revenue	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	965,144	616,287	223,003	1,804,434
Total assets				1,804,434
Liabilities				
Segment liabilities	332,929	143,517	310,247	786,693
Total liabilities				786,693

Intersegment revenue

	Mining Services & Processing	Mining	Central	Total
	$'000	$'000	$'000	$'000
30 June 2014				
Total internal and external revenue	1,137,243	948,332	-	2,085,575
Intersegment sales	(186,465)	(78)	-	(186,543)
Sales to external customers	950,778	948,254	-	1,899,032
30 June 2013				
Total internal and external revenue	854,791	438,931	48,755	1,342,477
Intersegment sales	(187,856)	(9,044)	(48,595)	(245,495)
Sales to external customers	666,935	429,887	160	1,096,982

Geographical information

	Sales to external customers		Geographical non-current assets	
	30 June 2014 $'000	30 June 2013 $'000	30 June 2014 $'000	30 June 2013 $'000
Australia	711,207	595,731	1,112,346	1,381,841
China	399,963	323,313	-	-
Singapore	557,783	65,323	-	-
Others	230,079	112,615	190	190
	1,899,032	1,096,982	1,112,536	1,382,031

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.

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.

During the year ended 30 June 2014 revenues of $364,006,000 (Mining Services Segment) and $273,999,000 (Mining Segment) being 19.2% and 14.4% of total external revenues respectively, were derived from the Consolidated Entity's largest customers. During the year ended 30 June 2013 revenues of $227,525,000 (Mining Services Segment) and $200,871,000 (Mining Services Segment) being 20.7% and 18.3% of total external revenues respectively, were derived from the Consolidated Entity's largest customers.

NOTE 5. REVENUE

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Contract and operational revenue	745,544	529,111
Sale of goods and equipment	1,151,997	566,885
Equipment rental	1,491	986
Revenue	1,899,032	1,096,982

NOTE 6. OTHER INCOME

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Net gain on disposal of property, plant and equipment	61,852	-
Gain arising on effective settlement of legal claims	46,437	-
Interest income	5,736	352
Rent received	861	858
Foreign exchange gain	311	4,358
Other	1,400	2,785
Other income	116,597	8,353

NOTE 7. EXPENSES

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Plant and Equipment	133,730	98,779
Amortisation		
Mine development expenditure	51,713	26,145
Port access	7,129	1,413
Others	4,112	721
Total amortisation	62,954	28,279
Total depreciation and amortisation	196,684	127,058
Finance costs		
Interest and finance charges paid/payable	17,768	5,550
Net loss on disposal		
Net loss on disposal of property, plant and equipment	-	106
Rental expense relating to operating leases		
Minimum lease payments	9,268	8,567
Research costs		
Research costs	84,573	48,835

NOTE 8. INCOME TAX EXPENSE

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Income tax expense		
Current tax	114,620	43,809
Deferred tax - origination and reversal of temporary differences	(15,587)	26,883
Adjustment recognised for prior periods	(2,417)	(588)
Aggregate income tax expense	96,616	70,104
Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets (note 19)	(3,762)	3,129
Increase/(decrease) in deferred tax liabilities (note 27)	(11,825)	23,754
Deferred tax - origination and reversal of temporary differences	(15,587)	26,883
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	327,152	250,522
Tax at the statutory tax rate of 30%	98,146	75,157
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Amortisation of intangibles	5,458	-
Non allowable expenses	3,018	270
Research and development concessions	(8,457)	(4,884)
Employee share trust	-	(587)
	98,165	69,956
Adjustment recognised for prior periods	(2,417)	(588)
Current year tax losses not recognised	868	736
Income tax expense	96,616	70,104

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Amounts charged/(credited) directly to equity		
Deferred tax assets (note 19)	(10)	863
Deferred tax liabilities (note 27)	(180)	(305)
	(190)	558
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	24,851	21,756
Potential tax benefit @ 30%	7,455	6,527

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 2014 $'000	30 June 2013 $'000
Cash at bank and on hand	180,449	57,827
Deposits at call	26,005	5
	206,454	57,832

Cast at bank and on hand is interest bearing at 2.70% AUD 0.03% USD (2013: 2.75% AUD 0.03% USD).
Deposits at call are interest bearing at 3.29% (2013: 2.90%).

NOTE 10. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Trade receivables	146,796	197,598
Provision for impairment	(3,934)	(654)
	142,862	196,944

Included in the trade and other receivables is amounts due from customers in relation to construction contracts of $5,038,000 (2013: $10,591,000)

Impairment of receivables

The Consolidated Entity has recognised a provision of $3,280,000 (2013: reversal of $347,000) in profit and loss in respect of impairment of receivables for the year ended 30 June 2014.

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

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
3 to 6 months overdue	3,280	654
Over 6 months overdue	654	-
	3,934	654

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

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Opening balance	654	1,001
Additional provisions recognised	3,280	-
Unused amounts reversed	-	(347)
Closing balance	3,934	654

Past due but not impaired

Customers with balances past due but without provision for impairment of receivables amount to $29,906,000 as at 30 June 2014 ($9,959,000 as at 30 June 2013).

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 2014 $'000	30 June 2013 $'000
61-90 days overdue	25,436	803
Over 90 days overdue	4,470	9,156
	29,906	9,959

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

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Construction contracts		
Contract costs incurred to date	300,943	100,575
Profit recognised to date	6,202	13,685
	307,145	114,260
Less: Progress billings received and receivable	(434,336)	(142,254)
Net construction work in progress	(127,191)	(27,994)
Representing:		
Amounts due from customers included in trade receivables	5,038	10,591
Amounts due to customers included in trade and other payables (note 20)	(132,229)	(38,585)
	(127,191)	(27,994)

NOTE 11. CURRENT ASSETS - INVENTORIES

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Raw materials and stores	10,557	17,101
Ore inventory stockpiles	77,000	37,680
Work in progress	23,483	20,908
	111,040	75,689

NOTE 12. CURRENT ASSETS - FINANCIAL ASSETS (INVESTMENT IN AQA SHARES)

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Investment in listed corporation - at fair value	178,977	-
Reconciliation		
Reconciliation of the fair values at the beginning and end of the current financial year are set out below:		
Opening fair value	-	-
Additions	197,170	-
Impairment loss	(18,193)	-
Closing fair value	178,977	-

Refer to note 35 for further information on fair value measurement.

Classification of available-for-sale financial assets

The Consolidated Entity classifies financial assets as current assets if they are expected to be sold within 12 months after the end of the reporting period; otherwise they are presented as non-current assets.

The Consolidated Entity has designated its investment in Aquila Resources Limited (ASX:AQA) as a financial asset available for sale.

As stated in Note 44, the Consolidated Entity disposed of its shares in Aquila Resources Limited on 3 July 2014.

NOTE 13. NON-CURRENT ASSETS - RECEIVABLES

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Loan receivable	6,400	-
Security deposits	111	113
	6,511	113

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

NOTE 14. NON-CURRENT ASSETS - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'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 43 for further information on investments in associates.

NOTE 15. NON-CURRENT ASSETS - FINANCIAL ASSETS

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Shares in listed corporations - at fair value	343	376
Investment in unlisted company	3,210	2,336
	3,553	2,712
Reconciliation		
Reconciliation of the fair values at the beginning and end of the current financial year are set out below:		
Opening fair value	2,712	1,391
Additions	874	2,336
Revaluation decrements	(33)	(1,015)
Closing fair value	3,553	2,712

Refer to note 35 for further information on fair value measurement.

NOTE 16. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Land - cost	13,319	13,319
Buildings - cost	27,599	10,172
Less: Accumulated depreciation	(2,941)	(160)
	24,658	10,012
Plant and equipment financed - cost	15,588	139,867
Less: Accumulated depreciation	(1,968)	(34,432)
	13,620	105,435
Plant and equipment - cost	907,723	985,095
Less: Accumulated depreciation	(301,193)	(211,667)
	606,530	773,428
Tracked plant and equipment - valuation	5,498	5,293
Less: Accumulated depreciation	(2,708)	(2,476)
	2,790	2,817
	660,917	905,011

Reconciliations

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

Consolidated	Land	Building	Plant & equipment financed	Plant & equipment	Tracked plant & equipment	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 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
Additions	-	17,427	-	131,311	206	148,944
Disposals	-	-	(6,179)	(253,129)	-	(259,308)
Transfers in/(out)	-	-	(81,061)	81,061	-	-
Depreciation expense	-	(2,781)	(4,575)	(126,141)	(233)	(133,730)
Balance at 30 June 2014	13,319	24,658	13,620	606,530	2,790	660,917

Property, plant and equipment secured under finance leases

Refer to note 39 for further information on property, plant and equipment secured under finance leases.

Assets in the course of construction

The carrying amounts of the assets disclosed above includes $48,513,000 (2013:$182,584,000) recognised in relation to plant and equipment in the course of construction.

NOTE 17. NON-CURRENT ASSETS - INTANGIBLES

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Goodwill - cost	10,235	10,235
Patents - cost	15,910	10,984
Less: Accumulated amortisation	(3,295)	-
	12,615	10,984
Port access - cost	48,558	48,703
Less: Accumulated amortisation	(9,881)	(2,752)
	38,677	45,951
Operating lease - cost	7,038	7,038
Less: Accumulated amortisation	(2,112)	(1,408)
	4,926	5,630
Software - cost	344	66
Less: Accumulated amortisation	(96)	(17)
	248	49
	66,701	72,849

Reconciliations

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

Consolidated	Goodwill	Patents	Port access	Operating lease	Software	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 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
Additions	-	4,926	59	-	278	5,263
Transfers in/(out)	-	-	(204)	-	-	(204)
Amortisation expense	-	(3,295)	(7,129)	(704)	(79)	(11,207)
Balance at 30 June 2014	10,235	12,615	38,677	4,926	248	66,701

Impairment testing

The following cash generating units have carrying amounts of goodwill:

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
PIHA Pty Ltd	8,817	8,817
Process Minerals International Pty Ltd	1,418	1,418
	10,235	10,235

Goodwill has an indefinite life.

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 three-year period, together with a terminal value. 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:

Pre-tax discount rate - 17.3% (2013: 17.3%)

Growth rate of cash flows - 2.5% (2013: 2.5%)

NOTE 18. NON-CURRENT ASSETS - EXPLORATION & MINE DEVELOPMENT EXPENDITURE

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Exploration and evaluation expenditure	309,395	301,875
Mine development expenditure	158,438	139,896
Less: Accumulated amortisation	(89,616)	(37,903)
	68,822	101,993
	378,217	403,868

Reconciliations

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

Consolidated	Exploration and evaluation expenditure	Mine development expenditure	Total
	$'000	$'000	$'000
Balance at 1 July 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
Additions	11,353	18,542	29,895
Write off of assets	(3,833)	-	(3,833)
Amortisation expense	-	(51,713)	(51,713)
Balance at 30 June 2014	309,395	68,822	378,217

NOTE 19. NON-CURRENT ASSETS - DEFERRED TAX

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	3,633	5,994
Impairment of receivables	2,049	925
Employee benefits	1,850	1,839
Mineral Resource Rent Tax	65,162	65,162
Provisions	11,399	8,703
Borrowings	1,529	28
Other	2,162	679
Deferred tax asset	87,784	83,330
Movements:		
Opening balance	83,330	83,704
Credited/(charged) to profit or loss (note 8)	3,762	(3,129)
Credited/(charged) to equity (note 8)	10	(863)
Under provision from prior year	682	3,618
Closing balance	87,784	83,330

NOTE 20. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Trade payables and accruals	194,921	164,510
Amounts due to customers for contract work	132,229	38,585
	327,150	203,095

Refer to note 34 for further information on financial instruments.

NOTE 21. CURRENT LIABILITIES - BORROWINGS

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Bank loans	40,000	40,000
Lease liability	4,000	40,376
	44,000	80,376

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

Refer to note 34 for further information on financial instruments.

NOTE 22. CURRENT LIABILITIES - FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Financial liabilities at fair value through profit or loss	-	387

Refer to note 34 for further information on financial instruments.

Refer to note 35 for further information on fair value measurement.

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 profit or loss and other comprehensive income. Fair value of shares in listed companies is determined by the closing price on the reporting date.

NOTE 23. CURRENT LIABILITIES - INCOME TAX

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Income tax payable	63,277	6,635

NOTE 24. CURRENT LIABILITIES - EMPLOYEE BENEFITS

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Employee benefits	14,654	13,742

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Consolidated Entity does not have an unconditional right to defer settlement. However, based on past experience, the Consolidated Entity does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Employee benefits obligation expected to be settled after 12 months	5,581	5,053

NOTE 25. CURRENT LIABILITIES - PROVISIONS

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Warranties	1,922	240
Project Closure	7,128	2,415
	9,050	2,655

Warranties

Provision is made in respect of the Consolidated Entity's estimated liability on all products or 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:

Consolidated - 30 June 2014	Warranties	Project Closure
	$'000	$'000
Carrying amount at the start of the year	240	2,415
Additional provisions recognised	1,682	256
Amounts transferred from non-current	-	4,457
Carrying amount at the end of the year	1,922	7,128

NOTE 26. NON-CURRENT LIABILITIES - BORROWINGS

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Bank loans	69,000	228,968
Lease liability	12,708	58,774
	81,708	287,742

Refer to note 34 for further information on financial instruments.

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

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Bank loans	109,000	268,968
Lease liability	16,708	99,150
	125,708	368,118

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, Auvex Resources Pty Ltd and Mineral Resources (Equipment) 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 2014 $'000	30 June 2013 $'000
Total facilities		
Bank overdraft	3,600	3,600
Bank loans	289,000	339,000
Lease liability	240,000	100,000
	532,600	442,600
Used at the reporting date		
Bank overdraft	-	-
Bank loans	109,000	268,968
Lease liability	15,730	99,150
	124,730	368,118
Unused at the reporting date		
Bank overdraft	3,600	3,600
Bank loans	180,000	70,032
Lease liability	224,270	850
	407,870	74,482

NOTE 27. NON-CURRENT LIABILITIES - DEFERRED TAX

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Trade and other receivables	3,997	5,595
Property, plant and equipment	50,173	47,436
Exploration and evaluation	114,115	126,307
Deferred tax liability	168,285	179,338
Movements:		
Opening balance	179,338	141,762
Credited/(charged) to profit or loss (note 8)	(11,825)	23,754
Charged to equity (note 8)	(180)	(305)
Under-provision from prior year	952	14,127
Closing balance	168,285	179,338

NOTE 28. NON-CURRENT LIABILITIES - EMPLOYEE BENEFITS

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Long service leave	162	117

NOTE 29. NON-CURRENT LIABILITIES - PROVISIONS

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Project closure	3,309	6,795
Site rehabilitation	7,314	5,811
	10,623	12,606

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.

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 profit or loss and other 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 profit or loss and other 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.

Movements in provisions

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

Consolidated - 30 June 2014	Project Closure	Site Rehabilitation
	$'000	$'000
Carrying amount at the start of the year	6,795	5,811
Additional provisions recognised	971	1,917
Amounts transferred to current	(4,457)	-
Unused amounts reversed	-	(414)
Carrying amount at the end of the year	3,309	7,314

NOTE 30. EQUITY - ISSUED CAPITAL

	Consolidated			
	30 June 2014 Shares	30 June 2013 Shares	30 June 2014 $'000	30 June 2013 $'000
Ordinary shares	186,556,246	185,987,992	495,552	490,562

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 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 contributions		-		(385)
Balance	30 June 2013	185,987,992		490,562
Employee share options exercised		200,000	$4.11	822
Share issued for dividend reinvestment		368,254	$11.32	4,168
Balance	30 June 2014	186,556,246		495,552

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 scheme.

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 may 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 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 2013 Annual Report.

The gearing ratio at the reporting date was as follows:

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Current liabilities - borrowings (note 21)	44,000	80,376
Non-current liabilities - borrowings (note 26)	81,708	287,742
Total borrowings	125,708	368,118
Current assets - cash and cash equivalents (note 9)	(206,454)	(57,832)
Net debt	(80,746)	310,286
Total equity	1,139,309	1,017,741
Total capital	1,058,563	1,328,027
Gearing ratio	-8%	23%
Gearing ratio – target (in the absence of major growth opportunities)	25%	25%

NOTE 31. EQUITY - RETAINED PROFITS

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Retained profits at the beginning of the financial year	501,183	405,109
Profit after income tax expense for the year	231,087	181,295
Dividends paid (note 33)	(115,410)	(85,221)
Retained profits at the end of the financial year	616,860	501,183

NOTE 32. EQUITY - NON-CONTROLLING INTEREST

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Retained profits	20,759	20,015

NOTE 33. EQUITY - DIVIDENDS

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Final dividend for the year ended 30 June 2013 (2013: 30 June 2012) of 32 cents (2013: 30 cents) per ordinary share fully franked at a tax rate of 30% paid on 25 October 2013 (2013: 26 October 2012)	59,516	55,457
Interim dividend for the year ended 30 June 2014 (2013: 30 June 2013) of 30 cents (2013: 16 cents) per ordinary share fully franked at a tax rate of 30% paid on 10 April 2014 (2013: 11 April 2013)	55,894	29,764
	115,410	85,221

On 14 August 2014, the directors declared a final dividend for the year ended 30 June 2014 of 32 cents per ordinary share to be paid on 10 October 2014, a total estimated distribution of $59,698,000 based on the number of ordinary shares on issue as at 14 August 2014.

Franking credits

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	21,380	8,248

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 34. 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 is 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. As at 30 June 2014, there were no open forward exchange contracts.

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 2014 $'000	30 June 2013 $'000	30 June 2014	30 June 2013
Buy US dollars				
Maturity:				
0 - 3 months	-	4,888	-	1.0271

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

Consolidated	Assets		Liabilities	
	30 June 2014 $'000	30 June 2013 $'000	30 June 2014 $'000	30 June 2013 $'000
US dollars	117,884	57,506	2,928	815

The Consolidated Entity had net assets denominated in foreign currencies of $114,956,000 (assets $117,884,000 less liabilities $2,928,000) as at 30 June 2014. (2013: $56,691,000 (assets $57,506,000 less liabilities $815,000)). Based on this exposure, had the Australian dollar weakened by 5%/strengthened by 5% (2013: 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 $5,747,000 lower/$5,747,000 higher (2013: $2,835,000 lower/$2,835,000 higher).

Price risk

The Consolidated Entity is exposed to commodity price risk which arises from iron ore and manganese 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 $110.92. (2013: $107.26) 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 $94,825,000 (2013: $2,953,700). As there was no sales of manganese ore during the financial year, there was no exposure to the fluctuation in the price of manganese ore.

If there was a 10% increase or decrease in market price of ore (iron and manganese), the net realisable value of inventory on hand would increase/(decrease) by $9,540,000 (2013: $2,506,000). As iron ore and manganese 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.

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

Consolidated	30 June 2014		30 June 2013	
	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Cash and cash equivalents	2.82%	206,454	2.12%	57,832
Interest bearing liabilities - variable	5.98%	109,000	6.42%	268,968
Net exposure to cash flow interest rate risk		315,454		326,800

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 (2013:100) basis points would have an adverse/favourable effect on the profit before tax of $1,130,000 (2013: $1,225,000) 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.

Financing arrangements

Unused borrowing facilities at the reporting date:

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Bank overdraft	3,600	3,600
Bank loans	180,000	70,032
Lease liability	224,270	850
	407,870	74,482

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 2 years. (2013: 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 2014	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	$'000	$'000	$'000	$'000	$'000
Non-derivatives						
Non-interest bearing						
Trade payables	-%	327,150	-	-	-	327,150
Interest-bearing - variable						
Bank loans	5.98%	40,000	69,000	-	-	109,000
Lease liability	6.37%	4,000	12,708	-	-	16,708
Total non-derivatives		371,150	81,708	-	-	452,858

Consolidated - 30 June 2013	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	$'000	$'000	$'000	$'000	$'000
Non-derivatives						
Non-interest bearing						
Trade payables	-%	203,095	-	-	-	203,095
Other financial liabilities	-%	387	-	-	-	387
Interest-bearing - variable						
Bank loans	6.42%	40,000	228,968	-	-	268,968
Interest-bearing - fixed rate						
Lease liability	5.67%	40,376	58,774	-	-	99,150
Total non-derivatives		283,858	287,742	-	-	571,600

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

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

NOTE 35. FAIR VALUE MEASUREMENT

Fair value hierarchy

The following tables detail the Consolidated Entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability.

Consolidated - 30 June 2014	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Assets				
Available-for-sale financial assets	179,320	-	3,210	182,530
Total assets	179,320	-	3,210	182,530

Consolidated - 30 June 2013	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Assets				
Available-for-sale financial assets	376	-	2,336	2,712
Total assets	376	-	2,336	2,712
Liabilities				
Financial liabilities at fair value through profit or loss	387	-	-	387
Total liabilities	387	-	-	387

Unless otherwise stated the carrying amount of financial instruments reflect their fair value.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

NOTE 36. KEY MANAGEMENT PERSONNEL DISCLOSURES

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 2014 $	30 June 2013 $
Short-term employee benefits	8,663,335	6,516,090
Post-employment benefits	207,637	202,285
Other statutory entitlements	94,966	265,028
Long term benefits granted	1,074,025	-
	10,039,963	6,983,403

NOTE 37. 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 2014 $	30 June 2013 $
Audit services - RSM Bird Cameron Partners		
Audit or review of the financial statements	410,000	407,250
Other services - RSM Bird Cameron Partners		
Taxation services	324,685	403,936
	734,685	811,186

NOTE 38. 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 2014 $'000	30 June 2013 $'000
Bank guarantee facility	90,000	236,000
Amount utilised	(82,336)	(39,553)
Unused facility	7,664	196,447

NOTE 39. COMMITMENTS

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	162,893	58,761
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	5,262	4,650
One to five years	4,191	9,082
	9,453	13,732
Lease commitments - finance		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	4,555	45,181
One to five years	14,152	62,656
Total commitment	18,707	107,837
Less: Future finance charges	(1,999)	(8,687)
Net commitment recognised as liabilities	16,708	99,150
Representing:		
Lease liability - current (note 21)	4,000	40,376
Lease liability - non-current (note 26)	12,708	58,774
	16,708	99,150
Exploration expenditure commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	6,752	2,398
One to five years	29,624	14,339
More than five years	-	7,415
	36,376	24,152

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 40. RELATED PARTY TRANSACTIONS

Parent entity

Mineral Resources Limited is the Parent Entity.

Subsidiaries

Interests in subsidiaries are set out in note 42.

Associates

Interests in associates are set out in note 43.

Key Management Personnel

Disclosures relating to Key Management Personnel are set out in note 36 and the Remuneration Report in the Directors' Report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	30 June 2014 $	30 June 2013 $
Other transactions:		
Certain engineering services were provided by GR Engineering Services Limited, a company related to Joe Ricciardo	(252,934)	(880,283)
Certain crushing and engineering services were provided by Global Advanced Metals Pty Ltd, a company related to Kelvin Flynn	(4,396)	(935,468)
Certain crushing and engineering services were provided to Global Advanced Metals Pty Ltd, a company related to Kelvin Flynn	5,955,166	21,499,495
Properties from which the Consolidated Entity's operations are performed are rented from parties related to Chris Ellison and Peter Wade	(1,393,618)	(1,321,184)
Services provided by Reed Industrial Minerals Pty Ltd, a director related entity of Chris Ellison	(843,894)	(362,491)
Services provided by Sirona Capital Pty Ltd, a company related to Kelvin Flynn	(76,865)	-

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 2014 $	30 June 2013 $
Current receivables:		
Trade receivables from Global Advanced Metals Pty Ltd, a company related to Kelvin Flynn	10,305	-
Trade receivables from Sandini Pty Ltd, a company associated with Chris Ellison	-	12,380
Current payables:		
Trade payables to Global Advanced Metals Pty Ltd, a company related to Kelvin Flynn	4,396	-

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 41. PARENT ENTITY INFORMATION

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

Statement of profit or loss and other comprehensive income

	Parent Entity	
	30 June 2014 $'000	30 June 2013 $'000
Loss after income tax	(16,836)	(7,047)
Total comprehensive income	(16,836)	(7,047)

Statement of financial position

	Parent Entity	
	30 June 2014 $'000	30 June 2013 $'000
Total current assets	365,710	186,066
Total assets	857,668	660,602
Total current liabilities	542,936	80,180
Total liabilities	654,483	330,159
Net assets	203,185	330,443
Equity		
Issued capital	495,552	490,562
Accumulated losses	(292,367)	(160,119)
Total equity	203,185	330,443

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The Parent Entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2014 and 30 June 2013.

Contingent liabilities

The Parent Entity had no contingent liabilities as at 30 June 2014 and 30 June 2013.

Capital commitments - Property, plant and equipment

The Parent Entity had no capital commitments for property, plant and equipment as at 30 June 2014 and 30 June 2013.

Significant accounting policies

The accounting policies of the Parent Entity are consistent with those of the Consolidated Entity, as disclosed in note 1, 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 42. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

		Ownership interest	
Name	Principal place of business / Country of incorporation	30 June 2014 %	30 June 2013 %
Crushing Services International Pty Ltd	Australia	100.00%	100.00%
Eclipse Minerals Pty Ltd	Australia	100.00%	100.00%
HiTec Energy Pty Ltd	Australia	56.44%	64.91%
Mesa Minerals Limited	Australia	56.44%	64.91%
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%
Mineral Resources (Equipment) Pty Ltd	Australia	100.00%	100.00%
PIHA (Water) Pty Ltd	Australia	100.00%	100.00%
Mineral Services Pty Ltd	Australia	100.00%	-%
Mineral Construction Pty Ltd	Australia	100.00%	-%
Steelpile Pty Ltd	Australia	100.00%	-%

NOTE 43. INTERESTS IN ASSOCIATES

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

		Ownership interest	
Name	Principal place of business / Country of incorporation	30 June 2014 %	30 June 2013 %
Minprocess Group Inc.	Philippines	40.00%	40.00%
Iron Processing Group Inc.	Philippines	40.00%	40.00%
Process Minerals International Pty Ltd Inc.	Philippines	40.00%	40.00%

NOTE 44. EVENTS AFTER THE REPORTING PERIOD

On 3 July 2014, the Company has unconditionally accepted the cash takeover offer made by Baosteel Resources Australia Pty Ltd and Aurizon Operations Limited for Aquila Resources Limited (ASX:AQA) shares.

Apart from the dividend declared as disclosed in note 33, no other matter or circumstance has arisen since 30 June 2014 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 45. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Profit after income tax expense for the year	230,536	180,418
Adjustments for:		
Depreciation and amortisation	196,684	127,058
Impairment loss	18,193	-
Net (gain)/loss on disposal of property, plant and equipment	(61,852)	106
Non cash gain on legal settlement	(2,437)	-
Exploration expenditure written off	3,833	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	54,804	(53,075)
Increase in inventories	(35,350)	(8,568)
Decrease/(increase) in deferred tax assets	(4,454)	374
Decrease in derivative assets	-	1,020
Increase in other operating assets	(9,117)	(3,754)
Increase in trade and other payables	125,148	40,721
Increase/(decrease) in derivative liabilities	(387)	387
Increase in provision for income tax	56,642	1,650
Increase/(decrease) in deferred tax liabilities	(11,053)	37,160
Increase in other provisions	5,366	6,138
Net cash from operating activities	566,556	329,635

NOTE 46. NON-CASH INVESTING AND FINANCING ACTIVITIES

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Acquisition of plant and equipment by means of finance leases	-	30,369

NOTE 47. EARNINGS PER SHARE

	Consolidated	
	30 June 2014 $'000	30 June 2013 $'000
Profit after income tax	230,536	180,418
Non-controlling interest	551	877
Profit after income tax attributable to the owners of Mineral Resources Limited	231,087	181,295

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	186,210,291	185,987,992
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	200,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	186,210,291	186,187,992

	Cents	
Basic earnings per share	124.10	97.48
Diluted earnings per share	124.10	97.37

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 1 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 2014 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

Managing Director

14 August 2014

Perth

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
MINERAL RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Mineral Resources Limited, which comprises the statement of financial position as at 30 June 2014, 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 1, 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 opinion.

RSM Bird Cameron Partners

Independence

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

Opinion

In our opinion:

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

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

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

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

Report on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2014. 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 2014 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 14 August 2014

Shareholder Information

The shareholder information set out below was applicable as at 30 September 2014.

DISTRIBUTION OF EQUITABLE SECURITIES

Analysis of number of equitable security holders by size of holding:

	Number on issue	Number of holders
1 to 1,000	1,781,267	3,817
1,001 to 5,000	6,414,390	2,670
5,001 to 10,000	2,658,451	362
10,001 to 100,000	6,918,583	270
100,001 and over	168,783,555	37
	186,556,246	7,156
Holding less than a marketable parcel	5,443	397

EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders

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

	Number held	% of total shares issued
HSBC Custody Nominees	74,198,398	39.77%
Sandini Pty Ltd	23,857,951	12.79%
National Nominees Limited	18,416,889	9.87%
JP Morgan Nominees Limited	17,341,922	9.30%
Citicorp Nominees Pty Limited	12,229,366	6.56%
UBS Wealth Management	5,896,146	3.16%
Henderson Park Pty Ltd	5,852,344	3.14%
P D Wade	1,416,162	0.76%
D & C Geraghty Pty Ltd	1,227,487	0.66%
Paksian Pty Ltd	1,179,989	0.63%
BNP Paribas Noms Pty Ltd	847,704	0.45%
Ecapital Nominees Pty Ltd	833,156	0.45%
AMP Life Limited	374,168	0.20%
Reef Investments Pty Ltd	350,000	0.19%
HSBC Custody Nominees	332,342	0.18%
Ellison Superannuation Pty Ltd	314,045	0.17%
Citicorp Nominees Pty Limited	309,657	0.17%
Botsis Holdings Pty Ltd	300,000	0.16%
Quotidian No 2 Pty Ltd	300,000	0.16%
Quotidian No 2 Pty Ltd	300,000	0.16%
	165,877,726	88.92%

Substantial holders in the company are set out below:

	Number held	% of total shares issued
Sailingstone Capital Partners	26,644,811	14.28%
Southeastern Asset Management	26,410,772	14.16%
Ellison, Chris	24,227,746	12.99%
Allan Gray Australia	11,585,394	6.21%
LSV Asset Management	9,333,879	5.00%

Corporate Directory

DIRECTORS
Peter Wade
Chris Ellison
Joe Ricciardo
Mark Dutton
Kelvin Flynn

COMPANY SECRETARY
Bruce Goulds

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STOCK EXCHANGE LISTING
Mineral Resources Limited shares are listed on the Australian Securities Exchange (ASX code: MIN)

WEBSITE
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Designed by Dash Digital

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