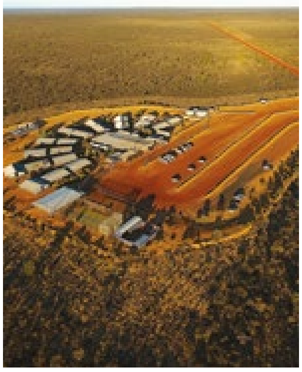
MINERAL RESOURCES

MINERAL RESOURCES LIMITED

ANNUAL REPORT

2017


www.mineralresources.com.au

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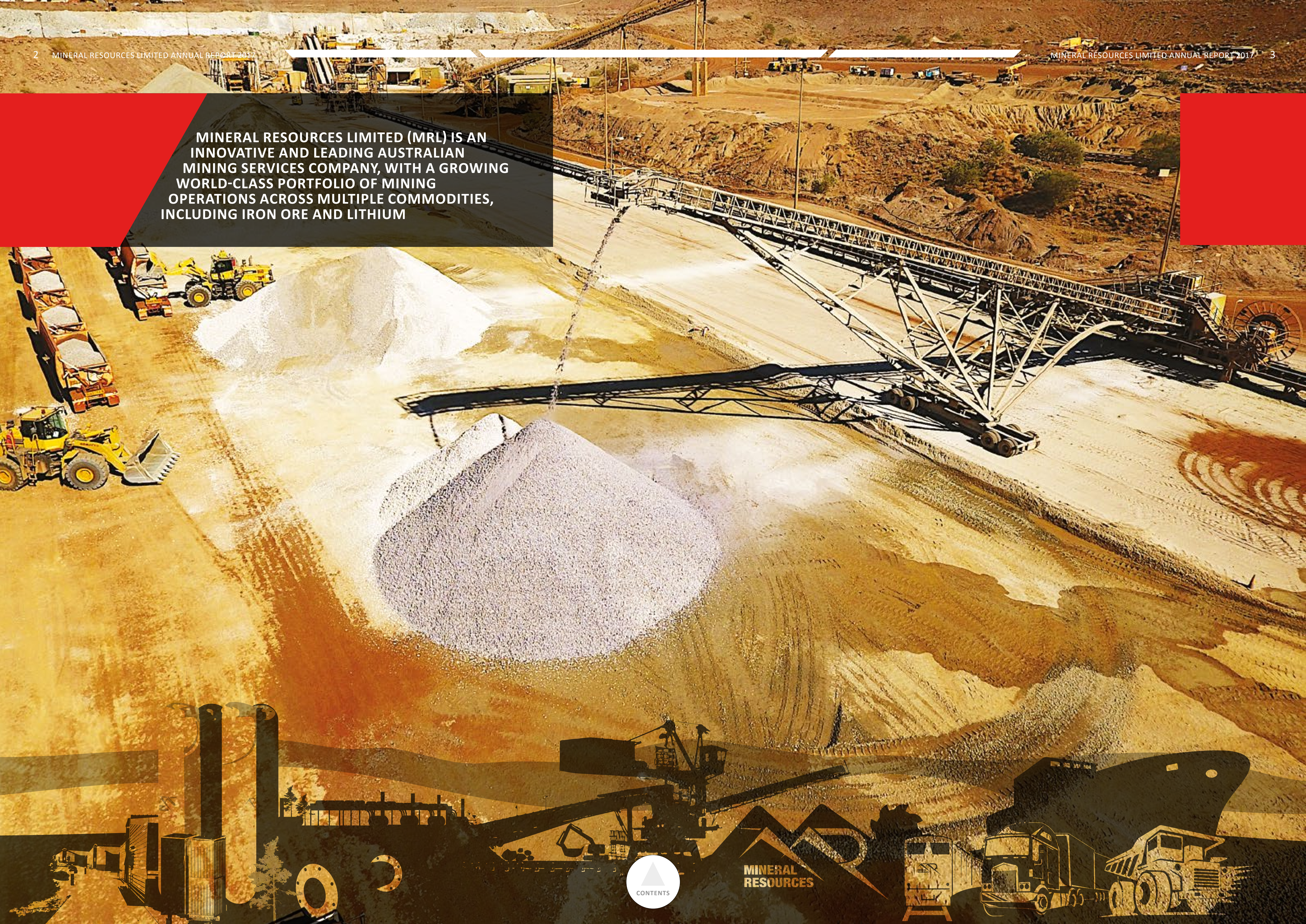
MINERAL RESOURCES LIMITED (MRL) IS AN INNOVATIVE AND LEADING AUSTRALIAN MINING SERVICES COMPANY, WITH A GROWING WORLD-CLASS PORTFOLIO OF MINING OPERATIONS ACROSS MULTIPLE COMMODITIES, INCLUDING IRON ORE AND LITHIUM



CHAIRMAN'S LETTER

BRIGHT FUTURE

Our unique business model coupled with an operational culture that continually drives improvement in existing business outcomes whilst seeking to secure new opportunities has created an unparalleled thirty plus year horizon of growth.

The results for 2017 have been outstanding and the Board is absolutely confident that the business is in very good hands.

Dear MRL Shareholders

On behalf of the Board, I am pleased to present the 2017 Annual Report to shareholders.

The volatile economic climate of 2017 has provided Mineral Resources with a significant opportunity to develop and grow the business.

The Company has responded exceptionally well to the macro economic challenges that have arisen as a result of a combination of international events coupled with local industry responses directly impacting the Company's business through significant Commodity price fluctuations and international currency movements.

The Company has expanded into the lithium market through establishing two new mining and processing operations at Mount Marion and Wodgina. This initiative has provided the necessary diversification for the business and offers an outstanding opportunity for long term growth. The battery materials sector is booming with new innovations seemingly appearing on a daily basis and a consensus of rejection of fossil fuel around the world. First mover status in this sector provides Mineral Resources with the opportunity to use its world class assets and skillsets to set these businesses up for decades of financial rewards to come.

The appointment of Mr Tim Roberts and Ms Xi Xi to the Mineral Resources' Board this year has provided us with a significant widening of the skills and experience base and has facilitated a more honed focus on the international components of our business, both today and in the future. These appointments have been made with specific reference to the Company's strategy and the environment in which it operates; we feel we have achieved the right balance. Both Tim and Xi Xi will seek re-election at this year's annual general meeting (AGM) and this will give those shareholders in attendance an outstanding opportunity to hear directly from them both and to gain a good understanding of their respective skills and experience.

I also formally acknowledge my other Board colleagues: Chris, Kelvin and James, and give them my thanks for their efforts and wise counsel during 2017.

Chris Ellison and his management team have also done a great job by continually adapting to ever changing market conditions and steering the Company to achieve increased shareholder value. The results for 2017 have been outstanding and the Board is absolutely confident that the business is in very good hands.

I would also like to comment on the Company's remuneration arrangements for 2017 and beyond. The Board was obviously very disappointed at receiving a first strike on the remuneration vote at the 2016 AGM. We strongly believe that there is a significant disconnect between the opinions of proxy advisors about what constitutes best practice in this area and companies needing to attract and retain excellent people to run businesses on behalf of shareholders. I encourage shareholders to look beyond the "tick the box" approach promoted by many proxy advisors and take a look at how companies have successfully linked executive pay creatively with performance.

In response to the strong no vote received in 2016, the Board considered comments from shareholders, proxy advisors and other stakeholders and undertook a comprehensive review and refinement of our remuneration system for 2017 and beyond. The Board supports a pay for performance regime as being the best way we can reward and incentivise the team and align the outcomes directly with shareholders' interests. With this in mind, we consider the changes we have made to address the underlying concerns of shareholders such that the overall remuneration policy and structure provides a solid foundation for the Company's future. I encourage shareholders to support the Board on this important matter.

In order to create maximum shareholder value, the Company places considerable focus on capital allocation. The achieved Return on Invested Capital is not just an academic concept but is the tangible result of a real and decisive strategy for value creation. MRL's strong balance sheet is testament to the management team's hard work and determination to create the financial capability necessary to continue to grow and develop the business year after year.

I am pleased that the Company's very good financial performance has facilitated the Board continuing the policy of distributing 50% of after tax profits to shareholders as fully franked dividends while retaining the capacity to grow the business and capture opportunities as they arise for future benefit.

The future for MRL is very bright. Our unique business model coupled with an operational culture that continually drives improvement in existing business outcomes whilst seeking to secure new opportunities has created an unparalleled thirty plus year horizon of growth. The board looks forward to continuing to guide the Company along this exciting path and we are confident all stakeholders will continue to benefit from our proven strategy over the long term.

I look forward to your attendance and support at our AGM in November which will give us the opportunity to talk further about current performance and future opportunities for Mineral Resources.

Yours sincerely,

Peter Wade
Chairman
Mineral Resources Limited

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FINANCIAL HISTORY

DELIVERING A DECADE OF STRONG FINANCIAL OUTCOMES

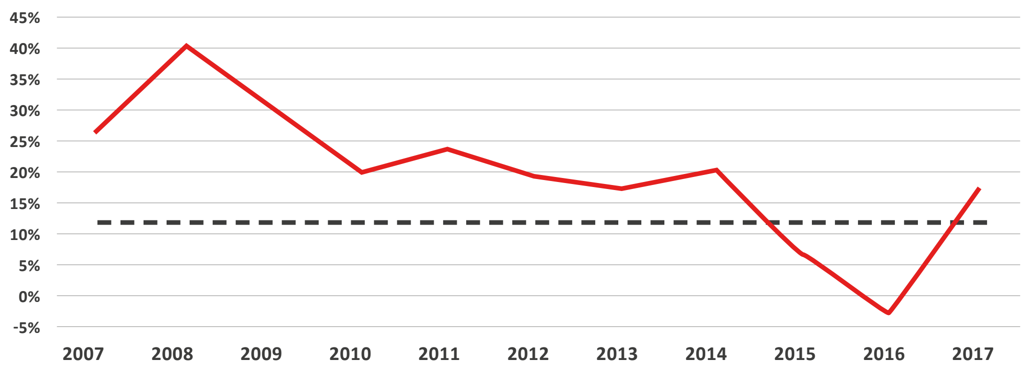
FINANCIAL SUMMARY ($MILLIONS UNLESS OTHERWISE STATED)	2007	2008	2009	2010	2011	2012[1]	2013	2014	2015[2]	2016	2017
EARNINGS											
REVENUE	147	238	257	313	610	926	1,097	1,899	1,299	1,178	1,458
EBITDA	38	87	74	104	236	294	383	536	238	278	473
NPAT	20	47	44	97	150	177	180	231	78	(26)	201
RETURN ON REVENUE %	14%	20%	17%	31%	25%	19%	16%	12%	6%	(2%)	14%
RETURN ON EQUITY %	26%	41%	31%	20%	24%	19%	18%	20%	7%	(3%)	18%
DILUTED EPS (CENTS/SHARE)	16.90	38.30	35.10	66.90	86.50	95.82	97.37	124.10	41.52	(13.31)	107.66
BALANCE SHEET											
TOTAL ASSETS	158	224	289	845	970	1,436	1,804	1,858	1,592	1,618	1,835
TOTAL EQUITY	76	116	145	486	628	917	1,018	1,139	1,082	1,008	1,132
NET TANGIBLE ASSETS PER SHARE (CENTS/SHARE)	54.36	86.09	108.33	274.78	344.91	454.80	508.04	574.95	543.82	513.18	563.95
CASH GENERATION											
OPERATING CASH FLOW	30	97	46	151	117	243	329	567	52	316	296
NET (DEBT)/CASH	(9)	21	(12)	88	78	(111)	(310)	81	118	188	104
MARKET CAPITALISATION											
NUMBER OF SHARES ON ISSUE	120	123	124	161	169	185	186	187	188	187	187
SHARE PRICE AT 30 JUNE ($/SHARE)	3.41	6.50	4.25	8.10	11.50	8.95	8.25	9.59	6.60	8.31	10.85
MARKET CAPITALISATION	410	799	528	1,306	1,945	1,654	1,534	1,789	1,238	1,553	2,033
RETURNS TO SHAREHOLDERS											
TOTAL SHAREHOLDER RETURN (CUMULATIVE) ($/SHARE)	2.54	5.75	3.71	7.74	11.43	9.31	9.07	11.03	8.44	10.38	13.34
DIVIDENDS DECLARED (CENTS/SHARE)	9.50	19.35	19.35	20.00	42.00	46.00	48.00	62.00	22.50	29.50	54.00

Notes:

[1] 2012 Financial Year NPAT and Earnings Per Share exclude the Deferred Tax Asset arising on the introduction of Minerals Resource Rent Tax (MRRT). NPAT for the 2012 Financial Year would be $242,239,000 and Diluted EPS 131.1c/share if the impact of MRRT were to be included.

[2] 2015 Financial Year NPAT and Earnings Per Share exclude the impact of the reversal of Deferred Tax Asset on the abolition of the Minerals Resource Rent Tax (MRRT). NPAT for the 2015 Financial Year would be $12,814,000 and Diluted EPS 6.85c/share if the impact of MRRT were to be included.

RETURN ON EQUITY %



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MANAGING DIRECTOR'S REPORT

THE MINERAL RESOURCES LIMITED GROUP INCLUDES PARENT COMPANY MINERAL RESOURCES LIMITED (MRL) AND SUBSIDIARIES CRUSHING SERVICES INTERNATIONAL (CSI), PROCESS MINERALS INTERNATIONAL (PMI), PIHA AND MINERAL RESOURCES ENERGY

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HEALTH, SAFETY AND TRAINING

Keeping our people safe is a key organisational value at MRL and is an integral part of how we do business. Our continued success depends on our ability to deliver quality results safely for our customers, clients and for each other.

Providing a safe system of work is our commitment - we have developed a single set of policies, standards and procedures across the MRL business which sets our expectations on safety, with a primary focus on managing critical risks and injury prevention. Our OneMRL cultural transformation has continued to reinforce and support a proactive safety culture.

In July 2016, the business committed to a challenging Total Recordable Injury Frequency Rate (TRIFR) target of less than 3.0 to be achieved by the end of June 2017, a challenge that was accepted by the Senior Management Team.

As a result of this commitment and ongoing focus on injury prevention, MRL's 2017 Fiacial Year (FY17) safety performance indicates an unprecedented improvement in safety performance across the business, culminating in the lowest injury rate in MRL history and includes:

- TRIFR reduced from 6.01 (June 2016) to 2.32 (June 2017) representing a 61% reduction;
- Lost Time Injury (LTI) frequency rate remained at 0.00 – including 781 days since a lost time injury in the business;
- Recordable Injuries reduced from 26 (June 2016) to 12 (June 2017) which reflects a 52% reduction.

These results clearly demonstrate a significant positive trend and an overall improvement in MRL's safety performance for the FY17 reporting period.

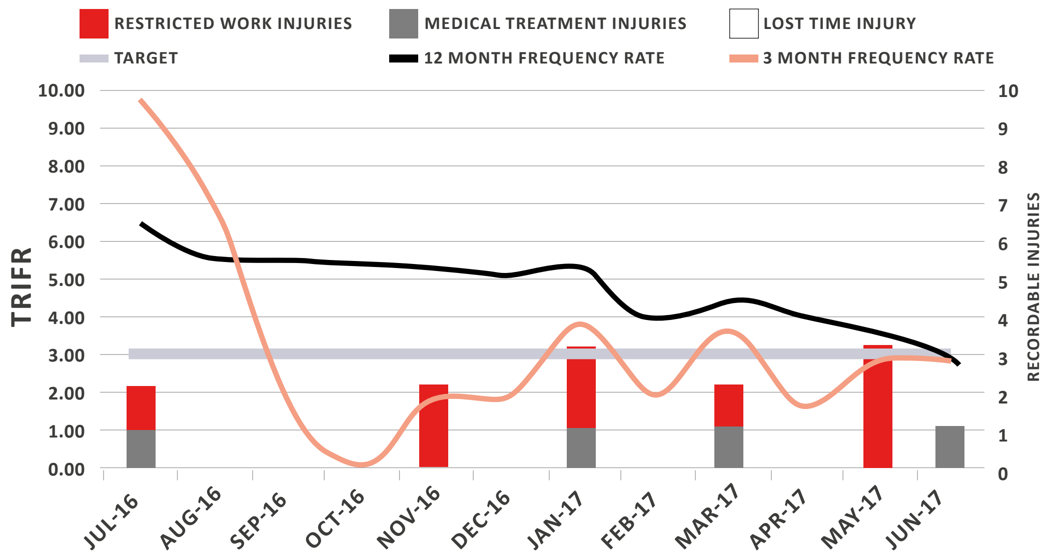
During the FY17 reporting period several key initiatives were undertaken, which the business considered were clearly successful. These include:

- Introducing a culture of line management responsibility for safety and the creation of a centralised MRL safety function supporting the operational business;
- The next installment of the MRL Safety Leadership program, titled the Steel Cap Safety Program, focused on Supervisors and leading hands leading safety in the field;
- An increased focus on Critical Risk Management, high potential events and a consistent and aligned process towards lead indicator reporting.

During the FY18 reporting period, the business will focus on embedding and consolidating the significant improvements achieved in FY17. MRL's safety strategy for FY18 is designed around the following 5 key pillars to success:

1. Leadership – highly engaged, visible and proactive safety leadership at all levels
2. Critical Risk Management - ensuring critical risk activities are identified and managed with clear accountabilities for verification of critical controls
3. Operational Discipline – unwavering discipline and commitment to perform
4. Systems – continual improvement of systems and processes to ensure these are 'fit for purpose' and are eliminating any barriers to success; and
5. Resilient People – active investment in the health and wellbeing of our people through education and initiatives.

The Group is determined and committed to further safety performance improvements and has in place the leadership, culture and procedures to enable that journey to continue.



Based on per million man hours worked on a rolling 12-month basis.

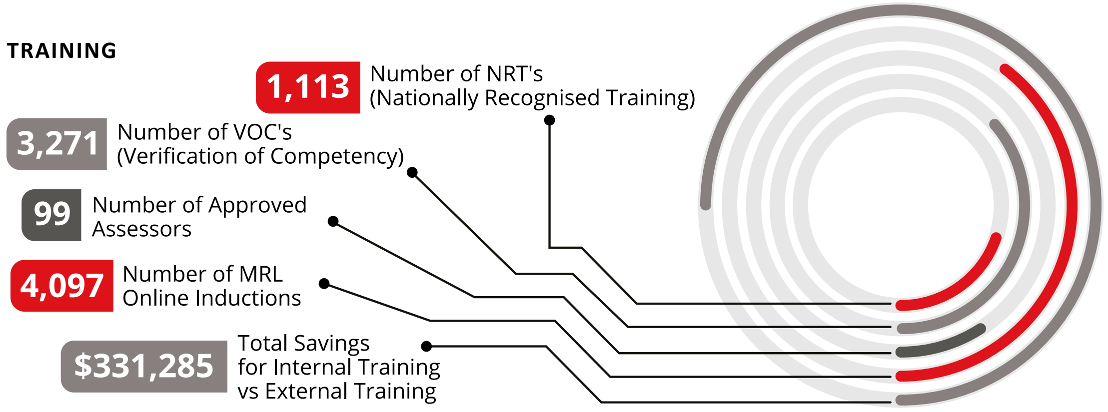
HEALTH AND SAFETY

In July 2016, the business committed to a challenging TRIFR target of less than 3.0, to be achieved by the end of June 2017.

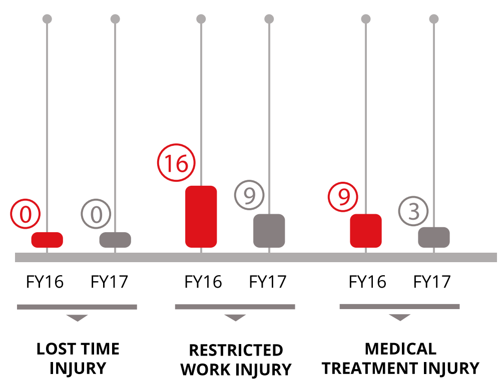
TRIFR reduced from 6.01 (June 2016) to 2.32 (June 2017) representing a 61% reduction.

MANAGING DIRECTOR'S REPORT

TRAINING



WORKPLACE INJURIES



CSI

CSI Crushing remains the world's largest provider of contract crushing and mineral processing services.

The Kwinana Workshop and Logistics Hub covers 10 hectares and employs approximately 140 dedicated workers across multiple projects.

CRUSHING SERVICES INTERNATIONAL (CSI)

CSI CRUSHING

CSI Crushing remains the world's largest provider of contract crushing and mineral processing services. Its unique operating model continues to serve the Group well, with CSI's in-house 'design, build, own and operate' process, coupled with its strong, long-standing relationships with blue chip customers, continuing to provide a solid financial performance for FY17.

CSI Crushing provides customers with a high quality, low cost solution and one that is able to be implemented quickly. This allows customers to benefit from achieving production sooner than would be the case with alternate solutions and providing an operational model that achieves significant cost and efficiency benefits.

CSI Crushing also has Australia's largest inventories of crushing and mineral processing equipment, including many components that would otherwise require long lead times to source. These items have been acquired over many years from both within Australia and internationally. CSI Crushing is able to use this inventory to seize opportunities that are unavailable to competitors and quickly and efficiently build plants utilising new and/or refurbished components. In addition, CSI Crushing is able to utilise this inventory to ensure operationalised uptime is maximised.

CSI CONSTRUCTION

During FY17, CSI Construction's focus was the growth of MRL Asset Development Projects and Build, Own, Operate (BOO) crushing assets.

The Mount Marion Phase 1 processing plant construction was completed on time and on budget with successful plant commissioning and ramp up. During the first quarter of 2017 the 143 person onsite accommodation village was approved. The project was executed according to schedule with occupancy occurring in July 2017.

The construction of BOO crushing plants during FY17 continued with 30mtpa of additional capacity engineered, procured, constructed and handed over to our operations team.

Multiple opportunities in BOO and MRL Asset Development Projects are currently under early assessment and design. FY18 will bring significant work through project delivery teams.

FY18 will see the launch of our next generation crushing and processing plants that will deliver scalable and significant upside for both internal and external projects.

KWINANA WORKSHOP AND LOGISTICS HUB

MRL's Kwinana workshop covers 10 hectares and employs approximately 140 dedicated workers across multiple projects.

The workshop, the largest facility in WA, undertakes the fabrication of mining plant, pipeline equipment and processing plants for external clients, as well as supporting our operations.

The site is also the major logistics hub for the Group, servicing remote operations including MRL's internal operations in the Yilgarn, Iron Valley, Wodgina and Mt Marion.

PIHA

PIHA continues to build on its successful reputation of manufacturing HDPE pipe fittings and the supply of carbon steel lined pipe systems to blue chip clients. Continual demand for these products has enabled ongoing innovation to occur, ensuring PIHA's enduring reputation as a benchmark contractor who delivers safely, on time and on budget remains.

Historically PIHA worked heavily within the mining construction space and although work in this field has diminished, the knowledge and skill base has been retained for future opportunities.

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MANAGING DIRECTOR'S REPORT

PROCESS MINERALS INTERNATIONAL (PMI)

PMI is a multifaceted mining services provider with a suite of services that includes heavy road haulage, logistics, rail, port, village, catering, airport and laboratory services.

PMI is also the provider of specialist mineral processing operations for Group projects.

SITE SERVICES

Synonymous with quality remote village accommodation services, Site Services commenced operations at the Wodgina village on 18 November 2016, followed by the opening of the brand new Mount Marion village on 16 July 2017. The team now provide services across five camps, totalling 1,100 rooms.

LOGISTICS & HAULAGE

PMI is responsible for managing the mine to port logistics for the Group's mine sites. This incorporates the use of 268 road trains and MRL owned rail locomotives, complete with 387 custom designed and built rail wagons. The road train haulage alone equates to over 12 million tonnes of product being hauled a distance of 64 million kilometres per annum.

The Group has worked continuously to realise cost reductions in the logistics and haulage area of the business, in part due to the innovation of the Superquad and Quin road trains, which provide safety and payload advantages, and also through various equipment acquisitions and supply chain efficiency improvements.

Safety is integral to all aspects of the business, as is evident via the implementation of state of the art safety technology for the road trains. This includes Seeing Eye machines, GPS tracking, forward facing infrared thermal imaging systems and anti-rollover couplings. These innovative safety measures have led to increased safety of not only our drivers but all road users.

PMI utilises port alliances at Utah Point in the North and Kwinana Bulk Terminal 2 in the South of Western Australia for export purposes.

PILBARA IRON ORE

The Iron Valley project reached record production and shipping with 8 million tonnes of both lump and fines iron ore during FY17 representing a 23% increase on the prior year.

Multiple improvements have taken place during the financial year with the goal of improving efficiencies and production. This includes the utilisation of a purpose designed and built excavator bucket aligned with project geology and excavated material, which has delivered cost savings in fuel burn, improved payload and productivity cycles and reduced maintenance requirements

Construction and operation of the project's de-watering infrastructure program has allowed a pumping capacity of 17 gigalitres per annum to be discharged in line with the Group's Ground Water Operating Strategy, ensuring compliance with discharge licensing requirements.

This pumping capacity has allowed continued mining operations to ore reserves below the water table and access to low strip ratio material. In addition, a crushing recirculation circuit has improved the lump material quality by reducing the fines in lump per cent of the saleable product in line with market specification.

IRON VALLEY

The Iron Valley project reached record production and shipping with 8 million tonnes of both lump and fines iron ore during FY17 representing a 23% increase on the prior year.

MANAGING DIRECTOR'S REPORT

YILGARN

The Yilgarn (Carina/J4) project exported 4.3 million tonnes of iron ore fines product during FY17.

A decision to grant approval of Jackson 5 and Bungalbin East will continue to support over 1,400 WA jobs.

YILGARN IRON ORE

The Yilgarn (Carina/Jackson 4) project exported 4.3 million tonnes of iron ore fines product during FY17.

The Jackson 4 (J4) mining operation has produced optimal results aligned with shipping requirements and improvements to the supply chain, including the sealing of a 75 kilometre stretch of haul road linking the mine to the existing haul road and the fixed plant crusher. The sealing of this haul road enables full year, all weather haulage access, to ensure a safe and efficient pit to port logistics chain and a better environmental outcome.

The J4 West Pit has progressed well with the operation seeing continued improvement in the areas of blasting yield and associated broken stocks. This has enabled the introduction of ore from the J4 West Pit into the blend, as the J4 East Pit comes to the end of its life. The East Pit water management strategy is complete, allowing final remnant ore additional to plan to be reclaimed and blended for crushing and shipping.

Mining efficiencies have been improved through the reduction of shift lengths, allowing the project to focus on maximising operating time while streamlining operational delays for a more productive and efficient operation.

Commencing operations at the Carina Extended mining area has provided an additional source of blending material for the project, which will extend the mine life for completion of the J4 and Carina pits planned for the first quarter of 2018.

PROPOSED J5 AND BUNGALBIN EAST IRON ORE PROJECT

Progress towards the approval for the proposed Jackson 5 and Bungalbin East mines is continuing. MRL is looking for the WA Government to make an informed decision based on the proposed extension of life of the Carina mining hub, to enable the continuous and efficient use of existing MRL and state-owned infrastructure.

A decision to grant approval of Jackson 5 and Bungalbin East will continue to support over 1,400 WA jobs and provide a significant financial contribution to the WA economy, which in FY16 included taxes, charges, rates, royalties and fees in excess of $66 million.

This decision is expected from the WA Minister for Environment in the current quarter (Q4, 2017 calendar year) with secondary approvals in the weeks that follow, to enable steady state mining and exports to continue. Without this approval, MRL's mining operations in the Yilgarn will become unsustainable.

EXPLORATION

Exploration activities have focused on Resource Definition Drilling programs at both the Mount Marion and Wodgina mining operations.

In the first quarter of FY17 drilling at Mount Marion culminated in an increase of the resource estimate to 77.8 million tonnes at 1.37% Li$_2$O, as announced on 27 October 2016.

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MANAGING DIRECTOR'S REPORT

Following the acquisition of the Wodgina mine, the drilling program enabled the total mineral resource to be increased to 198 million tonnes at 1.18% Li$_2$O, as announced in the ASX release dated 31 July 2017.

MOUNT MARION LITHIUM PROJECT

Mount Marion is a joint project between MRL (43.1%), Neometals Limited (13.8%) and one of the world's largest lithium producers, Jiangxi Ganfeng Lithium Co Ltd (43.1%).

The inaugural shipment from Mount Marion occurred in February 2017, with operations now at full capacity. A total of 116,000 tonnes of lithium product was exported during FY17.

Current production rates are targeted at 400,000 tonnes per annum of 6% and 4% product with current actual production exceeding this. Installation of an additional processing circuit in FY18, will result in full plant production of greater than 400,000 tonnes at 6% product.

Mining operations were focused in Pit 1 and Pit 2 West during the FY17 with the Central Pit development and Pit 2 pushback planned for mining commencement during the FY18. Mining proposals to expand the current mining area and develop further out-of-pit dump areas have been prepared to facilitate future mining requirements, which will see further mining efficiencies being achieved.

The mine life of the project has increased to more than 30 years with JORC resources indicating 77.8 million tonnes at 1.37% Li$_2$O and substantial out-cropping targets still available for future drilling.

Another positive impact was the commissioning of MR Energy's first LNG gas-fuelled plant during the first quarter 2017, providing greater certainty over future long term energy costs.

Both the beneficiation and dry crushing plant are now operating at full nameplate capacity having been constructed and fully commissioned within an industry-leading timeframe of 8 months. Upgrade of the processing plant to include process water purification units has resulted in an improved beneficiation process and sustained nameplate production.

Revised off-take pricing with Jiangxi Ganfeng Lithium Co Ltd took effect on 1 July 2017 and has been linked to international lithium carbonate and hydroxide prices, rather than bilateral spodumene market prices. This quarterly review mechanism will provide consistent and transparent long term pricing for the project.

WODGINA LITHIUM PTY LTD

The Group's lithium operation at Wodgina is the world's largest known hard rock lithium resource with 198 million tonnes at 1.18% Li$_2$O and a mine life in excess of 30 years.

Blasting of the first lithium direct shipping ore (DSO) occurred on 6 March 2017 leading the way for the world's first shipment of lithium DSO on 17 April 2017 bound for China. As at the time of writing a total of 1,400,000 tonnes of lithium DSO was exported to Asian markets.

MOUNT MARION

In the first quarter of FY17 drilling at Mount Marion culminated in an increase of the resource estimate to 77.8 million tonnes at 1.37% Li$_2$O.

Project handover from Global Advanced Metals Wodgina PTY LTD (GAM) and Atlas to MRL management has been a smooth transition with final fixed crushing plant upgrades taking place and the transition from iron ore to lithium occurring, allowing full run of mine to stockyard processing.

Additional mining equipment has been mobilised to site, including two new excavators (200 tonne and 250 tonne class) and an associated dump truck fleet with increased ancillary and drill fleet to match production requirements and efficiency capabilities.

Latest DMIRS (Department of Mines, Industry Regulation and Safety) mining approvals to extend the Cassiterite Pit have been finalised which will enable mining operations to expand beyond 2018 facilitating further efficiency and production requirements.

A proposed 500,000 tonne, 6% spodumene processing operation is under consideration with target first operations scheduled in FY18. This will operate in addition to the existing DSO operations.

INNOVATION CENTRE

Innovation is at the heart of the Group, with continual improvement a significant focus across the business. A range of innovative products and processes have facilitated increases in efficiency and driven costs down.

The Group is currently testing and developing a range of innovations including new generation materials, NextGen crushing plants, a bulk ore shuttle system (BOSS) and clean energy power solutions.

NEW GENERATION MATERIALS

The Group has progressed considerably with the development and construction of an automated manufacturing facility, specifically designed to produce carbon fibre structural components with a wide range of applications.

Current manufacturing includes the creation of a 150 tonne dump truck tray, which delivers a substantial payload advantage and estimates of considerable project returns for the short and medium term.

Significant testing has been undertaken to ensure integrity and reliability of the product once it is released to market.

Planning for a production line using robotic technology has commenced and will enable the timely and commercial delivery of additional trays and other carbon fibre structural components into the future with minimal downtime.

Production of a larger 250 tonne dump truck tray and custom rail wagons are in development, which will deliver weight saving, wear and corrosion advantages achieved by using composites over traditional steel-based materials, resulting in considerable capital and operational cost savings.

NEXTGEN CRUSHING PLANTS

MRL have pioneered the development of the next revolution in modular crushing plants. Offering rapid deployment, demobilisation and relocation capabilities, the plants unique design requires nominal in ground services and concrete allowing fast construction.

Additional benefits of the modular assembly include reduced site construction hours, lower risks, a reduction of construction materials and minimal environmental impact.

The design provides safe access for maintenance, operations and inspections, while the remote control operating and monitoring capabilities allow reduced labour hours and improved maintenance and reliability.

The NextGen plant offers attractive global applications and considerable time and cost efficiencies, representing a new era in crushing plants.

BULK ORE SHUTTLE SYSTEM (BOSS)

The flexible BOSS innovation will provide a cost effective transport solution for bulk commodities.

BOSS is an innovative, lower risk solution to a conventional overland belt conveyor. It is a highly efficient and reliable narrow track mounted vehicle with modern fuel efficient automotive hybrid and robotic technology.

The safe, fully autonomous design allows minimum track maintenance and reduces the occurrence of major breakdowns, allowing production levels to be maintained and an uninterrupted rapid pathway to market.

BOSS will deliver a considerable economic benefit through reduced capital costs, maintenance and operational expenditure savings.

The system presents a unique ability to access stranded assets, opening up new possibilities for the mining sector. In addition, the modular construction of the system enables easy relocation with minimal disturbance to natural landscapes.

The 4 kilometre test track location is currently being finalised in Perth with testing due to be completed in 2018. In conjunction, approvals for the first commercial project are being progressed to enable fast tracked construction once the technology is proven.

LITHIUM OPERATIONS

The Group's lithium operation at Wodgina is the world's largest known hard rock lithium resource with a mine life in excess of 30 years.

The Wodgina resource has increased to 198 million tonnes at 1.18% Li_2O with exploration continuing.

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MANAGING DIRECTOR'S REPORT

MR ENERGY

Work is continuing towards securing a suitable operational location for the micro LNG plants near economic gas sources that will allow the installation of the assets to complete the introduction of our vertically integrated energy supply chain.

Mount Marion's LNG power station is now fully operational and supporting the mine site power requirements. Optimisation of the power station's efficiency and operational philosophy continues to ensure the lowest cost per kilowatt hour is achieved.

In the second half of FY17, the Group took over the operation of the Wodgina power station. This is in line with our strategy to build an internal energy group responsible for the delivery of the Group's energy needs.

STRATEGIC ACQUISITIONS

MRL has advanced its innovations agenda by strategically investing in companies and asssets that can benefit from MRL's unique skills and development expertise. A rigourous evaluation system combining MRL's technical, operational and commercial expertise continually searches for commercially promising opportunities. During 2017 MRL made strategic investments in the Wogina site, combining significant infrastructure assets and lithium resources, and Hazer Group, a listed development Company with promising technology in graphite and hydrogen production.

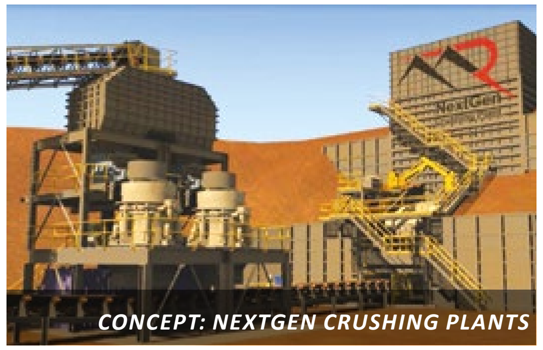
WODGINA SITE

The Group entered into an agreement to purchase the Wodgina mine site and assets from GAM in June 2016. MRL took control of the site in quarter one of 2017.

HAZER GROUP

On 20 March 2017, MRL increased its investment to 14% in the Hazer Group, a West Australian Company focused on delivering innovative, clean and low cost hydrogen and battery grade graphite technology to the global market. The investment will see MRL proactively assist the Hazer Group to commercialise their unique technology. The two parties are working towards jointly developing a commercial scale synthetic graphite plant. This event represents a notable progression in MRL's energy storage materials strategy.

CONCEPT: CARBON FIBRE DUMP TRUCK TRAY



CONCEPT: NEXTGEN CRUSHING PLANTS

CONCEPT: BOSS UNLOADING AT PORT

EXISTING MT MARION POWER STATION

WODGINA OPERATION

BOSS

BOSS will deliver a considerable economic benefit through reduced capital costs, maintenance and operational expenditure savings.

The 4 kilometre test track location is currently being finalised in Perth with testing due to be completed in 2018.

MANAGING DIRECTOR'S REPORT

ENVIRONMENT

High quality and effective environmental management practices are at the heart of all Group operations.

MRL understands that mining should be conducted to a high environmental standard and accepts that current and future opportunities for mining companies to utilise Australia's resources need to place significant emphasis on environmental considerations.

To this end, MRL is developing initiatives to help position itself as an industry leader in environmental management, including:

1. The Group's research with Curtin University on biodiversity of banded iron formation ranges in the southern Yilgarn region of Western Australia. This initiative was awarded the 2015 Association of Mining and Exploration Companies (AMEC) Environment Award.
2. Becoming a founding member of a consortium of mining companies and academic institutions implementing a $5 million Australian Research Council grant for an Industrial Transformation Training Centre for Mine Site Restoration (CSMR). The CSMR is focused on improved mining rehabilitation outcomes through the creation of a multi-disciplinary, integrated training centre that complements proponents' existing capacity in restoration research.
3. Membership of the Pilbara Rehabilitation Group (PRG), which brings together a number of mining companies based in the Pilbara to share ideas and contribute to research in improving rehabilitation practices throughout the Pilbara Region of Western Australia. One of the PRG's current focus areas is developing improved closure criteria measures which can be used by the DMIRS to assess the success of rehabilitation programs throughout Western Australia.
4. The Group has completed the implementation of its Environmental Leadership program to promote the importance of effective environmental management and sustainability. The program has been delivered to all employees across MRL's diverse portfolio of work fronts, and it is expected that every employee will make a commitment to maintaining an exceptional standard in environmental performance.
5. In conjunction with the Environmental Leadership program, the Group is progressing with review and improvement of its comprehensive Environmental Management System (EMS).
6. Environmental assessments are undertaken prior to the commencement of all projects and detailed management plans are developed as required to mitigate or control potential environmental impacts.

The Group has made significant progress towards meeting its rehabilitation obligations in the Yilgarn. Rehabilitation during FY17 included the continued re-profiling, ripping and seeding of the Carina waste rock dump. Rehabilitation of access roads and borrow pits no longer required by operations have also been completed.

Information gathered from the rehabilitation trials undertaken on the Carina waste rock dumps is being used with great effect to influence rehabilitation practices across the site, ensuring better rehabilitation outcomes and reducing potential costly rework.

In addition, the J4 project has undergone progressive rehabilitation. A large portion of the J4 waste rock dumps have already been re-profiled ready for ripping and seeding later this year.

The rehabilitation completed to date is proof of the Group's commitment to progressive rehabilitation and positive environmental outcomes.

ENVIRONMENT

The Group has completed the implementation of its Environmental Leadership program to promote the importance of effective environmental management and sustainability.

The rehabilitation completed to date is proof of the Group's commitment to progressive rehabilitation and positive environmental outcomes.

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MANAGING DIRECTOR'S REPORT

INDIGENOUS ENGAGEMENT

MRL acknowledges and respects Indigenous Australians and the connection they have to the land upon which we go about our lives and our work. The Group recognises the traditional owners associated with lands within MRL's project areas and their contribution to successful social, community and project outcomes. It is the Group's objective to build strong relationships with Indigenous communities and with local traditional owners. Through its Indigenous engagement, MRL builds relationships of reciprocity with the people whose land we are privileged to operate on.

In 2015 MRL launched an Indigenous Traineeship Program "Tjinanging" meaning Looking Forward. This program provided training and work experience for Indigenous people to enhance their pathway to employment opportunities and to provide a pipeline of appropriately skilled Indigenous candidates who can be placed into full time positions across the MRL business. The program has seen a number of participants transitioning into full time roles both within the Company, and across the industry.

During FY17, the Group participated in a number of initiatives to increase Indigenous participation rates across all of its operations and continued with further education of the workforce on the value that cultural diversity brings to the organisation.

With a number of new projects commencing for MRL, a significant amount of cultural heritage survey work has been undertaken and Land Use Agreements have been put in place with Native Title claim groups for future MRL projects. In addition, MRL has continued to promote cultural awareness training of its workforce by Indigenous leaders who have both experience working within the resources sector and are themselves traditional land owners. This training is considered particularly important for Supervisors and Managers who will have a roll in supporting indigenous employment opportunities through the Tjinanging program. MRL also completed some rehabilitation of exploration works at its Poondano, Lamb's Creek and Phil's Creek sites during the year utilising indigenous-owned contract service providers.

The Group continues to support events which celebrate Aboriginal and Torres Strait Islander history, culture and achievements.

GENDER DIVERSITY

MRL views gender diversity as more than a moral or social obligation, acknowledging the potential for gender diversity to lead to improved organisational performance.

The following progress was made in improving gender diversity outcomes:

- Appointment of a female Non-Executive Director to the Board in September 2017
- The appointment of two female General Managers increased the proportion of women on the Senior Leadership Team from 6% at the start of the financial year, to 16% by the end of the financial year
- The implementation of a formal process to identify, track and develop female talent in the business
- The introduction of a paid maternity leave scheme, incentivising female employees to return to work following a period of maternity leave

The business has developed a Gender Diversity Strategy to provide a framework for driving measurable improvement in gender diversity within the organisation. The measurable gender diversity objectives for FY18 will focus on the following key areas to create a workplace that supports gender diversity at all levels:

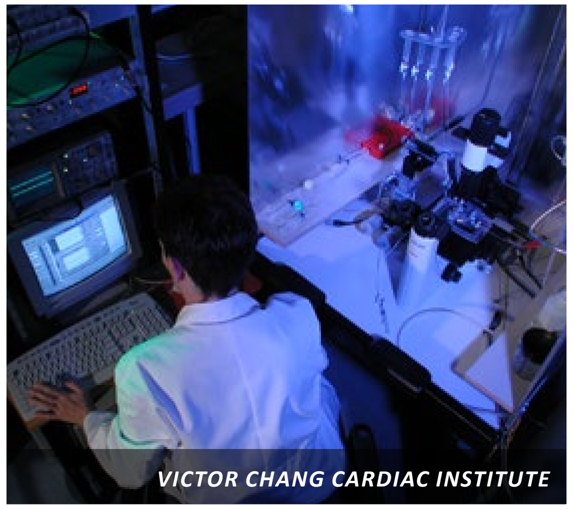
- Attraction and selection of female talent
- Creating internal and external networking and mentoring opportunities for women
- Measuring gender diversity performance at all levels of the employee lifecycle
- Undertaking a gender pay-gap analysis
- Identification and development of female talent

OUR PEOPLE

Through its Indigenous engagement, MRL builds relationships of reciprocity with the people whose land we are privileged to operate on.

The appointment of two female General Managers increased the proportion of women on the Senior Leadership Team.

MAKE-A-WISH® AUSTRALIA



VICTOR CHANG CARDIAC INSTITUTE

CITY TO SURF

OUR COMMUNITY

All corporate charitable contributions, sponsorships, and in-kind services promote our business goals, create positive visibility, and demonstrate social responsibility.

The Group is driven by a commitment to sustainable support for reputable not-for- profit and community-based organisations that deliver long term, measurable benefits.

COMMUNITY

MRL understands the importance of giving back to the communities in which we live and work. During FY17 MRL supported a range of local and national community groups.

MRL makes a significant positive contribution to the community by capacity building in the not-for-profit and charitable sectors.

All corporate charitable contributions, sponsorships, and in-kind services promote our business goals, create positive visibility, and demonstrate social responsibility.

The major focus of our contributions are health-related and people causes with a focus on regional areas (community programs, clubs and schools) where our project sites and workshops make an impact on the community.

The Group is driven by a commitment to sustainable support for reputable not-for- profit and community-based organisations that deliver long term, measurable benefits.

In order to provide a number of selected organisations with a degree of financial stability, MRL has entered into new three-year partnership arrangements that commenced in FY17 to provide consistent funds to assist in the delivery of important community services and facilities.

These organisations include:

- Harry Perkins Research Institute – Cardiovascular Disease (new)
- Youth Focus
- Make-A-Wish® Australia
- Perth Children's Hospital
- Starlight Children's Foundation
- Victor Chang Cardiac Institute (new)
- Lucy Saw Women's Refuge (new)

MRL took on board 3 new partnerships this year and have committed to support these very worthy causes until at least 2019.

In addition to the three-year partnership arrangements, the Group provides targeted financial support to several dozen smaller community organisations in the metropolitan area, Pilbara and Yilgarn regional centres.

As part of MRL's Yilgarn School Sponsorship Program, funding was allocated to the Southern Cross District Junior High School, Moorine Rock Primary School and St Joseph's School all located in Southern Cross. The Group also contributed to its School Education in Low Socioeconomic Areas Program.

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MANAGING DIRECTOR'S REPORT

WE HAVE DEVELOPED A GENDER DIVERSITY STRATEGY TO PROVIDE A FRAMEWORK FOR DRIVING MEASURABLE IMPROVEMENT IN GENDER DIVERSITY WITHIN MRL

Furthermore, MRL contributed to the Geoff Rassmussen Scholarship fund which assists disadvantaged youth gain a university education through the University of WA.

PMI, through regular employee donations generated $133,521 from wet mess sales and in-kind labour provision in FY17.

As part of the support shown for Ronald McDonald House, MRL funds the salary of two full time chefs to ensure coverage of the kitchen within the house.

The 2016 Fathers' Day luncheon at Princess Margaret Hospital was also supported via catering for 250 fathers, children and their families and staff.

Support of the Royal Flying Doctor Service (RFDS) occurred through donations towards multiple RFDS events, including the catering for the staff Christmas luncheon, new hangar opening and the annual AICD awards function.

PMI proudly supported the City to Surf 2016 via catering for corporate marquees, totaling over 6,000 guests.

FINANCIAL REVIEW

FINANCIAL PERFORMANCE

The Group achieved revenues from ordinary activities of $1,458 million in FY17, which was up 24% on the prior corresponding period (pcp) reflecting:

- Higher achieved prices on iron ore exports (up 16% on pcp);
- The commencement and ramp-up of the Mount Marion spodumene operation and the Wodgina lithium direct ship ore (DSO) operation;
- Increased crushing, processing and mining production; and
- Gains from the extinguishment of contractual rights to offtake/royalty rights over the Pilbara Minerals Limited (ASX: PLS) Pilgangoora Lithium Project.

The Group produced earnings before interest, tax, depreciation and amortisation (EBITDA) of $464 million[(1)] for FY17 which was up $178 million (62%) on normalised pcp and in line with the guidance range of $460 million to $480 million. This led to net profit after tax (NPAT) of $201 million which was up $227 million on pcp.

Depreciation and amortisation of $160 million in FY17 was $26 million (20%) higher on pcp primarily from increased commodity production and the expansion of the mining fleet at the Group's iron ore operations.

OPERATIONAL PERFORMANCE

Mining Services and Processing

Mining Services and Processing revenues of $350 million were 12% below pcp. Increased crushing, processing and mining production, together with the opportunistic sale of manganese stock holdings, were offset by lower EPC construction revenues.

Mining Services & Processing EBITDA of $196 million was 9% above pcp. Increased crushing, processing and mining production offset lower EPC construction profits.

Highlights in the period included:

- In early FY17, the Group completed the construction and commissioning of the Nammuldi Below Water Table Extension EPC contract. The project has been progressively handed over to the client's operations team since October 2016. Revenue and margin on NP2 has been recognised in FY17.
- Construction activities for the first stage Mount Marion Build-Own-Operate (BOO), life-of-mine mining services contract were completed and mining and processing operations commenced. The crushing and processing plants were commissioned and ramped-up to above nameplate output. Construction of the flotation circuit has been completed and is currently in its commissioning phase.
- Wodgina lithium DSO operation mining and crushing operations commenced with the first DSO exported to China on 17 April 2017.
- The Group increased crushing and processing production in FY17 when compared against pcp. The growth resulted from a continuation of the volume enhancement program undertaken for clients, the commencement of the Mount Marion and Wodgina Mining Services operations as set out above, and four new external contracts signed in the fourth quarter of FY17. The full year impact of the new mining, crushing and processing contracts will be seen in FY18.
- Site Services continued to deliver a solid contribution to earnings. In November 2016, the Group took over the provision of accommodation services at the Wodgina mine site and in July 2017, the Group relocated the Poondano Camp to the Mount Marion mine site to provide life-of-mine accommodation and messing services to the project. The full year impact of these developments will be seen in FY18.

Iron Ore

Iron ore exports in FY17 were stable with the pcp at 12.3 million wet tonnes. Iron ore revenues of $921 million were up $144 million (18%) on pcp. The Platts 62% Fines Index averaged $87.0/wet tonne for FY17, an increase of 30% on pcp, reflecting global iron ore

PERFORMANCE

The Group produced EBITDA of $464 million for FY17 which was up $178 million (62%) on normalised pcp and in line with the guidance range of $460 million to $480 million.

[1] Reported EBITDA of $474 million less $10 million related to the impairment in the second half of the Group's investment in Pilbara Minerals Limited (ASX: PLS).

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MANAGING DIRECTOR'S REPORT

Mining

The Group's actual commodity export sales volumes in the period were as follows:

Commodity exports ('000 WMT)	*1H FY16*	*2H FY16*	*Total FY16*	*1H FY17*	*2H FY17*	*Total FY17*
Utah Point						
Iron Valley	3,126	3,389	6,515	4,209	3,760	7,969
Other Iron Ore	42	117	159	-	-	-
Wodgina	-	-	-	-	720	720
Manganese	-	93	93	146	-	146
Total Utah Point	**3,168**	**3,599**	**6,767**	**4,355**	**4,480**	**8,835**
KBT2						
Yilgarn	2,733	2,648	5,381	2,506	1,796	4,302
Mount Marion	-	-	-	-	116	116
Total KBT2	**2,733**	**2,648**	**5,381**	**2,506**	**1,912**	**4,418**
Total Iron Ore	5,901	6,154	12,055	6,715	5,556	12,271
Total Lithium DSO	-	-	-	-	720	720
Total Spodumene	-	-	-	-	116	116
Total Manganese	-	93	93	146	-	146
Total Commodity Exports	**5,901**	**6,247**	**12,148**	**6,861**	**6,392**	**13,253**

Note: volume shown for Mt Marion is 100%. MRL's ownership interest in this project is 43.1%

market conditions. The Platts 62% Fines Index averaged $81.0/wmt in the first half and $92.2/wmt in the second however the widening discount impacted profit.

The Group's average iron ore price achieved for FY17 was $75.1/wet tonne reflecting a net 13.7% discount to Platts, a significant increase from 3.4% in the pcp. The Group experienced a material widening of discounts in the second half of the year from 2.7% in the first half to 24.5% in the second. Since the year end, both the Platts 62% Index and the lump premium have risen, but discounts on Yilgarn and Iron Valley fines products remain abnormally high and may reflect a structural change to iron ore pricing.

The Group continued its focus on cost savings and operational improvements in the year. Iron ore mining segment C1 cash costs of $39.8/wet tonne were 2% lower than $40.7/wet tonne in pcp. CFR cash costs of 57.1/wet tonne were 2% higher than pcp from higher revenue-driven royalties and increased global shipping costs.

Iron ore mining EBITDA of $221 million was $117 million (112%) greater than pcp, reflecting increased global iron ore prices and the Group's focus on cost. On a wet tonne basis, EBITDA increased 109% from $8.6 to $18.0.

Highlights in the period included:

- At Iron Valley, crushing plant modifications were completed in the year to enable processing of below water table ore. In addition, all approvals to commence below water table mining were secured, allowing access to the balance of the ore reserve
- Iron Valley crushing plant performance improved with production in the year reaching 8 million wet tonnes, 14% greater than the target of 7 million tonnes per annum
- In the Yilgarn, the Carina pit was completed on plan in the period and production was shifted to the Jackson 4 (J4) and the Carina Extended pits
- Carina Extended is a satellite open pit and source of blending material. The ore is hauled 2 kilometres to the existing Carina pit facilities for processing. Production from Carina Extended began in January 2017 and first ore was hauled into the shipping blend during the first week of February

Mount Marion Lithium Project

Mining, crushing and processing activities commenced in FY17 with the first shipment of 15,000 wet tonnes of 6% and 4% spodumene departing Kwinana for China on 6 February 2017. Since that date, production and monthly shipments have increased and are now above nameplate of 400,000 wet tonnes per annum with 116,000 wet tonnes of 6% and 4% spodumene exported in FY17.

The processing plant was commissioned and ramped up in FY17 with the plant entering into "commercial production" on 1 March 2017. 37,000 wet tonnes of spodumene were produced in the commissioning and ramp-up phase and in line with accounting standards, the cost (net of sales revenue) associated with these tonnes was capitalised.

The Group's FY17 achieved price for its 6% and 4% spodumene products averaged $783/wet tonne for all tonnes exported post 1 March 2017. This was based on

PERFORMANCE

The Group continued its focus on cost savings and operational improvements in the year.

Iron ore mining EBITDA of $221 million was $117 million (112%) greater than pcp, reflecting increased global iron ore prices and the Group's focus on cost.

MANAGING DIRECTOR'S REPORT

a 6% spodumene price of US$750/dry tonne CIF China.

During the second half of FY17, the Group successfully finalised re-negotiations for the offtake pricing mechanism with offtake partner Ganfeng Lithium Co. Ltd., delivering pricing linked to international lithium carbonate and hydroxide prices rather than bilateral spodumene market prices. The 6% spodumene price for the September 2017 Quarter was agreed at US$841/dry tonne CIF China.

CIF cash costs for FY17 averaged $658/wet tonne exported post 1 March 2017 and have declined each month as production has increased.

Wodgina Lithium Project

The Wodgina Project is 100% owned and operated by the Group under a life-of-mine Mining Services contract.

The first mining drill and blast operation to deliver high grade lithium DSO occurred on 6 March 2017 with the world's first shipment of lithium DSO departing Port Hedland on 17 April with 114,000 wet tonnes on board bound for China.

Two mobile crushing plants were installed and commissioned in March 2017 producing the first 100,000 wet tonnes of lithium DSO. Atlas Iron's mining and crushing operations ceased at the Wodgina site in April, making available core processing infrastructure to MRL Group for the processing of lithium DSO and allowing a ramp-up in production and exports. In June 2017, the project delivered an annualised production rate of over 4 million wet tonnes and in the final quarter of FY17, the Group exported 720,000 wet tonnes of lithium DSO.

BALANCE FOR GROWTH

The Group continue to maintain a strong and conservative balance sheet that provides flexibility to facilitate the growth of the business.

CASH AND WORKING CAPITAL

At 30 June 2017, the Group had net cash (cash and cash equivalents less debt) of $104 million, down from $188 million at 30 June 2016 reflecting the capital and working capital cost of developing the Mount Marion and Wodgina projects, three new external crushing plants installed in the year, together with substantial tax and dividend payments.

Net cash from operating activities before interest and tax of $382 million in FY17 was up $27 million on pcp after the impact in FY17 of:

- The non-cash PLS settlement of $40 million[2]; and
- Working capital investment of $42 million in new commodity projects and Mining Services contracts.

Net cash used in investing activities in FY17 was $240 million, up $89 million from $151 million in pcp. Investment in the year included:

- Purchase of the Wodgina mine, the resource drilling programme and DSO project establishment costs;
- Completion of the Mount Marion Build-Own-Operate assets, and proportional shareholder funding of joint venture Company working capital requirements;
- Infrastructure to support the four new external crushing contracts signed in the fourth quarter of the year;
- Infrastructure to support LNG power generation at the Group's mine sites;
- Iron Valley crushing plant below water table modifications; and
- The drawdown by Empire Oil & Gas Limited (ASX: EGO) of the Group's financing facility.

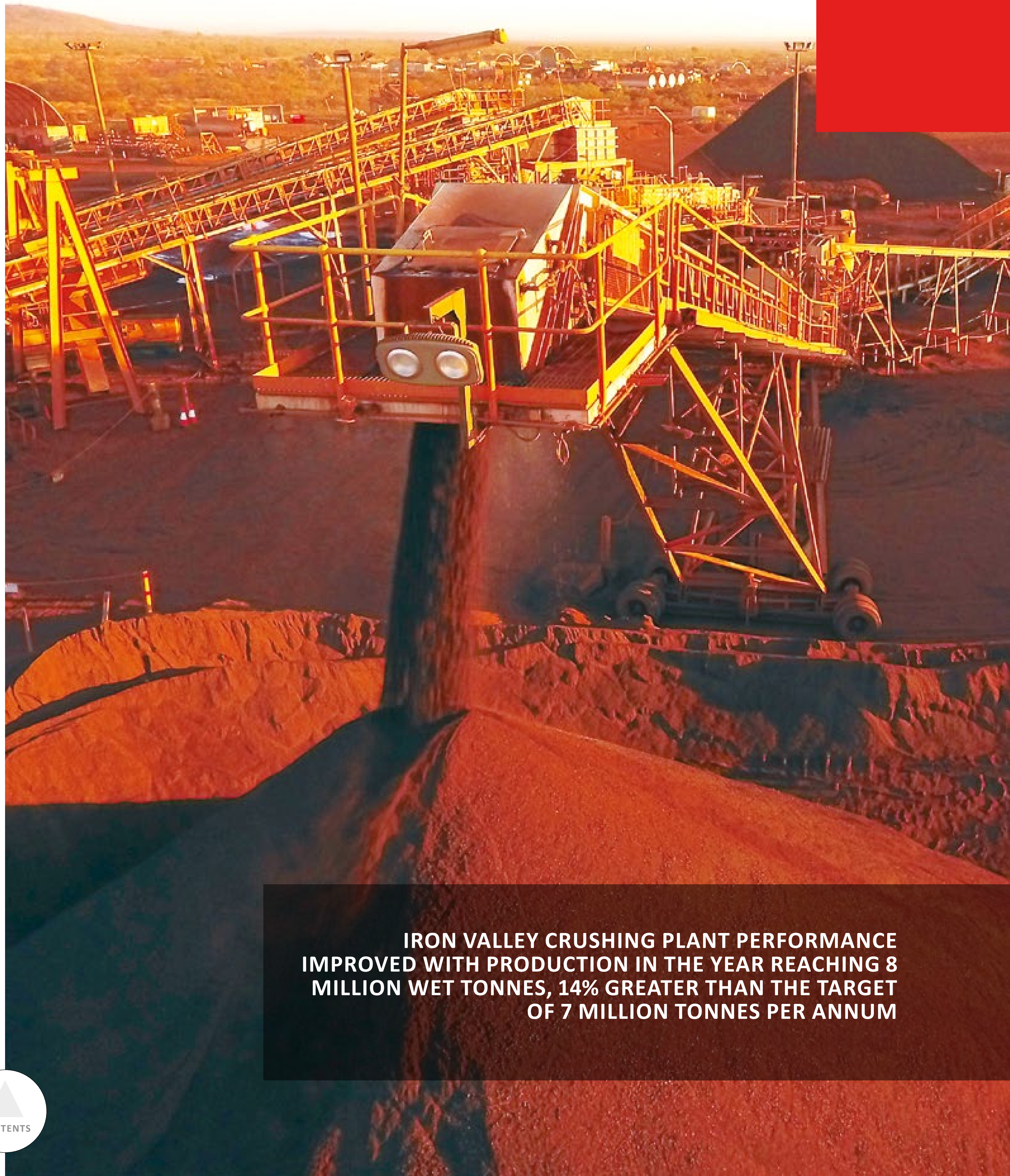
In addition to its 30 June 2017 cash holdings of $378 million, the Group has access to substantial undrawn debt facilities to support business development activities.

CAPITAL MANAGEMENT

The Group continues to maintain a strong and conservative balance sheet that provides flexibility to facilitate the growth of the business. This includes maintaining a significant strategic cash balance to ensure that it is available for growth investments as the opportunity arises.

A fully franked final dividend of 33.0 cents per ordinary share has been declared for shareholders as at 16 August 2017 and was paid on 20 September 2017. Inclusive of the fully franked interim dividend of 21.0 cents per ordinary share, total dividends declared and paid for FY17 of 54.00 cents per ordinary share, were 83% above pcp.

[2] $50 million of PLS shares issued on settlement, less $10 million from the decline in share price at the year end.



IRON VALLEY CRUSHING PLANT PERFORMANCE IMPROVED WITH PRODUCTION IN THE YEAR REACHING 8 MILLION WET TONNES, 14% GREATER THAN THE TARGET OF 7 MILLION TONNES PER ANNUM

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ANNUAL FINANCIAL REPORT - 30 JUNE 2017

GENERAL INFORMATION

The financial statements cover Mineral Resources Limited as a group consisting of Mineral Resources Limited (Company) and the entities it controlled at the end of, or during, the year (Group). The financial statements are presented in Australian dollars, which is the Group'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 Group'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 16 August 2017.

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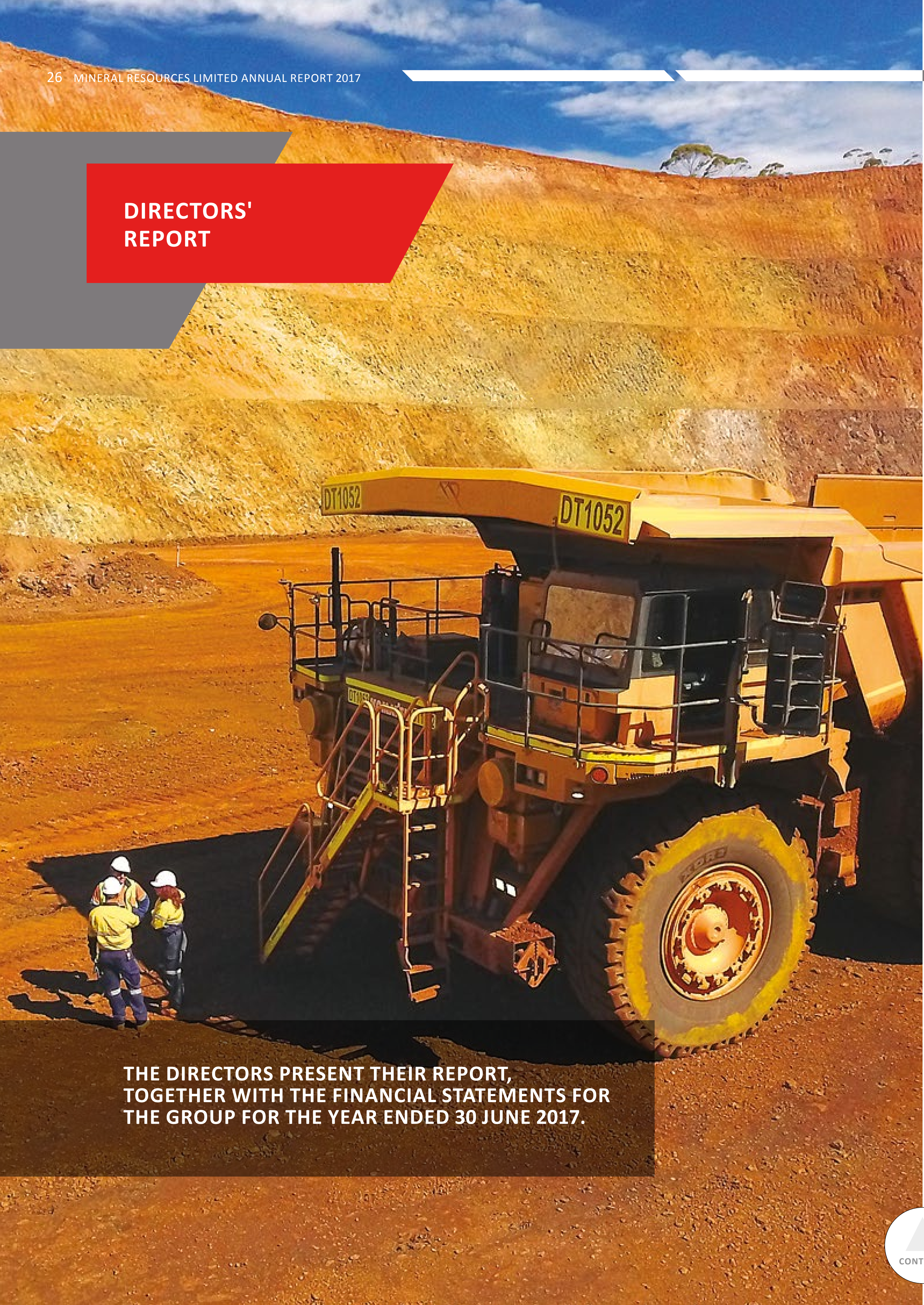

DIRECTORS' REPORT

THE DIRECTORS PRESENT THEIR REPORT, TOGETHER WITH THE FINANCIAL STATEMENTS FOR THE GROUP FOR THE YEAR ENDED 30 JUNE 2017.

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
Kelvin Flynn
James McClements
Tim Roberts (appointed 17 November 2016)
Xi Xi (appointed 11 September 2017)

PRINCIPAL ACTIVITIES

During the financial year, the principal continuing activities of the Group consisted of the integrated supply of goods and services to the resources sector. The overview of the Group's operations, including a discussion of strategies, outlook and financial performance are contained in pages 8 to 22 of the Managing Director's Report in this Annual Report.

DIVIDENDS

	Cents	Franked %	$'000
2017 final dividend – declared 16 August 2017	33.00	100%	61,819
2017 interim dividend – paid 15 March 2017	21.00	100%	39,278
2016 final dividend – paid 15 September 2016	21.00	100%	39,235
2016 interim dividend – paid 4 March 2016	8.50	100%	15,866

On 16 August 2017, the Directors declared a final dividend for the year ended 30 June 2017 of 33 cents per ordinary share to be paid on 20 September 2017, a total estimated distribution of $61,819,000.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 16 August 2017 the directors declared a final fully franked dividend for the year ended 30 June 2017 of 33 cents per share to be paid on 20 September 2017, a total estimated distribution of $61,819,000 based on the number of ordinary shares on issue as at 16 August 2017.

No other matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Information on likely developments in the operations of the Group 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 Group.

ENVIRONMENTAL REGULATION

The Group 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.

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DIRECTOR PROFILES

PETER WADE

Title: Non-Executive Chairman

Appointment: 27 February 2006

Qualifications: BE (Hons), LGE

Experience and expertise: Peter has over 45 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

Former directorships (last 3 years): None

Special responsibilities: Chairman of Board of Directors

Interests in shares: 516,162

Interests in options: None

CHRIS ELLISON

Title: Managing Director

Appointment: 27 February 2006

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 36 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, a Company focused on the provision of specialised pipe lining and general infrastructure.

Other current directorships: Director of Mesa Minerals Limited

Former directorships (last 3 years): None

Special responsibilities: Managing Director

Interests in shares: 23,073,100

Interests in options: None

KELVIN FLYNN

Title: Independent Non-Executive Director

Appointment: 22 March 2010

Qualifications: B Com, CA

Experience and expertise: Kelvin has over 25 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 the founder and currently a Managing Director and Head of Private Equity at Sirona Capital.

Other current directorships: Silver Lake Resources Limited (ASX: SLR)

Former directorships (last 3 years): Mutiny Gold Limited (ASX: MYG)

Special responsibilities: Chair of Audit Committee and Nominations Committee, Member of Remuneration Committee

Interests in shares: None

Interests in options: None

JAMES MCCLEMENTS

Title: Lead Independent Non-Executive Director

Appointment: 29 May 2015

Qualifications: B Econ (Hons)

Experience and expertise: James has 30 years of experience as a natural resources sector banker in Australia, Canada and the USA. He was raised and educated in the Pilbara region of Western Australia and began his professional career with BHP Limited before joining Standard Chartered Bank in Perth and N.M. Rothschild & Sons in Sydney then Denver. James also spent 11 years in the USA and co-founded Resource Capital Funds during that time.

James is currently the Managing Partner of Resource Capital Funds (RCF) and has extensive Board experience having served as a Director of 12 RCF portfolio companies.

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: Member of Audit Committee and Nominations Committee and Chair of Remuneration Committee

Interests in shares: None

Interests in options: None

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DIRECTORS' REPORT

TIM ROBERTS

Title: Independent Non-Executive Director

Appointment: 17 November 2016

Experience and expertise: Tim played a key role in the transformation of Multiplex, one of the nation's largest privately owned companies established by John Roberts in 1962, from a construction contractor into a broadly based property group with operations spanning property development and investment, facilities management, and property funds management. He was also an executive director of Multiplex Group from 2003 until 2007, when the Roberts family sold its remaining interests in Multiplex to Brookfield Asset Management Inc. Since 2007, Tim, through his family office, has established a private investment group that is significant and diverse, both domestically and internationally, with interests in private and listed equities, hedge funds, infrastructure, property, aviation and fishing & aquaculture. Tim is currently a board member of Crown Resorts Pty Ltd, the owner of Crown Casino and hotels in Western Australia; Patron of the Perth Symphony Orchestra; a member of the Board of Trustees of the Telethon Institute; and Patron of the North Cottesloe Surf Lifesaving Club.

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: Member of Audit Committee, Remuneration Committee and Nominations 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 (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 SECRETARIES

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 Mineral 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.

Simon Rushton (LLB, BCom) has over 15 years of senior legal and executive management experience. Simon graduated with a combined law and commerce degree in 2001 and was admitted to legal practice in Western Australia in 2002. Simon commenced his professional career in private practice and gained extensive corporate and commercial experience across a range of Western Australian Supreme Court and Federal Court matters. Simon joined Mineral Resources Limited in 2007 as General Manager Commercial. Simon was appointed Joint Company Secretary on 26 May 2017.

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 2017, and the number of meetings attended by each director were:

	Full Board		*Audit Committee*		*Remuneration Committee*		*Nomination Committee*	
	Attended	*Held*	*Attended*	*Held*	*Attended*	*Held*	*Attended*	*Held*
Peter Wade	11	11	n/a	n/a	n/a	n/a	n/a	n/a
Chris Ellison	11	11	n/a	n/a	n/a	n/a	n/a	n/a
Kelvin Flynn	11	11	2	2	4	4	2	2
James McClements	10	11	2	2	4	4	2	2
Tim Roberts*	6	6	1	1	2	3	2	2

*Appointed 17 November 2016.

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

Other committee meetings are convened as required.

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REMUNERATION REPORT

REMUNERATION REPORT

THE AIM OF MRL'S REMUNERATION STRUCTURE IS TO ATTRACT, MOTIVATE, REWARD AND RETAIN THE CALIBRE OF BUSINESS PROFESSIONALS NECESSARY TO ACHIEVE THE COMPANY'S STRATEGIC PRIORITIES AND, IN DOING SO, MAXIMISE THE CREATION OF SHAREHOLDER VALUE IN AN ENVIRONMENT OF INCREASING GLOBAL COMPETITION FOR HIGHLY SKILLED AND EXPERIENCED EXECUTIVES

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1. LETTER FROM COMMITTEE CHAIR

Dear Shareholders

I am pleased to present the 2017 Financial Year Remuneration Report for Mineral Resources Limited (MRL or Company).

2016 REMUNERATION VOTE

At the 2016 Annual General Meeting the remuneration resolution received a "first strike", representing a 'no' vote from 49.2% of shareholders voting at the meeting, either personally or by proxy. Significantly, proxy advisors recommended a 'no' vote to the remuneration resolution. Given the prior consultation process in 2016 and the changes to the remuneration policy the Board implemented in response to that feedback, this was an extremely disappointing outcome.

Since the AGM, the Board has invested considerable time and effort engaging with shareholders, industry experts and proxy advisors to understand their concerns that led to this voting outcome and to adjust the structure it implemented in 2016. It acknowledges the expressed views and expectations of our stakeholders and confirms that it has taken account of those opinions in the review of and revisions to the remuneration system that it now submits for 2017.

The Remuneration Committee and Board strongly believe that the remuneration policy and practices described in this report address the key concerns of stakeholders that were expressed during and subsequent to the 2016 AGM and, where the Board is of a contrary view on particular areas, it has rigorously tested its views and provided justification for inclusion in the remuneration system.

We consider that the remuneration structure presented for 2017 and beyond provides the Company with an appropriate reward system to ensure corporate and business goals are achieved and equally deliver alignment with shareholder interests.

2017 REMUNERATION PHILOSOPHY

The aim of MRL's remuneration structure is to attract, motivate, reward and retain the calibre of business professionals necessary to achieve the Company's strategic priorities and, in doing so, maximise the creation of shareholder value in an environment of increasing global competition for highly skilled and experienced executives.

The structure is designed to create a strong link between the strategic priorities of the Company and a performance based remuneration scheme. At the same time, a key principle is to align remuneration practices with the interests of shareholders by incentivising Key Management Personnel (KMP) to continually deliver long term value creation through outstanding business performance.

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CHANGES TO THE 2017 REMUNERATION STRUCTURE

A number of fundamental changes have been made to the 2017 remuneration system which the Board believes further strengthens the system and acknowledges the concerns previously expressed by stakeholders. Full detail of these changes are contained in the body of the Remuneration Report below.

Long Term Incentive (LTI) vesting period	The vesting period for LTI awards have been restructured and delayed. Vesting of LTI benefits will be over a period, greater than 3 years, with any vested awards held in escrow until the end of the scheme cycle.
Ongoing measurement of performance	The vesting of LTI awards are subject to the ongoing performance of the business above the minimum performance level for the duration of the scheme. Awards may be delayed or forfeited, depending on the ongoing business performance.
Use of normalised earnings in measuring performance	The use of normalised earnings will no longer be used to measure performance. Statutory profits will be used in the future without adjustment.

In addition to these changes, there are areas the Board has tested and has decided will remain a feature of the MRL remuneration system. Some of these items are not necessarily consistent with the views of proxy advisors and other commentators. The Board strongly believes they reflect the unique nature of MRL and provide a solid foundation for the rewarding executives in alignment with the ultimate objective of improving shareholder value.

Return on Invested Capital (ROIC) as the single performance measure for LTI awards	A single performance measure, ROIC, will continue to be the measure of long term performance of the business and the basis for LTI awards for executives. It is the Board's view that this single measure encapsulates most appropriately the long term performance of MRL's business.
Minimum 12% ROIC target for LTI awards	The Board has independently reviewed the minimum target of 12% ROIC target for LTI awards. A thorough analysis has been undertaken including: • comparisons with an independently confirmed peer group of companies, • a comparison with the Company's WACC, and • recognition of MRL's capital intensive nature and industry segment. The Board is satisfied that this threshold is at a level that creates shareholder value and provides management with a formal, rigorous performance target.
Retention period for STI awards	The Board has considered the nature and purpose of the Short Term Incentive (STI) award and has concluded that the structure used in 2016, to pay the STI awards in cash immediately following the award year, meets the overall reward objectives of the MRL remuneration system.

2017 BUSINESS PERFORMANCE AND REMUNERATION OUTCOMES

Over the past financial year, the resources sector (MRL's primary industry sector) has continued to experience substantial volatility. The year has been characterised by significant commodities price movements and fluctuations to other external economic factors comprising global fiscal policies, fuel prices and foreign exchange rates. These factors have impacted shareholders returns across the mining industry.

Despite this challenging environment, executive and senior management have remained fully focused on innovation, cost savings and business development. As a result, the Company has achieved substantial, positive returns for shareholders with:

1. Earnings before interest, tax, depreciation and amortisation (EBITDA) of $464 million, an improvement of 62% on the prior corresponding period (pcp)
2. A 19.5% ROIC, exceeding the minimum 12% target ROIC by 62%
3. A Total Shareholder Return (TSR) improvement of 29%
4. Implementation of a number of key business development initiatives that have had an immediate and significantly positive impact on shareholder value and set in place new business that will substantially improve this position in the future
5. A 12-month total recordable injury frequency rate of 2.32, undoubtedly a world class outcome in terms of safety performance.

These outstanding achievements, which fundamentally drive shareholder value, are reflected in the remuneration outcomes for this year.

CHANGES TO THE MANAGING DIRECTOR'S REMUNERATION

The Company's Managing Director has been historically underpaid and the Fixed Annual Remuneration (FAR) increase over the years had been modest taking account of the strong growth performance of the Company. He had 'turned down' parts of his STI and LTI payments which perpetuated his underpayment. At the end of FY16, the Board reviewed his FAR with the intention to 'right size' the amount to reflect the value he brings to the Company, his skills and abilities and his entrepreneurial focus on managing a unique Company through business cycles. The Managing Director's revised salary package was reviewed with effect from 1 July 2016.

Following the first strike vote in November 2016, the Board conducted an extensive review of the executive pay, retaining independent remuneration consultants to undertake the comparative work. The Board concluded from this review that the Managing Director's package had been appropriately adjusted to reflect the value that Chris brings to the Company and the unique roles and responsibilities of the position, that are broader and greater than those at most of the Company's peers given that the Company is not a simple mining Company.

Accordingly, and following receipt of the independent analysis of comparative remuneration packages for managing directors of the peer group of companies, the Remuneration Committee recommended to the Board that Chris' remuneration package for 2017 should be structured to provide a total remuneration (including the face value of the 2017 LTI award) equivalent to the upper percentile of the peer group.

This increase represents a 25% increase in the face value of the Managing Director's remuneration package and, although this increase is not in keeping with the general trend in executive remuneration for the wider business community through FY17, it corrects a structure that was previously not reflective of the responsibilities of the position, the size and complexity of the MRL business compared with its peers and the value brought to the position by the incumbent.

CONCLUSION

The Board is appreciative of the input from key stakeholders in this process of review and believe that the outcomes have strengthened the MRL reward system and have addressed the key issues which led to the "first strike" result in 2016.

I commend this remuneration report to shareholders and welcome the opportunity to receive feedback at any time during the year and, specifically, look forward to shareholder feedback and discussion of our approach at the 2017 Annual General Meeting in November.

Yours faithfully

James McClements
Lead Independent Non-Executive Director
Chairman, Remuneration Committee

2. REMUNERATION REPORT

2.1. Audit of the Remuneration Report

This Report forms part of the Directors' Report, details remuneration arrangements in place for Key Management Personnel (KMP) and provides specific detail required by the Corporations Act.

2.2. Key Management Personnel

KMP are those persons having responsibility, authority and accountability for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. In this report the words "Executive" or "Executives" refers to Executive KMP.

The Group's KMP for FY17 are as follows:

(i) Non-Executive Directors:

Peter Wade	Non-Executive Chairman (an associated director)
Kelvin Flynn	Non-Executive Director (an independent director)
James McClements	Lead Independent Non-Executive Director (an independent director)
Tim Roberts	Non-Executive Director (an independent director, appointed 17 November 2016)

(ii) Executive Director

Chris Ellison	Managing Director

(iii) Other Executives

Danny McCarthy	Chief Operating Officer
Bruce Goulds	Chief Financial Officer/Company Secretary
David Geraghty	Executive General Manager
Bob Gavranich	Executive General Manager

3. REMUNERATION PHILOSOPHY AND STRATEGY

3.1. MRL's business drivers for success

MRL is a mining services contractor, mine owner and operator and infrastructure owner/manager. The Board sets ROIC criteria when evaluating the deployment of capital on any mining/mining related project. MRL then applies its suite of highly unique and robust operational management capabilities to these projects in order to maximise returns for shareholders.

Key aspects of the Company's strategy include:

a. acquisition and/or construction of key projects that target life of mine service operations and are compatible with the Company's skillset and, where possible, complement existing projects within the portfolio through the creation of synergies and economies of scale
b. continually challenge operating costs, availability and utilisation of key plant items to optimise project earnings
c. develop greenfield projects to a mature, steady state operation and divest for maximum capital gain at the opportune time
d. maximise the creation of long term shareholder value by generating superior returns on capital invested, and
e. the use of innovation to either provide customers with innovative operational solutions or to improve business outcomes by developing and refining technology and unique business practices to the Company's own projects.

3.2. Remuneration philosophy and strategy

The Board has determined that the following five principles will guide the Company's decisions in establishing its KMP remuneration arrangements:

a. fairness and equity in establishing a fair level of reward for performance
b. transparency to present the direct linkage between reward and performance
c. alignment to promote mutually beneficial outcomes between employee, client and shareholder interests
d. incentivise behaviour that maximises the return on invested capital available to the Company by rigorous project selection and implementing optimal management practices
e. maintenance of the MRL culture and behaviours to promote innovation, safety, corporate governance, social and environmental responsibility.

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The Company's performance and the returns generated for its shareholders depend on the quality of its people. In recognition of this fact MRL's remuneration policy is structured to ensure the Company attracts, motivates, rewards and retains the calibre of employees necessary to achieve the corporate strategy which delivers outstanding returns set by the Board. In doing so, performance is aligned with shareholder interest of safely maximising value creation.

To achieve this outcome, the Board balances KMP remuneration between fixed salary and performance based components by utilising the following three key components:

a. fixed annual remuneration (FAR): This is designed to reward KMP for performing the general responsibilities of their role and for achieving their key result areas within their role
b. a short-term incentive (STI): This is a program of at-risk, short term incentives intended to reward individuals for their individual contribution to the performance of the business and operational outcomes over a twelve-month period. Personal KPIs are used to measure the individual's performance in the short term
c. a long-term incentive (LTI): This is a program of at-risk, longer term incentives intended to reward KMP when their collective contributions create shareholder value that meets or exceeds performance. Long term incentives are paid in MRL shares to directly align management with shareholders' interests by building a personal shareholding in MRL, the value of which is directly exposed to the MRL share price over the long term and are only realised by sustained performance of the business and the earliest they can be released, after an escrow period, is within the fourth year following grant.

The Board continues to employ a benchmarking strategy that considers a range of factors when setting KMP remuneration levels. The most recent KMP benchmarking activity was commissioned in early calendar 2017 and involved evaluation of market data of the target and actual annual remuneration arrangements of comparative executive management roles within an independently selected peer group of companies. The selection of peer group companies comprised 18 ASX 200 companies having regard to related industry sectors, size of Company measured by revenue and Company market capitalisation. The Board also considered engagement levels of MRL's customer base in relation to the interactions required to develop and operate the business. As MRL customers are widely dispersed between large, multinational companies through to small explorers, it was useful to analyse the alignment of MRL's managers with the appropriate commercial level.

The unique nature of the MRL business model, which straddles a range of discrete business activities from mining and commodity operations through to mining services and infrastructure ownership, makes it difficult to identify true peers for comparison purposes. As such, in order to confirm the validity of the peer group selected by the Board for the remuneration benchmarking purposes undertaken (as described above), the Company engaged a separate independent analytical group to establish what it considered to be a peer group of companies for comparison purposes. Pleasingly, the peer group established by the independent analytical group comprised of many of the same 18 companies as those selected for peer group comparison by the independent remuneration consultant.

The overall philosophy is to reward KMP performance against challenging threshold measures, and includes an additional incentive to achieve stretch targets, that properly incentivise performance aligned with shareholder interests. The Board has determined that this outcome will be achieved by adopting remuneration packages that:

a. target total remuneration outcomes within the third quartile in comparison to the Peer Group
b. require superior performance and achievement of the minimum threshold measures in order to realise the minimum targeted remuneration potential, with a further incentive to achieve stretch corporate targets
c. drive the creation of shareholder value through attraction and retention of KMPs with the requisite skills and experience to deliver performance targets
d. comply with applicable legal requirements and appropriate standards of governance.

4. REMUNERATION GOVERNANCE

4.1. Role of the Remuneration Committee

The Board is responsible for ensuring that the Company's remuneration policy and practices align with overall business strategy and the interests of shareholders. The role of the Remuneration Committee is to advise the Board on KMP remuneration and performs the following functions:

a. makes recommendations to the Board on remuneration policy and practices
b. determines the pool of available funds (as a percentage of NPAT) available to distribute to participants of the STI (subject to individual's achieving their personal KPIs)
c. determines the eligibility and vesting of all LTI awards.

The Remuneration Committee convenes regularly throughout the year and senior management input is sought by invitation. The Directors' Report includes a table of Remuneration Committee meetings and attendance for FY17.

The Remuneration Committee is made up of the following Independent Non-Executive Directors:

James McClements	Committee Chair
Kelvin Flynn	Committee Member
Tim Roberts	Committee Member

4.2. Clawback Policy

MRL operates a Clawback Policy that provides the Board with a discretion to claw back previously vested STI or LTI awards in the event it concludes that such awards would not have vested other than as a result of:

a. fraud, dishonesty or breach of duties (including misstatement or manipulation of financial information) of any person; or

b. intentional or inadvertent conduct of any person that the Board determines resulted in an unfair benefit being obtained by an employee.

4.1.1 Change of Control / Resignation / Retirement in the event of ill health

The Board retains discretion over the payment of accrued, unpaid STI awards and the vesting of LTI Entitlement (to which an individual has become entitled subject to performance, which has not yet vested) in circumstances of a change in control of MRL or as a result of resignation/retirement of an individual through ill health.

4.3. External consultants

From time to time during FY17, the Board engaged external consultants to provide insights on remuneration trends, regulatory and governance updates and market data in relation to the remuneration of KMP.

No remuneration recommendations as defined in Section 9B of the Corporations Act 2001 were obtained during FY17.

5. REMUNERATION STRUCTURE

5.1. Service Agreements

The remuneration and other terms of employment for each KMP is formalised in service agreements. FAR, STI and LTI entitlements of individual KMPs are outlined above. Termination conditions are:

		Termination notice period	*Retirement Benefits (in excess of Statutory Entitlements)*
Chris Ellison	Managing Director	6 months	Nil
Danny McCarthy	Chief Operating Officer	6 months	Nil
Bruce Goulds	Chief Financial Officer and Company Secretary	6 months	Nil
David Geraghty	Executive General Manager	6 months	Nil
Bob Gavranich	Executive General Manager	6 months	Nil

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6. REMUNERATION MIX

6.1. Target remuneration mix

Target remuneration opportunity mix for FY17:

	FAR	*STI – At Risk*	*LTI – At Risk*
Executives:	*FY17*	*FY17*	*FY17*
Managing Director			
Chris Ellison	37%	19%	44%
Other Executives			
Danny McCarthy	42%	16%	42%
Bruce Goulds	42%	16%	42%
David Geraghty	51%	18%	31%
Bob Gavranich	51%	18%	31%

6.2. Actual remuneration mix

The proportion of FAR, STI and LTI paid or payable in FY16 and FY17 is as follows:

	FAR		*STI – At Risk*		*LTI – At Risk*	
Executives:	*2017*	*2016*	*2017*	*2016*	*2017*	*2016*
Managing Director						
Chris Ellison	30%	30%	15%	17%	55%	53%
Other Executives						
Danny McCarthy	33%	18%	12%	NIL	55%	82%
Bruce Goulds	32%	44%	13%	19%	55%	37%
David Geraghty	43%	63%	14%	14%	43%	23%
Bob Gavranich	77%	71%	12%	8%	11%	21%

7. REMUNERATION OPPORTUNITY

The following table illustrates the range of remuneration opportunity for KMP in FY17 at face value. The actual Take Home Pay analysis is included below in the remuneration schedules.

		FAR	*STI*	*LTI*		*Total*	
			Maximum	*Minimum*	*Maximum*	*Minimum*	*Maximum*
Chris Ellison	Managing Director	1,500,000	750,000	1,800,000	2,700,000	4,050,000	4,950,000
Danny McCarthy	COO	800,000	320,000	800,000	1,200,000	1,920,000	2,320,000
Bruce Goulds	CFO / CoSec	820,000	328,000	820,000	1,230,000	1,968,000	2,378,000
David Geraghty	EGM	627,817	219,736	376,690	565,035	1,224,243	1,412,588
Bob Gavranich	EGM	750,000	262,500	450,000	675,000	1,462,500	1,687,500

Refer to the Remuneration schedules for the actual maximum remuneration.

8. STRUCTURAL ELEMENTS

8.1. Fixed Annual Remuneration

KMP are provided a competitive FAR having regard to the criticality of their role in the successful performance of the business, individual skills and experience, ease of replacement and prevailing market conditions.

FAR consists of base salary and statutory superannuation entitlements. KMP may elect to receive their FAR in the form of cash or other fringe benefits (for example motor vehicles) subject to the arrangement not requiring the Company to incur any additional costs.

FAR is reviewed annually by the Remuneration Committee, based on general economic conditions, individual and business performance, duties and responsibilities and comparable market remuneration.

8.2. Short Term Incentive Program

The STI is an annual scheme that is settled in cash following the release of the Group's audited annual financial results to the Australian Securities Exchange. The STI pool is a maximum of 3% of the net profit after tax (NPAT) in any financial year.

MRL's STI program is designed to:

a. ensure a portion of total remuneration is at risk to motivate superior short term performance

b. be linked to the achievement of performance hurdles specifically tailored so as to be measurable against tangible outcomes that are relevant to the KMP role and influenced by an individual's performance

c. reward KMP who play a significant role in achieving the Company's strategic goals and overall business performance outcomes during the year

d. provide MRL with the flexibility to manage the overall cost of the program in line with the achievement of corporate performance outcomes by providing the Board with discretion over the percentage of NPAT that forms the pool of available funds from which STI payments may be made. For FY17, the potential STI pool represents 3% of reported NPAT, i.e. $6 million. The actual allocation of the potential pool for KMP and non-KMP employees totalled $3.75 million, or 62.5% of the available pool, or 1.87% of reported NPAT

e. provide discretion to the Managing Director to judge the relative performance of the KMP measured against the individual KPI's.

8.3. STI Measurement principles

MRL utilises a balanced score card when assessing individual KMP performance for the purposes of calculating STI entitlements.

The metrics used for FY17 assessment comprise:

a. safety indicators (TRIFR and LTI)

b. production volumes

c. operational costs

d. financial measures (corporate and divisional)

e. an additional 4-5 personal KPIs aligned to business plan and set at stretch levels of performance.

The precise mix of metrics selected for the purposes of assessing individual KMP performance is configured in a manner to ensure the individual's performance is capable of influencing the metric against which he or she is being assessed so the assessment is both relevant and fair to the individual.

A metric may be a measure of individual business unit performance or the Group's performance as applicable to the individual KMP being assessed. Measures for KMPs with direct business responsibility are focused on the financial and operational performance of their business and corporate managers are measured on KPIs related to their area of responsibility and specific project outcomes.

For example, while the General Manager of Crushing Services International (CSI) has the ability to heavily influence the profit of CSI he has little influence on the financial performance of other business areas. However, the cash flow management and capital spend of the Group is relevant for the purposes of assessing the Chief Operating Officer's performance.

The annual results for FY17 in respect of ROIC, safety performance and other site specific measures were achieved, and in most cases exceeded, meaning that that component of STI linked to corporate measures will be paid in full. Personal KPIs have been reviewed and the relevant proportion of the STI award linked to these measures has been appropriately allocated to each of the individual participants of the STI.

As part of its review of the STI for FY17, the Remuneration Committee considered feedback it had received from certain stakeholders who considered that the STI award should be paid in two tranches; one upon release of the annual results of the assessment year and the second following release of the annual results for the financial year following the assessment year.

During its deliberations on this point, the Remuneration Committee noted that a key part of its remuneration strategy is to use "at risk" incentives to attract the right calibre of professionals, to motivate their performance and to reward good performance. The Remuneration Committee concluded that the retention function of the "at risk" incentives employed in the Company's overall remuneration structure is adequately fulfilled by the LTI and accordingly payment of a duly earned STI award in a single payment immediately after the year of assessment is appropriate. Importantly, the Remuneration Committee considers the single payment of an STI award sends a clear message to both existing and future KMPs that the Company places considerable value on properly structured incentives and that it rewards good performance at the appropriate time being when that performance occurs.

The Remuneration Committee recommended to the Board that an earned STI award should be paid as a single payment upon release of the annual results for the assessment year and the Board has adopted that recommendation.

9. LONG TERM INCENTIVE PROGRAM

9.1. FY16 LTI scheme

The "first strike" vote at the FY16 AGM was confirmed by shareholders, their representatives and their advisors, as being primarily motivated in response to the impression formed that the FY16 LTI structure failed to meet shareholder expectations that long term incentives would align with shareholder interests. Additionally, shareholders expressed concerns over the utilisation of a single metric (ROIC) as the measure of financial performance and the progressive vesting structure of the LTI award that commenced upon release of the annual results for the subject year and subsequent vesting was not conditional upon the Company sustaining the minimum performance hurdle.

The LTI implemented for FY16 had a single point of assessment in the year of award upon satisfaction of which an individual KMP became entitled to the full LTI award. This award would then vest over four tranches commencing at the conclusion of the assessment year and thereafter at the conclusion of each of the subsequent three financial years.

Relevantly, there was no ongoing assessment as to Company performance. However, subsequent vesting of tranches following the assessment year remained at the Board's discretion and still required sound Company financial performance being achieved for the vesting to occur.

9.2. Selection of ROIC as the LTI performance measure

In setting the LTI structure for FY16, the Board had considered various financial measures available to assess Company performance and an individual KMP entitlement to an LTI award including total shareholder returns (TSR) and earnings per share (EPS).

This analysis confirmed that:

a. Return on Invested Capital (ROIC) is the most appropriate measure for assessing entitlement to LTI award. As a metric, it provides a clear and unambiguous link between Company performance and the generation of shareholder value. It is also the key value driver considered when management decides whether to invest in assets such as mineral processing plants, resources and other assets related to the bulk materials sector. The financial return earned on asset values deployed is a true measure of value creation and it is a long term representation of Company value.

b. Further, the Company is a highly capital intensive business and that dictates the requirement for both the Board and management to ensure that capital is deployed on projects that generate maximum returns which again supports utilisation of ROIC as the most appropriate measure.

The Company had considered the other common long term performance metrics being TSR and EPS. Neither of these measures was considered as a suitable alternative direct measure of executive management performance.

TSR hurdles are not considered an appropriately pure measure of the performance of the KMPs or the Company itself as it is based upon external market forces which affect the share price and, as a result, are outside the control of the KMP. However, the granting of shares under the LTI that are held in escrow creates an alignment of the KMP with TSR.

Similarly, EPS hurdles are not considered an appropriately pure measure of the performance of the KMPs or the Company itself as it is the Board's prerogative to issue additional shares in the Company in a range of circumstances, which in all cases is outside the control of the KMP.

Given the LTI is implemented to provide a direct linkage to executive performance and Company outcomes, the Board remains of the view that ROIC is the single most appropriate metric which is transparent and fair to:

a. shareholders; in terms of ROIC being a good measure of the Company's financial performance and the creation of long term shareholder value

b. KMP; in terms of ensuring the measure can be directly influenced by their performance as opposed to being subject to external factors outside the control of the KMPs

c. is transparent and simple to calculate.

9.3. Changes to LTI for FY17

In light of the conclusions arising out of the Board's review and stakeholder engagement and feedback regarding the structure of the LTI introduced in FY16, the Remuneration Committee recommended, and the

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Board approved, a number of amendments to the plan for FY17 and onwards.

These amendments were designed to enhance alignment between KMPs and shareholders, to motivate and reward KMP performance that drives long term growth and shareholder value creation while also ensuring the important function of KMP retention is preserved.

The specific amendments to the LTI implemented for FY17 and beyond are:

a. ROIC measured at Group level continues to be the metric used for measuring Company performance and entitlement to LTI awards.

   Invested Capital is calculated as Net Assets per the published Balance Sheet as the base for the calculation less only Board nominated strategic cash and cash equivalents.

b. The Company keeps a comparatively large reserve of cash and cash equivalents available for opportune investments and acquisitions. Having sufficient cash reserves available to deploy at short notice provides important competitive advantages by:

   i. Enabling the Company to retain significant liquidity to allow the Company to be opportunistic in a countercyclical manner to sustain long term ROIC, and

   ii. Enabling mobilisation of significant operating assets in short timeframes in the build own operate contracting business.

   The quantum of cash reserves remains at the Board's discretion and outside KMP control. The Board each year will nominate a strategic level of cash and cash equivalents which are outside any control by management. The Company's balance sheet strength and the Board's view of opportunities that may lay ahead will determine the level of cash reserves held at any one time.

c. Statutory Net Profit After Tax (NPAT) is the profit measure for the calculation. This is chosen to reflect the underlying operational performance of the business and does not allow for profit to be adjusted on account of impairments and other abnormal items. The Company no longer utilises normalised NPAT as the measure for calculating ROIC, a key concern raised by shareholders at and subsequent to the FY16 AGM which primarily reflected the once off reset of the remuneration structure in that year to address historic legacy issues.

d. Company performance is measured in a financial year (Assessment Year) to assess KMP entitlement to an LTI award. A KMP becomes entitled to an LTI award only when the Company achieves the minimum performance hurdle of 12%. The level of achievement at or above the minimum performance hurdle up to a maximum stretch target hurdle of 18% then determines the quantum of the entitlement (LTI Entitlement).

ROIC achievement	LTI Entitlement (% of LTI base entitlement)
18% +	150%
15 - 18%	125%
12% - <15%	100%
<12%	Nil

Nominating a challenging Minimum Performance Hurdle is fundamental to ensuring an LTI incentive accomplishes the objectives behind its inclusion in a KMPs remuneration package. The Board wants to ensure that the Minimum Performance Hurdle unequivocally reflects a challenging target for management to become eligible for an LTI award and at the same time reflects a significant quantum of return for the capital intensive nature of the business.

e. The LTI instrument is fully paid MIN shares which aligns executive and shareholder interests. The basis for valuation of the MIN shares to be vested is the Volume Weighted Average Price (VWAP) at the conclusion of the Assessment Year (for FY17 this was $10.01 per share being the VWAP for the 5 ASX trading days ending 30 June 2017 (refer support provided in this Report).

f. Shares do not vest immediately upon release of the annual results for the Assessment Year. The earliest release of shares that have vested is in the 4th year following the Assessment Year. The LTI entitlement has the potential to vest in three equal tranches commencing at the conclusion of the financial year following the Assessment Year, and at the conclusion of the two following financial years (each a Performance Year) subject to continued Company performance exceeding the minimum performance hurdle set by the Board in the Assessment Year.

   If Company performance meets or exceeds the minimum performance hurdle in a Performance Year, then the relevant tranche will vest to the participant however it is not released. Instead, the tranche is held in escrow by the Company until the conclusion of the third and final Performance Year. Should an employee who has vested shares held in escrow cease employment with the Company, the escrowed shares shall be released and transferred to the employee.

g. There are no dividends or voting rights attaching to LTI award shares held in escrow.

h. If:

   A. in a particular Performance Year the Company does not achieve the minimum performance hurdle, the opportunity to have the shares vested is not met unless when Company performance is averaged over the current and preceding Performance Year's and the minimum performance hurdle has been met, then the tranche will vest.

   B. the minimum performance hurdle has not been met when averaged, then the tranche for that Performance Year will be suspended (Suspended Tranche) and assessed again at the conclusion of the following Performance Year.

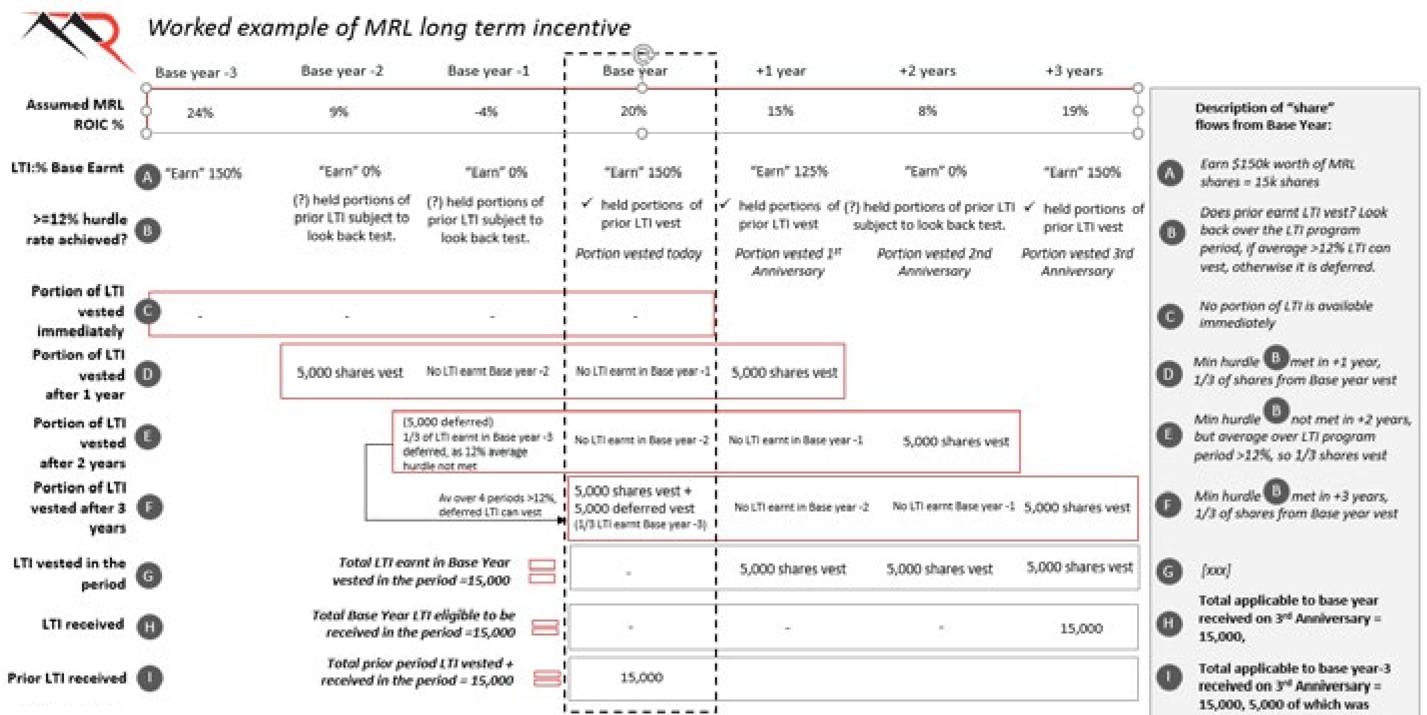
   C. at the conclusion of the third and final Performance Year, the Company has not achieved the minimum performance hurdle when averaged over the three Performance Years, any Suspended Tranches will be forfeited.

   The Board recognises that this vesting structure may be different from what certain shareholder groups consider to be the current standard approach for LTI award vesting. The Board however considers that progressive vesting is in the best interests of shareholders as it provides the appropriate level of attraction, reward, motivation and retention for MRL KMP charged with driving the performance of the business moving forward. The rolling nature incentivises KMP to sustain the performance and exposes KMP to MRL shares at a variety of strike prices over time.

i. Participants do not have the right to hedge the value of unvested entitlements to shares or use as collateral for borrowing.

j. As with the previous LTI, the Board has the discretion to defer or refuse the vesting of tranches notwithstanding minimum performance hurdles have been achieved. This deferral mechanism provides a nexus between the LTI award and shareholder returns by linking the long term incentive and ongoing business performance.

Below is a diagrammatic representation of the mechanics of the FY17 LTI system.



Notes & Assumptions:
Base salary $100k
Share price is $10/share
ROIC = NPAT (includes impairments) / Invested Capital (excluding cash)
ROIC thresholds: 12% = 100% Base salary, 15% = 125% Base Salary, 18% = 150% Base Salary
LTI is denominated in shares on the day it is "earnt". Vested portions of LTI are provided as shares, the value of which will fluctuate. This example tracks the number of the shares earnt.
Management can only access the 'earnt' LTI at "+3 year" if ROIC remains above 12% in each vesting year (or on average above 12% for the 4 year period), otherwise the LTI available in that period is forfeited.

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9.4. 12% ROIC hurdle selection

The Remuneration Committee recommended, and the Board adopted, a Minimum Performance Hurdle of 12% ROIC during each Assessment Year in order for a KMP to become entitled to a LTI award. The Minimum Performance Hurdle of 12% has been rigorously evaluated to ensure it is both a sufficiently challenging target for KMP and, at the same time, set at a level that creates significant shareholder value. The following tests have been employed to satisfy the Board that the chosen 12% ROIC target is sufficiently rigorous and creates shareholder value:

a. If a Company achieves a ROIC in excess of its Weighted Average Cost of Capital (WACC), it creates shareholder value. MRL's WACC has been independently calculated and confirmed from independent analysts' reports to be 10.7% as at 30 June 2017. The setting of Minimum Performance Hurdle of 12% therefore represents a significant premium above WACC. This is particularly significant due to the low level of debt carried by the Company which means that its WACC is biased towards equity finance, which demands a higher return threshold.

b. A range of investments has been examined to determine the threshold return requirement relative to the selected 12% ROIC set as the Minimum Performance Hurdle. This study makes an allowance for the current point in the investment cycle by normalising equity return targets over time and concluded that 12% is at the high end of capital return targets.

c. In addition, the Board commissioned an independent review of the ROIC performance of peer companies that closely align with MRL's capital intensive profile. This review established that an ROIC of 12% is at the upper quartile of achievement of companies within the selected peer group and, for capital intensive operations, this minimum target is a significant stretch target.

The Board is confident that the selected Minimum Performance Hurdle of 12% ROIC achieves the performance objectives of the LTI and will continue to monitor the veracity of this target in the future

9.5. Remaining LTI Awards from FY16 LTI

The Board has determined that the remaining three tranches of LTI awards awarded to eligible KMP under the FY16 LTI for which the vesting has been deferred in line with the LTI policy in force for that period, will continue to vest in line with commitments made by the Company.

The Board considers this is an equitable approach given the commitments made and the reliance placed upon those commitments by the relevant participants.

10. MANAGING DIRECTOR REMUNERATION

Chris Ellison is the founding shareholder of each of the antecedent companies that combined upon the listing of Mineral Resources Limited in 2006. His entrepreneurial approach, skills and experience has been the driving force behind the Company's growth and success to date. This success has directly translated into very significant returns to shareholders to date and is integral to the future creation of shareholder value. Between listing and FY16, and notwithstanding impressive financial performance year on year that has delivered significant returns to shareholders over this 10-year period, Chris has historically been underpaid and fixed pay increases had been modest to none. Chris has also declined parts of his STI and LTI entitlements over this time, further perpetuating his underpayment MRL has a culture of operating leanness that has focused on cost containment across the cycle of the mining industry which has been reflected in historical remuneration levels that have lagged its peers. As a founding shareholder Chris has led this cultural attitude by example.

Following the first strike vote in 2016, the Board conducted an extensive review of the executive pay, retaining independent remuneration consultants to undertake the comparative work. This review clearly established that the Managing Director's pay had been properly "right-sized" by the Board in its FY2016 review to reflect the unique roles and responsibilities of the position, that are broader and greater than those at most of the Company's peers given that the Company is not a simple mining Company and the value he brings to the Company and his skills and capabilities. In order to lead the Company, its managing director must possess strong leadership skills, the ability to manage a broad range of discrete businesses and the ability to seek out and target strategic business directions, Chris Ellison ticks all those boxes.

Considering Chris' broad roles, the value he has created for shareholders and his many years of underpayment compared with peer companies, the Board determined that targeting his pay at the upper range of the peers' was appropriate with the majority in the form of LTI.

In coming to this decision, the Board was cognisant of the important role of Chris plays in the management and direction of the Company and the fact that Chris is the original founder of the business. His long tenure in the management and direction of the Company is an additional key factor in determining the appropriate level of remuneration.

The Board's succession planning initiatives have significantly reinforced the Board's view that Chris' skills, experience and ability to deliver growth and shareholder value across all market cycles justifies his remuneration package being at the top level relative to the peer group of companies against which KMP remuneration has been benchmarked.

Accordingly, and following receipt of the independent analysis of comparative remuneration packages for managing directors of the peer group of companies, the Remuneration Committee reaffirmed to the Board that Chris' remuneration package for FY17 was appropriately structured to provide a total remuneration (including a face value of the FY17 LTI award) equivalent to the upper range of the selected peer group. For FY17, this equates to an amount of $4.950 million following aggregation of Chris' Fixed Annual Remuneration, Short Term Incentive award and the face value of his FY17 LTI award (which is deferred in accordance with the LTI rules explained below and remains at risk and conditional upon Company performance meeting minimum performance hurdles during FY18, FY19 and FY20).

The Board advises shareholders that this represents an increase to the face value of Chris' total remuneration payable for FY16 of approximately 25%.

Face value of MDs package	*FY13 structure*	*FY14 structure*	*FY15 structure*	*FY16 structure*	*FY17 structure*
Fixed Annual Remuneration (Salary)	$825,000	$950,000	$950,000	$950,000	$1,500,000
Short term incentive	-	$332,000	-	$500,000	$750,000
Long term incentive (opportunity @100%)	-	-	-	$1,800,000	$1,800,000
Total	$825,000	$1,282,000	$950,000	$3,250,000	$4,050,000

The Remuneration Committee considers this increase to be justified for the following reasons:

1. It appropriately adjusts Chris' Fixed Annual Remuneration to return the FAR to the amount that would have otherwise applied except for Chris' agreement that he defer a proportion of that FAR in previous years
2. It recognises and addresses the significant discrepancy between Chris' remuneration for the past decade and comparative total remuneration of the managing directors of the independently selected peer group over that same period
3. The financial performance of the Company during FY17 exceeded the stretch target for FY17 by achieving a ROIC (as defined) in excess of 18%. This is at risk if performance is not maintained.

11. NON-EXECUTIVE DIRECTOR REMUNERATION

Despite clear market evidence that has supported increases to Non-Executive Director remuneration, fees paid to Non-Executive directors have not been adjusted since the Company listed in 2006 principally because the directors appointed to the Board at listing remained on the Board until FY15. Since then, the Board composition has changed in line with the strategic requirements of the Company as it has grown.

The key principle underpinning Non-Executive Director remuneration is the need to attract high calibre directors to manage the strategic direction of the business to drive growth, sustainability and profitability into the future. Non-Executive Director remuneration must reflect the demands on and responsibilities of the directors and as the Company has grown over the past decade since listing, so have these demands and responsibilities.

Accordingly during FY17, the Remuneration Committee commissioned an independent benchmarking of the fees paid to the Non-Executive Directors and also concluded that it is appropriate that the Non-Executive Director remuneration target be set at a level at which aligns KMP and Board remuneration. That exercise unequivocally established that the remuneration of the Company's Non-Executive Directors for FY16 and preceding years was well below that of its peer group companies and outside of the target percentile range deemed appropriate.

As a result, the Remuneration Committee recommended, and the Board adopted, the Non-Executive Director remuneration with effect from 1 July 2017:

	New annual remuneration from 1 July 2017	*Previous remuneration since 2006*
Chairman	$250,000 (plus superannuation)	$200,000 (plus superannuation)
Non-Executive Director	$140,000 (plus superannuation)	$90,000 (plus superannuation)

Non-Executive Director remuneration is not linked to Company performance however to create alignment with shareholders, effective from 1 July 2017 Non-Executive Director fees are paid 50% in cash and 50% in MIN shares and all directors are subject to the Company's Security Trading Policy.

REMUNERATION REPORT

REMUNERATION REPORT

12. OVERVIEW OF COMPANY PERFORMANCE AND THE RELATIONSHIP TO REMUNERATION

A summary of the Group's financial performance over the last five years is set out in the tables below. The relationship between the Group's financial performance, return to Shareholders and KMP remuneration reflects the direct correlation between financial performance, shareholder value creation and executive remuneration.

12.1. Financial performance FY13 to FY17

$000's	*FY13*	*FY14*	*FY15*	*FY16*	*FY17*
Revenue	1,096,982	1,899,032	1,299,063	1,177,641	1,457,992
EBITDA	382,778	535,868	238,484	278,172	473,451
NPAT	180,418	230,536	77,706	(26,079)	200,965
Diluted EPS (cents/share)	97.37	124.10	41.52	(13.31)	107.66

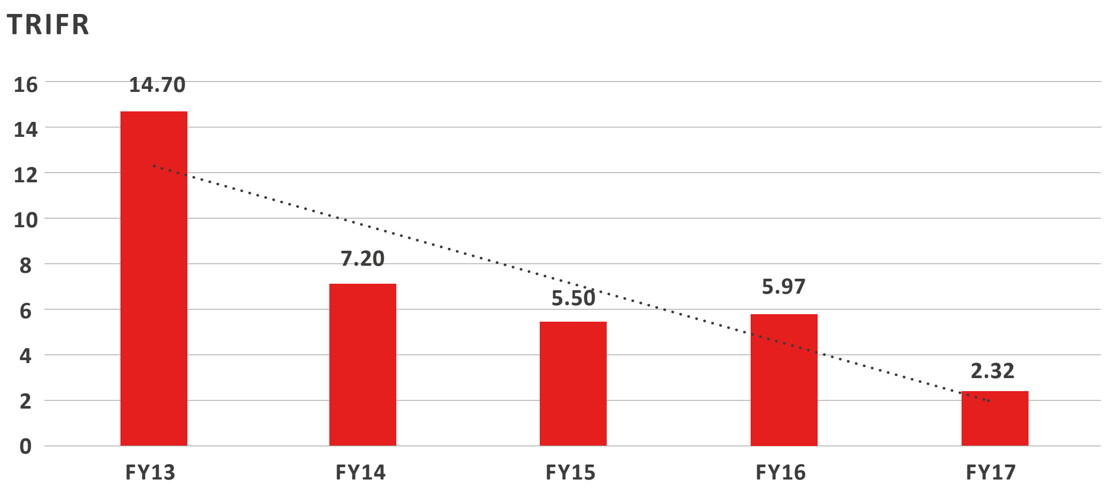
12.2. Total Shareholder Return

Shareholder return over the last five years is set out below.

$/share	*FY13*	*FY14*	*FY15*	*FY16*	*FY17*
Opening share price	$8.95	$8.25	$9.59	$6.60	$8.31
Closing share price	$8.25	$9.59	$6.60	$8.31	$10.85
Increase/(decrease) in share price	($0.70)	$1.34	($2.99)	$1.71	$2.54
Total dividends paid	$0.46	$0.62	$0.395	$0.24	$0.42
TSR	($0.24)	$1.96	($2.595)	$1.95	$2.96
Cumulative TSR	$9.07	$11.03	$8.437	$10.38	$13.34
Percentage increase in TSR	(2.6%)	21.6%	(23.5%)	23.1%	28.5%

12.3. Safety performance

The Group's Total Reportable Injury Frequency Rate (TRIFR) has shown exceptional improvement over the last five years. The Group continues a very heavy focus on safety initiatives throughout the Group, with trend monitoring and associated interactive preventative education workshops being held on a frequent basis to continue the drive towards a TRIFR rate of zero.



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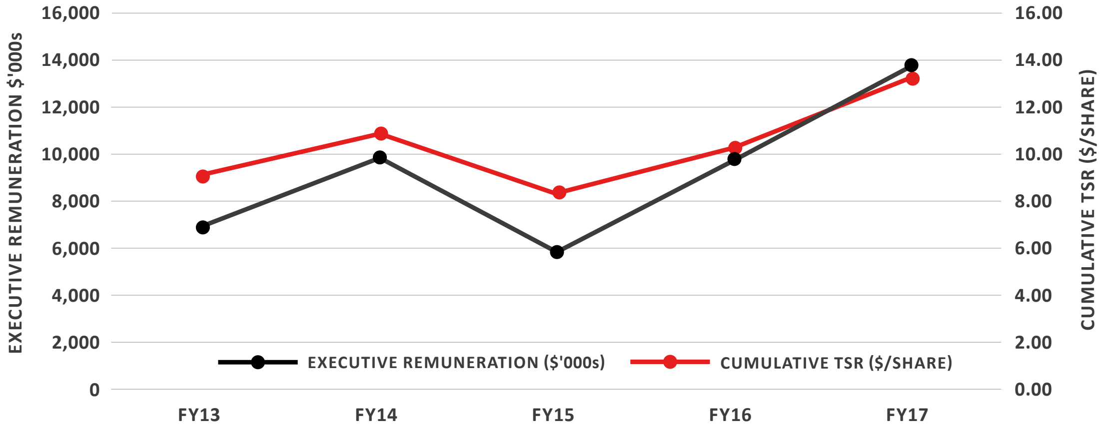
THE GROUP CONTINUES A VERY HEAVY FOCUS ON SAFETY INITIATIVES THROUGHOUT THE GROUP, WITH TREND MONITORING AND ASSOCIATED INTERACTIVE PREVENTATIVE EDUCATION WORKSHOPS BEING HELD ON A FREQUENT BASIS TO CONTINUE THE DRIVE TOWARDS A TRIFR RATE OF ZERO

12.4. Relationship between executive remuneration and Total Shareholder Return



13. FY17 REMUNERATION OUTCOMES

13.1. STI performance outcomes

STI performance is outlined for the MD, COO, CFO and an illustration for an Operational Executive General Manager. The STI KPI targets and FY17 results for the managing director are listed below (specific scores withheld):

Target	Weighting	Achievement
Managing Director (measured against Corporate performance targets)		
Safety measures	20%	Yes
Strategic growth targets	40%	Yes
Operational efficiency targets	40%	Yes
Total	100%	
Chief Financial Officer (measured against Corporate performance targets)		
Safety measures	20%	Yes
Strategic growth targets	40%	Yes
Financial management performance targets	40%	Yes
Total	100%	
Chief Operating Officer (measured against Corporate performance targets)		
Safety measures	20%	Yes
Strategic growth targets	40%	Yes
Operational efficiency and performance targets	40%	Yes
Total	100%	
Executive General Manager (measured against 60% Corporate performance targets and 40% personal targets)		
Safety measures	20%	N/A[1]
Operational outcomes	40%	N/A[1]
Personal KPIs	40%	N/A[1]
Total	100%	

[1] *For illustrative purposes only*

13.2. Return on Invested Capital (ROIC)

For FY17 the Company achieved a ROIC of 19.5% which entitles LTI participants to be granted performance rights equal to 150% of their base LTI entitlement. Historical comparisons are based on the new FY17 basis for measuring ROIC.

$ millions	FY14 Actual	FY15 Actual	FY16 Actual	FY17 Actual*
NPAT (reported)	230.5	12.5	(26.1)	201.0
Add back: Net effect of MRRT expense in 2015		65.2		
Adjusted NPAT	230.5	77.7	(26.1)	201.0
Invested Capital:				
Net assets (per balance sheet)	1,139.3	1,082.2	1,008.7	1,132.1
Strategic cash holding approved by the Board				(100.0)
Cash	(206.5)	(209.8)	(407.3)	
Short term borrowings (cash management)	44.0	20.7	148.0	
Impairments				
Net invested capital	976.8	893.1	749.3	1,032.1
ROIC %	23.6%	8.7%	(3.5)%	19.5%

*New methodology for 2017 LTI score

As noted above, the Board nominated strategic cash holding of $100 million (for FY17) remains excluded from the calculation of Invested Capital on the basis that retention of a strong cash balance and available borrowing facilities are to enable strategic growth and investment. As retention of cash is a Board decision that KMPs and Non-KMP management are unable to influence, it is unreasonable to require them to earn a return on these facilities. Strategic cash is defined as cash over and above normal operational requirements retained for future opportunities.

13.3. Share-based compensation

13.1.1 Issue of shares

The LTI Entitlement for FY17 entitles the following KMPs to potentially receive the following volume of shares which, subject to meeting the Minimum Performance Hurdle each year or on average will be issued over three equal tranches in August 2018, August 2019 and August 2020:

Name	Role	Total potential MIN Shares[1]
Chris Ellison	Managing Director	269,860
Danny McCarthy	Chief Operating Officer	119,938
Bruce Goulds	Chief Financial Officer	122,936
David Geraghty	EGM – PMI	56,571
Bob Gavranich	EGM – PIHA	67,465

[1] Based on VWAP for the five days to 30 June 2017 of $10.01

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14. KMP REMUNERATION SCHEDULES

14.1. FY17 Remuneration Schedule

		Short Term Benefits		Post Employment Benefits			Long Term Incentives		
	Salary and Fees (FAR) $	*FY17 STI accrued* $	*Non Monetary* $	*Super-annuation* $	*FY17 Vested* $	*FY16 vesting in FY17[2]* $	*FY16 Adjust-ment[3]* $	*Face value FY17 grant[4]* $	*Total* $
Non-Executive Directors									
Peter Wade	199,992	-	-	18,577	-	-	-	-	218,569
Kelvin Flynn	98,100	-	-	-	-	-	-	-	98,100
James McClements	90,001	-	-	8,550	-	-	-	-	98,551
Tim Roberts[1]	65,400	-	-	6,213	-	-	-	-	71,613
Executive Director									
Chris Ellison	1,457,251	750,000	76,808	19,616	-	60,000	120,000	2,700,000	5,183,675
Other Executives									
Danny McCarthy	768,482	320,000	58,555	19,616	-	70,000	140,000	1,200,000	2,576,653
Bruce Goulds	819,997	328,000	6,056	19,615	-	71,750	143,500	1,230,000	2,618,918
David Geraghty	615,754	220,000	13,943	20,763	-	32,961	65,921	566,000	1,535,342
Bob Gavranich	753,845	132,000	59,092	19,616	-	39,375	78,750	-	1,082,678
	4,868,822	1,750,000	214,454	132,566	-	274,086	548,171	5,696,000	13,484,099

[1] Appointed 17 November 2016

[2] FY16 LTI vesting in FY17

[3] FY16 LTI grant balance for future vesting

[4] Face value of FY17 grant subject to future vesting conditions

14.2. FY17 Take Home Pay

		Short Term Benefits		Post Employment Benefits	Long Term Incentives		
	Salary and Fees (FAR) $	*FY17 STI accrued* $	*Non Monetary* $	*Super-annuation* $	*FY16 vesting in FY17[2]* $	*FY17 Vested $*	*Total* $
Non-Executive Directors							
Peter Wade	199,992	-	-	18,577	-	-	218,569
Kelvin Flynn	98,100	-	-	-	-	-	98,100
James McClements	90,001	-	-	8,550	-	-	98,551
Tim Roberts[1]	65,400	-	-	6,213	-	-	71,613
Executive Director							
Chris Ellison	1,457,251	750,000	76,808	19,616	450,000	-	2,753,675
Other Executives							
Danny McCarthy	768,482	320,000	58,555	19,616	200,000	-	1,366,653
Bruce Goulds	819,997	328,000	6,056	19,615	205,000	-	1,378,668
David Geraghty	615,754	220,000	13,943	20,763	94,173	-	964,633
Bob Gavranich	753,845	132,000	59,092	19,616	112,500	-	1,077,053
	4,868,822	1,750,000	214,454	132,566	1,061,673	-	8,027,515

[1] Appointed 17 November 2016

[2] FY16 LTI Vesting in FY17 - as per FY16 Remuneration Report

14.3. FY16 Remuneration Schedule

	Short Term Benefits					Post Employment Benefits	Other Statutory Entitlements	Long Term Incentives			
	Salary and Fees (FAR) $	Other Short Term Employee Benefits $	FY16 STI accrued $	Other fees for services rendered $	Non Monetary $	Super-annuation $	Annual leave paid on termination $	Vested $	Other[3] $	Granted subject to future vesting conditions $	Total $
Non-Executive Directors											
Peter Wade	199,992	-	-	97,500	-	18,423	-	-	-	-	315,915
Kelvin Flynn	98,100	-	-	-	-	-	-	-	-	-	98,100
Joe Ricciardo[1]	74,770	-	-	-	-	7,103	-	-	-	-	81,873
James McClements	95,540	-	-	-	-	9,076	-	-	-	-	104,616
Executive Director											
Chris Ellison	770,130	-	500,000	-	74,038	19,308	-	450,000	(65,313)	1,170,000	2,918,163
Other Executives											
Bob Gavranich	860,912	-	100,000	-	59,093	19,308	-	112,500	(48,077)	219,375	1,323,111
David Geraghty	627,827	-	150,000	-	13,943	19,308	-	94,173	(34,965)	183,636	1,053,922
Bruce Goulds	654,158	-	300,000	-	-	19,308	-	205,000	(35,157)	399,750	1,543,059
Steve Wyatt[4]	666,667	-	-	-	-	-	-	-	(48,077)	-	618,590
Danny McCarthy[5]	124,723	-	-	-	-	4,827	-	200,000	-	390,000	719,550
Former Executives											
Jarrod Seymour[2]	878,807	173,838	-	-	22,484	17,080	17,641	-	(36,919)	-	1,072,931
	5,051,626	173,838	1,050,000	97,500	169,558	133,740	17,641	1,061,673	(268,508)	2,362,761	9,849,829

[1] Joe Ricciardo retired from the Board on 18 April 2016. Remuneration is for the period 1 July 2015 to 18 April 2016
[2] Jarrod Seymour resigned as Chief Operating Officer on 6 May 2016
[3] Other relates to foregone FY14 LTI due to the suspension of the LTI in FY15
[4] Steve Wyatt resigned as an EGM on 1 July 2016
[5] Danny McCarthy commenced service as Chief Operating Officer on 8 January 2016

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14.4. FY16 Take Home Pay

	Short Term Benefits					Post Employment Benefits	Other Statutory Entitlements	Long Term Incentives	
	Salary and Fees (FAR) $	Other Short Term Employee Benefits $	FY17 STI accrued $	Other fees for services rendered $	Non Monetary $	Super-annuation $	Annual leave paid on termination $	FY16 vesting in FY17[2] $	Total $
Non-Executive Directors									
Peter Wade	199,992	-	-	97,500	-	18,423	-	-	315,915
Kelvin Flynn	98,100	-	-	-	-	-	-	-	98,100
Joe Ricciardo[1]	74,770	-	-	-	-	7,103	-	-	81,873
James McClements	95,540	-	-	-	-	9,076	-	-	104,616
Executive Director									
Chris Ellison	770,130	-	500,000	-	74,038	19,308	-	450,000	1,813,476
Other Executives									
Bob Gavranich	860,912	-	100,000	-	59,093	19,308	-	112,500	1,151,813
David Geraghty	627,827	-	150,000	-	13,943	19,308	-	94,173	905,251
Bruce Goulds	654,158	-	300,000	-	-	19,308	-	205,000	1,178,466
Steve Wyatt[2]	666,667	-	-	-	-	-	-	-	666,667
Danny McCarthy[3]	124,723	-	-	-	-	4,827	-	200,000	329,550
Former Executives									
Jarrod Seymour[4]	878,807	173,838	-	-	22,484	17,080	17,641	-	1,109,850
	5,051,626	173,838	1,050,000	97,500	169,558	133,740	17,641	1,061,673	7,755,576

[1] Joe Ricciardo retired from the Board on 18 April 2016. Remuneration is for the period 1 July 2015 to 18 April 2016
[2] Steve Wyatt resigned as an EGM on 1 July 2016
[3] Danny McCarthy commenced service as Chief Operating Officer on 8 January 2016
[4] Jarrod Seymour resigned as Chief Operating Officer on 6 May 2016

15. SHARE-BASED PAYMENTS

15.1. Value of shares to be issued

A total of 180,398 shares representing the second tranche of shares granted under the FY16 LTI scheme will be issued to KMP and other executives at an issue price of $8.37 per share (the valuation established by the FY16 LTI grant) for a value of $1,509,730 on 23 August 2017. In accordance with the FY17 LTI plan, no shares vest or are issued to executives in 2017.

	Financial Year granted	*Amount granted FY16*	*Vested FY16*	*FY16 LTI forfeited*	*Final FY16 LTI vested*	*Amount granted FY17*	*FY16 LTI Vesting FY17*	*Granted FY17 and Vesting FY17*
Chris Ellison	2016	1,800,000	450,000	-	450,000	-	450,000	-
	2017	-	-	-	-	2,700,000	-	-
Danny McCarthy	2016	800,000	200,000	-	200,000	-	200,000	-
	2017	-	-	-	-	1,200,000	-	-
Bruce Goulds	2016	820,000	205,000	-	205,000	-	205,000	-
	2017	-	-	-	-	1,230,000	-	-
Dave Geraghty	2016	376,690	94,173	-	94,173	-	94,173	-
	2017	-	-	-	-	566,000	-	-
Bob Gavranich	2016	450,000	112,500	-	112,500	-	112,500	-
	2017	-	-	-	-	-	-	-
		4,246,690	1,061,673	-	1,061,673	5,696,000	1,061,673	
Non KMP executives	2016	2,204,230	551,057	(103,000)	488,057	-	448,057	-
	2017	-	-	-	-	2,962,000	-	-
		6,450,920	1,612,730	(103,000)	1,509,730	8,658,000	1,509,730	-

15.2. Expenses arising from share based payment transactions

Total expenses arising from share based transactions recognised during the period as part of employee benefits were as follows:

	Group	
	FY17 $	*FY16 $*
Value of LTI remuneration granted		
Key Management Personnel	5,696,000	4,246,690
Other Senior Managers	2,962,000	2,204,230
	8,658,000	6,450,920
Value of LTI remuneration vested		
Key Management Personnel - FY17	-	n/a
Key Management Personnel - FY16	1,061,673	1,061,673
Other Senior Managers - FY17	-	n/a
Other Senior Managers - FY16	448,057	551,057
	1,509,730	1,612,730
Value of LTI remuneration forfeited		
Key Management Personnel - FY17	-	-
Key Management Personnel - FY16	-	-
Other Senior Managers - FY17	-	-
Other Senior Managers - FY16	309,000	-
	309,000	-
Value of LTI remuneration subject to vesting conditions		
Key Management Personnel - FY17	5,696,000	n/a
Key Management Personnel - FY16	2,123,344	3,185,017
Other Senior Managers - FY17	2,962,000	n/a
Other Senior Managers - FY16	896,116	1,653,173
	11,677,460	4,838,190

15.3. LTI future vesting values

The table below sets out the maximum LTI payable under each of the 2016 and 2017 LTI plans:

	Remuneration rewarded and value vested:					Rights to deferred shares:		
Name:	*Financial Year granted*	*Amount Granted ($)*	*Vested (%)*	*Value Vested ($)*	*Forfeited (%)*	*Remaining, subject to vesting conditions ($)*	*Financial Year in which shares may vest*	*Maximum Value yet to vest ($)*
Chris Ellison	2017	2,700,000	0.0%	-	0.0%	2,700,000	2017	-
							2018	-
							2019	900,000
							2020	900,000
							2021	900,000
Chris Ellison	2016	1,800,000	50.0%	900,000	0.0%	900,000	2016	-
							2017	-
							2018	450,000
							2019	450,000
Bob Gavranich	2017	-	0.0%	-	0.0%	-	2017	-
							2018	-
							2019	-
							2020	-
							2021	-
Bob Gavranich	2016	450,000	50.0%	225,000	0.0%	225,000	2016	-
							2017	-
							2018	112,500
							2019	112,500
David Geraghty	2017	566,000	0.0%	-	0.0%	566,000	2017	-
							2018	-
							2019	188,666
							2020	188,667
							2021	188,667
David Geraghty	2016	376,690	50.0%	188,345	0.0%	188,345	2016	-
							2017	-
							2018	94,172
							2019	94,173

REMUNERATION REPORT

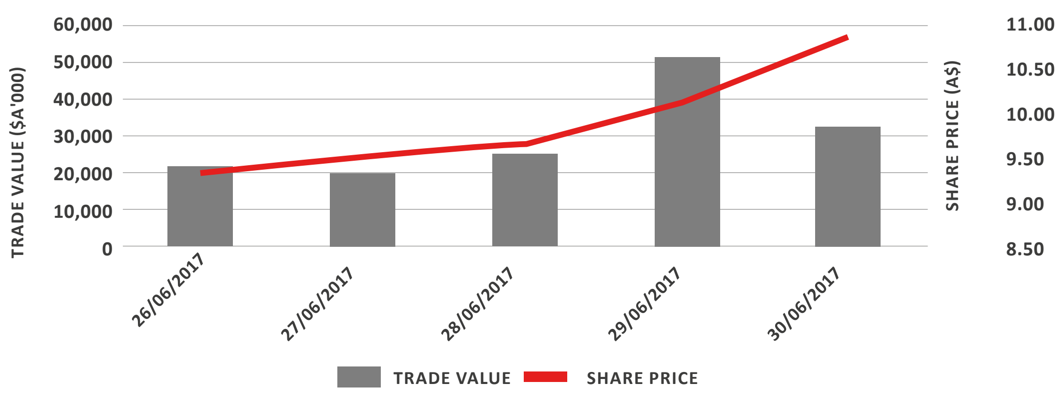
	Remuneration rewarded and value vested:					Rights to deferred shares:		
Name:	*Financial Year granted*	*Amount Granted ($)*	*Vested (%)*	*Value Vested ($)*	*Forfeited (%)*	*Remaining, subject to vesting conditions ($)*	*Financial Year in which shares may vest*	*Maximum Value yet to vest ($)*
Bruce Goulds	2017	1,230,000	0.0%	-	0.0%	1,230,000	2017	-
							2018	-
							2019	410,000
							2020	410,000
							2021	410,000
Bruce Goulds	2016	820,000	50.0%	410,000	0.0%	410,000	2016	-
							2017	-
							2018	205,000
							2019	205,000
Danny McCarthy	2017	1,200,000	0.0%	-	0.0%	1,200,000	2017	-
							2018	-
							2019	400,000
							2020	400,000
							2021	400,000
Danny McCarthy	2016	800,000	50.0%	400,000	0.0%	400,000	2016	-
							2017	-
							2018	200,000
							2019	200,000

15.4. Share based payment – valuation FY17:

The valuation used to determine the fair value of shares to be allotted under the FY17 LTI and for the Directors share component of their salary is the five-day Volume Weighted Average price to the 30 June 2017. Details are as follows:

Friday, 30 June 2017 *Volume-Weighted Average Price Calculation - Summary*			
ASX Code:	MIN	Company Name:	Mineral Resources Limited
Start Date:	Monday, 26 June 2017	End Date:	Friday, 30 June 2017
Trade Volume:	15,181,782	Trade Value:	$151,897,099
VWAP:	$10.0052	% Discount:	0.0%

TRADE VALUES



Date	*Trade Value*	*Trade Volume*	*Daily VWAP*
26-Jun-2017	$21,988,858.54	2,357,998	$9.3252
27-Jun-2017	$20,324,980.26	2,130,632	$9.5394
28-Jun-2017	$25,290,562.64	2,612,248	$9.6815
29-Jun-2017	$51,985,989.42	5,102,371	$10.1710
30-Jun-2017	$32,396,708.43	2,978,533	$10.8767
Average of Daily VWAP	N/A		
Overall Average VWAP	$10.0052		

16. ADDITIONAL DISCLOSURES RELATING TO KMPS

16.1. KMP shareholdings

There were no options over ordinary shares granted to, or that vested in favour of, KMPs as part of compensation during FY17.

The number of MRL shares held during the Financial Year by each Director and Other Executive of the Company, including their related parties, is set out below:

Number of Shares	*Balance at the start of the year*	*Received as part of FY16 LTI vesting considerations*	*Other*	*Additions*	*Disposals/ other*	*Balance at the end of the year*
Peter Wade	516,162	-	-	-	-	516,162
Chris Ellison	24,758,275	53,771	17,923	6,652	(1,763,521)	23,073,100
Danny McCarthy	-	23,898	-	-	(23,898)	-
Bruce Goulds	180,000	24,495	8,401	-	(60,000)	152,896
Dave Geraghty	1,447,512	11,253	8,355	-	(13,562)	1,453,558
Bob Gavranich	250,000	13,443	-	-	(13,443)	250,000
	27,151,949	126,860	34,679	6,652	(1,874,424)	25,445,716

17. TRANSACTIONS WITH RELATED PARTIES

17.1. Transactions with related parties

The following transactions occurred with related parties:

	Group	
	2017 $	*2016 $*
Certain engineering services were provided to GR Engineering Services Limited, a Company related to Joe Ricciardo (ceased being related party 18 April 2016)	-	772,480
Properties from which the Group's operations are performed are rented from parties related to Chris Ellison and Peter Wade	(1,916,000)	(1,752,148)
Sale of equipment to Keneric Equipment Pty Ltd, a Company related to Bob Gavranich	229,500	-
Hire of equipment from Keneric Equipment Pty Ltd, a Company related to Bob Gavranich	(14,000)	-

Related party transactions relate to legacy properties from when MIN was a privately owned group of companies. The properties continue to be leased from Chris Ellison and Peter Wade with the intention for these leases to run their normal course. The Board does not believe it is in the best interests of MRL to terminate these leases prematurely as the commercial terms are currently favourable relative to alternative options.

17.2. Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties.

	Group			
	Receivables 2017 $	*Payables 2017 $*	*Receivables 2016 $*	*Payables 2016 $*
Trade receivables from GR Engineering Services Limited, a Company associated with Joe Ricciardo (ceased being a related party 18 April 2016)	-	-	89,756	-
Trade receivables from Keneric Equipment Pty Ltd, a Company related to Bob Gavranich	229,500	-	-	-

This concludes the Remuneration Report, which has been audited.

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 the 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 39 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 39 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 PARTNERS OF RSM AUSTRALIA PARTNERS

There are no officers of the Company who are former partners of RSM Australia Partners.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument 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 immediately after this Directors' Report.

AUDITOR

RSM Australia 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
16 August 2017
Perth

RSM

RSM Australia 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 2017, 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

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 16 August 2017

TUTU PHONG
Partner

FINANCIAL STATEMENTS

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.

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Note	*Group* 2017 $'000	*Group* 2016 $'000
REVENUE	4	1,457,992	1,177,641
Other income	5	15,671	9,150
EXPENSES			
Changes in closing stock		43,646	10,034
Raw materials and consumables		(142,881)	(162,695)
Equipment costs		(44,540)	(24,682)
Subcontractors		(93,225)	(113,992)
Employee benefits expense		(203,834)	(185,906)
Transport and freight		(447,736)	(366,119)
Depreciation and amortisation	6	(160,229)	(133,968)
Impairment charges	6	(16,719)	(186,220)
Other expenses		(107,968)	(62,772)
Finance costs	6	(11,731)	(7,929)
PROFIT/(LOSS) BEFORE TAX		288,446	(47,458)
Income tax (expense)/benefit	7	(87,481)	21,379
PROFIT/(LOSS) AFTER TAX FOR THE YEAR		200,965	(26,079)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss			
Net change in asset revaluation reserve		-	(604)
Items that may be reclassified subsequently to profit or loss			
Gain on the revaluation of available-for-sale financial assets, net of tax		385	-
Loss on future cash flow hedge taken to equity		385	(385)
Other comprehensive income for the year, net of tax		770	(989)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		201,735	(27,068)
Profit/(loss) after tax for the year is attributable to:			
Non-controlling interest		(443)	(1,222)
Owners of Mineral Resources Limited	25	201,408	(24,857)
		200,965	(26,079)
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(443)	(1,222)
Owners of Mineral Resources Limited		202,178	(25,846)
		201,735	(27,068)
		Cents	Cents
Basic earnings per share	8	107.66	(13.31)
Diluted earnings per share	8	107.66	(13.31)

The above statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	*Group* 2017 $'000	*Group* 2016 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	378,169	407,293
Trade and other receivables	10	93,313	83,334
Inventories	11	116,443	80,019
Current tax assets		-	3,624
Other	12	6,109	12,262
Total current assets		594,034	586,532
NON-CURRENT ASSETS			
Receivables	13	15,350	11,034
Investments accounted for using the equity method	34	-	3,571
Financial assets	14	54,890	8,362
Property, plant and equipment	15	723,732	683,545
Intangibles	16	75,639	49,229
Exploration and mine development	17	319,187	242,799
Deferred tax	18	51,680	33,297
Total non-current assets		1,240,478	1,031,837
TOTAL ASSETS		1,834,512	1,618,369
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	19	164,327	198,040
Borrowings	20	208,443	147,983
Income tax		6,163	-
Employee benefits	21	32,417	16,897
Provisions	22	19,264	13,870
Total current liabilities		430,614	376,790
NON-CURRENT LIABILITIES			
Borrowings	20	66,218	71,445
Deferred tax	23	142,807	124,445
Provisions	22	62,781	37,035
Total non-current liabilities		271,806	232,925
TOTAL LIABILITIES		702,420	609,715
NET ASSETS		1,132,092	1,008,654
EQUITY			
Issued capital	24	502,448	502,353
Reserves		1,152	382
Retained profits	25	610,130	487,055
Equity attributable to the owners of Mineral Resources Limited		1,113,730	989,790
Non-controlling interest		18,362	18,864
TOTAL EQUITY		1,132,092	1,008,654

The above statement of financial position should be read in conjunction with the accompanying notes.

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

Group	*Issued capital $'000*	*Reserves $'000*	*Retained profits $'000*	*Non-controlling interest $'000*	*Total equity $'000*
Balance at 1 July 2015	504,771	1,371	555,925	20,086	1,082,153
Loss after tax for the year	-	-	(24,857)	(1,222)	(26,079)
Other comprehensive income for the year, net of tax	-	(989)	-	-	(989)
Total comprehensive income for the year	-	(989)	(24,857)	(1,222)	(27,068)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Share issued under Dividend Reinvestment Plan (note 24)	1,890	-	-	-	1,890
Share buy-back (note 24)	(4,308)	-	-	-	(4,308)
Dividends paid (note 26)	-	-	(44,013)	-	(44,013)
Balance at 30 June 2016	502,353	382	487,055	18,864	1,008,654

Group	*Issued capital $'000*	*Reserves $'000*	*Retained profits $'000*	*Non-controlling interest $'000*	*Total equity $'000*
Balance at 1 July 2016	502,353	382	487,055	18,864	1,008,654
Profit/(loss) after tax for the year	-	-	201,408	(443)	200,965
Other comprehensive income for the year, net of tax	-	770	-	-	770
Total comprehensive income for the year	-	770	201,408	(443)	201,735
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Share issued under Dividend Reinvestment Plan (note 24)	5,567	-	-	-	5,567
Share buy-back (note 24)	(5,472)	-	-	-	(5,472)
Acquisition of subsidiary	-	-	-	121	121
Acquisition of non-controlling interest	-	-	180	(180)	-
Dividends paid (note 26)	-	-	(78,513)	-	(78,513)
Balance at 30 June 2017	502,448	1,152	610,130	18,362	1,132,092

The above statement of changes in equity should be read in conjunction with the accompanying notes

STATEMENT OF CASH FLOWS AS AT 30 JUNE 2017

	Note	*Group 2017 $'000*	*Group 2016 $'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		1,456,165	1,254,858
Payments to suppliers and employees (inclusive of GST)		(1,074,658)	(900,556)
		381,507	354,302
Interest received		3,562	1,342
Interest and other finance costs paid		(11,281)	(7,696)
Income taxes paid		(78,259)	(31,951)
Net cash from operating activities	9(b)	295,529	315,997
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments		(19,868)	(9,326)
Proceeds from disposal of investment		14,159	-
Payments for property, plant and equipment		(115,375)	(93,449)
Proceeds from disposal of property, plant and equipment		11,082	15,126
Payments for intangibles		(9,405)	(5,874)
Payments for exploration and evaluation		(53,410)	(7,003)
Payments for mine development		(38,189)	(20,895)
Payment for increased investment in joint operations		-	(30,005)
Amounts advanced to joint operations		(13,508)	-
Amounts advanced to other parties		(15,085)	-
Net cash used in investing activities		(239,599)	(151,426)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(72,946)	(42,124)
Proceeds of borrowings		6,717	79,340
Share buy-back		(5,472)	(4,308)
Net cash (used in)/from financing activities		(71,701)	32,908
Net (decrease)/increase in cash and cash equivalents		(15,771)	197,479
Cash and cash equivalents at the beginning of the financial year		407,293	209,814
Effects of exchange rate changes on cash and cash equivalents		(13,353)	-
Cash and cash equivalents at the end of the financial year	9(a)	378,169	407,293

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 OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The Group 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 Group.

Any new or amended 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 Group'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.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investment Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

FOREIGN CURRENCY TRANSACTIONS

The financial statements are presented in Australian dollars, which is the Group'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.

PARENT ENTITY INFORMATION

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 31.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2017 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group 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 Group. They are de-consolidated from the date that control ceases.

InterCompany transactions, balances and unrealised gains on transactions between entities in the Group 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 Group.

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.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Where the Group 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 Group 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.

JOINT OPERATIONS

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

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 Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Goods sold

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

For the majority of the Group's sales agreements, the sale price included in the original invoice is referred to as provisional price and is subsequently adjusted to reflect market prices over a quotation period stipulated in the sales contract, typically on or after the vessel's arrival to the port of discharge. The estimated consideration in relation to provisionally priced contracts is marked to market using the spot iron ore price at the end of each reporting period with the impact of the iron ore price movements recorded as an adjustment to sales revenue. 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

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable. When the outcome of a construction contract cannot be reliably estimated, contract costs are expensed as incurred and contract revenue is recognised to the extent of contract costs incurred that is probable will be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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 the 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 be applied 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

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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 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 group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax 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 group.

Assets or liabilities arising under tax funding agreements with the tax group are recognised as amounts receivable from or payable to other entities in the tax group. The tax funding arrangement ensures that the interCompany charge equals the current tax liability or benefit of each tax 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 Group 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.

FINANCIAL INSTRUMENTS

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 Group 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.

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 Group 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.

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.

Loans and 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.

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.

Cash flow hedges

Cash flow hedges are used to cover the Group's exposure to variability in cash flows that is

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attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedges reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

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

Depreciation

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

- *Building:* 40 years
- *Plant and equipment financed:* 3 - 20 years or the term of the lease
- *Plant and equipment:* 1 - 10 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 Group recognises in the carrying amount of an item of plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the statement of 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 profit or loss as an expense.

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 the 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 Group 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.

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit.

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.

Access rights

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.

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.

MINE DEVELOPMENT

Development expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises 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 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. 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:

i. All costs are initially charged to profit or loss and classified as operating costs

ii. 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

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iii. 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

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.

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.

PROVISIONS

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group 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

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

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 interests. 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 at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of 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.

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.

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.

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 Group for the year ended 30 June 2017. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace AASB 139 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets and financial liabilities. The changes to the standard are not expected to have a material impact on the measurement and classification of the Group's financial assets and liabilities.

The Standard also introduces new simpler hedge accounting requirements that are intended to more closely align the accounting treatment with the risk management activities of the entity. The Group's current cash flow hedge relationship for commodity prices would qualify as a continuing hedge upon the adoption of AASB 9. Accordingly, the Group does not expect a significant impact on the accounting for its hedging relationships.

New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. This is not expected to have a material impact on the Group.

The new standard also introduces additional new disclosures and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments in the year of the adoption of the new standard.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determination of the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue.

For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to

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determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment.

The Group is still in the process of assessing the impact of the application of this standard from 1 July 2018 and it is not practicable to provide a reasonable financial estimate of the effect until the Group has completed a detailed review. The new standard also introduces expanded quantitative and qualitative disclosure requirements. These are expected to change the nature and extent of the Group's disclosures about its revenue from contracts with customers in the year of the adoption of the new standard.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and will primarily affect the accounting of operating leases for lessees. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. A depreciation charge for the leased asset (included in operating costs) and an interest expense on the lease liability (included in finance costs) will be recognised. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs.

Exceptions will apply to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred.

In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component.

The Group is still in the process of assessing the extent of impact of the application of this standard from 1 July 2019 and it is not practicable to provide a reasonable financial estimate of the effect until the Group has completed a detailed review.

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.

Goodwill and other indefinite life intangible assets

The Group 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. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination. The recoverable amounts of cash-generating units have been determined based on the higher of fair value less costs of disposal and value-in-use. 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 Group 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 Group recognises liabilities for anticipated tax audit issues based on the Group'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.

Exploration and evaluation costs

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

Units of production depreciation

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

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.

When the outcome of a construction contract cannot be reliably estimated, contract costs are expensed as incurred and contract revenue is recognised to the extent of contract costs incurred that is probable will be recoverable.

Site rehabilitation provisions

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

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

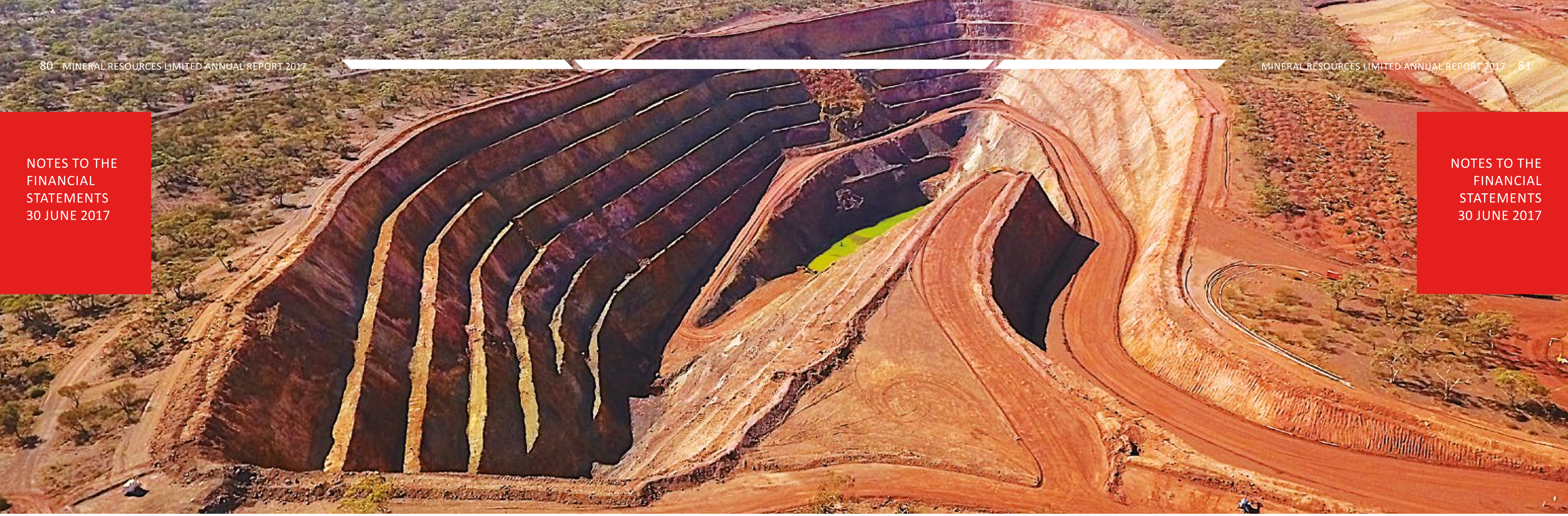
Project closure

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

NOTE 3. OPERATING SEGMENTS

Business segment

The Group 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. The Group continues to report its business results as three operating segments being Mining Services & Processing, Mining, and Central. All are operating within the resources sector of the Australian economy.



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Operating segment information

Group – 2017	*Mining Services & Processing $'000*	*Mining $'000*	*Central $'000*	*Total $'000*
Revenue				
Sales to internal and external customers	675,765	1,058,117	50,000	1,783,883
Intersegment sales	(325,890)	-	-	(325,890)
Total revenue	349,875	1,058,117	50,000	1,457,992
Other income	3,884	2,083	6,031	11,998
Other expenses	(157,773)	(800,709)	(38,056)	(996,538)
Earnings before interest, tax, depreciation and amortisation	195,986	259,491	17,975	473,452
Depreciation and amortisation	(70,622)	(88,492)	(1,115)	(160,229)
Impairment charges	(817)	-	(15,902)	(16,719)
Interest income	-	170	3,503	3,673
Finance costs	(2,838)	(1,580)	(7,313)	(11,731)
Profit/(loss) before tax	121,709	169,589	(2,852)	288,446
Income tax				(87,481)
Profit after tax for the year				200,965
Assets				
Segment assets	658,349	748,639	427,525	1,834,513
Liabilities				
Segment liabilities	196,122	284,949	221,348	702,420

Group – 2016	*Mining Services & Processing $'000*	*Mining $'000*	*Central $'000*	*Total $'000*
Revenue				
Sales to internal and external customers	501,529	779,111	262	1,280,902
Intersegment sales	(102,276)	(985)	-	(103,261)
Total revenue	399,253	778,126	262	1,177,641
Other income	5,941	656	66	6,663
Other expenses	(225,770)	(674,592)	(5,770)	(906,132)
Earnings before interest, tax, depreciation and amortisation	179,424	104,190	(5,442)	278,172
Depreciation and amortisation	(64,611)	(68,396)	(961)	(133,968)
Impairment charges	(39,039)	(146,971)	(210)	(186,220)
Interest income	-	28	2,459	2,487
Finance costs	(3,636)	(978)	(3,315)	(7,929)
Profit/(loss) before tax	72,138	(112,127)	(7,469)	(47,458)
Income tax				21,379
Loss after tax for the year				(26,079)
Assets				
Segment assets	625,417	494,344	498,608	1,618,369
Liabilities				
Segment liabilities	274,786	185,394	149,535	609,715

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2017

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2017

Geographical information

	Sales to external customers		*Geographical non-current assets*	
	2017 $'000	*2016 $'000*	*2017 $'000*	*2016 $'000*
Australia	416,020	454,952	1,118,557	975,471
China	651,727	243,878	-	102
Singapore	365,717	447,011	-	-
Others	24,528	31,800	-	-
	1,457,992	1,177,641	1,118,557	975,573

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

During the year ended 30 June 2017, revenues arising from the Mining segment of $228,102,000, being 15.6% of total external revenues, were derived from the Group's largest customer. No other single customer contributed 10.0% or more to the Group's revenue for the year.

During the year ended 30 June 2016, revenues from the Mining Services & Processing segment of $289,735,000 and revenues from the Mining segment of $476,159,000, being 24.6% and 40.4% of total external revenues respectively, were derived from the Group's largest customers, being customers who each on a proportionate basis equated to 10.0% or more of total sales for the year.

NOTE 4. REVENUE

	Group	
	2017 $'000	*2016 $'000*
Contract and operational revenue	922,762	817,863
Sale of goods	534,010	359,293
Equipment rental	1,220	485
Revenue	1,457,992	1,177,641

NOTE 5. OTHER INCOME

	Group	
	2017 $'000	*2016 $'000*
Net gain/(loss) on disposal of property, plant and equipment	3,500	(3,852)
Net gain on disposal of available-for-sale investments	6,047	-
Share of (losses)/profits of associates accounted for using the equity method	(389)	571
Interest income	3,673	2,487
Other	2,840	9,944
Other income	15,671	9,150

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NOTE 6. EXPENSES

	Group	
	2017 $'000	*2016 $'000*
Depreciation		
Plant and Equipment	105,285	105,068
Depreciation capitalised to assets	(1,258)	(2,680)
Total depreciation	104,027	102,388
Amortisation		
Mine development	44,704	24,552
Access rights	5,532	5,103
Others	5,966	1,925
Total amortisation	56,202	31,580
Total depreciation and amortisation	160,229	133,968
Impairment		
Exploration	10	172,575
Intangibles	-	10,547
Property, plant and equipment	-	7,403
Trade receivables	3,856	-
Investments	15,902	566
Inventory	(3,049)	(4,871)
Total impairment	16,719	186,220
Finance costs		
Interest and finance charges paid/payable	11,731	7,929
Rental expense relating to operating leases		
Minimum lease payments	4,468	5,309

NOTE 7. INCOME TAX EXPENSE/(BENEFIT)

	Group	
	2017 $'000	*2016 $'000*
Income tax expense/(benefit)		
Current tax	89,601	38,386
Deferred tax - origination and reversal of temporary differences	(9,475)	(55,392)
Adjustment recognised for prior periods	7,355	(4,373)
Aggregate income tax expense/(benefit)	87,481	(21,379)
Deferred tax included in income tax expense/(benefit) comprises:		
(Increase)/decrease in deferred tax assets (note 18)	(20,385)	5,498
Increase/(decrease) in deferred tax liabilities (note 23)	10,910	(60,890)
Deferred tax - origination and reversal of temporary differences	(9,475)	(55,392)
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Profit/(loss) before income tax (expense)/benefit	288,446	(47,458)
Tax at the statutory tax rate of 30%	86,534	(14,237)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non allowable expenses	1,822	1,453
Research and development concessions	(3,148)	(7,000)
Impairment	-	1,722
	85,208	(18,062)
Adjustment recognised for prior periods	7,355	(4,373)
Current year tax losses not recognised	377	1,056
Prior year tax losses not recognised now recouped	(5,459)	-
Income tax expense/(benefit)	87,481	(21,379)

	Group	
	2017 $'000	2016 $'000
Amounts charged/(credited) directly to equity		
Deferred tax assets (note 18)	290	-
Deferred tax liabilities (note 23)	-	(121)
	290	(121)
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	28,345	27,090
Potential tax benefit @ 30%	8,504	8,127

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 8. EARNINGS PER SHARE

	Group	
	2017 $'000	2016 $'000
Profit/(loss) after tax for the year attributable to the owners of Mineral Resources Limited	201,408	(24,857)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	187,079,082	186,819,412
Weighted average number of ordinary shares used in calculating diluted earnings per share	187,079,082	186,819,412

	Cents	Cents
Basic earnings per share	107.66	(13.31)
Diluted earnings per share	107.66	(13.31)

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2017

NOTE 9. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents

	Group	
	2017 $'000	2016 $'000
Cash at bank and on hand	378,169	407,293

(b) Cash flow information - Reconciliation of profit/(loss) after tax for the year to net cash from operating activities

	Group	
	2017 $'000	2016 $'000
Profit/(loss) after tax for the year	200,965	(26,079)
Adjustments for:		
Depreciation and amortisation	160,229	133,968
Share-based payments	3,453	-
Foreign exchange differences	12,722	-
Impairment loss	16,719	186,220
Net (gain)/loss on disposal of property, plant and equipment	(3,500)	3,852
Net (gain)/loss on disposal of available-for-sale investments	(6,047)	-
Non cash income	(50,000)	-
Other non-cash transactions	470	(571)
Change in operating assets and liabilities:		
Decrease in trade and other receivables	10,797	47,082
Increase in inventories	(36,700)	(6,118)
(Increase)/decrease in deferred tax assets	(18,802)	5,098
(Increase)/decrease in other operating assets	(3,711)	880
(Decrease)/increase in trade and other payables	(24,261)	40,905
Increase/(decrease) in provision for income tax	9,785	(476)
Increase/(decrease) in deferred tax liabilities	18,240	(58,361)
Increase/(decrease) in other provisions	5,170	(10,403)
Net cash from operating activities	295,529	315,997

NOTE 10. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	Group	
	2017 $'000	2016 $'000
Trade receivables	102,645	88,735
Provision for doubtful debts	(9,332)	(5,401)
	93,313	83,334

Included in the trade and other receivables is amounts due from customers in relation to construction contracts of $2,857,000 (2016: $259,000)

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

	Group	
	2017 $'000	2016 $'000
Over 6 months overdue	9,332	5,401

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

	Group	
	2017 $'000	2016 $'000
Opening balance	5,401	33,631
Additional provisions recognised/(released)	3,931	(28,230)
Closing balance	9,332	5,401

Past due but not impaired

Customers with balances past due but without provision for impairment of receivables amount to $3,654,000 as at 30 June 2017 (2016: $6,979,000).

Refer Note 27 on credit risk of trade receivables, which explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

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

	Group	
	2017 $'000	2016 $'000
61-90 days overdue	2,136	6,400
Over 90 days overdue	1,518	579
	3,654	6,979

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

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2017

	Group	
	2017 $'000	2016 $'000
Construction contracts		
Contract costs incurred to date and profit recognised to date	204,563	161,595
Less: progress billings received and receivable	(201,883)	(211,518)
Net construction work in progress	2,680	(49,923)
Representing:		
Amounts due from customers included in trade receivables	2,857	259
Amounts due to customers included in trade and other payables (note 19)	(177)	(50,182)
	2,680	(49,923)

NOTE 11. CURRENT ASSETS - INVENTORIES

	Group	
	2017 $'000	2016 $'000
Raw materials and stores	9,130	7,321
Ore inventory stockpiles	90,622	53,155
Work in progress	16,691	19,543
	116,443	80,019

NOTE 12. CURRENT ASSETS - OTHER

	Group	
	2017 $'000	2016 $'000
Prepayments	5,971	2,262
Deposits	-	10,000
Other current assets	138	-
	6,109	12,262

NOTE 13. NON-CURRENT ASSETS - RECEIVABLES

	Group	
	2017 $'000	2016 $'000
Loan receivable	15,085	10,900
Security deposits	265	134
	15,350	11,034

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

NOTE 14. NON-CURRENT ASSETS - FINANCIAL ASSETS

	Group	
	2017 $'000	2016 $'000
Shares in listed corporations - at fair value	54,890	8,362
	54,890	8,362
Reconciliation		
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
Opening fair value	8,362	7,417
Additions	69,576	9,898
Transfer to joint operations	-	(4,041)
Transfer to investments accounted for using the equity method (note 34)	-	(3,571)
Revaluation	965	(965)
Impairment of assets	(15,902)	(376)
Disposals	(8,111)	-
Closing fair value	54,890	8,362

Refer to note 28 for further information on fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2017

NOTE 15. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Group	
	2017 $'000	2016 $'000
Land - cost	14,399	13,319
Buildings - cost	18,868	10,844
Less: Accumulated depreciation	(1,701)	(1,022)
	17,167	9,822
Plant and equipment financed - cost	172,934	133,374
Less: Accumulated depreciation and impairment	(32,263)	(14,336)
	140,671	119,038
Plant and equipment - cost	951,882	898,309
Less: Accumulated depreciation and impairment	(400,387)	(356,943)
	551,495	541,366
	723,732	683,545

Reconciliations

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

Group	Land $'000	Building $'000	Plant and equipment financed $'000	Plant and equipment $'000	Total $'000
Balance at 1 July 2015	13,319	9,625	87,112	562,051	672,107
Additions	-	494	45,252	113,448	159,194
Disposals	-	-	(782)	(18,196)	(18,978)
Impairment of assets	-	-	(814)	(6,589)	(7,403)
Transfers	-	-	783	(17,090)	(16,307)
Depreciation expense	-	(297)	(12,513)	(92,258)	(105,068)
Balance at 30 June 2016	13,319	9,822	119,038	541,366	683,545
Additions	-	7,584	42,418	123,644	173,646
Additions through business combinations (note 32)	1,080	424	1,161	9,823	12,488
Disposals	-	-	(875)	(19,276)	(20,151)
Transfers	-	(14)	(153)	(21,602)	(21,769)
Depreciation expense	-	(649)	(20,918)	(82,460)	(104,027)
Balance at 30 June 2017	14,399	17,167	140,671	551,495	723,732

Property, plant and equipment secured under finance leases

Refer to note 30 for further information on property, plant and equipment secured under finance leases.

NOTE 16. NON-CURRENT ASSETS - INTANGIBLES

	Group	
	2017 $'000	2016 $'000
Goodwill - cost	16,681	10,235
Development - at cost	29,209	4,903
Patents - cost	1,750	1,750
Access rights - cost	56,717	56,717
Less: Accumulated amortisation and impairment	(29,943)	(24,411)
	26,774	32,306
Others - cost	2,073	379
Less: Accumulated amortisation	(848)	(344)
	1,225	35
	75,639	49,229

Reconciliations

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

Group	Goodwill $'000	Capitalised development costs $'000	Patents $'000	Access rights $'000	Others $'000	Total $'000
Balance at 1 July 2015	10,235	1,301	13,135	36,952	123	61,746
Additions	-	3,602	-	1,421	35	5,058
Impairment of assets	-	-	(10,287)	(260)	-	(10,547)
Amortisation expense	-	-	(1,098)	(5,807)	(123)	(7,028)
Balance at 30 June 2016	10,235	4,903	1,750	32,306	35	49,229
Additions	6,446	10,596	-	-	7,156	24,198
Transfers	-	13,710	-	-	-	13,710
Amortisation expense	-	-	-	(5,532)	(5,966)	(11,498)
Balance at 30 June 2017	16,681	29,209	1,750	26,774	1,225	75,639

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to the following cash-generating units or groups of cash-generating units:

	Group	
	2017 $'000	2016 $'000
PIHA Pty Ltd	8,817	8,817
Process Minerals International Pty Ltd	1,418	1,418
Road haulage - mine operations	6,446	-
	16,681	10,235

Impairment testing of cash generating units that are significant individually or in aggregate

The recoverable amount of each cash generating unit is determined based on the higher of an asset's fair value less costs of disposal (FVLCD) and value-in-use.

PIHA Pty Ltd (PIHA)

The recoverable value of PIHA is determined based on a value-in-use calculation which uses the present value of cash flow projections based on financial budgets covering a two-year period approved by management, together with a terminal value. Cash flow projections during the budget period are based on past experience.

The cash flows are discounted using a real pre-tax discount rate of 12.9% (2016: 12.9%), representing the target weighted average cost of capital for the Group, with appropriate adjustments made to reflect the risks specific to the cash generating unit. The terminal value calculation incorporates a nominal growth rate of 2.5% (2016: 2.5%) in line with externally sourced forward consensus rates.

Management believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

Road haulage – mine operations

The goodwill associated with road haulage – mine operations arose on the acquisition of Mineral Resources Transport Pty Ltd (MRT Pty Ltd) (note 32) in the current year. The recoverable value of the cash generating unit has been determined based on a value-in-use calculation which uses the present value of cash flow projections associated with the Group's mine operations that utilises MRT Pty Ltd's road haulage operations.

Key assumptions contained in the cash flow projections are market based commodity prices and foreign exchange assumptions, future production levels, operating costs and future capital expenditure. The cash flows are discounted using a real pre-tax discount rate of 12.9%, representing the target weighted average cost of capital for the Group, with appropriate adjustments made to reflect the risks specific to the cash generating unit. The terminal value calculation incorporates a nominal growth rate of 2.5% in line with externally sourced forward consensus rates.

The estimation of the future production driving the cash flow projections is based on a detailed data analysis that reflects current life of mine and long term production plans. As each area of interest has specific economic characteristics, the cash flows applied have been calculated using appropriate models and key assumptions established by management.

Commodity prices are externally sourced, forward consensus prices, adjusted for ore properties. Exchange rates are externally sourced forward consensus rates.

Management believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

NOTE 17. NON-CURRENT ASSETS - EXPLORATION AND MINE DEVELOPMENT

	Group	
	2017 $'000	2016 $'000
Exploration and evaluation	131,510	152,752
Mine development	257,768	115,447
Less: Accumulated amortisation	(70,091)	(25,400)
	187,677	90,047
	319,187	242,799

Reconciliations

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

Group	Exploration and evaluation $'000	Mine development $'000	Total $'000
Balance at 1 July 2015	315,599	56,917	372,516
Additions	38,862	10,760	49,622
Impairment of assets	(172,575)	-	(172,575)
Transfers	(29,134)	46,922	17,788
Amortisation expense	-	(24,552)	(24,552)
Balance at 30 June 2016	152,752	90,047	242,799
Additions	81,778	41,796	123,574
Reassessment of rehabilitation	(6,498)	4,016	(2,482)
Transfers	(96,522)	96,522	-
Amortisation expense	-	(44,704)	(44,704)
Balance at 30 June 2017	131,510	187,677	319,187

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NOTE 18. NON-CURRENT ASSETS - DEFERRED TAX

	Group	
	2017 $'000	2016 $'000
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	2,899	2,581
Impairment of receivables	2,695	1,580
Impairment of financial assets	5,901	1,420
Impairment on inventory	-	4,738
Employee benefits	5,762	5,047
Provisions	28,542	15,889
Borrowings	400	827
Unrealised foreign exchange loss	4,289	-
Other	1,192	1,215
Deferred tax asset	51,680	33,297
Movements:		
Opening balance	33,297	38,395
Credited/(charged) to profit or loss (note 7)	20,385	(5,498)
Charged to equity (note 7)	(290)	-
Additions through business combinations (note 32)	200	-
(Over)/under provision from prior year	(1,912)	400
Closing balance	51,680	33,297

NOTE 19. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Group	
	2017 $'000	2016 $'000
Trade payables and accruals	164,150	147,858
Amounts due to customers for contract work (note 10)	177	50,182
	164,327	198,040

Refer to note 27 for further information on financial instruments.

NOTE 20. BORROWINGS

	Group	
	2017 $'000	2016 $'000
SECURED		
Bank loans	150,000	115,000
Lease liability	44,943	32,983
UNSECURED		
Payable to joint operation partners	13,500	-
Total current	208,443	147,983
SECURED		
Lease liability	66,218	71,445
Total non-current	66,218	71,445

Assets pledged as security

The bank overdraft and loans are secured by:

a. 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;

b. Negative pledges with respect to financial covenants; and

c. Interlocking guarantees.

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

The interest rate for the bank loan is charged at BBSY plus a margin of 1.6% (2016: 1.6%), which totals 3.29% per annum as at 30 June 2017 (2016: 3.49%). The average interest rate for the hire purchase is 4.33% (2016: 4.55%)

Refer to note 27 for further information on financial instruments.

NOTE 21. CURRENT LIABILITIES - EMPLOYEE BENEFITS

	Group	
	2017 $'000	2016 $'000
Employee benefits	32,417	16,897

Provision for employee benefits includes the Group's liability for long service leave, annual leave and employee incentives. The current provision includes amounts for vested long service leave for which the Group does not have an unconditional right to defer settlement, regardless of when the actual settlement is expected to occur. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2017

NOTE 22. PROVISIONS

	Group	
	2017 $'000	2016 $'000
Warranties (i)	10,480	480
Project closure (ii)	4,367	7,894
Site rehabilitation (iii)	4,417	5,496
Total current	19,264	13,870
Project closure (ii)	3,410	2,481
Site rehabilitation (iii)	59,371	34,554
Total non-current	62,781	37,035

i. Warranties
Provision is made in respect of the Group's estimated liability on all products and 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 obligations. The future cash flows are estimated by reference to the Group's history of warranty claims.

ii. Project Closure
At the completion of some projects the Group has a liability for redundancy and the cost of relocating crushing and other mobile plant. The provision is measured as the present value of future cash flows estimated to be required to settle project closure obligations. 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.

iii. Site Rehabilitation
The provision for site rehabilitation relates to estimated costs for work required to rehabilitate a mine site and associated infrastructure to its original condition. The provision is measured as the present value of future cash flows estimated to be required to settle site rehabilitation obligations. The obligation is expected to materialise at the end of the mine's life.

Movements in provisions

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

Group - 2017	Warranties $'000	Project Closure $'000	Site Rehabilitation $'000
Carrying amount at the start of the year	480	10,375	40,050
Additional provisions recognised	10,000	-	37,897
Amounts used	-	(2,598)	(2,342)
Unwinding of discount	-	-	923
Unused amounts reversed	-	-	(12,740)
Carrying amount at the end of the year	10,480	7,777	63,788

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NOTE 23. NON-CURRENT LIABILITIES - DEFERRED TAX

	Group	
	2017 $'000	2016 $'000
Deferred tax liability comprises temporary differences attributable to:		
AMOUNTS RECOGNISED IN PROFIT OR LOSS:		
Trade and other receivables	6,264	2,678
Property, plant and equipment	80,597	83,511
Exploration and evaluation	37,728	38,256
Research and development	17,099	-
Other	1,119	-
Deferred tax liability	142,807	124,445
MOVEMENTS:		
Opening balance	124,445	182,806
Charged/(credited) to profit or loss (note 7)	10,910	(60,890)
Credited to equity (note 7)	-	(121)
Additions through business combinations (note 32)	53	-
Under-provision from prior year	7,399	2,650
Closing balance	142,807	124,445

NOTE 24. EQUITY - ISSUED CAPITAL

	Group			
	2017 Shares	2016 Shares	2017 $'000	2016 $'000
Ordinary shares	186,813,501	186,829,800	507,920	502,353
Treasury shares	516,695	-	(5,472)	-
	187,330,196	186,829,800	502,448	502,353

Movements in issued capital

Details	Ordinary shares Number	Treasury shares Number	Total Number
Balance at 1 July 2015	187,637,090	-	187,637,090
Share issued for dividend reinvestment	378,087	-	378,087
Share buy-back	(1,185,377)	-	(1,185,377)
Balance at 30 June 2016	186,829,800	-	186,829,800
Share issued for dividend reinvestment	500,396	-	500,396
Share buy-back	(516,695)	516,695	-
Balance at 30 June 2017	186,813,501	516,695	187,330,196

Details	Ordinary shares $'000	Treasury shares $'000	Total $'000
Balance at 1 July 2015	504,771	-	504,771
Share issued for dividend reinvestment	1,890	-	1,890
Share buy-back	(4,308)	-	(4,308)
Balance at 30 June 2016	502,353	-	502,353
Share issued for dividend reinvestment	5,567	-	5,567
Share buy-back	-	(5,472)	(5,472)
Balance at 30 June 2017	507,920	(5,472)	502,448

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.

Treasury shares

Movements in treasury shares represent acquisition of the Company's shares on market to be reissued to the Company's employees from the vesting of awards and exercise of rights under the employee share-based payment plans. These re-acquired shares are disclosed as treasury shares and deducted from contributed equity.

NOTE 25. EQUITY - RETAINED PROFITS

	Group	
	2017 $'000	2016 $'000
Retained profits at the beginning of the financial year	487,055	555,925
Acquisition of non-controlling interest (note 32)	180	-
Profit/(loss) after tax for the year attributable to owners of Mineral Resources Limited	201,408	(24,857)
Dividends paid (note 26)	(78,513)	(44,013)
Retained profits at the end of the financial year	610,130	487,055

NOTE 26. EQUITY - DIVIDENDS

	2017		2016	
	Dividend per share Cents	Total $'000	Dividend per share Cents	Total $'000
DECLARED AND PAID DURING THE YEAR				
Final franked dividend for the year ended 30 June 2016 (2016: 30 June 2015)	21.00	39,235	15.00	28,147
Interim franked dividend for the year ended 30 June 2017 (2016: 30 June 2016)	21.00	39,278	8.50	15,866
	42.00	78,513	23.50	44,013
PROPOSED				
Final franked dividend for the year ended 30 June 2017 (2016: 30 June 2016)	33.00	61,819	21.00	39,235

Franking credits

	Group	
	2017 $'000	2016 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	136,468	81,032

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.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2017

NOTE 27. FINANCIAL INSTRUMENTS

(a) Capital risk management

The Group'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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group may look to raise capital when an opportunity to invest in a business or Company is seen as value adding relative to the current Company's share price at the time of the investment. The Group is actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximize synergies.

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

The capital risk management policy remains unchanged from the prior year.

The gearing ratio at the reporting date was as follows:

	Group	
	2017 $'000	2016 $'000
Current liabilities - borrowings (note 20)	208,443	147,983
Non-current liabilities - borrowings (note 20)	66,218	71,445
Total borrowings	274,661	219,428
Current assets - cash and cash equivalents (note 9)	(378,169)	(407,293)
Cash and cash equivalents, net of debt	(103,508)	(187,865)
Total equity	1,132,092	1,008,654
Total capital	1,028,584	820,789
Gearing ratio	(10%)	(23%)

(b) Financial risk management objectives

The Group'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 Group'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 Group. The Group 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 Group 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 Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

(c) Market risk

Foreign currency risk

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

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

Group	Assets		Liabilities	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
USD	332,754	394,396	31,848	25,500

The Group had net assets denominated in foreign currencies of A$300,906,000 (assets A$332,754,000 less liabilities A$31,848,000) as at 30 June 2017. (2016: A$368,896,000 (assets A$394,396,000 less liabilities A$25,500,000). Based on this exposure, had the Australian dollar weakened/strengthened by 5% (2016: 5%) against these foreign currencies with all other variables held constant, the Group's profit before tax for the year would have been lower/higher by $15,045,000 (2016: A$18,445,000).

Commodity price risk

The Group is exposed to commodity price risk which arises from the Group's sale of iron ore, lithium direct ship ore (DSO) and lithium spodumene concentrate at contracted and/or spot prices. A portion of the Group's exposure to iron ore prices is hedged.

		2017		2016	
	Change in price %	Profit before tax Higher/ (lower) $'000	Equity Higher/ (lower) $'000	Profit before tax Higher/ (lower) $'000	Equity Higher/ (lower) $'000
Iron Ore	+/- 10%	92,125	92,125	77,812	77,812
Lithium DSO	+/- 10%	10,749	10,749	-	-
Lithium Spodumene	+/- 10%	6,177	6,177	-	-

Equity price risk

The Group's investment in listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Board reviews and approves all equity investment decisions.

At the reporting date, the Group's exposure to listed equity securities at fair value was $54,890,000 (2016: $8,362,000). A decrease of 10% on the share prices could have an impact of approximately $5,489,000 (2016: $836,000) on the income or equity attributable to the Group, depending on whether the decline is significant or prolonged. An increase of 10% in the value of the listed securities would only impact equity, but would not have an effect on profit or loss.

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to interest rate risk.

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

	2017		2016	
	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Cash and cash equivalents	0.79%	378,169	0.31%	407,293
Loan receivable	6.76%	15,085	-	-
Bank loans	3.29%	(150,000)	3.49%	(115,000)
Lease liabilities	4.33%	(111,161)	4.55%	(104,428)
Net exposure to cash flow interest rate risk		132,093		187,865

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

The Group has considered sensitivity relating to exposure to interest rate risk at reporting date. An official increase/decrease in interest rate of 100 (2016: 100) basis points would have a favourable/adverse effect on the profit before tax of $1,322,000 (2016: $1,878,000) per annum.

(d) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk and obtains letters of credit to mitigate credit risk for commodity sales. 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 Group does not hold any collateral.

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

(e) Liquidity risk

Vigilant liquidity risk management requires the Group 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 Group 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

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

	Group	
	2017 $'000	2016 $'000
TOTAL FACILITIES		
Bank overdraft	4,000	4,000
Bank loans	290,000	290,000
Bank guarantee	81,000	81,000
Lease liability	195,000	195,000
	570,000	570,000
USED AT THE REPORTING DATE		
Bank overdraft	-	-
Bank loans	150,000	115,000
Bank guarantee	29,672	36,040
Lease liability	111,161	104,429
	290,833	255,469
UNUSED AT THE REPORTING DATE		
Bank overdraft	4,000	4,000
Bank loans	140,000	175,000
Bank guarantee	51,328	44,960
Lease liability	83,839	90,571
	279,167	314,531

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. (2016: 3 years).

Remaining contractual maturities

The following tables detail the Group'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.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2017

Group - 2017	*1 year or less $'000*	*Between 1 and 2 years $'000*	*Between 2 and 5 years $'000*	*Over 5 years $'000*	*Remaining contractual maturities $'000*
NON-DERIVATIVES					
Non-interest bearing					
Trade payables	164,327	-	-	-	164,327
Interest-bearing - variable					
Bank loans (i)	150,000	-	-	-	150,000
Lease liability	44,943	37,124	29,094	-	111,161
Total non-derivatives	359,270	37,124	29,094	-	425,488

Group - 2016	*1 year or less $'000*	*Between 1 and 2 years $'000*	*Between 2 and 5 years $'000*	*Over 5 years $'000*	*Remaining contractual maturities $'000*
NON-DERIVATIVES					
Non-interest bearing					
Trade payables	198,040	-	-	-	198,040
Interest-bearing - variable					
Bank loans (i)	115,000	-	-	-	115,000
Lease liability	32,994	33,018	27,031	11,385	104,428
Total non-derivatives	346,034	33,018	27,031	11,385	417,468

i. Relates to drawdowns under a Syndicated Loan Facility, maturing in December 2018. Drawdowns are currently staggered and are able to be either repaid, or subject to compliance with facility covenants, unconditionally rolled every 30 days.

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 28. FAIR VALUE MEASUREMENT

Fair value hierarchy

The following tables detail the Group'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

Group - 2017	*Level 1 $'000*	*Level 2 $'000*	*Level 3 $'000*	*Total $'000*
Assets				
Available-for-sale financial assets	54,890	-	-	54,890
Total assets	54,890	-	-	54,890

Group - 2016	*Level 1 $'000*	*Level 2 $'000*	*Level 3 $'000*	*Total $'000*
Assets				
Available-for-sale financial assets	8,362	-	-	8,362
Total assets	8,362	-	-	8,362

Classification of financial assets at fair value through profit or loss

The Group classifies financial assets at fair value through profit or loss if they are acquired principally for the purpose of selling in the short term. They are presented 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.

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 29. CONTINGENT LIABILITIES

The Group 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.

	Group	
	2017 $'000	*2016 $'000*
Bank guarantee facility	81,000	81,000
Amount utilised	(29,672)	(36,040)
Unused facility	51,328	44,960

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2017

NOTE 30. COMMITMENTS

	Group	
	2017 $'000	*2016 $'000*
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	3,743	12,927
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	4,192	4,482
One to five years	8,880	13,212
	13,072	17,694
Lease commitments - finance		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	47,638	36,677
One to five years	69,729	63,706
More than five years	-	11,659
Total commitment	117,367	112,042
Less: Future finance charges	(6,206)	(7,614)
Net commitment recognised as liabilities	111,161	104,428
Representing:		
Lease liability - current (note 20)	44,943	32,983
Lease liability - non-current (note 20)	66,218	71,445
	111,161	104,428
Exploration expenditure commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	8,105	8,550
One to five years	37,855	39,065
	45,960	47,615

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.

Finance lease commitments includes contracted amounts for various plant and equipment with written down value of $140,671,000 (2016: $119,038,000) secured under finance leases expiring within one to five years. Under the terms of the leases, the Group has the option to acquire the leased assets for predetermined residual values on the expiry of the leases.

NOTE 31. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2017 $'000	2016 $'000
Loss after income tax	(3,486)	(119,258)
Other comprehensive income	385	-
Total comprehensive income	(3,101)	(119,258)

Statement of financial position

	Parent	
	2017 $'000	2016 $'000
Total current assets	292,620	746,477
Total assets	552,001	893,143
Total current liabilities	194,814	470,578
Total liabilities	384,408	649,035
Net assets	167,593	244,108
Equity		
Issued capital	502,530	502,435
Reserves	(290)	(676)
Accumulated losses	(334,647)	(257,651)
Total equity	167,593	244,108

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 2017 and 30 June 2016 other than as obligor under its syndicated financing facilities.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2017 and 30 June 2016.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2017 and 30 June 2016.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, 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.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2017

NOTE 32. BUSINESS COMBINATIONS

Business combinations during the current year

ACQUISITION OF MINERAL RESOURCES TRANSPORT PTY LTD (PREVIOUSLY ROADTRIM MINING AND CIVIL CONTRACTING PTY LTD)

On 8 July 2016, the Group increased its shareholding and voting rights in Mineral Resources Transport Pty Ltd (MRT Pty Ltd) from 25% to 90%. MRT Pty Ltd provides specialist bulk haulage services at the Group's mine operations. The combination of both businesses will result in increased cost savings to the Group.

Consideration transferred

	$'000
Equipment, at fair value	5,420

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of MRT Pty Ltd as at the date of acquisition were as follows:

	Fair value recognised on acquisition $'000
Current assets	
Cash and cash equivalents	62
Trade receivables	6,439
Current tax asset	366
Non-current assets	
Property, plant and equipment	12,488
Deferred tax asset	200
Current liabilities	
Trade and other payables	(5,560)
Borrowings	(1,866)
Non-current liabilities	
Borrowings	(10,900)
Deferred tax liabilities	(53)
Total identifiable net assets at fair value	1,176

The fair value of the trade receivables amounts to $6,439,000 being the gross amount. None of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected.

Goodwill arising on acquisition

	$'000
Consideration transferred	5,420
Plus: non-controlling interests	118
Plus: acquisition date fair value of previously held equity interest	2,084
Less: fair value of identifiable net assets acquired	(1,176)
Goodwill arising on acquisition	6,446

Goodwill arose in the acquisition of MRT Pty Ltd because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies and cost savings for MRT Pty Ltd and the Group's mine operations. These benefits are not recognised separately from goodwill as they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill recognised is expected to be deductible for income tax purposes.

The 10% non-controlling interest in MRT Pty Ltd, an unlisted Company, has been estimated by reference to the proportionate share of the value of net identifiable assets acquired.

Acquisition date fair value of the Group's previously held 25% equity interest in MRT Pty Ltd, has been derived from the consideration transferred. A loss of $1,389,000 has been recognised in profit or loss as a result of remeasuring to fair value the equity interest in MRT Pty Ltd held by the Group before the business combination, in the 'other expenses' line item.

Analysis of cash flows on acquisition

	$'000
Net cash acquired with the subsidiary (included in cash flows from investing activities)	62
Transaction costs of the acquisition (included in cash flows from operating activities)	(27)
Total identifiable net assets at fair value	35

Acquisition of additional interest in MRT Pty Ltd

On 1 August 2016, the Group acquired an additional 10% interest in the voting shares of MRT Pty Ltd, increasing its ownership interest to 100% for nil consideration. The carrying value of the net assets of MRT Pty Ltd (excluding goodwill on the original acquisition) was $7,379,395.

Following is a schedule of additional interest acquired in MRT Pty Ltd:

	$'000
Carrying value of the additional interest	180
Difference recognised in retained earnings	180

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2017

NOTE 33. 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*	*2017 %*	*2016 %*
Crushing Services International Pty Ltd	Australia	100.00%	100.00%
Eclipse Minerals Pty Ltd	Australia	100.00%	100.00%
HiTec Energy Pty Ltd	Australia	59.40%	59.40%
Mesa Minerals Limited	Australia	59.40%	59.40%
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%	100.00%
Mineral Construction Pty Ltd	Australia	100.00%	100.00%
Steelpile Pty Ltd	Australia	100.00%	100.00%
MIS Carbonart Pty Ltd	Australia	60.00%	60.00%
Mineral Resources Transport Pty Ltd	Australia	100.00%	25.00%
Wodgina Lithium Pty Ltd	Australia	100.00%	100.00%

NOTE 34. INTERESTS IN ASSOCIATES

As disclosed in Note 32, during the year, the Group increased its shareholding and voting rights in MRT Pty Ltd from 25% to 90%. As the Group has deemed to have gained control over MRT Pty Ltd, the Group has ceased equity accounting for MRT Pty Ltd as an associate and commenced consolidation of the subsidiary from the date control was achieved being 8 July 2016.

	2017 $'000	*2016 $'000*
Reconciliation of the Group's carrying amount		
Opening carrying amount	3,571	3,000
Additions	291	-
Share of (loss)/profit after income tax	(389)	571
Acquisition of subsidiary	(3,473)	-
Closing carrying amount	-	3,571

NOTE 35. INTERESTS IN JOINT OPERATIONS

The Group has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications. Information relating to joint operations that are material to the Group are set out below:

Ownership interest

		Ownership interest	
Name	*Principal place of business / Country of incorporation*	*2017 %*	*2016 %*
Reed Industrial Minerals Pty Ltd	Australia	43.10%	43.10%

NOTE 36. RELATED PARTY TRANSACTIONS

Parent entity

Mineral Resources Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 33.

Associates

Interests in associates are set out in note 34.

Joint operations

Interests in joint operations are set out in note 35.

Key Management Personnel

Disclosures relating to Key Management Personnel are set out in note 37 and the remuneration report included in the Directors' Report.

Transactions with related parties

The following transactions occurred with related parties

	Group	
	2017 $'000	*2016 $'000*
Joint operation:		
Certain services were provided by Reed Industrial Minerals Pty Ltd	-	(131)
Certain services were provided to Reed Industrial Minerals Pty Ltd	130,997	-
Associate:		
Certain services were provided by Mineral Resources Transport Pty Ltd (ceased being an associate 8 July 2017)	-	(70,147)
Certain services were provided to Mineral Resources Transport Pty Ltd (ceased being an associate 8 July 2017)	-	17,977
Interest was charged to Mineral Resources Transport Pty Ltd (ceased being an associate 8 July 2017)	-	1,153
Key Management Personnel / Directors' interests:		
Certain engineering services were provided to GR Engineering Services Limited, a Company related to Joe Ricciardo (ceased being related party 18 April 2016)	-	772
Properties from which the Group's operations are performed are rented from parties related to Chris Ellison and Peter Wade	(1,916)	(1,752)
Sale of equipment to Keneric Equipment Pty Ltd, a Company related to Bob Gavranich	230	-
Hire of equipment from Keneric Equipment Pty Ltd, a Company related to Bob Gavranich	(14)	-

Receivable from and payable to related parties

The following balances are outstanding at reporting date in relation to transactions with related parties:

	Group			
	Receivables 2017 $'000	*Payables 2017 $'000*	*Receivables 2016 $'000*	*Payables 2016 $'000*
Joint operation:				
Trade receivables with / payables to Reed Industrial Minerals Pty Ltd	1,109	-	-	-
Associate:				
Trade receivables with / payables to Mineral Resources Transport Pty Ltd (ceased being an associate 8 July 2017)	-	-	567	(2,262)
Key Management Personnel / Directors' interests:				
Trade receivables from GR Engineering Services Limited, a Company associated with Joe Ricciardo (ceased being a related party 18 April 2016)	-	-	90	-
Trade receivables from Keneric Equipment Pty Ltd, a Company related to Bob Gavranich	230	-	-	-

	Group			
	Loans to related parties 2017 $'000	*Loans to related parties 2017 $'000*	*Loans to related parties 2016 $'000*	*Loans to related parties 2016 $'000*
Joint operation:				
Loan to Reed Industrial Minerals Pty Ltd	23,740	-	13,794	-
Loan from Neometals Limited, a joint operation partner	-	3,538	-	-
Loan from Ganfeng Lithium Co. Ltd., a joint operation partner	-	9,962	-	-
Associate:				
Loan to Mineral Resources Transport Pty Ltd (ceased being an associate 8 July 2017)	-	-	10,960	-

Terms and conditions

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

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NOTE 37. KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation

The aggregate compensation made to directors and other members of Key Management Personnel of the Group is set out below:

	Group	
	2017 $	2016 $
Short-term employee benefits	6,833,276	6,542,522
Post-employment benefits	132,566	133,740
Long-term benefits	-	17,641
Share-based payments	6,518,257	3,155,926
	13,484,099	9,849,829

NOTE 38. SHARE BASED PAYMENTS

	Group	
	2017 $'000	2016 $'000
Value of LTI remuneration granted		
Key Management Personnel	5,696	4,247
Other Senior positions	2,962	2,204
	8,658	6,451

	Group	
	2017 $'000	2016 $'000
Value of LTI remuneration vested (i)		
Key Management Personnel	1,062	1,062
Other Senior positions	448	551
	1,510	1,613

i. A total of 180,398 shares will be issued to KMP and other Non-KMP executives at an issue price of $8.37 per share for a value of $1,509,730 on 23 August 2017 for the value vested portion of the LTI as identified in KMP remuneration disclosures.

	Group	
	2017 $'000	2016 $'000
Value of LTI remuneration forfeited		
Key Management Personnel	-	-
Other Senior positions	309	-
	309	-

	Group	
	2017 $'000	2016 $'000
Value of LTI remuneration subject to vesting conditions		
Key Management Personnel	7,819	3,185
Other Senior positions	3,858	1,653
	11,677	4,838

A summary of the LTI structure is set out below:

1. A single financial measure (ROIC) that reflects the generation of long term shareholder value is used to measure performance
2. LTI Program
   FY16: Vesting of awards equally (25% each year) over a period of 4 years, the first being the year of the grant (FY16).
   FY17: Vesting awards equally (33.33% each year) over a period of 3 years, the first being one financial year after the year of the grant (i.e. FY19 for the FY17 grant) with vesting subject to the ongoing performance of the business above the minimum performance level for the duration of the scheme. Awards may be delayed or forfeited, depending on the ongoing business performance
3. Re-measurement / claw-back mechanisms – once an entitlement is granted, vesting will be dependent on continuing employment, and in the case of the FY17 LTI, ongoing business performance in excess of minimum hurdles. The Board retains the right to withhold the vesting of individual tranches of granted rights depending on the Group performance and general economic conditions
4. Reward instruments – rights to MIN shares, with the basis for valuation being Volume Weighted Average Price (VWAP) at the time of entitlement, being the VWAP for the 5 ASX trading days before 30 June each year:
   FY16: $8.3689 per share
   FY17: $10.01 per share.
   Once the entitlement to a number of shares is set, the recipient has the opportunity to benefit from share price movement between the date of grant and date of vesting, supporting further positive correlation between LTI's granted and shareholder return
5. Participants do not have the right to hedge the value of unvested entitlements to shares
6. Benchmark ROIC of 12% for each period (i.e. each financial year)
7. ROIC base excludes cash balances, borrowings determined to be cash/cash equivalents and impairments in a particular year that reduce the net assets of the Group. Cash and cash equivalents balances are excluded as there is not an expectation that the Company holds cash with a view to achieving a return on this asset class
8. Reward entitlement matrix is dependent on ROIC achieved for the measurement period. An uplift is available for superior performance. LTI participants have an ability to exceed base entitlements based on the following matrix. The availability of an uplift in the award is in recognition of the difficulty of reaching the outstanding levels of performance (i.e. greater than 15% ROIC).

	Group	
	2017 $'000	2016 $'000
Expenses arising from share-based payment transactions		
Key Management Personnel	6,518	3,156
Other Senior positions	3,164	1,258
	9,682	4,414

NOTE 39. REMUNERATION OF AUDITORS

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

	Group	
	2017 *$*	*2016* *$*
Audit services - RSM Australia Partners		
Audit or review of the financial statements	314,600	322,050
Other services - RSM Australia Partners		
Taxation services	328,139	258,818
Other services	10,023	46,692
	338,162	305,510
	652,762	627,560

NOTE 40. EVENTS AFTER THE REPORTING PERIOD

On 16 August 2017 the directors declared a final fully franked dividend for the year ended 30 June 2017 of 33c per share to be paid on 20 September 2017, a total estimated distribution of $61,819,000 based on the number of ordinary shares on issue as at 16 August 2017.

No other matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes 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 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 give a true and fair view of the Group's financial position as at 30 June 2017 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
16 August 2017
Perth

INDEPENDENT AUDITOR'S REPORT

RSM Australia Partners

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

Opinion

We have audited the financial report of Mineral Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

CONTENTS

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
Carrying Value of Mine Development Expenditure Refer to Note 17 in the financial statements	
The Group has mine development expenditure with a carrying value of $187.677 million as at 30 June 2017. This was considered a key audit matter due to the significant management judgment involved in determining the appropriate accounting treatment. Areas of judgment include: • Application of the units of production method in determining the amortisation charge. This includes determining the appropriate ore reserve estimate and the cost allocation attributable to each mine development expenditure property; • The recognition and measurement of the deferred stripping asset which involved determining the date of commercial production, identifying the components within the ore body being stripped, determining the costs relating to the stripping activity and estimating the stripping ratio over the life of mine; • Assessing whether any impairment indicators exist in relation to mine development expenditure which would require impairment testing to be performed; and • Calculating the recoverable amount for the Wodgina mine and Mt Marion mine using a discounted cash flow model, as these mines commenced production during this financial year.	Our audit procedures in relation to the carrying value of mine properties included: • Reviewing management's amortisation models, and agreeing key inputs to supporting information. This included an assessment of the work performed by management's expert in respect of the mine plan and the ore reserve estimate, including the competency of the expert; • Agreeing a sample of the additions to mine properties during the year to supporting documentation to ensure that the amounts were capital in nature; • Assessing whether the recognition of the deferred stripping asset was consistent with the requirements of Interpretation 20: *Stripping Costs in the Production Phase of a Surface Mine,* including the determination of the date of commercial production and the identification of the relevant ore body; • Critically assessing and evaluating management's assessment that no indicators of impairment existed; • Assessing the valuation methodology used in calculating the recoverable amount for the Wodgina mine and reconciling input data to supporting evidence while challenging the reasonableness of key assumptions used; • Reviewing management's sensitivity analysis on key assumptions used in relation to the recoverable amount for the Wodgina mine; and • Reviewing the component auditor's report on mine development expenditure pertaining to the Mt Marion mine recorded in Reed Industrial Minerals Pty Ltd for audit procedures performed and any matters raised.
Recognition of revenue and profits on long term contracts Refer to Note 4 and 10 in the financial statements	

The Group's Mining Services and Processing segment involves entering into contractual relationships with customers to provide a range of services. Where these services and/or contracts have a long term duration, revenue and margin are recognised based on the stage of completion of individual contracts. This is measured as the percentage of work performed up to the reporting date with respect to the total anticipated contract work to be performed. Such revenue is recognised by management after assessing all factors relevant to each contract, including specifically assessing the following as applicable:
 	
• Determination of the stage of completion;
• Estimation of total contract revenue and costs including the estimation of cost contingencies;
• Determination of contractual entitlement and assessment of the probability of customer approval of variations and acceptance of claims;
• Estimation of project completion date; and
• Estimating the provision for loss making contracts.
 	
We considered this a key audit matter due to the number and type of estimation events over the course of the contract life, the unique nature of individual contract conditions, leading to complex and judgmental revenue recognition from contracts.
	Our audit procedures in relation of recognition of revenue and profits on long term contracts included:
	
	• Evaluating and assessing the operating effectiveness of internal controls over the accuracy and timing of revenue recognised in the financial report, including:
	  - Transactional controls in the revenue and billing cycles;
	  - Transactional controls in the underlying contract related cost balances in the purchase and payroll cycles;
	• Understanding the performance and status of contracts through enquiries with personnel who have responsibility for contract management;
	• Assessing the Group's ability to deliver contracts within budgeted margins by analysing the historical accuracy of forecasting margins;
	• Assessing the provisions for loss making contracts and whether these appropriately reflect the expected contractual positions; and
	• Evaluating contract performance subsequent to the reporting date to ensure that no material changes to the forecasted contract outcome has occurred.

INDEPENDENT AUDITOR'S REPORT

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

Responsibilities of the Directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Mineral Resources Limited, for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

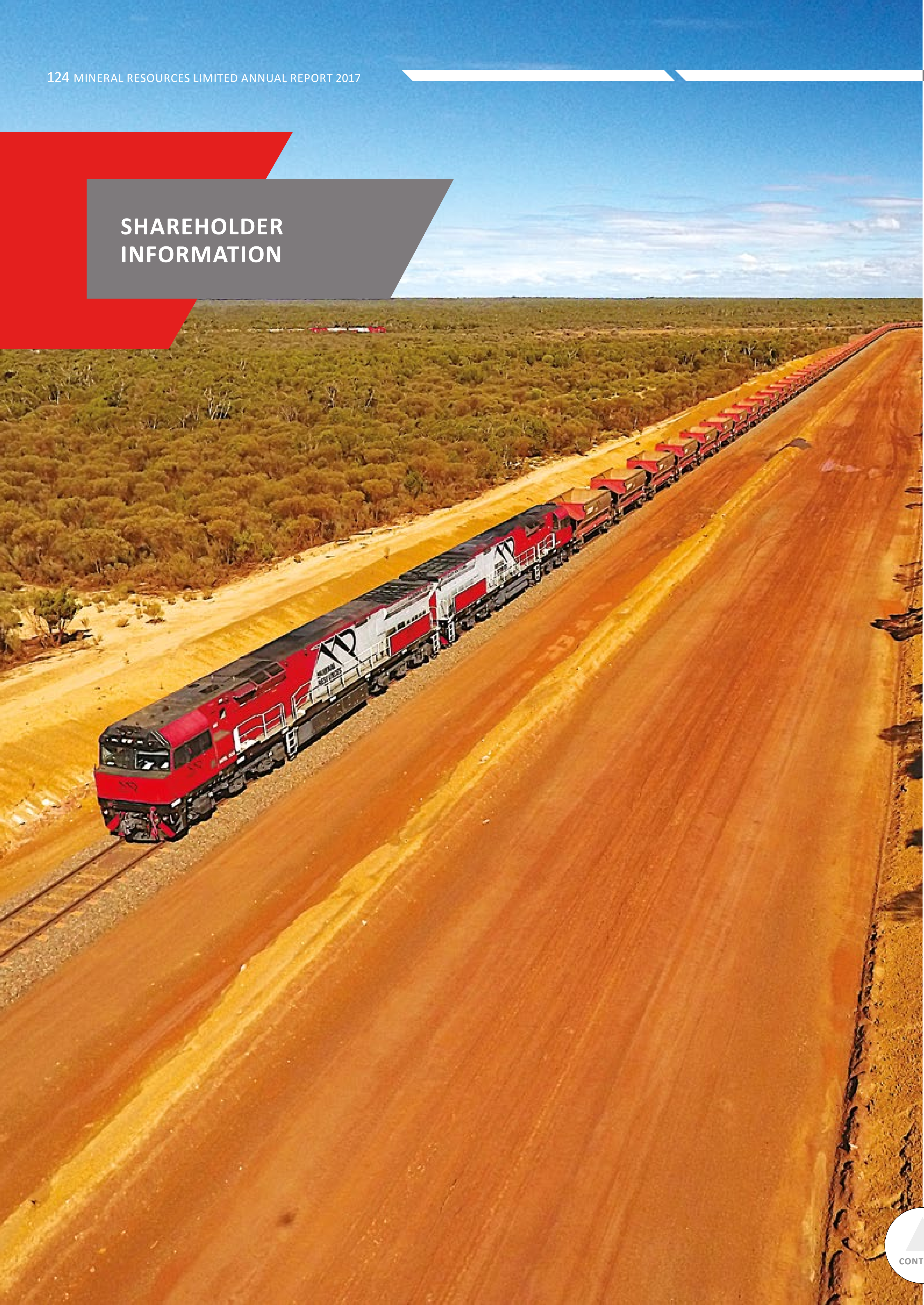
Responsibilities

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.

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 16 August 2017

TUTU PHONG
Partner



SHAREHOLDER INFORMATION

SHAREHOLDER INFORMATION

30 June 2017

The shareholder information set out below was applicable as at 11 October 2017.

Distribution of Equitable Securities

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

Range	*Total holders*	*Units*	*%Units*
1 - 1,000	3,303	1,364,529	0.73
1,001 - 5,000	1,808	4,303,443	2.29
5,001 - 10,000	247	1,829,643	0.98
10,001 - 100,000	210	5,427,124	2.89
100,001 OVER	39	174,599,166	93.11
ROUNDING			0.00
TOTAL	**5,607**	**187,523,905**	**100.00**

Unmarketable Parcels

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

	Minimum Parcel Size	*Holders*	*Units*
Minimum $ 500.00 parcel at $17.6600 per unit	29	346	1,428

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 (AUSTRALIA) LIMITED	74,118,397	39.5%
J P MORGAN NOMINEES AUSTRALIA LIMITED	24,347,363	13.0%
CITICORP NOMINEES PTY LIMITED	24,280,904	12.9%
CHRIS ELLISON	23,072,684	12.3%
NATIONAL NOMINEES LIMITED	12,254,919	6.5%
BNP PARIBAS NOMS PTY LTD	8,798,789	4.7%
D + C GERAGHTY PTY LTD	1,453,558	0.8%
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD	1,021,591	0.5%
AMP LIFE LIMITED	670,584	0.4%
SHARE DIRECT NOMINEES PTY LTD	646,000	0.3%
PAKSIAN PTY LTD	567,749	0.3%
P D WADE	516,162	0.3%
SBN NOMINEES PTY LIMITED	411,000	0.2%
MINERAL RESOURCES LIMITED <EMPLOYEE SHARE PLAN A/C>	358,138	0.2%
BOND STREET CUSTODIANS LIMITED	300,000	0.2%
QUOTIDIAN NO 2 PTY LTD	450,000	0.2%
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	280,801	0.1%
UBS NOMINEES PTY LTD	205,722	0.1%
SANDHURST TRUSTEES LTD	162,605	0.1%
KAUN PTY LTD	133,250	0.1%
TOP 20 HOLDERS OF ORDINARY FULLY PAID SHARES (TOTAL)	**174,050,216**	**92.8%**

CONTENTS

CORPORATE DIRECTORY

CORPORATE DIRECTORY

DIRECTORS	Peter Wade (Chairman) Chris Ellison (Managing Director) Kelvin Flynn James McClements (Lead Independent Non-Executive Director) Tim Roberts (Appointed 17 November 2016) Xi Xi (Appointed 11 September 2017)
COMPANY SECRETARIES	Bruce Goulds Simon Rushton
REGISTERED OFFICE	1 Sleat Road Applecross WA 6153 P: + 61 8 9329 3600 F: + 61 8 9329 3601 Postal address: Locked Bag 3, Canning Bridge, Applecross WA 6153
PRINCIPAL PLACE OF BUSINESS	1 Sleat Road Applecross WA 6153
SHARE REGISTER	Computershare Investor Services Pty Limited Level 2, Reserve Bank Building 45 St Georges Terrace Perth WA 6000 P: + 61 8 9323 2000 F: + 61 8 9322 2033 www.computershare.com/au
AUDITOR	RSM Australian Partners 8 St Georges Terrace Perth WA 6000 P: + 61 8 9261 9100 F: + 61 8 9261 9111 www.rsm.com.au
BANKERS	National Australia Bank 100 St Georges Terrace Perth WA 6000 www.nab.com.au
STOCK EXCHANGE LISTING	Mineral Resources Limited shares are listed on the Australian Securities Exchange (ASX: MIN)
WEBSITE	www.mineralresources.com.au

CONTENTS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RESOURCES

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