Wednesday 10 February 2021

Mineral Resources Results Announcement

Mineral Resources Limited (ASX: MIN) ('MRL' or 'the Company') is pleased to announce its financial results for the half year ended 31 December 2020 (1H21).

The Company generated statutory earnings before interest, tax, depreciation, amortisation and impairment (EBITDA) of $927 million. Underlying[1] EBITDA was $763 million, up 131% on the prior corresponding period (pcp)[2] and underpinned by continued growth in the Mining Services segment and record iron ore sales volumes and prices.

Statutory net profit after tax (NPAT) amounted to $519 million and underlying NPAT was $430 million, up 233% on pcp. Statutory NPAT included $26 million of post-tax impairment charges ($37 million pre-tax) in relation to intangibles, plant and equipment and inventory.

The Directors have declared a fully franked interim dividend of 100 cents per share, an increase of 335% on the interim dividend for 1H20. The dividend is due to be paid on 9 March 2021 to shareholders on the register at 17 February 2021.

Highlights of 1H21 include:

- Keeping our operations free from COVID-19
- Maintaining a 12-month rolling Lost Time Injury Frequency Rate (LTIFR) of zero and reducing our Total Reportable Injury Frequency Rate (TRIFR) to 2.75, an improvement of 16%
- Increasing Mining Services production volumes by 23% on pcp
- Exporting a total of 7.9 million wet metric tonnes (wmt) of iron ore, up 17% on pcp
- Producing record spodumene volumes at Mt Marion of 262,264 dry metric tonnes (dmt), up 36% on pcp.

Mineral Resources Managing Director Chris Ellison said:

"This has been a very strong and successful six months for Mineral Resources. As events in Western Australia this month have demonstrated, the resources sector is not immune from the reach of COVID-19. We remain focussed on keeping our operations COVID-19 free, protecting the health and safety of our people, and safeguarding their employment.

"Despite the backdrop of COVID-19, Mineral Resources has delivered outstanding operational and financial performance in the December half, demonstrating the strength of our business and the ability to maximise returns when commodities like iron ore are doing well. It also vindicates our decision to invest heavily across our iron ore business during the past few years.

---

[1] Underlying EBITDA has been derived from statutory EBITDA by excluding a net fair value unrealised gain of $102 million on listed investments and a net $62 million unrealised foreign exchange gain on the Company's US$ denominated notes and cash holdings.
[2] Comparison to pcp being the half year ended 31 December 2020 (1H20) for profit and loss data and cash flow data, and to the balance as at 30 June 2020 for balance sheet data

"Likewise, Mt Marion has outperformed during this period to deliver record production volumes at lower costs, a remarkable achievement for a spodumene operation in what has been a challenging market. Pleasingly, we are seeing some positive signs in the lithium market and Mineral Resources is well positioned to benefit from this commodity's upturn as the world renews its focus on green energy and demands greater volumes of high-quality spodumene concentrate.

"Continuing to deliver such solid results is only possible with a world-class team. The 4,000 men and women who work for the Mineral Resources team have once again demonstrated our can-do attitude that has made us what we are today and I thank them sincerely for their tremendous effort and contribution."

Financial performance

Metric	1H21 Results	Comparison to pcp
Revenue	**$1,531m**	Up 55%
EBITDA (underlying)	**$763m**	Up 131%
NPAT (underlying)	**$430m**	Up 233%
Diluted earnings per share (EPS)	**275.27cps**	Down 41%
Dividends declared	**100cps**	Up 335%
Operating cash flow[3]	**$516m**	Up $303m
Capex	**$351m**	Up 83%
Net cash / (debt)	**($75m)**	Down $305m
Net assets	**$2,673m**	Up $377m
Return on invested capital (ROIC) [4]	**23.4%**	Down from 52%

Ends

This announcement dated 10 February 2021 has been authorised for release to the ASX by Mineral Resources Limited's Board of Directors.

For further information, please contact:

James Bruce
Head of Investor Relations
Mineral Resources Limited
T: +61 8 9329 3706
E: james.bruce@mrl.com.au

Peter Klinger
Media Relations
Cannings Purple
T: +61 (0)411 251 540
E: pklinger@canningspurple.com.au

About Mineral Resources

Mineral Resources Limited (ASX: MIN) is a Perth-based leading mining services provider, with a particular focus on the iron ore and hard-rock lithium sectors in Western Australia. Using technical know-how and an innovative approach to deliver exceptional outcomes, Mineral Resources has become one of the ASX's best-performing contractors since listing in 2006.

---

[3] Operating cash flow excludes tax paid of $332m and $52m in 1H21 and 1H20 respectively on sale of 60% interest in Wodgina Lithium Project.

[4] ROIC calculated as per FY20 Remuneration Report definition on a rolling 12 month basis.

Mineral Resources Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Mineral Resources Limited
ABN:	33 118 549 910
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

2. Results for announcement to the market

				$m
Revenues from ordinary activities	up	55%	to	1,530.5
Profit from ordinary activities after tax attributable to the owners of Mineral Resources Limited	down	41%	to	519.0
Profit for the half-year attributable to the owners of Mineral Resources Limited	down	41%	to	519.0

Comments
A commentary on the results for the period is contained within the Financial Report as well as the Media Release that accompanies this announcement.

3. Net tangible assets

	Reporting period $	Previous period $
Net tangible assets per ordinary security	14.05	11.04

4. Dividends

	Cents	Franked %	$m
2021 interim dividend – declared 10 February 2021	100.00	100%	188.5
2020 final dividend – paid 15 September 2020	77.00	100%	145.2
2020 interim dividend – paid 26 March 2020	23.00	100%	43.4
2019 final dividend – paid 4 October 2019	31.00	100%	58.1

Record date for determining entitlements to the 2021 interim dividend	17 February 2021
Payment date for the 2021 interim dividend	9 March 2021

5. Dividend reinvestment plans

Shareholders are able to elect to participate in the following Dividend Reinvestment Plan (DRP) for the 2021 interim dividend:

Date of interim dividend declaration	10 February 2021
Record date for determining entitlements to the interim dividend	17 February 2021
Closing date for election to participate in the DRP	18 February 2021
Closing date for calculation of DRP share issue price, based on the Volume Weighted Average Price (VWAP) (rounded to the nearest whole cent) for Mineral Resources Limited shares sold on the ASX in the five business days commencing one day after the record date	25 February 2021
DRP discount to be applied	None
DRP to be underwritten	No
Payment date for interim dividend/issue of shares under the DRP	9 March 2021
DRP share ranking with existing Mineral Resources Limited shares	Equally in all respects
Date by which DRP participant's holdings will be updated with additional shares issued under the DRP	9 March 2021

6. Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

MINERAL RESOURCES

HALF YEAR FINANCIAL REPORT

31 DECEMBER 2020

MINERAL RESOURCES LIMITED
ABN 33 118 549 910
www.mrl.com.au

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Mineral Resources Limited (referred to hereafter as the 'Company' or 'MRL') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

Directors

The following persons were Directors of the Company during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Peter Wade
Chris Ellison
Kelvin Flynn
James McClements
Xi Xi
Susie Corlett (appointed 4 January 2021)

Principal activities

During the half-year, the principal continuing activities of the Group consisted of the integrated supply of goods and services to the resources sector.

Dividends

Dividends paid or declared during the financial half-year were as follows:

	Cents	Franked %	$m
2021 interim dividend – declared 10 February 2021	100.00	100%	188.5
2020 final dividend – paid 15 September 2020	77.00	100%	145.2
2020 interim dividend – paid 26 March 2020	23.00	100%	43.4
2019 final dividend – paid 4 October 2019	31.00	100%	58.1

Review of operations

Financial performance

The Group generated statutory earnings before interest, tax, depreciation, amortisation and impairment (EBITDA) of $927 million and an underlying EBITDA of $763 million for the financial half-year ended 31 December 2020 (1H21). The underlying result was up $433 million (131%) on the prior corresponding period (pcp).

Underlying EBITDA has been derived by excluding from statutory EBITDA an unrealised net fair value gain of $102 million on listed investments, classified as Financial Assets on the consolidated balance sheet (pcp was a $32 million fair value loss) and a $62 million unrealised foreign exchange gain on the Group's US dollar denominated notes and cash holdings (pcp was a $13 million loss).

Statutory net profit after tax (NPAT) was $519 million and underlying NPAT was $430 million, an increase of $301 million (233%) on pcp. Statutory NPAT included $26 million of post-tax impairment charges ($37 million pre-tax) in relation to plant and equipment, inventory and intangibles.

Group revenue for 1H21 was $1,531 million, up $544 million (55%) on pcp. This strong performance was driven by continued growth in our Mining Services business, along with increased iron ore exports totalling a record 7.9 million tonnes (up 1.2 million tonnes (17%) on pcp), and strong iron ore prices. During the period the Platts 62% Iron Ore Index strengthened 33% to average US$126 per dry tonne.

Lithium prices continued on a downward trend. The average realised Lithium Spodumene Concentrate price was $459 per dry tonne, a reduction of $230 per dry tonne (50%) on pcp.

The Directors have resolved to distribute a fully franked interim dividend of 100 cents per ordinary share; declared on 10 February 2021 for shareholders as at 17 February 2021 to be paid on 9 March 2021. This dividend represents an increase of 335% on the interim dividend of 23 cents per share in 1H20.

Operational performance

Mining Services

Mining Services EBITDA of $235 million was $64 million (37%) higher than pcp, and Mining Services revenue of $784 million (internal and external) was $172 million (28%) higher than pcp.

Growth in Mining Services revenue and EBITDA was primarily driven by:
- Continued growth in operations at the Yilgarn and Utah Point hubs; and
- Growth in existing external contracts;

Commodities

Commodities in 1H21 performed strongly, largely driven by higher iron ore volumes and prices. During the period volumes produced by the Mt Marion Lithium Project remained stable.

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

Commodity exports	1H20	2H20	Total FY20	1H21	Variance 1H21 v 1H20
Iron Ore					
Utah Point Hub (Kwmt[1])	3,590	3,106	6,696	2,934	(656)
Yilgarn Hub (Kwmt[1])	3,158	4,221	7,379	4,979	1,821
Total Iron Ore	**6,748**	**7,327**	**14,075**	**7,913**	1,165
Spodumene					
Mt Marion[3] (Kdmt[2])	188	206	394	203	15
Total Spodumene	**188**	**206**	**394**	**203**	15

[1] Kwmt = '000 wet metric tonnes
[2] Kdmt = '000 dry metric tonnes
[3] Volumes presented as 100% for the Mt Marion Lithium Project. MRL operates 100% of the project, in which it owns a 50% interest.

Iron Ore

The Group operates two iron ore hubs being the Utah Point Hub (containing the Iron Valley Project) in the Pilbara, and the Yilgarn Hub, both in Western Australia. The Group is currently developing Wonmunna which will form part of the Utah Point Hub, with the aim of exporting the first iron ore from the area in 2H21.

Iron ore produced an EBITDA of $582 million, $396 million higher than pcp, reflecting increased tonnes shipped and higher prices following strong market conditions. Iron ore revenue of $1,219 million was $523 million (75%) higher than pcp.

Iron ore exports in 1H21 were higher than pcp at 7.9 million wet tonnes mainly as a result of the continued ramp up of the Yilgarn Hub. Utah Point Hub exports were lower than pcp mainly due to manning constraints brought on by Covid-related travel-restrictions.

The Group’s average iron ore price achieved for 1H21 was $154 per wet tonne (US$119/dmt), an increase of 49% on the pcp. This was driven by strong Platts pricing and a material narrowing of discounts during calendar year 2020.

<u>Mt Marion Spodumene</u>
The Mt Marion Lithium Project is operated by the Group under a life-of-mine Mining Services contract and is a joint project between the Group (50%) and one of the world's largest lithium producers, Jiangxi Ganfeng Lithium Co. Ltd. (Ganfeng) (50%).

Mt Marion produced an EBITDA of $0 million for the Group, compared to $16 million pcp. This reflected a reduction in sales prices due to market conditions.

MRL worked closely with its trading partner Ganfeng to achieve an ideal product mix for further processing. This included an increase in production volumes combined with a 12% reduction in cost, partially offset by a reduction in yield.

Total sales volumes in 1H21 of 203,000 dmt were 8% up from pcp.

<u>Wodgina Spodumene</u>
The Wodgina Lithium Project is an unincorporated joint venture (MARBL JV) between the Group (40%) and Albemarle Corporation (60%) (Albemarle) effective from 1 November 2019. The project remained on care and maintenance during 1H21. The MARBL JV regularly reviews market conditions with a view to resuming spodumene concentrate production as and when required and as driven by market demand.

Cash and capital management
At 31 December 2020, the Group continues to maintain a strong balance sheet and held cash and cash equivalents of $1,113 million (30 June 2020: $1,522 million). In addition to its 31 December 2020 cash holdings, the Group has access to substantial undrawn debt facilities to support business development activities ($364 million as at 31 December 2020).

Current trade and other receivables increased to $356 million at 31 December 2020 (30 June 2020: $178 million) mainly as a result of increased iron ore exports and higher achieved prices during the period.

Net cash from operating activities before interest and tax of $654 million in 1H21 was up $337 million on pcp, reflecting a stronger underlying EBITDA of $763 million. Tax paid of $431 million includes $332 million for tax on the Wodgina transaction, paid as part of the Group's FY20 tax return instalment.

Net cash used in investing activities in 1H21 was $353 million, a difference of $1,327 million on pcp which included cash proceeds from completion of the sale of a 60% interest in Wodgina to Albemarle. Capital expenditure during 1H21 included:

- Investment in the NextGen 2 modular crushing plant;
- Expansion in the Yilgarn region; and
- Acquisition of the Wonmunna assets.

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

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 hundred thousand dollars, unless otherwise stated.

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 in this report.

Mineral Resources Limited
Directors' report
31 December 2020

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the Directors

Chris Ellison
Managing Director

10 February 2021
Perth

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Mineral Resources Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 10 February 2021

TUTU PHONG
Partner

Mineral Resources Limited
Contents
31 December 2020

General information

The financial statements cover Mineral Resources Limited as a consolidated entity consisting of Mineral Resources Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Mineral Resources Limited's functional and presentation currency.

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

1 Sleat Road
Applecross WA 6153

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 10 February 2021.

Mineral Resources Limited
Consolidated income statement
For the half-year ended 31 December 2020

		Group	
	Note	31 Dec 2020 $m	31 Dec 2019 $m
Revenue	3	1,530.5	986.7
Other income	4	174.9	1,298.9
Expenses			
Changes in closing stock		63.0	92.4
Raw materials and consumables		(126.6)	(106.3)
Equipment costs		(81.7)	(49.9)
Subcontractors		(89.5)	(88.6)
Employee benefits expense		(230.8)	(187.5)
Transport and freight		(252.2)	(262.9)
Depreciation and amortisation		(103.6)	(92.5)
Impairment charges	5	(36.9)	(163.5)
Other expenses	6	(54.6)	(103.2)
Finance costs		(48.8)	(50.6)
Profit before tax		743.7	1,273.0
Income tax expense		(224.4)	(389.0)
Profit after tax for the half-year		519.3	884.0
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net loss on cash flow hedges		(0.6)	(3.4)
Other comprehensive income for the half-year, net of tax		(0.6)	(3.4)
Total comprehensive income for the half-year		518.7	880.6
Profit for the half-year is attributable to:			
Non-controlling interest		0.3	(0.4)
Owners of Mineral Resources Limited		519.0	884.4
		519.3	884.0
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		0.3	(0.4)
Owners of Mineral Resources Limited		518.4	881.0
		518.7	880.6

Earnings per share for profit attributable to owners of Mineral Resources Limited:

	Cents	Cents
Basic earnings per share	275.27	470.06
Diluted earnings per share	275.27	470.06

The above consolidated income statement should be read in conjunction with the accompanying notes

Mineral Resources Limited
Consolidated balance sheet
As at 31 December 2020

	Note	Group 31 Dec 2020 $m	Group 30 Jun 2020 $m
Assets			
Current assets			
Cash and cash equivalents		1,113.4	1,521.8
Trade and other receivables		355.9	177.5
Inventories		142.1	155.6
Other		28.5	38.8
Total current assets		1,639.9	1,893.7
Non-current assets			
Trade and other receivables		647.5	649.6
Inventories		60.0	35.3
Financial assets		143.3	42.3
Property, plant and equipment		1,541.6	1,365.9
Intangibles		23.3	47.9
Exploration and mine development		606.3	476.4
Deferred tax		70.2	119.8
Total non-current assets		3,092.2	2,737.2
Total assets		4,732.1	4,630.9
Liabilities			
Current liabilities			
Trade and other payables		368.5	319.1
Borrowings	7	136.5	100.5
Current tax liabilities	4(a)(i)	68.4	415.9
Employee benefits		48.5	53.4
Provisions		19.1	29.5
Other		4.7	5.9
Total current liabilities		645.7	924.3
Non-current liabilities			
Trade and other payables		14.9	-
Borrowings	7	1,051.8	1,190.2
Deferred tax		215.1	122.5
Provisions		131.5	98.3
Total non-current liabilities		1,413.3	1,411.0
Total liabilities		2,059.0	2,335.3
Net assets		2,673.1	2,295.6
Equity			
Issued capital	8	528.6	516.3
Reserves		6.2	10.1
Retained profits		2,111.2	1,738.4
Equity attributable to the owners of Mineral Resources Limited		2,646.0	2,264.8
Non-controlling interest		27.1	30.8
Total equity		2,673.1	2,295.6

The above consolidated balance sheet should be read in conjunction with the accompanying notes

Mineral Resources Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2020

Group	Issued capital $m	Reserves $m	Retained profits $m	Non-controlling interest $m	Total equity $m
Balance at 1 July 2019	507.9	16.1	836.2	19.0	1,379.2
Profit/(loss) after tax for the half-year	-	-	884.4	(0.4)	884.0
Other comprehensive income for the half-year, net of tax	-	(3.4)	-	-	(3.4)
Total comprehensive income for the half-year	-	(3.4)	884.4	(0.4)	880.6
Transactions with owners in their capacity as owners:					
Share issued under Dividend Reinvestment Plan	4.0	-	-	-	4.0
Equity-settled share-based payments	-	3.4	-	-	3.4
Employee share awards issued	3.7	(2.7)	-	-	1.0
Dividends paid (note 9)	-	-	(58.1)	-	(58.1)
Balance at 31 December 2019	515.6	13.4	1,662.5	18.6	2,210.1

Group	Issued capital $m	Reserves $m	Retained profits $m	Non-controlling interest $m	Total equity $m
Balance at 1 July 2020	516.3	10.1	1,738.4	30.8	2,295.6
Profit after tax for the half-year	-	-	519.0	0.3	519.3
Other comprehensive income for the half-year, net of tax	-	(0.6)	-	-	(0.6)
Total comprehensive income for the half-year	-	(0.6)	519.0	0.3	518.7
Transactions with owners in their capacity as owners:					
Share issued under Dividend Reinvestment Plan	3.7	-	-	-	3.7
Equity-settled share-based payments	-	5.2	-	-	5.2
Employee share awards issued	8.6	(8.5)	-	-	0.1
Acquisition of subsidiary	-	-	-	(5.8)	(5.8)
Acquisition of non-controlling interests	-	-	(1.0)	1.8	0.8
Dividends paid (note 9)	-	-	(145.2)	-	(145.2)
Balance at 31 December 2020	528.6	6.2	2,111.2	27.1	2,673.1

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

Mineral Resources Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2020

	Note	Group 31 Dec 2020 $m	Group 31 Dec 2019 $m
Cash flows from operating activities			
Receipts from customers		1,403.1	1,055.2
Payments to suppliers and employees		(748.4)	(738.0)
		654.7	317.2
Interest received		5.6	4.2
Interest and other finance costs paid		(45.4)	(48.4)
Income taxes paid	4(a)(i)	(431.4)	(112.6)
Net cash from operating activities		183.5	160.4
Cash flows from investing activities			
Payments for property, plant and equipment		(234.3)	(97.4)
Proceeds from disposal of property, plant and equipment		7.6	5.8
Payments for exploration and evaluation		(15.8)	(29.8)
Payments for mine development		(99.8)	(56.8)
Payments for investments and subsidiaries		(7.9)	(8.1)
Amounts advanced to joint operations		(11.0)	(5.9)
Payments for intangibles		(1.2)	(7.9)
Proceeds from sale of disposal group		-	1,173.9
Proceeds from disposal of investments		9.5	-
Net cash (used in)/from investing activities		(352.9)	973.8
Cash flows from financing activities			
Proceeds from borrowings		21.9	11.8
Repayment of borrowings		(5.1)	(4.6)
Dividends paid		(141.5)	(54.1)
Payment of lease liabilities		(65.3)	(34.4)
Net cash used in financing activities		(190.0)	(81.3)
Net (decrease)/increase in cash and cash equivalents		(359.4)	1,052.9
Cash and cash equivalents at the beginning of the financial half-year		1,521.8	265.4
Effects of exchange rate changes on cash and cash equivalents		(49.0)	(11.4)
Cash and cash equivalents at the end of the financial half-year		1,113.4	1,306.9

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, 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. Several amendments and interpretations apply for the first time from 1 July 2020, but do not have a material impact on the interim consolidated financial statements of the Group.

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

2. 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, Commodities and Central. All are operating within the Australian resources sector.

The measurement of segment results is in line with the basis of information presented to management for internal management reporting purposes and the performance of each segment is measured based on earnings before interest, tax, depreciation, amortisation and impairment (EBITDA) contribution.

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

2. Operating segments (continued)

Operating segment information

Group - 31 Dec 2020	Mining Services $m	Commodities $m	Central $m	Inter-segment* $m	Total $m
Revenue					
Sales to external customers	264.7	1,265.8	-	-	1,530.5
Intersegment sales	519.6	-	-	(519.6)	-
Total revenue	**784.3**	**1,265.8**	**-**	**(519.6)**	**1,530.5**
EBITDA	**235.4**	**570.9**	**139.4**	**(18.3)**	**927.4**
Depreciation and amortisation	(73.0)	(36.6)	(4.6)	10.6	(103.6)
Impairment charges	(7.6)	(2.4)	(26.9)	-	(36.9)
Interest income	0.7	1.8	3.2	(0.1)	5.6
Finance costs	(4.2)	(1.0)	(43.7)	0.1	(48.8)
Profit/(loss) before tax	151.3	532.7	67.4	(7.7)	743.7
Income tax expense					(224.4)
Profit after tax					519.3
Assets					
Segment assets	1,364.6	2,069.3	1,354.4	(56.2)	4,732.1
Liabilities					
Segment liabilities	548.0	463.5	1,047.5	-	2,059.0
Segment net assets	816.6	1,605.8	306.9	(56.2)	2,673.1

Group - 31 Dec 2019	Mining Services $m	Commodities $m	Central $m	Inter-segment* $m	Total $m
Revenue					
External sales	216.2	770.5	-	-	986.7
Intersegment sales	396.4	-	-	(396.4)	-
Total revenue	**612.6**	**770.5**	**-**	**(396.4)**	**986.7**
EBITDA	**171.5**	**1,474.0**	**(56.2)**	**(14.0)**	**1,575.3**
Depreciation and amortisation	(61.9)	(26.8)	(3.8)	-	(92.5)
Impairment charges	(58.9)	(104.5)	-	-	(163.4)
Interest income	-	1.3	3.7	(0.9)	4.1
Finance costs	(2.9)	(2.0)	(46.5)	0.9	(50.5)
Profit/(loss) before tax	47.8	1,342.0	(102.8)	(14.0)	1,273.0
Income tax expense					(389.0)
Profit after tax					884.0
Group - 30 Jun 2020					
Assets					
Segment assets	1,223.8	1,847.2	1,608.5	(48.6)	4,630.9
Liabilities					
Segment liabilities	481.7	278.0	1,575.6	-	2,335.3
Segment net assets	742.1	1,569.2	32.9	(48.6)	2,295.6

* Represents elimination of internal profits that are temporarily unrealised to the Group

3. Revenue

Disaggregation of revenue
Set out below is the disaggregation of the Group's revenue from contracts with customers:

Group - 31 Dec 2020	**Mining Services $m**	**Commodities $m**	**Central $m**	**Total $m**
Type of goods or service				
Sale of iron ore	-	1,219.4	-	1,219.4
Sale of lithium	-	46.5	-	46.5
Contract and operational revenue	261.2	-	-	261.2
Other	3.4	-	-	3.4
Total external revenue from contracts with customers	264.6	1,265.9	-	1,530.5
Geographical information (by location of customer)				
Australia	264.6	-	-	264.6
China	-	156.1	-	156.1
Singapore	-	1,109.8	-	1,109.8
Total external revenue from contracts with customers	264.6	1,265.9	-	1,530.5

Group - 31 Dec 2019	**Mining Services $m**	**Commodities $m**	**Central $m**	**Total $m**
Type of goods or service				
Sale of iron ore	-	696.0	-	696.0
Sale of lithium	-	74.2	-	74.2
Contract and operational revenue	215.8	-	-	215.8
Other	0.4	0.2	-	0.6
Total external revenue from contracts with customers	216.2	770.4	-	986.6
Geographical information (by location of customer)				
Australia	216.1	0.2	-	216.3
China	-	224.3	-	224.3
Singapore	-	545.9	-	545.9
Other	0.1	-	-	0.1
Total external revenue from contracts with customers	216.2	770.4	-	986.6

4. Other income

	Group	
	31 Dec 2020 $m	**31 Dec 2019 $m**
Net foreign exchange gain	58.9	-
Net fair value gain on investments held at fair value through profit or loss	102.3	2.4
Net (loss)/gain on disposal of property, plant and equipment	(5.5)	1.6
Net gain on sale of disposal group (a)(iii)	-	1,290.0
Interest income	5.6	4.2
Other	13.6	0.7
Other income	174.9	1,298.9

(a) Sale of 60% interest in Wodgina Lithium Project in the prior year

On 1 November 2019, the Group completed a transaction to sell a 60% interest in certain tenements, assets and related infrastructure, together comprising the Wodgina Lithium Project under a binding Asset Sale and Share Subscription Agreement (Sale Agreement) with Albemarle Corporation (NYSE: ALB, Albemarle). The Group recognised a pre-tax gain on disposal of $1,290.0 million (post-tax $900.8 million) in the prior half year to 31 December 2019.

(i) Current tax paid
Income Tax attributable to this transaction was comprised of an Income Tax payable amount of $411.2 million (included in current tax liabilities at 30 June 2020 of $415.9 million) and an offsetting Deferred Tax benefit of $22 million.

A total of $78.9m of the $411.2m Income Tax Payable on the transaction was paid in FY20 and the balance of $332.3m was paid in half year to 31 December 2020, the impact of which is reflected in a reduction of the current tax liabilities balance on the consolidated balance sheet (a reduction from $415.9 million at 30 June 2020 to $68.4 million at 31 December 2020) and is included in the Income Taxes Paid total of $431.4 million in the consolidated statement of cash flows for the half year to 31 December 2020.

(ii) Assets and liabilities of disposal group at date of disposal

	Group $m
Assets	
Inventories	54.7
Property, plant and equipment	348.0
Exploration and mine development	128.4
Total assets disposed	531.1
Liabilities	
Lease liability	(13.3)
Provisions - site rehabilitation	(16.5)
Total liabilities associated with assets disposed	(29.8)
Net assets disposed	501.3

4. Other income (continued)

(iii) Gain on disposal

	Group	
	31 Dec 2020 $m	**31 Dec 2019 $m**
Proceeds	-	1,821.9
Net of transaction costs and other items	-	(30.6)
Less carrying amount of net assets disposed	-	(501.3)
Gain on disposal before tax	-	1,290.0
Income tax expense	-	(389.2)
Gain on disposal after tax	-	900.8

The pre-tax gain on the Wodgina disposal disclosed above for the prior half year to 31 December 2019 of $1,290.0 million differs from the final pre-tax gain on disposal of $1,297.8 million for the year ended 30 June 2020 due to valuation adjustments that were finalised in the second half of the year ended 30 June 2020.

5. Impairment charges

	Group	
	31 Dec 2020 $m	**31 Dec 2019 $m**
Exploration and mine development	-	(71.2)
Property, plant and equipment	(9.4)	(80.0)
Inventory	(3.4)	(10.9)
Intangibles	(24.1)	(1.5)
	(36.9)	(163.6)

As part of the Group's accounting policy as disclosed in the last annual report, non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Accordingly, a pre-tax total of $36.9 million of impairments and write-offs has been recognised in relation to various classes of assets that were assessed for impairment, being:

- $12.8 million of various idle plant and equipment and inventory were impaired to reflect a change in management's future operational plans which no longer required utilisation of these assets;
- $24.1 million of capitalised development costs and associated intellectual property were impaired to align carrying values with future recovery expectations.

6. Other expenses

	Group	
	31 Dec 2020 $m	**31 Dec 2019 $m**
Profit before tax includes the following specific expenses:		
Other expenses		
Net foreign exchange loss	-	(13.1)
Fair value loss on investment held at fair value through profit or loss	-	(34.5)
Other expenses	(54.6)	(55.6)
Total other expenses	(54.6)	(103.2)

7. Borrowings

	Group 31 Dec 2020 $m	Group 30 Jun 2020 $m
Current liabilities		
Other borrowings	24.1	1.2
Lease liability (i)	112.4	99.3
	136.5	100.5
Non-current liabilities		
Senior unsecured notes (ii)	908.9	1,020.0
Less: capitalised transaction costs	(12.1)	(13.3)
Lease liability (i)	155.0	183.5
	1,051.8	1,190.2
	1,188.3	1,290.7

(i) During the half year ended 31 December 2020, the Group derecognised $30.9 million of lease liabilities on termination of a Perth metro office lease agreement.
(ii) US$700 million senior unsecured notes offering due 2027, at an interest rate of 8.125% per annum.

8. Issued capital

	Group 31 Dec 2020 Shares	Group 30 Jun 2020 Shares	Group 31 Dec 2020 $m	Group 30 Jun 2020 $m
Ordinary shares	188,597,501	188,469,830	530.3	526.6
Less: Treasury shares	(111,759)	(698,611)	(1.7)	(10.3)
	188,485,742	187,771,219	528.6	516.3

Movements in issued capital

	Ordinary shares Number	Less: Treasury shares Number	Total Number
Balance at 1 July 2019	188,098,571	(795,359)	187,303,212
Shares issued under Dividend Reinvestment Plan	371,259	-	371,259
Employee share awards issued	-	96,748	96,748
Balance at 30 June 2020	188,469,830	(698,611)	187,771,219
Shares issued under Dividend Reinvestment Plan	127,671	-	127,671
Employee share awards issued	-	586,852	586,852
Balance at 31 December 2020	188,597,501	(111,759)	188,485,742

8. Issued capital (continued)

	Ordinary $m	Less: Treasury shares $m	Total $m
Balance at 1 July 2019	519.6	(11.7)	507.9
Shares issued under Dividend Reinvestment Plan	5.4	-	5.4
Employee share awards issued	1.6	1.4	3.0
Balance at 30 June 2020	526.6	(10.3)	516.3
Shares issued under Dividend Reinvestment Plan	3.7	-	3.7
Employee share awards issued	-	8.6	8.6
Balance at 31 December 2020	530.3	(1.7)	528.6

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.

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.

9. Dividends

	31 Dec 2020		31 Dec 2019	
	Dividend per share Cents	Total $m	Dividend per share Cents	Total $m
Declared and paid during the period				
Final franked dividend	77.00	145.2	31.00	58.1
Proposed				
Interim franked dividend	100.00	188.5	23.00	43.2

10. Commitments and contingencies

Contingent liabilities

Legal contingencies

(a) Termination of a Perth metro office lease agreement
In July 2020, the Group terminated a Perth metro office lease agreement. The parties have since been in dispute over the validity of the termination. Both parties have alleged that they have incurred damages in connection with the disputed lease and the termination.

The status of the dispute is still preliminary and any potential award of damages against the Group is only possible, not probable, and cannot be reliably estimated as at the date of this report. Accordingly, no additional provision for liability has been made in these financial statements.

10. Commitments and contingencies (continued)

(b) Validity of Wonmunna mining leases
Fortescue Metals Group (ASX: FMG) (FMG) commenced legal proceedings against the Minister for Mines and Petroleum, the DMIRS Registrar and Wonmunna Iron Ore Pty Ltd (a MRL subsidiary), seeking declarations that the Wonmunna mining leases (M47/1423, M47/1424, M47/1425) are invalid. In its claim, FMG alleges that the Minister did not have jurisdiction to grant the mining leases in 2012 as the applications for the mining leases in 2008 were not accompanied by mineralisation reports. Wonmunna Iron Ore Pty Ltd denies these claims and is defending the action.

The status of the matter is still preliminary and legal costs or potential claims are only possible, not probable, and cannot be reliably estimated as at the date of this report. Accordingly, no provision for liability has been made in these financial statements.

(c) Iron Valley haul road claim
On 25 November 2020, FMG commenced legal proceedings against Process Minerals International Pty Ltd (PMI) (a MRL subsidiary) alleging that the access deed executed between FMG and PMI on 30 August 2012 for the road which is used to haul iron ore from the Group's Iron Valley project has expired. FMG alleges that the Group must stop using the haul road and must remove the road and surrender its miscellaneous licences over the area. PMI is defending the claim.

The status of the matter is still preliminary and legal costs or potential claims or impacts of these proceedings are only possible, not probable, and cannot be reliably estimated as at the date of this report. Accordingly, no provision for liability has been made in these financial statements.

(d) Claim for introduction of Reed Industrial Minerals Pty Ltd offtake partner and equity partner
Reed Industrial Minerals Pty Ltd (RIM) is a joint operation in which the Group has a 50% interest. During the period, an individual and a related company (the Claimants) lodged a claim in the Supreme Court against RIM's previous equity owners Neometals Limited (Neometals) and RIM (as a second defendant). The Claimants allege that agreements were reached in 2009 and 2015 which obliged Neometals to pay fees to one of the Claimants for having introduced Neometals to RIM's offtake partner and for introducing an equity partner. The Claimants allege that RIM is also liable to pay the fee relating to the introduction of the offtake partner.

The status of the matter is still preliminary and legal costs or potential claims or impacts of these proceedings are only possible, not probable, and cannot be reliably estimated as at the date of this report. Accordingly, no provision for liability has been made in these financial statements.

There has been no other material change to contingent liabilities since the last annual report. There has been no other material change to contingent liabilities since the last annual report.

Commitments
There has been no material change to the Group's commitments since the last annual report.

11. Business combinations

Information on business combinations in the prior year

Acquisition of Resource Development Group Limited (RDG)
On 17 June 2020, the Group acquired a 75% shareholding in Resource Development Group Limited (ASX: RDG, RDG), pursuant to an Asset Sale Agreement executed on 18 March 2020 for MRL to transfer a 100% interest in the Ant Hill and Sunday Hill manganese tenements to RDG in return for MRL receiving RDG scrip (the Acquisition).

As disclosed in the 30 June 2020 annual financial statements, the initial accounting for the acquisition of RDG has been provisionally determined due to the proximity of the acquisition to the reporting date. There have been no material changes to the provisional acquisition accounting balances at the date of acquisition from those disclosed in the 30 June 2020 annual financial statements.

12. 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 - 31 Dec 2020	**Level 1 $m**	**Level 2 $m**	**Level 3 $m**	**Total $m**
Assets				
Financial assets held at fair value through profit or loss:				
- Shares in listed corporations	143.3	-	-	143.3
- Deferred consideration receivable from sale of disposal group	-	-	606.1	606.1
Total assets	143.3	-	606.1	749.4
Liabilities				
Other liabilities: Foreign exchange forward contracts in cash flow hedges	(4.7)	-	-	(4.7)
Total liabilities	(4.7)	-	-	(4.7)

Group - 30 Jun 2020	**Level 1 $m**	**Level 2 $m**	**Level 3 $m**	**Total $m**
Assets				
Financial assets held at fair value through profit or loss:				
- Shares in listed corporations	42.3	-	-	42.3
- Deferred consideration receivable from sale of disposal group	-	-	606.1	606.1
Total assets	42.3	-	606.1	648.4
Liabilities				
Other labilities: Foreign exchange forward contracts in cash flow hedges	(5.9)	-	-	(5.9)
Total liabilities	(5.9)	-	-	(5.9)

Fair value of financial assets and financial liabilities that are not measured at fair value

Unless otherwise stated, the carrying amount of all of the Group's financial assets and financial liabilities recognised in the financial statements are considered to approximate their fair values.

Valuation techniques for fair value measurements categorised within level 3

There has been no other material change to the valuation techniques for fair value measurements categorised within level 3 since the last annual report.

13. Events after the reporting period

Proposed interim dividend for the year ended 30 June 2021
On 10 February 2021, the directors declared an interim fully franked dividend for the year ended 30 June 2021 of 100 cents per share to be paid on 9 March 2021.

RDG acquisition of Balline Garnet Project
On 1 February 2021, RDG, a subsidiary of the Group, executed an Asset Sale Agreement to acquire a 100% interest in the tenements of the Balline Garnet Project from Australian Garnet Pty Ltd (AGPL). The acquisition has been completed for a $4 million cash payment and a total 355 million RDG shares issued in two tranches to AGPL. The first tranche of 280 million RDG shares has been issued at completion on 1 February 2021 and the second tranche of 75 million is to be issued following approval from the Foreign Investment Review Board (FIRB). Should FIRB not approve the transaction, RDG will settle the second tranche by cash based on a RDG share price equal to a 10% discount to the 30-day volume weighted average price calculated at that time.

COVID-19 pandemic
The impact of the COVID-19 pandemic is ongoing and has not had a material impact for the Group's operations during the half year ended 31 December 2020. It is not practicable to estimate the potential impact, positive or negative, after the reporting date. The challenges presented by COVID-19 are fluid and continue to change. The Group will continue to assess and update the Group’s response to the COVID-19 pandemic.

No other matter or circumstance has arisen since 31 December 2020 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.

Mineral Resources Limited
Directors' declaration
31 December 2020

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the financial half-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.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Chris Ellison
Managing Director

10 February 2021
Perth

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Mineral Resources Limited which comprises the balance sheet as at 31 December 2020, the income statement, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mineral Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

RSM

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 10 February 2021