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MEDIA RELEASE – Half Year Profit Announcement

Mineral Resources Limited (ASX: MRL) ('MIN' or 'the Company') today announced its financial results for the half year ended 31 December 2015. The key highlights include:

- **EBITDA of \$133 million, in line with the prior corresponding period (pcp);**
- **Strong balance sheet with an improved net cash position of \$174m and over \$400m in undrawn finance facilities (recently renewed for 3 years);**
- **Share buyback in operation up to \$30m;**
- **Fully franked interim dividend of 8.5 cps declared, 60% greater than the commitment in November 2015; and**
- **Confirmation of FY2016 EBITDA guidance of \$250-\$290 million.**

MRL Managing Director Chris Ellison said, *"The half-year result reflects continued growth of the Group's mining infrastructure services business and MRL's ongoing success in delivering productivity enhancements and cost reductions across our commodity operations in the Pilbara and Yilgarn."*

Financial performance

Revenue of \$577m was down 23% (pcp) reflecting:

- Commodity Operations decline in revenue from \$76.50 to \$64.50 per wet metric tonne which was a result of a 24% decline (pcp) in the Platts 62% iron ore price; and
- The opportunistic sale of 0.3 million tonnes of manganese in 1H 2015.

EBITDA of \$133m was in line with the pcp. The key factors influencing the financial performance include:

- Equivalent crushing capacity grew to 94 million tonnes, representing an 11% increase (pcp);
- Solid contribution from pipeline and water services;
- Commodity Operations increased EBITDA from \$3.60 to \$7.30 per wet metric tonne; and
- Iron ore export volumes increased by 8% (pcp) to 5.9 million wet metric tonnes.

MRL achieved a 1H FY2016 statutory half-year net profit after tax of \$48 million.

Operational performance

Considerable improvement in MRL's safety performance over the past two years has continued. The twelve month TRIFR has reduced from an industry average position of 15.0 per one million man hours in 2013 to a world class 5.06 in 2015.

Mining Infrastructure Services

The mining infrastructure services business continued to perform throughout the period. This business comprises MRL's integrated mining infrastructure services across the mining supply chain including; crushing and mineral processing; pipeline and dewatering solutions; remote mine site services; rail and port logistics; and mine site services.

Highlights include:

- Increased equivalent crushing capacity by 11% as a result of demand from existing long term customers;
- The commencement of construction works on plant expansion works for major mining customers;
- Commencement of construction at the Mount Marion Lithium project. MRL has both a 30% equity interest (with an option to increase its interest to 43.1%) in the project and has a life-of-mine contract for the infrastructure and mining/processing operations on a build-own-operate basis. The construction is scheduled for completion in mid-2016 with the first shipment within 60 days of commencing operations;
- Pipeline and water services continued to provide a solid contribution to earnings and has a significant pipeline of work scheduled for the remainder of FY2016; and
- Site Services also delivered a solid contribution to earnings based on its strategy of providing accommodation services to MRL's projects as well as other existing long term customers.

Commodity business

MRL's commodity business had a strong half operationally despite the difficult commodity price environment. Projects comprise MRL's commodity business in the Yilgarn, Pilbara and Mt Marion regions. In addition to providing life of mine infrastructure services to these projects, MRL also receives a share of the underlying product profit.

Highlights include:

- Record half-year export performance of 5.9 million tonnes of iron ore. This represents an 8% increase on pcp;
- EBITDA per tonne increased by 103% (pcp) from \$AUD3.60 to \$AUD7.30. This was driven by a 22% decrease in CFR cost from \$AUD72.90 to \$AUD57.20 per tonne (across both Iron Valley and Carina/J4 operations);
- Ongoing introduction of Super Quad road trains on the Iron Valley to Port Hedland road haulage route, which resulted in lower haulage costs and improved safety and efficiency. In addition, there has been improved on-road safety performance which has continued to exceed expectations. More rollouts are planned over the next few months with the full benefit expected by the end of FY2016;

- Progressed plans to maximise the utilisation of the Yilgarn central mineral processing infrastructure hub with the completion of the haul road and mine development for the J4 deposit. First ore from J4 was hauled to the crushing plant during November 2015;
- The application for environmental approvals for J5 and Bungalbin East progressed with detailed environmental studies (a requirement of the Public Environmental Review (PER) process) nearing completion;
- Work continued with the Southern Ports Authority, CBH and Brookfield Rail to enable MRL to progressively transfer Yilgarn iron ore exports from Kwinana to the Esperance port. This should lead to cost and efficiency savings;
- Good progress on initiatives to enhance the Mount Marion Lithium project, including:
 - Commencement of an exploration program consisting of infill drilling in the area of known mineralisation and extension drilling to expand the resource base. Results to date have identified additional mineralisation as expected; and
 - Metallurgical test work identifying an additional spodumene product which can be generated by adding a flotation circuit to the beneficiation plant.

Innovation and Growth

MRL has a strong pipeline of mining infrastructure services contracts including crushing and screening, accommodation and supply chain solutions. MRL is uniquely placed to meet its client's cost and efficiency objectives through its Build Own Operate and Build Own Operate Transfer solutions.

MRL's Managing Director, Chris Ellison said, *"In the current stage of the resource cycle MRL has a track record of taking advantage of opportunities to invest in new Build Own Operate contracts where we can deliver substantial cost and efficiency savings to our customers."*

Design, funding structures and commercial models continue to progress for MRL's proprietary, mine-to-port transport and infrastructure service (**'Bulk Ore Transport System' or BOTS**). The timing and location of BOTS' first implementation will be assessed in the context of current market conditions and return on invested capital compared with alternative potential projects and uses of capital. MRL management has a strong track record of allocating capital to maximise long term returns for shareholders.

MRL's LNG power generation solution provides greater certainty over energy costs and produce savings of up to 40%. The 1st plant is expected to be installed by mid-2016 to power the Mt Marion Lithium project.

MRL has also commenced the development of 150 tonne trays to be trialled on MRL mining trucks in the field. Technical and operational evaluation will continue until end of FY2016. Pending a successful trial, MRL will replace all mining truck trays on MRL Projects and explore opportunities to expand this service to 3rd parties providing substantial cost savings.

MRL's Managing Director, Chris Ellison said, *"Planning and design work of a number of innovative mining infrastructure services solutions is well progressed and we expect these will substantially reduce operating costs over time for MRL clients and our own projects. MRL continues to support innovation and developments in the materials handling and mineral processing industry designed to improve efficiency in the sector."*

Capital management

As advised at the Company's Annual General Meeting in November 2015, MRL's approach to capital management includes an allocation of \$40 million to a combination of fully franked dividends and an on-market share buyback (comprising a minimum of \$10 million for the interim dividend and the residual \$30 million to a share buyback during the course of the year). In recognition of the strong operational performance in the first-half and the Group's strong balance sheet, the Board has decided to increase the allocation of profits to the interim dividend by approximately \$5 million.

A fully franked interim dividend of 8.5 cents per ordinary share has been declared for shareholders as at 26 February 2016, with a payment date of 4 March 2016.

MRL has purchased 1.2m shares at an average price of \$3.64. The Company will look to purchase the remaining \$25.7 worth of shares over the rest of the 12 month period of the buy-back scheme.

MRL's Managing Director, Chris Ellison said *"The Company continues its disciplined approach to capital management. MRL has a very strong balance sheet with \$292 million cash on hand and over \$400m of undrawn debt facilities. This ensures that the Company continues to be well placed to pursue growth opportunities in the current business environment"*.

Outlook

For the FY2016 financial year MRL confirms the following profit guidance:

- EBITDA guidance of between \$250-290m (unchanged from MRL's AGM announcement in November 2015);
- The key assumptions in this guidance include:
 - 62% CFR iron ore to average USD\$42 per tonne from February to June 2016;
 - AUD / USD to average 0.70 from February to June 2016;
 - 12 million tonnes exported where MRL shares in the product profit;
 - 94 million tonnes of equivalent crushing capacity; and
- Capital expenditure is expected to be in the range of \$140-150m. The higher guidance has been driven by investments in mobile equipment to improve mining efficiencies and productivity.

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