FULL YEAR RESULTS ANNOUNCEMENT

Wednesday 11 August 2021

Mineral Resources Limited (**ASX: MIN**) ('**MRL**' or '**the Company**') is pleased to announce its financial results for the year ended 30 June 2021 (FY21).

The Company generated underlying earnings before interest, tax, depreciation, amortisation and impairment (Underlying **EBITDA**)[1] of $1,901 million, up 148% 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.

Underlying net profit after tax (**NPAT**)[1] was $1,103 million, up 230% on pcp. Statutory NPAT was $1,268 million, up 26% on pcp and includes $33 million of post-tax impairment charges in relation to intangibles, plant and equipment and inventory.

The Company's Board of Directors has declared a fully franked final dividend of 175 cents per share. The dividend is due to be paid on 7 September 2021 to shareholders on the register at 18 August 2021. The final dividend, together with the interim dividend of 100 cents per share, amounts to a record total fully franked dividend for FY21 of 275 cents per share.

Highlights of FY21 include:

- Continuing to keep our operations free from COVID-19
- Maintaining a low 12-month rolling Lost Time Injury Frequency Rate (LTIFR) of 0.12 and reducing our Total Reportable Injury Frequency Rate (TRIFR) to 2.31, an improvement of 30%
- Record tonnes, revenue, profits, and dividends
- Increasing Mining Services production volumes by 20% on pcp
- Exported a total of 17.3 million wet metric tonnes (wmt) of iron ore and 485 thousand dry metric tonnes (dmt) of spodumene

Mineral Resources Managing Director Chris Ellison said:

This has been a year like no other. The constant threat of COVID-19 has forced us to remain vigilant to keep this highly contagious virus out of our operations. I must congratulate and thank the entire Mineral Resources team of more than 5,000 men and women for their dedication and buy-in to the measures we had to put in place to protect the employment and health of our workforce. It exemplifies the can-do attitude of the Mineral Resources family.

"I am proud to say that Mineral Resources has delivered a record year in terms of tonnes produced and shipped, revenue and profit reported, and dividends declared. The full-year result is the culmination of continued strong growth in our Mining Services division, which is our Company's heartbeat, and realises the rewards from our decision to build long-horizon businesses in iron ore and lithium.

[1] In order to provide additional insight into the performance of the business, the Group uses non-IFRS measures such as underlying EBITDA. Reconciliations to IFRS measures are provided in Note 3 of the financial statements.
[2] Comparison to pcp being the financial year ended 30 June 2020

"This result positions Mineral Resources well to build our business with further significant investment in iron ore in particular, and seeking additional growth in our Mining Services division through the delivery of highest-quality, value-adding and innovative solutions for our clients.

"The outlook for Mineral Resources is positive, notwithstanding the impacts related to COVID-19 and the cost pressures creeping into the West Australian resources sector. Our focus remains on providing a safe and supportive workplace that attracts and retains the best people in our industry."

FINANCIAL PERFORMANCE

METRIC	FY21 RESULTS	COMPARISON TO PCP
Revenue	**$3.7bn**	**Up 76%**
Underlying EBITDA	**$1.9bn**	**Up 148%**
Underlying NPAT	**$1.1bn**	**Up 230%**
Diluted earnings per share (EPS)	**673.18cps**	**Up 26%**
Dividends declared	**275.00cps**	**Up 175%**
Operating cash flow[3]	**$1.6bn**	**Up 144%**
Capex	**$745m**	**Up 90%**
Cash	**$1.5bn**	**On par**
Net assets	**$3.2bn**	**Up 41%**
Return on invested capital (ROIC)[4]	**38.6%**	**Down from 49.6%**

ENDS

This announcement dated 11 August 2021 has been authorised for release to the ASX by Mineral Resources Limited's Board of Directors.

For further information please contact:

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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 $79m and $333m in FY20 and FY21 respectively on sale of the 60% interest in the Wodgina Lithium Project.
[4] ROIC calculated as per FY21 Remuneration Report definition on a rolling 12 month basis.

MINERAL RESOURCES

FY21 ANNUAL FINANCIAL REPORT

30 June 2021

ABN 33 118 549 910

Mineral Resources Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Mineral Resources Limited
ABN:	33 118 549 910
Reporting period:	For the year ended 30 June 2021
Previous period:	For the year ended 30 June 2020

2. Results for announcement to the market

				$m
Revenues from ordinary activities	up	75.7%	to	3,733.6
Profit from ordinary activities after tax attributable to the owners of Mineral Resources Limited	up	26.5%	to	1,269.7
Profit for the year attributable to the owners of Mineral Resources Limited	up	26.5%	to	1,269.7

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 Cents	Previous period Cents
Net tangible assets per ordinary security	16.55	11.78

4. Dividends

	Cents	Franked %	$m
2021 Financial Year final dividend – declared 11 August 2021	175.00	100%	329.4
2021 Financial Year interim dividend – paid 10 February 2021	100.00	100%	188.6
2020 Financial Year final dividend – paid 15 September 2020	77.00	100%	144.6
2020 Financial Year interim dividend – paid 26 March 2020	23.00	100%	43.4

Record date for determining entitlements to the 2021 final dividend	18 August 2021
Payment date for the 2021 final dividend	7 September 2021

5. Dividend reinvestment plans

The following dividend or distribution plans are in operation:

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

Date of final dividend declaration	11 August 2021
Record date for determining entitlements to the final dividend	18 August 2021
Closing date for election to participate in the DRP	23 August 2021
Closing date for calculation of DRP share issue price, based on the Volume Weighted Average Price (VWAP) for Mineral Resources Limited shares sold on the ASX in the five business days following record date (rounded to the nearest whole cent)	25 August 2021
DRP discount to be applied	None
DRP to be underwritten	No
Payment date for final dividend/issue of shares under the DRP	7 September 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	7 September 2021

7. Audit qualification or review

The financial statements have been audited and an unmodified opinion has been issued.

Directors	Peter Wade Chris Ellison James McClements Kelvin Flynn Susan Corlett (appointed 4 January 2021) Xi Xi
Company secretaries	Mark Wilson Derek Oelofse
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 11, 172 St Georges Terrace Perth WA 6000 P: + 61 8 9323 2000 F: + 61 8 9322 2033 www.computershare.com/au
Auditor	RSM Australia Partners Level 32 Exchange Tower 2 The Esplanade 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.mrl.com.au

Mineral Resources Limited
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30 June 2021

General information

The financial statements cover Mineral Resources Limited as a group consisting of Mineral Resources Limited (the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year (the '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 11 August 2021.

Mineral Resources Limited
Directors' report
30 June 2021

The directors present their report, together with the financial statements, for the year ended 30 June 2021.

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
James McClements
Kelvin Flynn
Susan Corlett (appointed 4 January 2021)
Xi Xi

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.

Dividends

	Cents	Franked %	$m
2021 Financial Year final dividend – declared 11 August 2021	175.00	100%	329.4
2021 Financial Year interim dividend – paid 10 February 2021	100.00	100%	188.6
2020 Financial Year final dividend – paid 15 September 2020	77.00	100%	144.6
2020 Financial Year interim dividend – paid 26 March 2020	23.00	100%	43.4

Significant changes in the state of affairs

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

Review of operations

Financial performance

The Group generated underlying earnings before interest, tax, depreciation and amortisation (EBITDA)[1] of $1,901 million for the financial year ended 30 June 2021 (FY21). Underlying EBITDA was up $1,135 million (148%) on the prior corresponding period (pcp), underpinned by continued growth in the Mining Services segment and record iron ore sales volumes and prices.

Underlying net profit after tax (NPAT) was $1,103 million, up $769 million (230%) on pcp. Statutory NPAT was $1,268 million, which was up $265 million (26%) on pcp and includes a net post-tax fair value unrealised gain of $161 million on listed investments, a net post-tax $36 million unrealised foreign exchange gain on the Group's US$ denominated notes and cash holdings, and ($33) million of post-tax impairment charges in relation to intangibles, plant and equipment and inventory.

Group revenue for FY21 was $3,734 million, up $1,609 million (76%) on pcp. This strong performance was driven by continued growth in our Mining Services business with volumes up 20%, iron ore exports growing by 23% as well as spodumene exports increasing by 23%.

Volatility in commodity prices saw iron ore prices continuing to climb during the year with the Platts Iron Ore 62% Fines Index (Platts) strengthening 66% to average US$155 per dry metric tonne, whilst the average realised lithium spodumene price for the year came to $535 per dry metric tonne, a reduction of $82 per dry metric tonne (13%) on pcp.

[1] In order to provide additional insight into the performance of the business, the Group uses non-IFRS measures such as underlying EBITDA. Reconciliations to IFRS measures are provided in Note 3 of the financial statements.

The Directors have resolved to distribute a fully franked final dividend of $1.75 per ordinary share; declared on 11 August 2021 for shareholders as at 18 August 2021 to be paid on 7 September 2021. Inclusive of the fully franked interim dividend of $1.00 per ordinary share paid in February 2021, total dividends declared in respect of FY21 amount to a record $2.75 per ordinary share, an increase of 175% on pcp.

Operational performance

Mining Services

Mining Services EBITDA of $464 million was $105 million (29%) higher than pcp, and Mining Services revenue (internal and external) of $1,750 million was $475 million (37%) higher than pcp.[2]

Growth in Mining Services revenue and EBITDA was primarily driven by continued growth in operations at the Yilgarn and Utah Point hubs, along with new external contracts. Mining Services achieved a margin of 27%, slightly down from 28% in pcp, impacted by higher costs amidst labour pressures in the market.

Commodities

Commodities in FY21 performed strongly, with record export tonnes and strong iron ore prices.

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

Commodity exports	1H20	2H20	FY20	1H21	2H21	FY21
IRON ORE ('000 wet metric tonnes)						
Utah Point Hub	3,590	3,106	6,696	2,934	3,835	6,769
Yilgarn Hub	3,158	4,221	7,378	4,979	5,526	10,505
Total Iron Ore	**6,748**	**7,327**	**14,074**	**7,913**	**9,361**	**17,274**
SPODUMENE ('000 dry metric tonnes)						
Mt Marion[1]	188	206	394	203	282	485

[1] Volumes presented as 100% for the Mt Marion Lithium Project. MRL operates 100% of the project, in which it owns a 50% interest.

<u>Iron Ore</u>

The Group operates two iron ore hubs being the Utah Point Hub and the Yilgarn Hub, both in Western Australia.

Iron Ore produced an EBITDA of $1,537 million, $1,058 million higher than pcp, reflecting higher prices and increased tonnes shipped following strong market conditions, partially offset by increased royalties and haulage costs due to labour constraints in the market.

Iron Ore revenue of $3,057 million was $1,504 million (97%) higher than pcp. Record iron ore exports achieved in FY21 of 17.3 million wet metric tonnes were 23% higher than pcp as a result of the growth in the Yilgarn Hub as well as the Utah Point Hub with Wonmunna commencing exports in 2H21.

The Group's average iron ore price achieved for FY21 was $177 per wet metric tonne (US$142 per dry metric tonne), an increase of 60% on the pcp, driven by strong Platts pricing during the year.

<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 $7 million for the Group, compared to $16 million pcp, which reflected a reduction in sales prices due to market conditions. This has been offset by an improvement in yields, with costs decreasing by 6% on pcp and export volumes increasing to a record 485 thousand wet metric tonnes in FY21, 23% up on pcp.

[2] Mining Services less Construction underlying EBITDA is $457 million (pcp: $371 million).

MARBL JV

MARBL JV is an unincorporated joint venture between the Group (40%) and Albemarle Corporation (Albemarle) (60%) through which the Group holds an interest in the Wodgina Lithium Project and two trains of the Kemerton Lithium Hydroxide Plant.

The Wodgina Lithium Project, located in the Pilbara, remained on care and maintenance during FY21. 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.

Construction by Albemarle of the 50ktpa Kemerton Lithium Hydroxide Plant, near Bunbury in the South West, continued during the year and is expected to be producing first samples of battery grade lithium hydroxide by the end of calendar year 2021.

Cash and capital management

At 30 June 2021, the Group continues to maintain a strong balance sheet and held cash and cash equivalents of $1,542 million (30 June 2020: $1,522 million). In addition to its 30 June 2021 cash holdings, the Group has access to substantial undrawn debt facilities to support business development activities ($331million as at 30 June 2021).

Net cash from operating activities before interest and tax of $1,970 million in FY21 was up $1,175 million on pcp, reflecting a strong underlying EBITDA during the year. Tax paid of $584 million includes $333 million for tax on the Wodgina transaction, paid as part of the Group's FY20 tax return instalment.

Net cash used in investing activities of $816 million in FY21 represented an increase of $1,660 million on pcp, which included cash proceeds from completion of the sale of a 60% interest in Wodgina to Albemarle.

FY21 was a year of significant investment in growth, with capital expenditure of $745 million including:

- Development of Wonmunna for Utah Point Hub
- Increasing Yilgarn Hub production
- New external Mining Services plants constructed to support new contracts
- Investment in a new head office for the Group

Matters subsequent to the end of the financial year
The following significant events have arisen since the end of the financial year.

Dividend
On 11 August 2021, the directors declared a final fully franked dividend for the year ended 30 June 2021 of $1.75 per share to be paid on 07 September 2021, a total estimated distribution of $329.4 million based on the number of ordinary shares on issue as at 18 August 2021.

COVID-19 pandemic
During FY21 the Group continued with its proactive implementation of a range of measures and adaptations to its operations in response to the COVID-19 pandemic. However, border closures and lockdowns following COVID-19 outbreaks around Australia continue to impact MRL operations, primarily through the forced curtailment of staff movements from inter-state and overseas. This impacts the Group's ability to transport iron ore from its operations as the shortage of road train drivers constrains the movement of materials.

During FY21 MRL continued COVID-19 testing checks as part of the fit-for-work regime for all Fly In Fly Out (FIFO) workers as and when required. In addition, the Group maintains its ability, through MinRes Health, to rapidly re-activate these testing services, thereby benefitting the Group and the wider Resources Industry and general community in Western Australia. Importantly, MinRes Health testing facilities are able to be re-commissioned within approximately 12 hours of a public health notification of a positive COVID-19 case in Western Australia. Despite these measures, the challenges presented by COVID-19 are fluid and continue to change; it is therefore not practical to estimate the potential impact of COVID-19 after the reporting date. The Group will continue to assess its response to the COVID-19 pandemic on an ongoing basis.

Red Hill Iron Limited
On 30 July 2021 the Company reached agreement with Red Hill Iron Limited (ASX: RHI; Red Hill Iron) to acquire RHI's 40% participating interest in the Red Hill Iron Ore Joint Venture (RHIOJV) in the West Pilbara region of Western Australia. (ASX: MIN 30/07/2021). The proposed acquisition of the RHIOJV interest aligns with MRL's strategy to expand its mineral resources around the Ashburton Hub to underpin a long-term, sustainable iron ore export business. The transaction is conditional on RHI obtaining shareholder approval. MRL will pay RHI $200m, out of existing cash resources, on completion of the acquisition of the RHIOJV interest and a further $200m in cash when the first commercial shipment of iron ore extracted from the RHIOJV tenements departs port. In addition, MRL will pay RHI a royalty of 0.75% of "Free on Board" (FOB) revenue on all iron ore that is extracted and sold from the RHIOJV tenements and from MRL's Bungaroo South tenement, provided Bungaroo South is developed in association with the development of the RHIOJV tenements. MRL expects the acquisition of the RHIOJV interest to complete around early September 2021.

No other matter or circumstance has arisen since 30 June 2021 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 as the Directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation
The Group is subject to environmental regulation of its operations, including exploration and mining activities. The Directors are not aware of any significant known breaches of environmental regulations to which the Group is subject.

The Group is registered under the *National Greenhouse and Energy Reporting Act 2007*, under which it is required to report annual energy consumption and greenhouse gas emissions for its Australian facilities. The Group has systems and processes in place for the collection and calculation of data. Further information on the reporting and results under the Act can be found on the Group's website.

Information on Directors

Name:	**Peter Wade**
Title:	Non-Executive Chair
Appointment:	27 February 2006
Qualifications:	BE (Hons), LGE
Experience and expertise:	Peter has over 46 years of experience in engineering, construction, project management, 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 Chair in 2008 and Non-Executive Chair in 2012.
Other current directorships:	None
Former directorships (last 3 years):	SRG Global Limited (ASX: SRG) (resigned 26 November 2019)
Special responsibilities:	Chair of Board of Directors
Interests in shares:	348,498
Interests in options:	None

Name:	**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). He has over 40 years of experience in the mining contracting, engineering and resource processing industries within Australia. Since 2013, Chris has also served as Honorary Consul for New Zealand within Western Australia.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Managing Director
Interests in shares:	22,922,980
Interests in options:	None

Name:	**James McClements**
Title:	Lead Independent Non-Executive Director
Appointment:	29 May 2015
Qualifications:	B Econ (Hons)
Experience and expertise:	James has 35 years of experience in the mining industry as a banker and fund manager financing projects globally. 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 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:	Chair of Remuneration Committee Member of the Audit and Risk Committee (May 2015 to January 2021) Member of Nomination Committee
Interests in shares:	18,383
Interests in options:	None

Name:	**Kelvin Flynn**
Title:	Independent Non-Executive Director
Appointment:	22 March 2010
Qualifications:	B Com, CA
Experience and expertise:	Kelvin is a qualified Chartered Accountant with over 30 years of experience in investment banking and corporate advisory roles, including private equity and special situations investments in the mining and resources sector. He has held various leadership positions in Australia and Asia, having previously held the position of Executive Director/Vice President with Goldman Sachs and Managing Director of Alvarez & Marsal in Asia. He has worked in complex financial workouts, turnaround advisory and interim management. Kelvin is the Managing Director of the specialist alternative funds manager Harvis, which focuses on investments in the real estate and real assets sectors. Kelvin is currently a Non-Executive Director of Silver Lake Resources Limited.
Other current directorships:	Silver Lake Resources Limited (ASX: SLR)
Former directorships (last 3 years):	None
Special responsibilities:	Chair of Audit and Risk Committee Member of Nomination Committee Member of Remuneration Committee
Interests in shares:	18,354
Interests in options:	None

Name:	**Susan Corlett**
Title:	Independent Non-Executive Director
Appointment:	4 January 2021
Qualifications:	BSc (Geo, Hons), FAusIMM, GAICD
Experience and expertise:	Susie Corlett is a professional non-executive director following a 25 year executive career spanning mine operations, investment banking and private equity. Susie is currently non-executive director of Mineral Resources Ltd, Iluka Resources Ltd, Aurelia Metals Limited, a director of The Foundation for National Parks and Wildlife and a Trustee of the Australian Institute of Mining and Metallurgy (AusIMM) Education Endowment Fund. Originally a geologist, Susie has a background in mining operations and mineral exploration. During her executive career, she was an Investment Director for global mining private equity fund and worked in mining credit risk management and project finance for Standard Bank Limited, Deutsche Bank and Macquarie Bank. Susie has a track record of delivering significant value to stakeholders through the deployment of growth strategies, oversight of capital allocation, project execution and operational excellence. Her career success has been underpinned by sound commercial judgement, strong risk management skills and a long standing commitment to diversity, inclusion, shared values and sustainability. Susie's qualifications include a Bachelor of Science (Hons. Geology) from the University of Melbourne. Susie is a Graduate of the Australian Institute of Company Directors and Fellow of the AusIMM. Susie is a member of Chief Executive Women. Susie is an active mentor to female leaders in the natural resources industry through AusIMM Women in Mining and to disadvantaged youth through the David Burgess Foundation.
Other current directorships:	Iluka Resources Limited (ASX: ILU) Aurelia Metals Limited (ASX: AMI)
Former directorships (last 3 years):	None
Special responsibilities:	Member of Audit and Risk Committee Member of the Nominations Committee Member of Remuneration Committee
Interests in shares:	1,071
Interests in options:	None

Name:	**Xi Xi**
Title:	Independent Non-Executive Director
Appointment:	11 September 2017
Qualifications	MA in International Relations (China Studies & International Finance) from Johns Hopkins University, and holds a double BS in Chemical Engineering & Petroleum Refining, as well as Economics, from the Colorado School of Mines
Experience and expertise:	Xi Xi has over 20 years of experience in the global natural resources sector having served as a director of Sailing Capital, a US$2 billion private equity fund founded by the Shanghai International Group in 2012. She has worked with numerous Chinese state owned and privately owned enterprises, advising on international acquisitions and investments overseas. Xi Xi has previously served as an analyst and portfolio manager for the Tigris Financial Group (Electrum) in New York, focused in the oil and gas and mining sector. Xi Xi currently serves as a non-executive director of Zeta Resources, a closed-end investment company with a broad portfolio of oil and gas, as well as mining assets.
Other current directorships:	None
Former directorships (last 3 years):	Galaxy Resources Limited (ASX: GXY) (ceased 11 September 2017)
Special responsibilities:	Chair of Nomination Committee Member of the Audit and Risk Committee (joined January 2021)
Interests in shares:	16,887
Interests in options:	None

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

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

'Interest in shares' quoted above are as at the date of this report.

Company secretaries

Mark Wilson joined Mineral Resources Limited as Chief Financial Officer in August 2018, and was subsequently appointed as Company Secretary on 19 October 2018. Mark is an experienced senior executive with a strong track record in development and implementation of business strategy, balance sheet management, organisational design, project management, and transaction execution. Mark has held senior positions in a number of Australian and international companies, including Laing O'Rourke, Multiplex and Brookfield Multiplex. Mark holds a Bachelor of Commerce (Finance) and Bachelor of Laws from the University of New South Wales, and has a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia (FINSIA).

Derek Oelofse has over 35 years financial and commercial management experience in large private, governmental and listed entities based within Australia, South Africa and the United Kingdom. Derek has a Bachelor of Accounting and Bachelor of Commerce degree from the University of the Witwatersrand in South Africa, a Master of Business Administration from Henley Management College in the United Kingdom, and is a Fellow of the Institute of Chartered Accountants Australia and New Zealand. Derek joined Mineral Resources Limited in 2012 as Group Financial Controller and was appointed joint Company Secretary on 4 October 2018.

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 2021, and the number of meetings attended by each director while they were a member of the Board/committee were:

	Full Board		Audit & Risk Committee		Remuneration Committee		Nomination Committee	
	Attended	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**
Peter Wade[1]	13	13	2	4	1	4	2	2
Chris Ellison	13	13	n/a	n/a	n/a	n/a	n/a	n/a
James McClements[2]	13	13	2	4	4	4	2	2
Kelvin Flynn	13	13	4	4	4	4	2	2
Susan Corlett[3]	7	7	2	2	2	2	1	1
Xi Xi	13	13	2	4	n/a	n/a	2	2

[1] Peter Wade served as an interim member of the Audit and Risk Committee and Remuneration Committee from July 2020 through to January 2021; prior to the appointment of Susie Corlett as a Committee member.
[2] Rotated off of the Audit and Risk Committee in January 2021.
[3] Joined Audit and Risk Committee and Remuneration Committee in January 2021.
All Non-Executive Directors are members of the Nominations Committee.

Remuneration report (audited)

Letter from the Remuneration Committee Chair

Dear Shareholder,

I am pleased to present the 2021 Financial Year (FY21) Remuneration Report (Remuneration Report) for Mineral Resources Limited (MRL, the Group or the Company) on behalf of the Remuneration Committee (the Committee). Significant engagement has been undertaken with investors and Proxy Advisors in recent years as we developed a new remuneration framework suited to the Group's strategy. The Committee has been pleased with shareholder support for the Company's remuneration strategy and structures following the substantial changes to remuneration structures first announced in the 2019 Remuneration Report and effective from the 2020 Financial Year (FY20).

FY21 has again been a very successful year for the Company with considerable operational success achieved, despite COVID-19 constraints. The year saw record iron ore shipments, coupled with an expansion of operations in our Utah Hub with the successful acquisition, development and commissioning of the new Wonmunna Iron Ore Mine. Our Yilgarn Hub was also expanded through the development of new mining regions that will ensure greater operational flexibility. Mining Services volumes increased, in part through the installation and commissioning of the first instance of our new second generation Next Gen crushing plants. Lithium production at Mount Marion was maintained, whilst costs were contained in a challenging economic environment for lithium. Construction by Albemarle Corporation (NYSE: ALB) (Albemarle) of the 50ktpa Kemerton Lithium Hydroxide Plant continued in the year, and mechanical completion of the first 25ktpa train is due by the end of this calendar year.

FY21 remuneration outcomes were driven by the significant growth in the business. Mining Services activity increased by 20% and the Commodities business delivered a pleasing growth in shipped tonnes of 23%. These increases combined with a high iron ore price to generate a record underlying profit after tax of $1.1 billion, up 230% on the prior year. During FY21, the Company's market capitalisation increased by 155%, net assets increased by 41% and revenue from normal operations increased by 76%. The Company was included in the ASX 100 index on 21 December 2020. Most notably, the Company has continued both to lead the industry in its response to operational challenges created by the COVID-19 pandemic and to improve its industry-leading safety performance, despite its workforce growing by 39% in FY21.

The Company's strong focus on sustainability continued in FY21, with the adoption of a commitment to achieve net zero carbon emissions by 2050. To achieve this, the Company needs to establish an effective transition pathway from the consumption of diesel fuel, currently a key source of energy for its operations. Natural gas has a critical role to play in this transition, and the Company is progressing its search for gas resources in the Perth Basin and Northern Carnarvon Basin. Likewise, the Company's focus on innovation continued unabated in FY21, with the development of carbon fibre screening trays that will both reduce energy consumption and increase longevity of critical screening components.

The changes implemented in FY20 to the remuneration strategy and structures have assisted to ensure retention of the Company's senior leadership group. During a period of considerable change within the mining and mining services industries, this stability has enabled positive cultural change to be effected, with an increased focus on mental and physical health and wellbeing. This change, in turn, has provided a platform to attract outstanding talent to strengthen the Company's capability, and this is essential to the foundation of our business to support the substantial growth ahead of us in a highly competitive market.

Given both this success and continued shareholder support for the remuneration strategy and structures that became effective in FY20, there have been no changes to our overall executive remuneration structure in FY21.

Remuneration report (audited) (continued)

Changes to Executive remuneration

No changes were made to the remuneration in FY21 of the Managing Director, Chief Financial Officer or Chief Executive, Mining Services. The Fixed Annual Remuneration (FAR) for the Chief Executive – Commodities was revised in FY21, to align with the Chief Executive – Mining Services.

Following the Company's substantial growth in recent years, the Remuneration Committee updated the group of Comparator Businesses used to benchmark the Company's remuneration structures. Details of the revised Comparator Businesses are included in the body of the Remuneration Report (see Section 3.3).

The Managing Director's FAR is now around the 25th percentile of the Comparator Businesses, with more remuneration 'at risk' and able to be earned only through performance. On target total remuneration sits around the 63rd percentile.

Changes to Non-Executive Director remuneration

Following approval by members at the November 2020 Annual General Meeting for a Director Fee Pool increase, the Board recommended a change to the Non-Executive Director (NED) fee structure. These changes represent the first change to this structure since FY15, and include the introduction of board committee fees to recognise the significant workload inherent in service on these committees, and an increase in base fees for the Chair and Board members. The changes reflect the Company's increasing scale and scope with additional responsibilities incumbent on the Board as areas of governance risk (such as sustainability) become more complex and have a greater impact on company perception and market performance. In addition, as the Board renews and expands over the coming years, these changes maintain the Company's ability to attract suitably qualified and experienced directors.

FY21 outcomes and alignment

FY21 has been an exceptional year for the Company, with a record operating result for shareholders. The result was delivered despite intense labour shortages that resulted from the State and Federal Government's COVID-19 border restrictions. Not only was the Company able to expand operations as outlined above, over the period, MinRes Health facilitated over 89,000 COVID-19 tests of the Group's employees along with employees of 60 other companies operating in the Western Australian resources and extractive industries. This unique capability played a key role in ensuring continued production and delivery to end-customers over the year, while also supporting the wellbeing of the broader industry.

In such circumstances, the Committee is pleased that the incentive programmes in place have assisted in delivering outstanding results for Shareholders, and short-term incentives have been awarded ranging from 84% of maximum for the Managing Director, to 93% for the remaining Key Management Personnel (KMP).

Consistent with the design of the Short Term Incentive (STI) programme, a significant portion of rewards will be deferred for up to two years and settled in equity, to further align management and shareholder interests. Further detail of these outcomes can be found in Section 5 of the Remuneration Report.

Under the current LTI programme the Long Term Incentive (LTI) of each KMP executive will be paid in full only if the four-year average ROIC exceeds 18%, with FY21 being the first of those four years. In other words, the LTI programme will make significant rewards to KMP only if the strong performance persists, irrespective of commodity cycles.

FY21 saw LTI grants made in FY18 under an earlier LTI scheme vest and become unrestricted based on the Company's 38.6% ROIC performance, which was well over the 12% threshold required for vesting under the FY18 LTI plan.

In conclusion, we are satisfied that the FY21 remuneration outcomes reflect and support the Company's strategic and financial performance.

Remuneration report (audited) (continued)

Our Chair Peter Wade, our Head of Investor Relations James Bruce, and I once again met with a number of Institutional Investors and Proxy Advisors over the last few months. It was pleasing to note the high level of continued support at these sessions for the Group's remuneration arrangements. This feedback is sincerely appreciated, and we continue to value any further feedback you may have in this regard.

I invite you to review the full report laid out over the following pages, and thank you for your interest in our Company.

Yours faithfully

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

Remuneration report (audited) (continued)

Remuneration report contents

This Remuneration Report forms part of the Directors’ Report for the year ended 30 June 2021 and has been audited in accordance with section 300A of the Corporations Act 2001.

The report addresses the following key areas:

1. Key Management Personnel
2. Remuneration governance
3. Remuneration strategy
4. Remuneration framework for FY21
5. Remuneration outcomes for FY21
6. Key changes to remuneration for FY22
7. Summary of KMP employment conditions
8. KMP statutory remuneration schedules
9. Share rights granted, vested and potential future vesting
10. Equity instruments held by KMP
11. Transactions with related parties

Remuneration report (audited) (continued)

1. Key Management Personnel

Key Management Personnel (KMP) comprise those persons that have responsibility, authority and accountability for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of that entity. In this report, a reference to an “Executive" or "Executives” is a reference to a KMP, including the Managing Director.

The following table outlines the KMP of the Group during the whole of FY21 and up to the date of this report, unless otherwise stated:

Executive KMP	
Current	
Chris Ellison	Managing Director
Paul Brown	Chief Executive – Commodities
Mike Grey	Chief Executive – Mining Services
Mark Wilson	Chief Financial Officer and Company Secretary

Non-Executive KMP	
Current	
Peter Wade	Non-Executive Chair
Kelvin Flynn	Non-Executive Director
James McClements	Lead Independent Non-Executive Director
Xi Xi	Non-Executive Director
Susan Corlett	Non-Executive Director *(appointed on 4 January 2021)*

2. Remuneration governance

2.1 Remuneration Committee Independence

The Remuneration Committee continued to be comprised solely of independent Non-Executive Directors (NED):

- James McClements, Committee Chair
- Kelvin Flynn, Committee Member
- Susan Corlett, Committee Member (appointed 4 January 2021)

The third position on the Remuneration Committee, vacant in FY20 has since been replaced by Susan Corlett. Peter Wade assisted in this role for the first half of FY21.

2.2 Role of the Remuneration Committee

The Remuneration Committee advises the Board on KMP remuneration by performing the following functions:

- making recommendations to the Board on remuneration structure, practices, policy and quantum for the Managing Director (MD), KMP, and NEDs
- determining the eligibility, award and vesting of Short Term Incentives (STI) and Long Term Incentives (LTI); and
- providing oversight of company diversity and gender pay equity and recommendations to the Board on appropriate targets.

The Remuneration Committee convened regularly throughout FY21 and invited senior management and external consultants’ input as required. In addition, our Chair, Head of Investor Relations, and the Chair of the Remuneration Committee conducted a number of engagements with Proxy Advisors and Institutional Investors in FY21 to assess feedback and obtain comments on their views relating to the remuneration levels and current structures.

2.3 External and independent advice

As with previous years, the Remuneration Committee engaged the services of independent external consultants to provide insights on KMP remuneration trends, regulatory and governance updates and market data.

No remuneration recommendations as defined in Section 9B of the Corporations Act 2001 were obtained during FY21.

3 Remuneration strategy

3.1 The context in which we set our remuneration strategy

The remuneration framework is designed to support the Company’s vision to be recognised as a great Australian company that:

- is a leading provider of innovative and sustainable mining services;
- provides innovative and low-cost solutions across the mining infrastructure supply chain;
- operates with integrity and respect; and
- works in partnership with our clients, our customers, our people and our community to achieve these objectives.

To create wealth for shareholders, we task our management team with employing the capital entrusted to them to sustain attractive rates of return, that is, exceeding the long-term returns that could be achieved elsewhere at comparable levels of risk.

The Board has approved a strategy to deliver on this objective comprising:

- a core business as a mining services contractor;
- an owner and operator of mining-related infrastructure;
- an acquirer of significant profit share stakes in mineral projects with rights to operate the associated mines, for longer-term sustainability, higher capital efficiency and lower risk including from diversification;
- recycling of capital; and
- a flexible balance sheet to fund organic growth for mining services and mining infrastructure businesses, while retaining a level of agility for opportunistic growth opportunities as they arise.

The ability to execute this strategy innovatively, sustainably and in a way that creates attractive returns for shareholders is highly dependent on the quality of the Company’s culture, management and workforce.

The difficulty of attracting and retaining executives of the necessary calibre to realise the above vision and strategy varies depending on the current phase of Australia’s resources industry. Presently, industry demand for executive talent is strong.

This requires the Company to have adequate and effective retention mechanisms in place (such as the STI deferral arrangements introduced in FY20) to ensure the company retains experienced and competent employees who are capable of innovating to promote growth, ultimately leading to attractive long-term rates of return. The Company’s requirement that each of its KMP be an outperformer in terms of innovation and agile thinking is reflected in the low ratio between the Managing Director and direct report fixed remuneration, also reducing succession risk.

Long-term sustainable growth of the Company is promoted within the framework by the delivery of a significant portion of remuneration in equity, and equity holdings of the equivalent of at least one year’s FAR for KMP, assisting in aligning the senior leadership team’s interest with shareholders’ interests.

Remuneration report (audited) (continued)

3.2 Remuneration principles

The following principles guide the Company's KMP remuneration decisions:

- fairness and impartiality;
- transparency;
- promotion of a direct link between reward and performance;
- encouraging retention of key personnel over the longer term;
- alignment of employee, customer and shareholder interests;
- incentivising behaviour that optimises return on shareholder capital;
- flexibility to optimise returns via changes in investment strategy; and
- prioritisation of the Company culture and behaviours that continue to promote safety, social and environmental responsibility, innovation and risk management.

3.3 Market position for remuneration

The Company again conducted a review of its market position for KMP remuneration that included examination of common practice within comparable businesses, external advice and input from investors and their advisors. Changes introduced from FY20 resulted in fixed remuneration for the Managing Director targeted at the 50^{th} percentile of comparable roles in Comparator Businesses (see below) while total remuneration, inclusive of fixed and at-risk remuneration, is targeted at the 75^{th} percentile of Comparator Businesses.

Comparator Businesses

The Company's business model is not typical of peers in the resource sector due to its dual-pronged business operations – first in providing mining services to resources companies and secondly in the ownership and management of resource tenements. It is also unusual in the level of cash reserves it retains, along with undrawn debt facilities, which can be quickly called on to support strategic investments that improve shareholder returns and provide long-term sustainable returns.

Therefore, in determining the amount and mix of remuneration to offer, the Board considers remuneration from a broad group of ASX-listed companies of a comparable size in terms of enterprise value and revenue, with a particular focus on those in the commercial services and mining sectors (Comparator Businesses). Enterprise value provides a more complete valuation of a company than market capitalisation alone.

The list of Comparator Businesses was reviewed in FY21 to ensure it remains relevant, given the growth in operating activity, revenue and enterprise value. As a result of this review, six companies were removed from the FY20 Comparator Businesses list; Iluka, Maca, Regis Resources, Resolute Mining, St Barbara and Whitehaven Coal. Saracen Mineral Holdings was removed due to its merger with Northern Star in February 2021. The following seven entities were added: CIMIC Group, Aurizon Holdings, Beach Energy, Cleanaway Waste Management, Orica, South 32 and Seven Group Holdings. The current Comparator Businesses therefore comprise:

ALS Limited	Aurizon Holdings Limited	Beach Energy Limited
CIMIC Group Limited	Cleanaway Waste Mgt Limited	Downer EDI Limited
Evolution Mining Limited	IGO Limited	New Hope Corporation Limited
Northern Star Resources Limited	NRW Holdings Ltd	Orica Limited
OZ Minerals Limited	Perenti Global Limited	Qube Holdings Ltd
Seven Group Holdings Limited	Sims Limited	South32 Limited
Washington H. Soul Pattinson	Worley Limited	

4 Remuneration framework for FY21

4.1 Remuneration framework

The table below outlines the remuneration framework that applied in FY21.

	Fixed remuneration	At-risk remuneration		
Element	Salary, superannuation and other fixed benefits	Short-Term Incentive (STI)		Long-Term Incentive (LTI)
Delivery format	Cash		Share rights	
		Up to 40% of FAR (50% for MD) paid in cash after the financial year	Portion of award over 40% of FAR (50% for MD) deferred and awarded as Share Rights – the first half of which vest 12 months, and the second half 24 months after grant date, subject to ongoing service and claw-back provisions	Rights will vest, subject to performance hurdles, ongoing service and clawback provisions, 4 years after the grant date
Performance measures		Targets in the areas of Safety, Governance and Sustainability; Strategic Growth; Financial Measures; and Organisational Culture		Return on Invested Capital (ROIC)
Performance period		One year		Vesting subject to four-year average ROIC performance over the performance period (Starting 1 July in the financial year of grant)
Link to MRL strategy	Serves to attract high-calibre people and motivate them to deliver on the Company's immediate business objectives over a 12-month period			Recognises that MRL is a capital intensive business and management and shareholder wealth are created through achieving superior returns on capital deployed

The timeline below illustrates the timing of rewards under the FY21 remuneration arrangements for KMP. Details for each component are set out in section 4.3.

	FY21	FY22	FY23	FY24	FY25
FAR (Salary, superannuation and fixed benefits)	Paid throughout the year				
STI	Performance period (12 months)	STI up to 40% of FAR (50% for MD) paid Aug 2021. Any portion of award over 40% of FAR (50% for MD) deferred to Aug. 2022 and Aug. 2023	Half of deferred portion vests Aug. 2022, subject to ongoing service and claw-back provisions. Number of shares awarded based on value of award divided by the five-day VWAP up to and including 30 June 2021	Half of deferred portion vests Aug 2023, subject to ongoing service and claw-back provisions. Number of shares awarded based on value of award divided by the five-day VWAP up to and including 30 June 2021	
LTI	Total Performance Period (4 years)				
	LTI rights granted July 2020. Number of shares awarded based on value of award divided by the five-day VWAP up to				Aug 2024: Portion of LTI rights vest, subject to 4 year average ROIC, continuous service and clawback provisions

Remuneration report (audited) (continued)

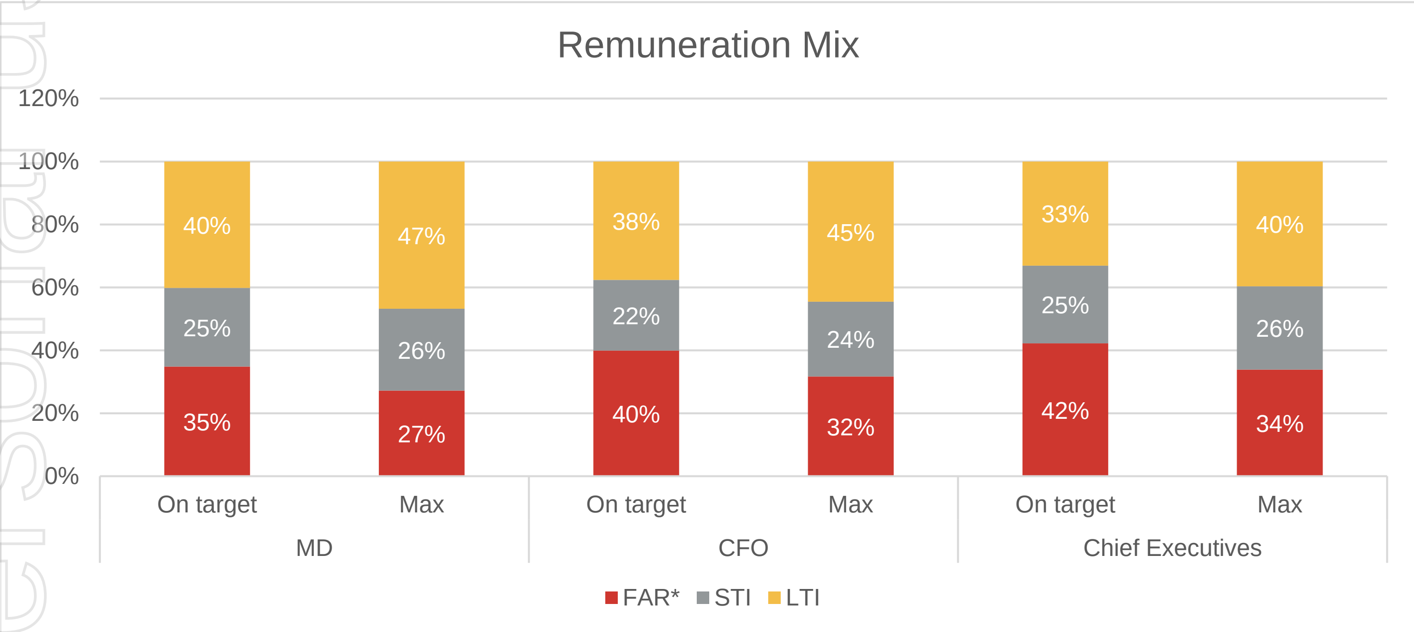
	and including 30 June 2020				

4.2 Remuneration mix

The mix of KMP fixed, short and long-term remuneration reflects the Company's remuneration strategy of:

- having substantial amounts of pay subject to service and performance so that remuneration can be maximised only by sustained high levels of performance over rolling 4 year periods; and
- paying a significant portion in equity, to reduce cash remuneration costs, align executive and shareholder interests, and enable the enactment of malus provisions if Mineral Resources' values of integrity and respect are not upheld.

The table below summarises the 'on-target' remuneration mix, with 'on target' being two thirds of maximum entitlement, applicable in FY21 for KMP.



*FAR for the purpose of the Remuneration Mix comprises base FAR and other long-term benefits, and excludes one-off benefits such as relocation allowances (refer to the Remuneration tables in section 8 for these details).

4.3 Key components of remuneration

The tables below summarise the key components of KMP remuneration for FY21.

Fixed Annual Reward

Composition	FAR comprises salary, superannuation and other fixed elements of remuneration such as vehicle allowances.
Determination	Fixed remuneration is determined based on market comparisons for similar positions, taking account of the experience and skills of the manager involved.
Review	FAR is determined on appointment and reviewed annually.

Remuneration report (audited) (continued)

Short-Term Incentive

The key elements of the FY21 STI plan are as follows:

Purpose	Focus participants on delivery of business objectives over a 12-month period.
Participation	All KMP
Opportunity	The current maximum STI opportunity is 100% of FAR for the MD and 80% for other KMP.
Performance period	Performance is measured per financial year (1 July to 30 June).
Exercise of discretion	The Board has discretion, after considering recommendations from the Remuneration Committee, to adjust overall STI awards or an individual's final STI award. This discretion will be exercised in the case of extraordinary events, exceptional circumstances/business performance and/or individuals' scorecard outcomes.
Payment	Awards made under the STI plan to KMP that exceed 50% of FAR for the Managing Director or 40% of FAR for other KMP, are deferred in the form of rights to Company shares (Rights) that vest in two equal instalments; one year and two years following grant of the Rights. Vesting is subject to continued service and the application of clawback provisions. The quantity of Rights provided for each deferred portion is based on the deferred value for each financial year divided by the Volume Weighted Average Price for the five trading days up to and including the last day of the financial year immediately preceding the award year.
Rights on termination	To be eligible for payment, a participant in the STI must be employed by the Company on the date of payment and on the date at which Rights vest, subject to the application of the clawback provisions mentioned below. KMP whose employment is terminated before the date of payment/grant of Rights are not eligible for any STI payment/grant of Rights. Rights that have not yet vested will be cancelled where a KMP's employment is terminated prior to the vesting date.
Clawback and malus policy	The Board may, at its discretion, reduce or rescind any awards made under the STI for a period of up to two years following cash payment/grant of Rights in the event that it determines that the cash payment/grant of Rights has been made inappropriately, including in the instance of fraud, dishonesty, breach of duties, misstatement or manipulation of financial information.
Performance Category, Weighting and Measure[3]:	
Safety, Governance and Sustainability – weighting 20%	Safety Performance; Total Reportable Injury Frequency Rate (TRIFR)
	Market and investor relationships including external perception study
	Diversity targets
	Sustainability performance (emissions intensity, strategy development and implementation)

Remuneration report (audited) (continued)

Strategic Growth - weighting 25%	Growth in iron ore tonnes and resources
	Develop additional downstream capacity for lithium spodumene, additional to Kemerton
	Deliver growth in Mining Services activities (tonnes of material moved)
	Expand natural gas strategy
Financial Measures – Weighting 40%	EBITDA performance against Target
	Balance sheet management
	Cashflow performance
	Cost discipline against Target
Organisational Culture - weighting 15%	Senior staff retention metrics
	Cultural development and brand repositioning

Long-Term Incentive

The key elements of the FY21 LTI plan are as follows:

Purpose	To focus KMP on: • achieving a high and sustained ROIC over the longer term, being a total of four years, including the current financial year (Grant Year); • encouraging agility and entrepreneurialism to seize opportunities for higher returns, contingent on rapid capital deployment within relatively short timeframes; and • alignment with shareholders' interests through share rights that do not vest until completion of a four-year period.
Payment vehicle	LTI grants provide rights to Company shares (Rights) with Rights granted with effect from the first day of the Grant Year (Grant Date). Subject to the Performance Measures mentioned below, Rights vest in the fourth financial year after the Grant Year. Participants have up until the fifteenth anniversary of the Grant Date (Expiry Date) to exercise Rights (convert Rights to Company Shares) with no exercise price being payable. Any vested Rights not previously exercised are automatically exercised at the Expiry Date.
Opportunity	The maximum LTI grant opportunity for the Managing Director is equal to 180% of FAR and up to 150% of FAR for other KMP.
LTI grant value	An amount equal to the maximum LTI opportunity is granted to each LTI participant annually; being the Grant Year (e.g. FY21). Rights vest in the fourth financial year after the Grant Year (e.g. following the end of FY24 for the FY21 award) subject to the Performance measure mentioned below.

Remuneration report (audited) (continued)

	The number of Rights to be issued is determined using the following formula: LTI Rights issued = (FAR x Maximum LTI Opportunity)/VWAP where 'VWAP' is the five-day Volume Weighted Average Price to the Grant Date (in the case of the FY21 LTIP, up to and including 30 June 2020).
Performance Period	Performance is measured over four consecutive years, being the Grant Year and the following three financial years. For grants made in FY21, the Performance Period is FY21 to FY24 inclusive, with Rights vesting in FY25.
Performance measure	The number of Rights that vest is subject to the four-year average ROIC achieved by the Company over the Performance Period. Further discussion of the calculation of ROIC is included in Section 4.4
Vesting hurdle	The amount of Rights that vest at the end of the Performance Period is determined by reference to the following hurdles: **4 year average ROIC achievement** — **% of maximum LTI opportunity** Less than 12% — Nil Between 12% and 18% — Pro-rata between 67% & 100% 18%+ — 100% The selection of 12% ROIC, being an after tax measure, as the threshold below which the LTI is zero, was made as a 12% return is materially above the Company's nominal post-tax Weighted Average Cost of Capital and ensures that value-destroying performance is not rewarded – i.e. that KMP are focused on achieving returns for shareholders in excess of the Company's cost of capital.
Vesting period	All Rights vest, subject to performance and continued service, four years after the Grant Year.
Holding lock	No holding lock applies to Rights that vest under the FY21 LTI plan, as Rights vest only at the end of the Performance Period, provided the Performance Measure has been achieved.
Dividends	No dividends are received by KMP on any Rights. To ensure alignment between shareholder and KMP interests, each Right entitles KMP to one MRL share, plus an additional number of MRL shares equal in value to the dividends paid on an MRL share over the period from the Grant Date of the Rights to the date of exercise (Exercise Date) (Dividend Rights). Without this entitlement, KMP might be motivated to seek growth over dividend payments. If any Rights are forfeited, their associated Dividend Rights are likewise forfeited.

Remuneration report (audited) (continued)

Clawback and malus Policy	The Board has the discretion to lapse Rights that are on foot, or claw back previously vested LTI awards, in the event that the Board concludes that Rights should not vest or should not have vested due to: (a) fraud, dishonesty or fundamental breach of duties (including misstatement or manipulation of financial information) of any person; or (b) the intentional or inadvertent conduct of any person that the Board determines resulted in an unfair benefit being obtained by a participant.
Hedging	Hedging, or the use of derivatives such as collars, caps or similar products in relation to MRL securities, including vested shares or unvested Rights, allocated under Company incentive schemes,are strictly prohibited, as is the KMP providing share entitlements/Rights as security for loans that may result in margin calls.
Cessation of employment	Cessation of employment prior to the Vesting date will result in automatic forfeiture of all unvested Rights unless the Board exercises its discretion (e.g. for health reasons or Change of Control as set out below).
Change of Control / Resignation / Retirement in the event of ill health	In the event of a change of control, resignation or retirement due to ill health, the Board may exercise its discretion to determine whether to vest granted but unvested Rights.
Board discretion	The Board retains the discretion to amend, vary, terminate or suspend the LTI plan at any time. Any such variation, amendment, termination or suspension is not to adversely affect or prejudice rights of LTI participants holding Company shares or Rights at that time.

[3] Refer section 5.2 for FY21 outcomes.

Remuneration report (audited) (continued)

4.4 LTI performance measures

Calculating Return on Invested Capital (ROIC)

ROIC is measured at a Group consolidated level, on the following basis:

ROIC = NOPAT/Invested Capital

Where:

Net Operating Profit After Tax (**NOPAT)** is calculated as the Company's statutory Earnings Before Interest and Taxes (EBIT) for the year, after applying the prevailing corporate tax rate. The earnings amount is adjusted to remove the impact of changes to accounting policies and fair value adjustments for listed investments, whether favourable or unfavourable.

Profits, arising on the monetisation of investments such as on the formation of joint ventures or the divestment of portion of the Group's operations, are a standard part of the Group's strategy and are therefore included in NOPAT.

Invested Capital is calculated as the sum of Net Assets less Strategic cash, and Net Interest Bearing Debt at balance date less, adjusted for accumulative accounting policy adjustments and accumulated fair value adjustments for listed investments.

Treatment of cash balances for the purposes of calculating ROIC

Strategic cash is defined as cash, over and above normal operational requirements, retained for future opportunities. The Board nominated strategic cash holdings ($100 million) that is excluded from the calculation of Invested Capital on the basis that retention of a strong cash balance, and available borrowing facilities, are required to enable strategic growth and investment. As retention of strategic cash holdings is a Board decision that senior executives and KMP are unable to influence, the Board has determined it is reasonable not to require KMP to earn a return on these facilities.

The quantum of the strategic cash holding will be reviewed in FY22 given both the substantial growth in scale of operations over recent years, and the strategic growth plans for the business.

Remuneration report (audited) (continued)

Why ROIC has been chosen as the sole measure to determine LTI awards

The Remuneration Committee continues to be of the view that:

(a) ROIC remains the most appropriate measure for evaluating entitlement to an LTI award, as:
  - (i) it provides a clear and unambiguous link between Company performance and the creation of shareholder value;
  - (ii) it is the key value driver considered when management decides when and how to invest capital; and
  - (iii) the financial return earned on capital deployed is a true measure of value creation and a long-term representation of Company value.

(b) MRL continues to be a highly capital intensive business. As such, it is vital that KMP ensure that maximum returns are generated on invested capital, which again supports utilisation of ROIC as the most appropriate measure for assessing KMPs' entitlement to LTI.

(c) Any additional measure would dilute KMP's focus on what is viewed by the Board as the Company's key objective – i.e. the effective deployment of capital to ensure creation of long-term wealth.

(d) Management already has a strong alignment with Total Shareholder Return (TSR), given their exposure to the Company's share price performance and dividends through the incentive structures and associated Rights.

(e) ROIC is a measure that is directly controlled by KMP and is not influenced by market sentiment which can result in alternate measures, such as TSR, delivering volatile outcomes.

The use of ROIC and the base target of 12%, materially above the Company's post-tax Weighted Average Cost of Capital, are designed to encourage strong longer-term performance of the Company.

Mineral Resources Limited
Directors' report
30 June 2021

Remuneration report (audited) (continued)

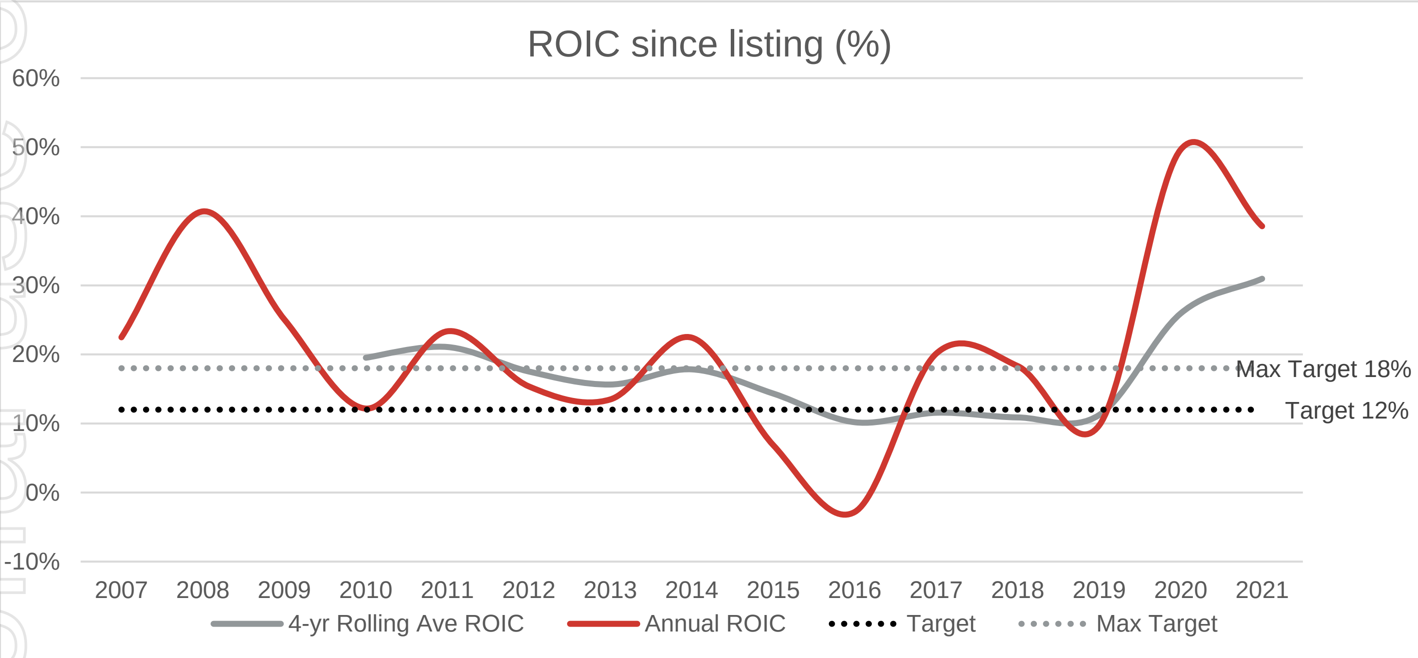
The following table sets out the components used to calculate ROIC for each of the last five financial years, and shows that with the exception of FY19, where the capital base increased significantly due to the development of the Wodgina project, ROIC has exceeded the 12% hurdle in each of these years.

$ millions	FY17 Actual	FY18 Actual	FY19 Actual	FY20 Actual	FY21 Actual
NOPAT:					
EBITDA	473.5	575.2	385.9	2,006.1	2,182.9
Normalised [(a)]	-	(68.5)	46.8	35.4	(230.3)
EBITDA for ROIC	473.5	506.7	432.7	2,041.5	1,952.6
Less impairments	(16.7)	(65.4)	(9.8)	(285.8)	(46.5)
Less depreciation and amortisation	(160.2)	(112.9)	(108.6)	(193.6)	(258.0)
Net Operating Profit Before Tax	296.5	328.4	314.3	1,562.1	1,648.1
Less tax at 30%	(89.0)	(98.5)	(94.3)	(468.7)	(494.4)
NOPAT	**207.6**	**229.9**	**220.0**	**1,093.4**	**1,153.7**
Invested Capital:					
Net assets (per balance sheet)	1,132.1	1,304.6	1,380.2	2,295.6	3,246.1
Normalised (cumulative, net of tax) [(a)]	-	(47.9)	(14.8)	6.9	(154.3)
Net Assets for ROIC	1,132.1	1,256.6	1,365.4	2,302.5	3,091.8
Net Debt	-	98.9	997.1	-	-
Total invested capital	1,132.1	1,355.5	2,362.5	2,302.5	3,091.8
Strategic cash holding	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)
Net Invested Capital	**1,032.1**	**1,255.5**	**2,262.5**	**2,202.5**	**2,991.8**
ROIC %	**20.1%**	**18.3%**	**9.7%**	**49.6%**	**38.6%**

(a) Normalised for the impact of matters outside of the control of management, such as gains/losses on strategic investments where such investments are held at the discretion of the Board. Adjustments are also made to operating profits for the effect of new/revised accounting standards, where these adjustments are outside of management's day-to-day operational control.

Remuneration report (audited) (continued)

The Company's focus on disciplined investment has, since listing, delivered outstanding returns on the capital invested in it, and in turn delivered outstanding returns for its shareholders.



5 Remuneration outcomes for FY21

5.1 Summary of performance

Despite the significant challenges created by COVID-19, FY21 has been an outstanding year for the Group, driven by growth in both the Mining Services and Commodities Divisions. The Company continued to lead the industry in its response to mitigating the risk of COVID-19 on our workforce, production and our communities, thereby maintaining the reliability of services and production to our customers. The Company conducted over 89,000 Covid tests over FY21, both for Group employees and their families, as well as for 60 other organisations in the Western Australian resources and extractive industries sector.

The Group invested $815.9 million in Investment Capital Expenditure during FY21 and inclusive of this Capital Expenditure, achieved a ROIC of 38.6%. Operating cashflow increased 120% allowing the company to maintain a conservatively geared balance sheet and increase fully franked dividends to a record $2.75 per share. The Group's performance was recognised by the investment market with a 154% increase in share price over the year.

Notable achievements in FY21 include:

- industry leading safety, with Total Recordable Injury Frequency Rate (TRIFR) statistics improving, despite a substantial increase in employee numbers;
- a focus on the mental health of employees, with the appointment of an in-house psychologist during the year, providing internal psychological consultation/intervention support services as well as capacity-oriented counselling sessions focused on optimal functioning for individuals and the Company;
- considerable operational success despite COVID-19-imposed constraints. Highlights were:
    - expansion of Mining Services output and the commissioning of Next Gen plants;
    - the successful expansion of production output for the Commodities business (e.g. Wonmunna and Koolyanobbing); and
    - maintenance of output from Mt Marion and containment of costs.
- strong progress with sustainability such as;
    - commitment to Net Zero Emissions pathway by 2050, with the development of a road-map to achieve this goal and commencement of associated supporting actions and activities;
    - decarbonisation initiatives and projects in Energy including:
        - Deloitte Decarbonisation Initiative
        - Net Zero Australia Project
        - LNG and Hydrogen Futures Facility
        - decarbonisation of haul trucks;
    - construction of Platinum Wellness Rated[1] Corporate Headquarters in Osborne Park, Western Australia;
    - publication of the Group's Indigenous populations' Reconciliation Action Plan (RAP), with an associated ramp-up of actions and activities to support the goals and objectives outlined in the RAP;
    - progressing preparation for exploration activities to source natural gas resources that are able to be used to substitute the use of diesel fuel;
    - continued review and update of policies and procedures to ensure they remain relevant and appropriate, including:
        - update to Anti-Bribery and Corruption policy
        - update of sustainable reporting guidelines
        - establishment of a Community Grievance Mechanism;
    - active participation in the community with $5.1 million in community contributions;
- achieved above target increase in female workforce participation with;
    - the workforce now comprising 17.0% females, from 15.3% in FY20
    - improved diversity ratios through a number of actions such as a focus on recruiting female truck drivers for our mine sites.

[1] WELL is an optional energy rating that demonstrates industry excellence, showing a building has met sustainability goals, attempting to drastically reduce a buildings carbon footprint as well as attempting to improve the health and wellbeing of its occupants. There are three levels of WELL certification, those being silver, gold and platinum increasing in achievement respectively.

Remuneration report (audited) (continued)

- continued progress across multiple growth opportunities with the aim of ensuring the business has multiple future income streams, such as the development of;
  - the Ashburton Hub, targeting the shipping of 30Mtpa out of Onslow;
  - the Utah Point Hub, which will include the existing Iron Valley operation, the new Wonmunna operation, and Lamb Creek; and
  - the South West Creek Hub, which will include the Marillana and Ophthalmia projects.

Other highlights included:

5.1.1 Safety, Governance and Sustainability

The Company continued to drive safety improvements throughout the business. Regrettably, during June 2021, the Company incurred its first Lost Time Injury (LTI) since August 2018; however, the business remains industry leading in relation to its injury performance. It also made significant progress through the year with its sustainability agenda:

- TRIFR of 2.31 as compared to 3.29 in the prior year, representing an improvement in safety performance of 30% year-on-year.
- Lost Time Injury Frequency Rate (LTIFR) of 0.12 – a slight increase on 0.00 in prior year.
- Development of a Sustainability Policy, Human Rights Policy, Anti-Bribery and Corruption Policy and Supplier Code of Conduct.
- Establishment of a cross-functional Sustainability Working Group to support and advise the business with the management and monitoring of key sustainability topics.
- Rollout of the Code of Conduct and Business Integrity e-learning training programme across the business.
- Completion of a climate-related risk and opportunity identification and assessment exercise based on the Recommendations of the Taskforce on Climate Related Financial Disclosures (TCFD).
- Development of a sustainable procurement and modern slavery screening programme to meet the requirements of the Modern Slavery Act, 2018 (Cth).
- Community contributions increased by 104% from prior year to $5.1 million.

5.1.2 Strategic growth

The Group continued to focus on growing our mining services capability in FY21 to build, own and operate crushing screening and processing plants and providing infrastructure solutions to the mining industry, predominantly in Western Australia. Mining services volumes grew by 20% due to new contracts both internally and externally including the development, deployment and first production of the inaugural 15Mtpa NextGen 2 crusher at the Whaleback Mine. Iron Ore production and exports also increased with the Yilgarn Hub shipping 10.4Mt and Utah Point Hub increasing its capacity via the acquisition, development and first production from the 5Mtpa Wonmunna Mine. Iron ore shipments increased by 23% to a record 17.3Mt, allowing the business to benefit from the high iron ore price environment.

Development of the Kemerton Lithium Hydroxide plant continued during the year, with commissioning anticipated in the 2022 calendar year. The Group acquired significant additional exploration resources in the highly prospective Perth Basin, as well as the onshore Northern Carnarvon Basin, to expand the Energy Division.

The Group continued to explore and develop innovative solutions for the mining industry with the development and deployment of its first carbon fibre screen as well as the 320t Jumbo Road Trains which dramatically lower operating costs and emissions for bulk ore haulage. Plans for the expansion of the Ashburton Hub and South West Creek were announced during the financial year.

5.1.3 Financial management and performance

The Company achieved a number of record financial milestones during the financial year, including:

- Revenue of $3.7 billion, up 76% year-on-year
- EBITDA of $2.2 billion
- Underlying EBITDA of $1.9 billion, up 148% year-on-year
- Cash at bank $1.5 billion, with net cash on hand of $275 million
- ROIC of 38.6%

Remuneration report (audited) (continued)

5.1.4 Organisational culture and development

The Company made significant progress in the important area of organisational culture and development:

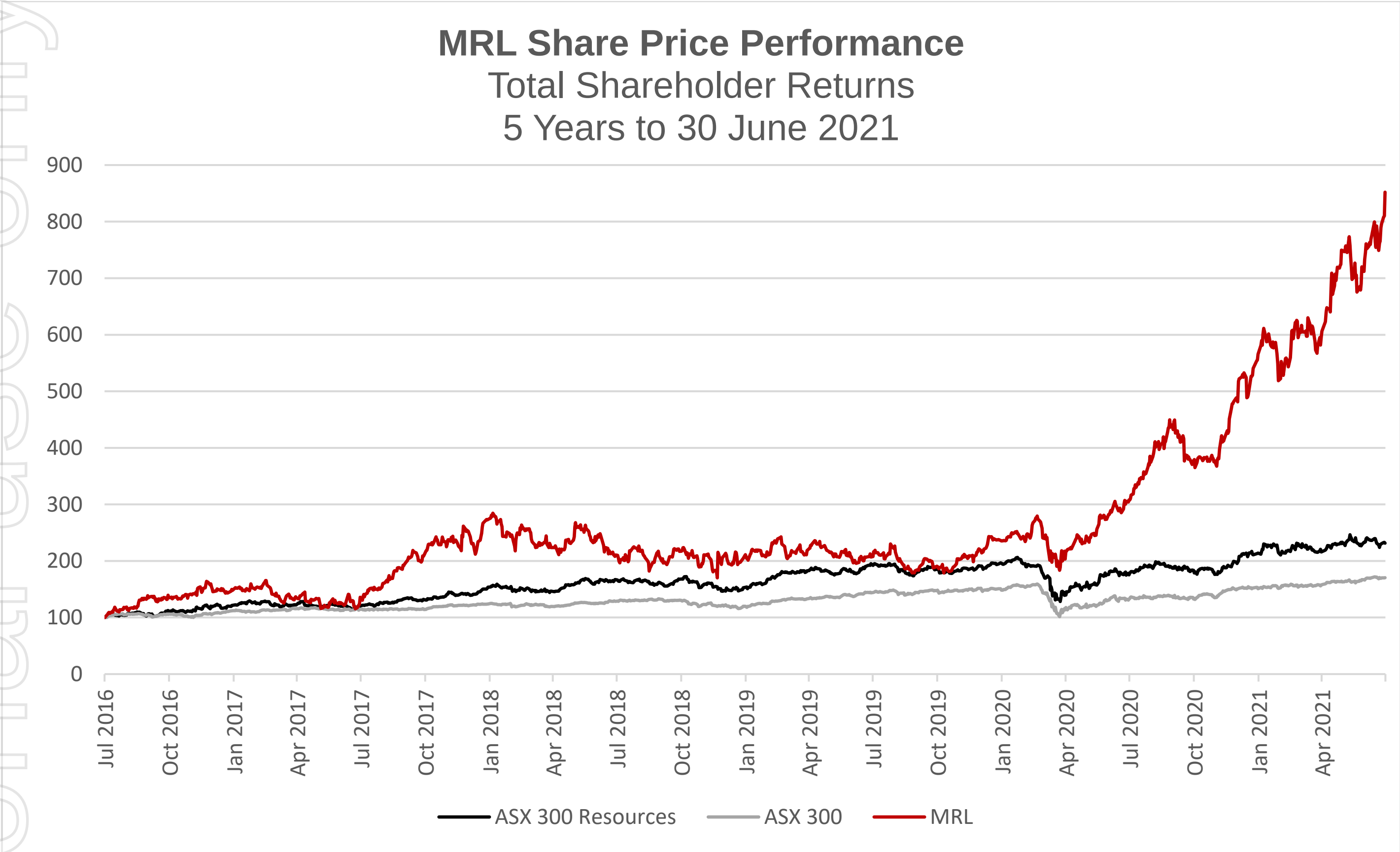
- A key element of employee attraction and retention is workplace culture; the Company continues to embrace the *"we are different"* expression to express its 'can do' attitude.
- The Company is invested in creating and maintaining an inclusive, inspiring and high-performing workplace enabled by a supportive culture. Employees are invited to drive their own development in an environment that provides access to opportunities for career growth through a mix of formal training, on the job learning and mentoring opportunities.
- The Group has experienced an increase in female workforce participation rate, rising from 15.31% in June 2020 to 16.99% in June 2021. The increase puts the Group above the target level of 16.1% set in mid-2020. The increase in female participation has been predominantly driven by a focus on introducing female entry-level talent to the business, via a graduate programme, apprenticeships and entry level operator programmes. These initiatives have allowed the Group to increase female numbers in work areas and occupations that are traditionally male dominated; an important step in creating a truly more gender diverse and inclusive workforce.
- The Group's commitment to the introduction and development of apprentices, graduates and vacation students continues to grow and evolve into a strong pipeline for future talent.
- The Group has focused on attraction of new industry talent via operational industry entry pathways in the Commodities and Mining Services divisions, allowing entry pathways for a diverse pool of talent.
- The Company places great focus on the quality of leadership, knowing that leaders act as the primary influencers of culture, with bespoke development programmes and initiatives to support development of leaders.

A summary of the Group's financial performance over the past 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.

Financial Summary ($millions unless otherwise stated)	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**
Earnings					
Revenue	1,458	1,624	1,512	2,125	3,734
EBITDA	473	575	386	2,006	2,183
NPAT	201	272	165	1002	1,268
Return on Revenue	14%	17%	11%	47%	34%
Return on Equity	18%	21%	12%	44%	39%
ROIC	20.1%	18.3%	9.7%	49.6%	38.6%
Diluted EPS (cents/share)	107.66	145.30	87.09	532.96	673.18

Financial Year Ended 30 June	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**
Final dividend for the preceding financial year	0.2100	0.3300	0.4000	0.3100	0.7700
Interim dividend for the current financial year	0.2100	0.2500	0.1300	0.2300	1.0000
Total dividend paid	0.4200	0.5800	0.5300	0.5400	1.7700
Share price	10.85	16.00	14.98	21.17	53.73
Total Shareholder Return (TSR) (cumulative)	13.34	19.07	18.58	25.31	59.64

Remuneration report (audited) (continued)



Remuneration report (audited) (continued)

5.2 STI performance outcomes

The Executive Key Management Personnel work very closely together as a leadership group to direct and manage the affairs of the Group. This approach has been important in the development and strengthening of the Group's culture, particularly during the challenges experienced during FY21 as a result of the global pandemic. For that reason, for the year ended 30 June 2021 the performance of the Executive KMP has been assessed on a common, consistent basis.

Safety, Governance and Sustainability – weighting 20%		
Performance measures	**Outcomes**	**Commentary**
Safety Performance Total Reportable Injury Frequency Rate (TRIFR)	Improved our already industry-best safety performance, resulting in a TRIFR of 2.31, compared to 3.29 in FY20. The Company experienced its first Lost Time Injury in three years with a finger injury at one of its sites. Our employee is expected to make a full recovery. The Company continued to work closely with key contractors to align expectations of safety, and this will remain a priority in the short to medium term.	Delivered these results despite a 39% increase in the size of the Company's workforce. The Company mitigated the risk of COVID-19 on our workforce and production, our communities and our industry, by conducting over 89,000 COVID tests over FY21 using MRL's own gold-standard PCR tests. These tests were provided to Group employees and their families, as well as to sixty other organisations in the Western Australian resources and extractive industries sector. On multiple occasions, the Company also made available to members of the public its collection facilities and testing equipment at the request of health officials, in the interests of public health.
Market and investor relationships including external perception study	Independent external perception survey indicated communication and transparency has improved in reporting and presentations.	External perception survey noted strong positive feedback received from a range of stakeholders.
Diversity targets	Established successful entry-level programmes for blue collar female operators. Increased female workforce participation from 15.31% in June 2020 to 16.99% in June 2021. Implemented 15 new indigenous business partnerships across our business. Published the Group's Indigenous populations' Reconciliation Action Plan (RAP) in FY21, with an associated ramp-up of actions and activities to support the goals and objectives outlined in the RAP.	There has been a strong focus on introducing women into the business, particularly in areas such as dump truck drivers that have been traditionally male dominated.
Sustainability performance (emissions intensity, strategy development and implementation)	Improved emissions intensity from 2.9 to 2.3 tC02e/TMM; third-party ESG ratings have improved. Committed to Net Zero by 2050, and well progressed with development of roadmap to achieve this goal for inclusion in FY21 Sustainability Report.	Emissions intensity is now included as a factor in project evaluation.

Remuneration report (audited) (continued)

FY21 Discretionary adjustments:
Board determination reached, following consideration of above and other factors, that no discretionary adjustments impacting payment outcomes are required.

FY21 Outcome:

85%

Strategic Growth - weighting 25%		
Performance measures	**Outcomes**	**Commentary**
Growth in iron ore tonnes and resources	Identified, acquired and developed a new 5Mtpa iron ore project, Wonmunna, with first ore delivered within five months of acquisition. This acquisition added 98Mt of mineral resources. Substantial progress made in positioning the Group for significant future growth across major iron ore projects. This progress included new arrangements reached with the Group's joint venture partner in relation to the Marillana project, while adding the nearby Opthalmia project to the joint venture. In addition, the development of the Ashburton project has progressed, with planning, project design and project approvals each well advanced. However, the Company had expectations of being further progressed as it has worked to evaluate a range of alternative structures that enhance the project, and this has impacted the STIP outcome for the Managing Director during FY21.	The Group's progress in strengthening and diversifying its iron ore operations is important in improving its longer terms earnings outlook.
Develop additional downstream capacity for lithium spodumene, additional to Kemerton	Developed a roadmap to enable down-streaming of 100% of the Group's spodumene production. Again, the Company had expected to be further progressed on this topic.	Down-streaming of lithium repositions the Group's exposure to this critical mineral.
Deliver growth in Mining Services activities (tonnes of material moved)	Overall growth in volumes of 20% achieved. Successful installation and commissioning of a number of plants including the Next Gen 2 crushing plant, and the plant and facilities at Wonmunna.	Innovation within Mining Services remains at the core of the Company. Continued to drive a programme of innovation resulting in delivery of first carbon fibre screen, along with the establishment of a Marine division and significant advances in our bulk haulage capabilities.
Expand natural gas strategy	Secured additional gas exploration territory of over 9,000 square kilometres, and finalised preparations for drilling of existing target in early FY22.	Natural gas offers an important transition path as the Group reduces its reliance on diesel. It also offers a future Mining Services opportunity.

Remuneration report (audited) (continued)

FY21 Discretionary adjustments:
Board determination reached, following consideration of above and other factors, that no discretionary adjustments are required to this measure.

FY21 Outcome:

Managing Director: 60%
Other Key Management Personnel: 96%

Financial Measures – weighting 40%

Performance measures	Outcomes	Commentary
EBITDA performance against Target	Underlying EBITDA increased 148% year-on-year. Excluding the impact of increased iron ore prices, underlying profitability improved 18% year on year, exceeding the Company's internal target. Overall shipments were up by 23%, although guidance tonnes were missed on more than one occasion due to operational challenges in part arising out of COVID-19 restrictions	The FY21 performance was achieved against the backdrop of an operating environment made challenging by the continued impact of the global pandemic. This included unexpected labour shortages with workers unable to enter Western Australia, impacting haulage rates.
Balance sheet management	Strengthened liquidity risk management processes. Increased access to asset finance through increased limits. Tightened capital investment processes and reporting. Working capital performance strong despite substantial growth across the business.	Preparatory work undertaken to position the Group in advance of significant expansion capital investment expected during the short to medium term.
Cashflow performance	Cash performance was very strong, with operating cashflow of $1.6 billion[1] sufficient to self-fund sustaining capex investment after paying taxes, interest costs and dividends. The Group remains in a net cash position as it prepares for what are expected to be large investments in coming years. Operating cashflow increased 143% allowing the company to maintain a conservatively geared balance sheet and increase fully franked dividends in respect of the year to $2.75/share.	The Group continued to make significant investment in capital projects during FY21 in support of its expansion plans and achieved a ROIC of 38.6%.
Cost discipline against Target	Controllable costs increased as a result of a conscious decision to target volume in a price-rich environment.	Controllable costs remain an important factor and the Company will continue to retain the ability to adapt quickly to changing market circumstances.

FY21 Discretionary adjustments:

Board determination reached, following consideration of above and other factors, that no discretionary adjustments that impact payment outcomes are required.

Remuneration report (audited) (continued)

FY21 Outcome:

92.5%

Organisational Culture - weighting 15%

Performance measures	Outcomes	Commentary
Senior staff retention metrics	Senior staff retention rates have been very high with no turnover of KMP and regretted leavers of senior management at less than 3%.	Changes made to the Remuneration Structures, initially foreshadowed in FY19 and implemented in FY20, have created a framework that has helped to ensure retention of the KMP as well as senior leadership group; this outcome has been delivered despite intense competition for skills in the Western Australian resources sector. This stability in turn has enabled consistent of message regarding the desired culture, providing a platform to continue to attract outstanding talent, and strengthen capabilities throughout the organisation.
Cultural development and brand repositioning	Began the process of repositioning the Group's brand, which in turn underpinned the successful recruitment of 970 additional employees during the year within a very tight labour market. Considerable progress made over the year with strengthened engagement on employee wellbeing including mental health topics. Commenced development of new head office that will deliver on the Company's goal of being one of the best workplaces in the country for staff wellbeing. Developed a commitment to adopt best-in-country wellness principle for future camp developments.	Increased focus during the year on wellbeing of employees, supported by the appointment of an in-house psychologist during the year. COVID-19 border closures have reduced the number of applicants to roles significantly, making recruitment of required talent much more difficult than pre-Covid-19.

FY21 Discretionary adjustments:
Board determination reached, following consideration of above and other factors, that no discretionary adjustments that impact payment outcomes are required.

FY21 Outcome:

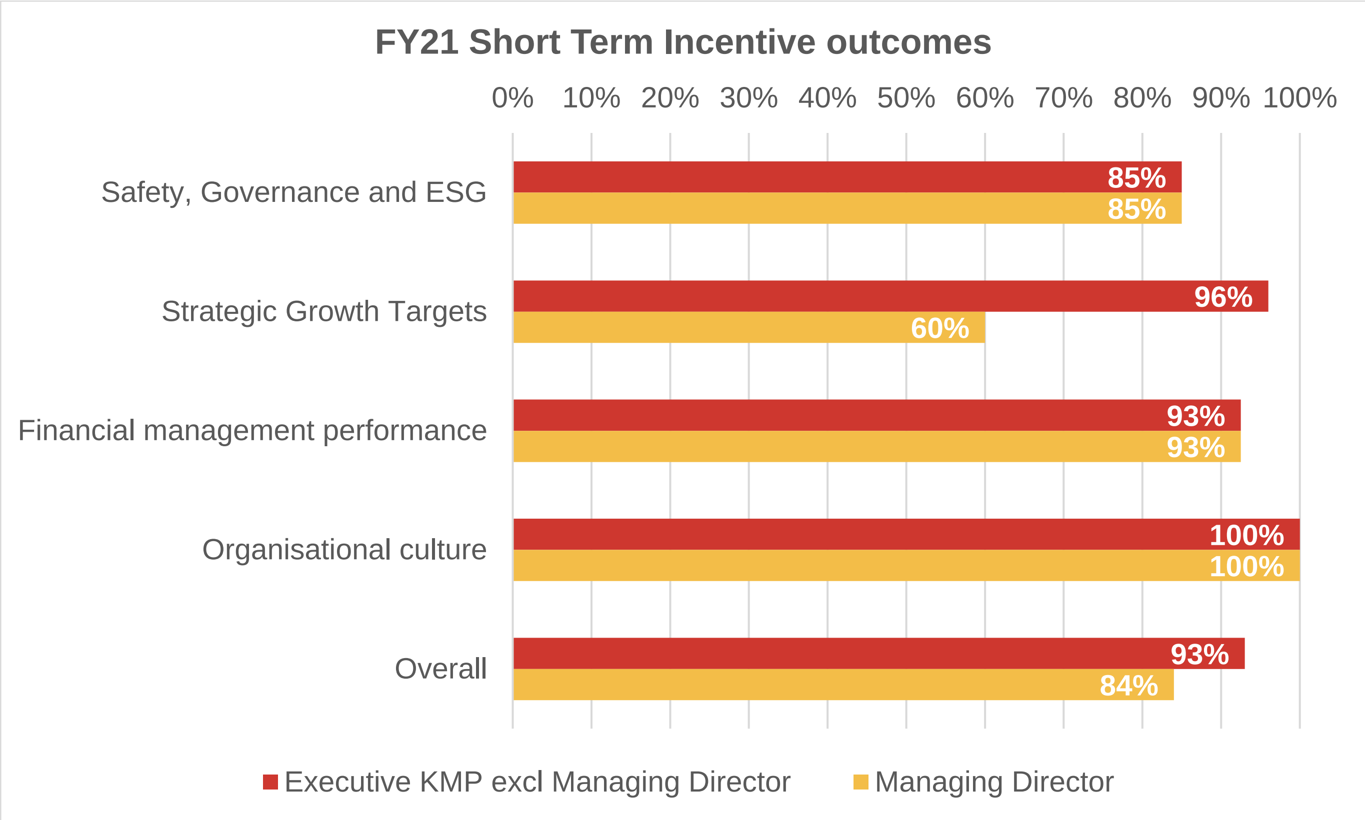
100%

[1] During the year the Company also paid $0.3 billion in tax on the prior year partial disposal of the Wodgina mine, resulting in Net Cash from Operations for FY21 of $1.3 billion.

Remuneration report (audited) (continued)

Outcomes across all measures noted above

After consideration of the above factors, the Remuneration Committee recommended, and the Board accepted, the following outcomes for the Executive KMP for FY21. These resulted in an overall outcome of 84% of maximum for the Managing Director and 93% of maximum for the remaining KMP:



5.3 LTI performance outcomes: FY21 grant

Consistent with the redesigned LTI programme, a grant equal to the maximum LTI opportunity has been made to FY21 plan participants. The LTI awards will vest in early FY25 with the amount vesting dependent on the Company's average ROIC performance over the four year period FY21 to FY24.

Where average ROIC is less than 12% no LTI award will vest. Where average annual ROIC is between 12% and 18% over the four year period the LTI will vest pro-rata from 67% to 100% of the LTI grant. Where average annual ROIC is greater than 18%, 100% of the LTI grant will vest.

5.4 LTI performance outcomes: earlier grants on-foot

- **FY17 Grant**
  As FY20's ROIC exceeded 12%, the final tranche of the FY17 LTI Plan vested in August 2020, and all three tranches were released from holding lock.

- **FY18 Grant**
  As FY21's ROIC exceeded 12% actual of 38.6%, Tranche 3 will vest on 11th August 2021, and the holding lock on Tranche 1 and Tranche 2 shares will be lifted on 12th August 2021, making these shares available to KMP.

- **FY19 Grant**
  As noted above, due to a period of substantial investment, ROIC in FY19 was 9.7%. Under the LTI plan rules in place at that time, there was no LTI grant for FY19 nor was there any opportunity to retest this in subsequent years despite that investment generating substantial returns for the Group.

- **FY20 Grant**
  A grant equal to the maximum LTI opportunity was made available to FY20 plan participants on 1 July 2019. The LTI awards will vest in early FY24 with the amount vesting dependent on the Company's average ROIC performance over the four year period FY20 to FY23.

  Where average ROIC is less than 12% no LTI award will vest. Where average annual ROIC is between 12% and 18% over the four year period the LTI will vest pro-rata from 67% to 100% of the LTI grant. Where average annual ROIC is greater than 18%, 100% of the LTI grant will vest.

  FY20's ROIC exceeded 12% (actual 49.6%) and FY21's ROIC is 38.6%, therefore contributing to a favourable average ROIC over the first and second years of the KMP's FY20 LTIP award. This programme is therefore half-way through its four-year life, with average ROIC over the four years needing to meet a minimum of 12%. Final vesting is due August 2023.

- **FY21 Grant**
  As per the FY20 grant, a grant equal to the maximum LTI opportunity was made available to FY21 plan participants on 1 July 2020. The LTI awards will vest in early FY25 with the amount vesting dependent on the Company's average ROIC performance over the four year period FY20 to FY23.

  Where average ROIC is less than 12% no LTI award will vest. Where average annual ROIC is between 12% and 18% over the four year period the LTI will vest pro-rata from 67% to 100% of the LTI grant. Where average annual ROIC is greater than 18%, 100% of the LTI grant will vest.

  FY21's ROIC is 38.6%. This programme is a quarter through its four-year life, with average ROIC over the four years needing to meet a minimum of 12%. Final vesting is due August 2024.

5.5 Remuneration outcomes schedules

The following tables provide a summary of remuneration received by KMP during the year, which may be useful in understanding current year pay and alignment with performance. These remuneration outcomes tables differ from the statutory remuneration tables in Section 8 which are prepared in accordance with Australian Accounting Standards.

FY21	FAR (cash)[2]	STI cash bonus[3]	LTI vesting[4]	NED fees (shares)[5]	Other benefits[6]	Total	LTI vesting share price growth[7]	Total including share price growth
	$	$	$	$	$	$	$	$
Non-Executive Directors								
Peter Wade	135,000	-	-	135,000	21,694	**291,694**	-	**291,694**
Susan Corlett[1]	46,708	-	-	46,708	8,875	**102,291**	-	**102,291**
Kelvin Flynn	86,250	-	-	86,250	16,388	**188,888**	-	**188,888**
James McClements	87,500	-	-	87,500	16,625	**191,625**	-	**191,625**
Xi Xi	90,338	-	-	82,500	-	**172,838**	-	**172,838**
Executive Director								
Chris Ellison	1,200,000	600,000	2,933,350	-	51,865	**4,785,215**	2,605,893	**7,391,108**
Other Executives								
Paul Brown	850,000	280,000	435,918	-	101,694	**1,667,612**	382,496	**2,050,108**
Michael Grey	850,000	340,000	-	-	102,069	**1,292,069**	-	**1,292,069**
Mark Wilson	950,000	380,000	-	-	143,448	**1,473,448**	-	**1,473,448**
Total	4,295,796	1,600,000	3,369,268	437,958	462,658	**10,165,680**	2,988,389	**13,154,069**

1 Susan Corlett commenced on 4 January 2021.
2 FAR is excluding superannuation contributions, which is reported within 'Other Benefits'.
3 40% of the FY21 STI plan to KMP is paid in cash (50% for the Managing Director) and relates to the performance during FY20, paid in FY21.
4 FY17 and FY18 LTI share awards that have vested during FY21, calculated as the number of shares vested multiplied by the face value at grant date. FY17 LTI shares were freed of trading restrictions on 20 August 2020, while FY18 LTI shares (Tranche 1 and 2) that vested on 20 August 2020 retain their trading restrictions and clawback provisions until 12 August 2021.
5 Equity component of Non-Executive Directors' (NED) remuneration. NED fees continue to be paid 50% in cash and 50% in MRL shares. Remuneration disclosed relates to the performance during FY21.
6 Other Benefits relate to non-monetary benefits and superannuation benefits that are awarded for performance during FY21. Paul Brown, Michael Grey and Mark Wilson each received $80,000 in Resource Development Group Ltd (RDG) share options during FY21 as remuneration for their RDG NED remuneration. RDG is 65.77% owned by the Group.
7 The ‘share price growth’ amount is equal to the number of rights vested multiplied by the increase in the Company share price over the period from grant date to vesting date.

Remuneration report (audited) (continued)

FY20	FAR (cash)[4]	STI cash bonus[5]	LTI vesting[6]	NED fees (shares)[7]	Other benefits[8]	Total	LTI vesting share price growth[9]	Total including share price growth
	$	$	$	$	$	$	$	$
Non-Executive Directors								
Peter Wade	125,000	-	-	125,000	23,750	**273,750**	-	**273,750**
Kelvin Flynn	70,000	-	-	70,000	13,300	**153,300**	-	**153,300**
James McClements	70,000	-	-	70,000	13,300	**153,300**	-	**153,300**
Xi Xi	83,300	-	-	70,000	-	**153,300**	-	**153,300**
Executive Director								
Chris Ellison	1,200,000	600,000	1,762,738	-	52,583	**3,615,321**	77,015	**3,692,336**
Other Executives								
Current[1]								
Paul Brown[2]	350,000	140,000	-	-	22,753	**512,753**	-	**512,753**
Michael Grey	824,038	340,000	-	-	68,409	**1,232,447**	-	**1,232,447**
Mark Wilson	937,019	380,000	-	-	140,809	**1,457,828**	-	**1,457,828**
Former								
Rohan O'Grady[3]	148,077	-	-	-	24,931	**173,008**	-	**173,008**
Total	3,807,434	1,460,000	1,762,738	335,000	359,835	**7,725,007**	77,015	**7,802,022**
Current KMP subtotal	3,659,357	1,460,000	1,762,738	335,000	334,904	**7,551,999**	77,015	**7,629,014**
Former KMP subtotal	148,077	-	-	-	24,931	**173,008**	-	**173,008**
Total	3,807,434	1,460,000	1,762,738	335,000	359,835	**7,725,007**	77,015	**7,802,022**

[1] Current as at the date of the 30 June 2020 Remuneration Report.

[2] Paul Brown regarded as KMP with effect from 1 January 2020. Remuneration disclosed is for the period 1 January 2020 to 30 June 2020.

[3] Rohan O'Grady resigned as Chief Operating Officer - Construction & Development on 13 September 2019. Remuneration disclosed is for the period 1 July 2019 to 13 September 2019.

[4] FAR is excluding superannuation contributions, which is reported within 'Other Benefits'

[5] 40% of the FY20 STI plan to KMP is paid in cash (50% for the Managing Director) and relates to the performance during FY19, paid in FY20.

[6] LTI awards that have vested during FY20, calculated as the number of rights vested multiplied by the face value at grant date. Vested shares may still be subject to trading restrictions and clawback provisions.

[7] Equity component of Non-Executive Directors' (NED) remuneration. NED fees continue to be paid 50% in cash and 50% in Company shares. Remuneration disclosed relates to the performance during FY20.

[8] Other Benefits relate to non-monetary benefits, superannuation and termination benefits that are awarded for performance during FY20 or have vested during FY20.

[9] The 'share price growth' amount is equal to the number of rights vested multiplied by the increase in the Company share price over the period from grant date to vesting date.

Remuneration report (audited) (continued)

7 Summary of KMP employment conditions

7.1 Executives

The table below summarises the employment agreements in place with Executive KMP as at the date of this report.

KMP	Term of agreement	FAR	Notice period: KMP and MRL	Termination entitlements[1]
Chris Ellison (Managing Director)	Full time – permanent	$1,200,000	12 months	Notice period per contract
Paul Brown (Chief Executive - Commodities)	Full time – permanent	$850,000	12 months	Notice period per contract
Michael Grey (Chief Executive – Mining Services)	Full time – permanent	$850,000	12 months	Notice period per contract
Mark Wilson (Chief Financial Officer and Company Secretary)	Full time – permanent	$950,000	12 months	Notice period per contract

[1] Should this amount be a value that requires shareholder approval then it can be reduced to maximum permissible amount without shareholder agreement.

Remuneration report (audited) (continued)

7.2 Non-Executive Directors

Non-Executive Director (NED) receive fees to recognise their contribution to the work of the Board and the additional time and effort associated with chairing and/or participating in Board sub-committees on which they serve.

NED remuneration is reviewed annually by the Remuneration Committee. The most recent review concluded that Mineral Resources director fees were significantly under market, having not changed since mid-2017. The absence of sub-committee fees for committee service was identified as a key cause of the below-market fee structure. The workload on committees has become increasingly more onerous as the accountability has increased.
In response to this review, the decision was made to increase base committee fees for Chair and members by 16% and 21% respectively, and to introduce committee fees for participation on subcommittees.

The following table outlines the Non-Executive Director fees, exclusive of superannuation, effective from 1 January 2021 for the Board and associated Committees.

NED remuneration is not linked to Company performance, although in order to create alignment with shareholders, NED fees continue to be paid 50% in cash and 50% in Company shares. NEDs are encouraged to hold at least one year's worth of fees in Company shares and NEDs are subject to the Company's Security Trading Policy.

FY21 Board/Committee Fees (per annum)	**Chair $**	**Member $**
Board	290,000	170,000
Board - Lead Independent Director		20,000
Audit and Risk Committee	25,000	10,000
Remuneration Committee	20,000	10,000
Nominations Committee	10,000	-

A resolution was passed at the 2020 AGM to approve an increase in the maximum pool to $2,000,000 to facilitate sufficient headroom in the pool to allow for the appointment of additional NEDs, an allocation of entitlements for participation in Board Sub-committees, and for an increase in NED fees should this be recommended by the Remuneration Committee. The fee pool was previously at $1,000,000 per annum, which had not been increased since the 2015 Financial Year. The changes in NED fees took effect from 1 January 2021.

FY20 Board/Committee Fees (per annum)

FY20 Board fees were as follows:

Chair	$250,000 plus statutory superannuation
Non-Executive Director	$140,000 plus statutory superannuation

Committee members did not receive any additional remuneration for chairing/participation in Committees in FY20.

Remuneration report (audited) (continued)

8. KMP statutory remuneration schedules

The following tables detail the statutory remuneration disclosures prepared in accordance with Australian Accounting Standards. These tables differ from the remuneration outcomes tables in section 5.5, due to the accounting treatment of share-based payments.

	Short-Term Benefits				Post-Employment Benefits	Share-based payments				
	Cash salary and fees	**Other[4]**	**STI cash value[2]**	**Non-Monetary**	**Superannuation**	**STI equity value**	**LTI equity value**	**NED remuneration[3]**	**Total**	**Performance related**
FY21	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Non-Executive Directors										
Peter Wade	135,000		-	-	21,694	-	-	135,000	**291,694**	-
Susan Corlett[1]	46,708		-	-	8,875	-	-	46,708	**102,291**	-
Kelvin Flynn	86,250		-	-	16,388	-	-	86,250	**188,888**	-
James McClements	87,500		-	-	16,625	-	-	87,500	**191,625**	-
Xi Xi	90,338		-	-	-	-	-	82,500	**172,838**	-
Executive Director										
Chris Ellison	1,200,000		600,000	30,172	21,694	175,087	1,454,710	-	**3,481,663**	64%
Other Executives										
Paul Brown	850,000	80,000	340,000	-	21,694	125,485	545,625	-	**1,962,804**	52%
Michael Grey	850,000	80,000	340,000	375	21,694	125,485	510,622	-	**1,928,176**	51%
Mark Wilson	950,000	80,000	380,000	41,754	21,694	140,226	713,366	-	**2,327,040**	53%
Total	4,295,796	240,000	1,660,000	72,301	150,358	566,283	3,224,323	437,958	**10,647,019**	

[1] Susan Corlett commenced on 4 January 2021.
[2] 40% of the FY21 STI plan to KMP is paid in cash (50% for the Managing Director) and relates to the performance during FY21.
[3] Equity component of Non-Executive Directors' (NED) remuneration. NED Remuneration is not linked to Company performance, however to create alignment with shareholders, Non-Executive Director fees continue to be paid 50% in cash and 50% in MRL shares.
[4] Paul Brown, Michael Grey and Mark Wilson each received $80,000 in Resource Development Group Ltd (RDG) share options during FY21 as remuneration for their RDG NED remuneration. RDG forms part of the Group.

Remuneration report (audited) (continued)

FY20	Short-Term Benefits				Post-Employment Benefits	Share-based payments				
	Cash salary and fees	Other[3]	STI cash value[4]	Non-Monetary	Superannuation	STI equity value	LTI equity value	NED remuneration[5]	Total	Performance related
	$	$	$	$	$	$	$	$	$	%
Non-Executive Directors										
Peter Wade	125,000	-	-	-	23,750		-	125,000	**273,750**	-
Kelvin Flynn	70,000	-	-	-	13,300		-	70,000	**153,300**	-
James McClements	70,000	-	-	-	13,300		-	70,000	**153,300**	-
Xi Xi	83,300	-	-	-	-		-	70,000	**153,300**	-
Executive Director										
Chris Ellison	1,200,000	-	600,000	31,581	21,003	222,876	2,260,533	-	**4,335,993**	71%
Other Executives										
Paul Brown[1]	350,000	-	140,000	-	22,753	59,095	139,080	-	**710,928**	48%
Michael Grey	824,038	-	340,000	47,406	21,003	143,515	253,322	-	**1,629,284**	45%
Mark Wilson	937,019	79,408	380,000	40,398	21,003	160,398	353,905	-	**1,972,131**	45%
Former										
Rohan O'Grady[2]	148,077	19,681	-	-	5,251	-	-	-	**173,009**	0%
Total	3,807,434	99,089	1,460,000	119,385	141,363	585,884	3,006,840	335,000	**9,554,995**	
Current KMP subtotal	3,659,357	79,408	1,460,000	119,385	136,112	585,884	3,006,840	335,000	**9,381,986**	
Former KMP subtotal	148,077	19,681	-	-	5,251	-	-	-	**173,009**	
Total	3,807,434	99,089	1,460,000	119,385	141,363	585,884	3,006,840	335,000	**9,554,995**	

[1] Paul Brown regarded as KMP with effect from 1 January 2020. Remuneration disclosed is for the period 1 January 2020 to 30 June 2020.

Remuneration report (audited) (continued)

	Short-Term Benefits				Post-Employment Benefits	Share-based payments				
	Cash salary and fees	Other[3]	STI cash value[4]	Non-Monetary	Superannuation	STI equity value	LTI equity value	NED remuneration[5]	Total	Performance related
FY20	$	$	$	$	$	$	$	$	$	%

[2] Rohan O'Grady resigned as Chief Operating Officer - Construction & Development on 13 September 2019. Remuneration disclosed is for the period 1 July 2019 to 13 September 2019.

[3] Annual leave payout on termination of Rohan O'Grady and relocation allowance for Mark Wilson.

[4] 40% of the FY20 STI plan to KMP is paid in cash (50% for the Managing Director) and relates to the performance during FY20.

[5] Equity component of Non-Executive Directors' (NED) remuneration. NED Remuneration is not linked to Company performance, however to create alignment with shareholders, Non-Executive Director fees continue to be paid 50% in cash and 50% in Company shares.

Remuneration report (audited) (continued)

9. Share rights granted, vested and potential future vesting

KMP	Plan	Grant Date[1]	Performance Periods	No. of share rights granted	Value per share right granted at grant[10]	Total value of share rights granted at grant date	Vested during the year		No. forfeited during the year	% forfeited in during the year	Remaining, subject to vesting conditions	Rights to shares: Financial Year in which share rights may vest	Rights to shares: No. of shares which may vest	Rights to shares: Maximum value yet to vest
					$/right	$		%		%				$
Chris Ellison	FY17 LTI[2]	16/08/2017	FY17 to FY20	269,730	13.96	3,765,431	89,910	33%	-	-	-	-	-	-
	FY18 LTI[3]	15/08/2018	FY18 to FY21	168,157	14.97	2,517,310	112,105	67%	-	-	56,052	FY22	56,052	839,103
	FY19 LTI[4]	22/08/2019	FY19 to FY22	-	-	-	-	0%	-	-	-	N/A	-	-
	FY20 LTI[5]	01/07/2019	FY20 to FY23	142,577	15.05	2,145,784	-	0%	-	-	142,577	FY24	142,577	2,145,784
	FY20 DER[6]	01/07/2019	FY20 to FY23	13,001	26.40	343,285	-	0%	-	-	13,001	FY24	13,001	343,285
	FY20 STI[7]	01/07/2020	FY20 to FY22	25,267	21.17	534,902	-	0%	-	-	25,267	FY22	12,634	267,451
												FY23	12,634	267,451
	FY21 LTI[8]	01/07/2020	FY21 to FY24	102,950	21.17	2,179,452	-	0%	-	-	102,950	FY25	102,950	2,179,452
	FY21 DER[6]	01/07/2020	FY21 to FY24	5,387	34.33	184,929	-	0%	-	-	5,387	FY25	5,387	184,929
	FY21 STI[9]	01/07/2021	FY21 to FY23	7,875	53.36	420,210	-	0%	-	-	7,875	FY23	3,938	210,105
												FY24	3,938	210,105
Paul Brown	FY20 LTI[5]	01/07/2019	FY20 to FY23	55,447	15.05	834,477	-	0%	-	-	55,447	FY24	55,447	834,477
	FY20 DER[6]	01/07/2019	FY20 to FY23	5,056	26.40	133,493	-	0%	-	-	5,056	FY24	5,056	133,493

Remuneration report (audited) (continued)

KMP	Plan	Grant Date[1]	Performance Periods	No. of share rights granted	Value per share right granted at grant[10]	Total value of share rights granted at grant date	Vested during the year		No. forfeited during the year	% forfeited in during the year	Remaining, subject to vesting conditions	Rights to shares: Financial Year in which share rights may vest	Rights to shares: No. of shares which may vest	Rights to shares: Maximum value yet to vest
					$/right	$		%		%				$
	FY20 STI[7]	01/07/2020	FY20 to FY22	13,399	21.17	283,657	-	0%	-	-	13,399	FY22	6,700	141,828
												FY23	6,700	141,828
	FY21 LTI[8]	01/07/2020	FY21 to FY24	48,616	21.17	1,029,201	-	0%	-	-	48,616	FY25	48,616	1,029,201
	FY21 DER[6]	01/07/2020	FY21 to FY24	2,544	34.33	87,330	-	0%	-	-	2,544	FY25	2,544	87,330
	FY21 STI[9]	01/07/2021	FY21 to FY23	5,644	53.36	301,164	-	0%	-	-	5,644	FY23	2,822	150,582
												FY24	2,822	150,582
Michael Grey	FY19 LTI[4]	22/08/2019	FY19 to FY22	-	-	-	-	0%	-	-	-	N/A	-	-
	FY20 LTI[5]	01/07/2019	FY20 to FY23	67,328	15.05	1,013,286	-	0%	-	-	67,328	FY24	67,328	1,013,286
	FY20 DER[6]	01/07/2019	FY20 to FY23	6,140	26.40	162,123	-	0%	-	-	6,140	FY24	6,140	162,123
	FY20 STI[7]	01/07/2020	FY20 to FY22	16,270	21.17	344,436	-	0%	-	-	16,270	FY22	8,135	172,218
												FY23	8,135	172,218
	FY21 LTI[8]	01/07/2020	FY21 to FY24	48,616	21.17	1,029,201	-	0%	-	-	48,616	FY25	48,616	1,029,201
	FY21 DER[6]	01/07/2020	FY21 to FY24	2,544	34.33	87,330	-	0%	-	-	2,544	FY25	2,544	87,330
	FY21 STI[9]	01/07/2021	FY21 to FY23	5,644	53.36	301,164	-	0%	-	-	5,644	FY23	2,822	150,582
												FY24	2,822	150,582

Remuneration report (audited) (continued)

KMP	Plan	Grant Date[1]	Performance Periods	No. of share rights granted	Value per share right granted at grant[10]	Total value of share rights granted at grant date	Vested during the year		No. forfeited during the year	% forfeited in during the year	Remaining, subject to vesting conditions	Rights to shares: Financial Year in which share rights may vest	Rights to shares: No. of shares which may vest	Rights to shares: Maximum value yet to vest
					$/right	$		%		%				$
Mark Wilson	FY19 LTI[4]	22/08/2019	FY19 to FY22	-	-	-	-	0%	-	-	-	N/A	-	-
	FY20 LTI[5]	01/07/2019	FY20 to FY23	94,061	15.05	1,415,618	-	0%	-	-	94,061	FY24	94,061	1,415,618
	FY20 DER[6]	01/07/2019	FY20 to FY23	8,577	26.40	226,457	-	0%	-	-	8,577	FY24	8,577	226,457
	FY20 STI[7]	01/07/2020	FY20 to FY22	18,184	21.17	384,955	-	0%	-	-	18,184	FY22	9,092	192,478
												FY23	9,092	192,478
	FY21 LTI[8]	01/07/2020	FY21 to FY24	67,919	21.17	1,437,845	-	0%	-	-	67,919	FY25	67,919	1,437,845
	FY21 DER[6]	01/07/2020	FY21 to FY24	3,554	34.33	122,007	-	0%	-	-	3,554	FY25	3,554	122,007
	FY21 STI[6]	01/07/2021	FY21 to FY23	6,307	53.36	336,542	-	0%	-	-	6,307	FY23	3,154	168,271
												FY24	3,154	168,271

[1] Grant date is determined in accordance with AASB 2 Share Based Payments.
[2] FY17 was the Award Year for the LTI Plan (ROIC exceeded 12%). Each tranche of the FY17 LTI Plan vests in favour of participants provided participants remain employed with the Company over each of the subsequent Performance Years (FY18 to FY20) and ROIC for each subsequent Performance Years (FY18 to FY20) equals or exceeds 12%. As the average ROIC for FY18 and FY19 exceeded 12%, Tranche 2 of the FY17 LTI Plan vested in favour of participants who remained employed for all of FY20, and as FY20's ROIC exceeded 12% Tranche 3 of the FY17 LTI Plan vested on 20 August 2020. Trading restrictions on all three FY17 LTI Plan Tranches were lifted as at that date, subject to clawback provisions.
[3] FY18 was the Award Year for the LTI Plan (ROIC for FY18 exceeded 12%). Each tranche of the FY18 LTI Plan vests in favour of participants provided participants remain employed with the Company over each of the subsequent Performance Years (FY19 to FY21) and ROIC for each subsequent Performance Years (FY19 to FY21) equals or exceeds 12%. As ROIC for FY19 was less than 12%, Tranche 1 of the FY18 LTI Plan became a Suspended Tranche. As average ROIC for FY19 and FY20 exceeded 12% Tranche 1 and Tranche 2 of the FY18 LTI Plan vested on 20 August 2020, subject to trading restrictions.
[4] FY19 was the Award Year for the FY19 LTI Plan. As ROIC for FY19 is less than 12% there is no LTI award for FY19.

[5] FY20 was the Award Year for the FY20 LTI Plan.
[6] Dividend equivalent rights that attach to the FY20 and FY21 LTIP grants. These rights have an automatic vesting / exercise upon exercise of the underlying LTIP share right.
[7] FY20 was the Award Year for the FY20 STI Plan. The number of share rights granted was calculated using the value of the award divided by the VWAP for the 5 days up to and including 30 June 2020. The value reflected in the table above is the quantity of shares calculated via this method, multiplied by the share price on the 1 July 2020 as required by Australian Accounting Standards. The share rights vest equally in August 2021 (FY22) and August 2022 (FY23).
[8] FY21 was the Award Year for the FY21 LTI Plan. The number of share rights granted was calculated using the value of the award divided by the share price on 1 July 2020. The value reflected in the table above is the quantity of shares calculated via this method, multiplied by the share price on the 1 July 2020.

Remuneration report (audited) (continued)

KMP	Plan	Grant Date[1]	Performance Periods	No. of share rights granted	Value per share right granted at grant[10]	Total value of share rights granted at grant date	Vested during the year	No. forfeited during the year	% forfeited in during the year	Remaining, subject to vesting conditions	Rights to shares:		
											Financial Year in which share rights may vest	No. of shares which may vest	Maximum value yet to vest
					$/right	$	%		%				$

[9] FY21 was the Award Year for the FY21 STI Plan. The number of share rights granted was calculated using the value of the award divided by the VWAP for the 5 days up to and including 30 June 2021. The value reflected in the table above is the quantity of shares calculated via this method, multiplied by the share price on the 1 July 2021 as required by Australian Accounting Standards. The share rights vest equally in August 2022 (FY23) and August 2023 (FY24).

[10] Value per share right granted at grant refers to share price used for expense purposes under AASB 2 Share Based Payments, being the date when the entity and the counterparty has a mutual understanding to the terms and conditions of the arrangement. For the LTI and STI plans this is the first day of the financial year.

10. Equity instruments held by KMP

10.1 Rights awarded under incentive plans

The following table details share rights awarded under incentive plans that are subject to service conditions and performance hurdles that are yet to be tested and vested rights that have not yet been exercised and converted into shares. Non-Executive Directors do not participate in incentive plans and do not hold unvested share rights.

Number of rights	Balance at the start of the year	Granted	Exercised and converted to shares	Notional dividends attaching in year[1]	Balance at the end of the year	Balance vested and exercisable
Executive Director						
Chris Ellison	425,910	110,825	(202,014)	18,388	353,109	-
Other KMP						
Paul Brown	108,222	54,260	(29,847)	7,600	140,235	-
Michael Grey	83,598	54,260	-	8,684	146,542	-
Mark Wilson	112,245	74,226	-	12,131	198,602	-
Total	729,975	293,571	(231,861)	46,803	838,488	-

[1] Dividend equivalent rights that attach to the FY20 and FY21 LTIP grants. These rights have an automatic vesting / exercise upon exercise of the underlying LTIP share right.

10.2 KMP shareholdings

The number of MRL shares held during FY21 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	Issued as part of remuneration	Other Additions[2]	Disposals/other	Balance at the end of the year
Non-Executive Directors					
Peter Wade	336,815	11,683	-	-	348,498
Susan Corlett	-	1,071	-	-	1,071
Kelvin Flynn[1]	11,566	6,788	-	-	18,354
James McClements[1]	11,566	6,817	-	-	18,383
Xi Xi[1]	10,186	6,701	-	-	16,887
Executive Director					
Chris Ellison	22,191,729	202,014	32,002	-	22,425,745
Other KMP					
Current					
Paul Brown	10,789	29,847	-	(21,578)	19,058
Michael Grey	-	-	-	-	-
Mark Wilson	25,109	-	1,313	-	26,422
Total	22,597,760	264,921	33,315	(21,578)	22,874,418

[1] Shares paid to Non-Executive Directors disclosed in this table were part of their FY21 remuneration package. Shares for their FY20 remuneration package were issued in the current financial year. The quantity of shares granted is based on the proportion of fees payable divided by the Volume Weighted Average price for the five trading days to the end of each quarter of the financial year

[2] Other additions include shares received as part of the Company's Dividend Re-investment Programme.

11. Transactions with related parties

The following transactions occurred with related parties:

	2021	2020
	$	**$**
Key Management Personnel / directors' interests:		
Properties from which some of the Group's operations are performed are rented from parties related to Chris Ellison and Peter Wade.	(2,215,091)	(2,118,828)

Occupation of these premises date back prior to the Company's listing in 2006. The ongoing need for occupation of these premises, as well as rental arrangements, are assessed periodically. The Group has a Related Party Transaction Policy that requires the review and approval of Related Party Transactions by the Audit and Risk Committee (the Committee).

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 35 to the financial statements.

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

The Directors are of the opinion that the services as disclosed in note 35 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former 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 million 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 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

11 August 2021
Perth

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 2021, 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 AUSTRALIA PARTNERS

Perth, WA
Dated: 11 August 2021

TUTU PHONG
Partner

Mineral Resources Limited
Income statement
For the year ended 30 June 2021

	Note	Group 2021 $m	Group 2020 $m
Revenue	4	3,733.6	2,124.7
Other income	5	245.3	1,311.9
Expenses from operations			
Changes in closing stock		118.9	130.3
Raw materials and consumables		(344.4)	(218.2)
Equipment costs		(191.2)	(113.9)
Subcontractors		(188.5)	(180.2)
Employee benefits expense		(504.1)	(383.1)
Transport and freight		(597.6)	(482.7)
Depreciation and amortisation	6	(258.0)	(193.6)
Impairment charges	6	(46.5)	(285.8)
Other expenses	6	(89.0)	(182.7)
Profit from operations		1,878.5	1,526.7
Finance income		10.0	14.4
Finance costs	6	(95.8)	(104.9)
Net finance costs		(85.8)	(90.5)
Profit before tax		1,792.7	1,436.2
Income tax expense	7	(525.0)	(434.0)
Profit after tax for the year		1,267.7	1,002.2
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net gain/(loss) on cash flow hedges		4.0	(9.3)
Other comprehensive income for the year, net of tax		4.0	(9.3)
Total comprehensive income for the year		1,271.7	992.9
Profit for the year is attributable to:			
Non-controlling interest		(2.0)	(1.5)
Owners of Mineral Resources Limited		1,269.7	1,003.7
		1,267.7	1,002.2
Total comprehensive income for the year is attributable to:			
Non-controlling interest		-	(1.5)
Owners of Mineral Resources Limited		1,271.7	994.4
		1,271.7	992.9
		Cents	**Cents**
Basic earnings per share	8	673.18	532.96
Diluted earnings per share	8	673.18	532.96

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

Mineral Resources Limited
Balance sheet
As at 30 June 2021

	Note	Group 2021 $m	Group 2020 $m
Assets			
Current assets			
Cash and cash equivalents	9	1,542.1	1,521.8
Trade and other receivables	10	331.3	177.5
Inventories	11	122.6	155.6
Other assets	12	37.3	38.8
Total current assets		2,033.3	1,893.7
Non-current assets			
Trade and other receivables	10	653.4	649.6
Inventories	11	62.4	35.3
Investments accounted for using the equity method	30	92.1	-
Financial assets	13	296.1	42.3
Property, plant and equipment	14	1,824.6	1,365.9
Intangibles	15	36.7	47.9
Exploration and mine development	16	725.8	476.4
Deferred tax	7	128.5	119.8
Total non-current assets		3,819.6	2,737.2
Total assets		5,852.9	4,630.9
Liabilities			
Current liabilities			
Trade and other payables	18	581.8	319.1
Borrowings	19	157.3	100.5
Income tax		166.7	415.9
Employee benefits	20	69.4	53.4
Provisions	21	9.2	29.5
Other		-	5.9
Total current liabilities		984.4	924.3
Non-current liabilities			
Borrowings	19	1,104.6	1,190.2
Deferred tax	7	322.7	122.5
Provisions	21	195.1	98.3
Total non-current liabilities		1,622.4	1,411.0
Total liabilities		2,606.8	2,335.3
Net assets		3,246.1	2,295.6
Equity			
Issued capital	22	514.5	516.3
Reserves		15.7	10.1
Retained profits		2,673.3	1,738.4
Equity attributable to the owners of Mineral Resources Limited		3,203.5	2,264.8
Non-controlling interest		42.6	30.8
Total equity		3,246.1	2,295.6

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

Mineral Resources Limited
Statement of changes in equity
For the year ended 30 June 2021

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 year	-	-	1,003.7	(1.5)	1,002.2
Other comprehensive loss for the year, net of tax	-	(9.3)	-	-	(9.3)
Total comprehensive income for the year	-	(9.3)	1,003.7	(1.5)	992.9
Transactions with owners in their capacity as owners:					
Shares issued under Dividend Reinvestment Plan (note 22)	5.4	-	-	-	5.4
Equity settled share-based payments	-	6.0	-	-	6.0
Employee share awards issued (note 22)	3.0	(2.7)	-	-	0.3
Acquisition of subsidiary	-	-	-	13.3	13.3
Dividends paid (note 23)	-	-	(101.5)	-	(101.5)
Balance at 30 June 2020	516.3	10.1	1,738.4	30.8	2,295.6

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/(loss) after tax for the year	-	-	1,269.7	(2.0)	1,267.7
Other comprehensive income for the year, net of tax	-	4.0	-	-	4.0
Total comprehensive income for the year	-	4.0	1,269.7	(2.0)	1,271.7
Transactions with owners in their capacity as owners:					
Shares issued under Dividend Reinvestment Plan (note 22)	9.2	-	-	-	9.2
Equity settled share-based payments	-	10.3	-	-	10.3
Purchase of shares under employee share plans (note 22)	(20.2)				(20.2)
Employee share awards issued (note 22)	9.2	(8.7)	-	-	0.5
Acquisition of subsidiary	-	-	-	12.0	12.0
Acquisition of non-controlling interest	-	-	(1.0)	1.8	0.8
Dividends paid (note 23)	-	-	(333.8)	-	(333.8)
Balance at 30 June 2021	514.5	15.7	2,673.3	42.6	3,246.1

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

Mineral Resources Limited
Statement of cash flows
For the year ended 30 June 2021

	Note	Group 2021 $m	Group 2020 $m
Cash flows from operating activities			
Receipts from customers		3,689.7	2,189.2
Payments to suppliers and employees		(1,719.6)	(1,394.7)
		1,970.1	794.5
Interest received		10.0	14.3
Interest and other finance costs paid		(86.4)	(97.6)
Income taxes paid		(584.3)	(116.6)
Net cash from operating activities	9	1,309.4	594.6
Cash flows from investing activities			
Payments for investments		(50.1)	(8.1)
Proceeds from disposal of investments		9.5	1.0
Payments for property, plant and equipment		(517.2)	(217.4)
Proceeds from disposal of property, plant and equipment		11.5	26.5
Payments for intangibles		(16.4)	(15.9)
Payments for exploration and evaluation		(51.4)	(52.3)
Payments for mine development expenditure		(174.7)	(105.3)
Acquisition of businesses and joint operations, net of cash		-	9.5
Amounts advanced to joint operations		(17.2)	-
Amounts advanced to other parties		(10.0)	-
Proceeds from sale of disposal group		-	1,206.1
Net cash (used in)/from investing activities		(816.0)	844.1
Cash flows from financing activities			
Dividends paid		(324.6)	(96.1)
Proceeds from borrowings		31.9	11.6
Repayment of borrowings		(12.8)	(11.5)
Payment of finance lease liabilities		(109.8)	(64.0)
Purchase of shares under employee share plans		(20.2)	-
Net cash used in financing activities		(435.5)	(160.0)
Net increase in cash and cash equivalents		57.9	1,278.7
Cash and cash equivalents at the beginning of the financial year		1,521.8	265.4
Effects of exchange rate changes on cash and cash equivalents		(37.6)	(22.3)
Cash and cash equivalents at the end of the financial year	9	1,542.1	1,521.8

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

1. Significant accounting policies

1.1 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 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.

Foreign currency
The financial statements are presented in Australian dollars, which is Mineral Resources Limited'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.

1.2 Principles of consolidation

(a) Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2021 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.

1. Significant accounting policies (continued)

(b) Associates
Associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associates. Dividends received or receivable from associates reduce the carrying amount of the investment.

(c) 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.

(d) Employee share trust
The Group has in place a trust to administer the Group's employee share and share rights schemes. This trust is consolidated, as the substance of the relationship is that the trust is controlled by the consolidated entity. Shares held by the Mineral Resources Employee Share Trust are disclosed as treasury shares and deducted from contributed equity.

1.3 Summary of significant accounting policies
This note provides a summary of the accounting policies that are considered significant and relevant to the preparation of the financial statements, to the extent that they have not already been disclosed in other notes to the financial statements throughout the report. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) 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.

(b) Current and non-current classification
Assets and liabilities are presented in the balance sheet 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.

(c) 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 balance sheet.

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.

1. Significant accounting policies (continued)

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 million dollars, unless otherwise stated.

(d) 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 annual reporting period ended 30 June 2021. 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. There is currently no material impact from these new standards for the Group.

AASB 2020-1 Amendments to Australian Accounting Standards – Classifications of Liabilities as Current or Non-Current
The amendment applies to annual reporting periods beginning on or after 1 January 2023. This narrow-scope amendment to AASB 101 Presentation of Financial Statements clarifies that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period; and also clarifies the definition of settlement of a liability.

Application date for the Group: 1 July 2023

AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date
The amendment applies to annual reporting periods beginning on or after 1 January 2023. AASB 2020-6 defers the mandatory effective date of amendments that were originally made in AASB 2020-1 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2023 instead of 1 January 2022.

Application date for the Group: 1 July 2023

AASB 2014 – 10 Sale or contribution of Assets between an Investor and its Associate or Joint Venture
AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 AASB
2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
The amendment applies to annual reporting periods beginning on or after 1 January 2022. These amendments address an acknowledged inconsistency between the requirements in AASB 10 and those in AASB 128 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.
As a consequence of the amendment:

- a full gain or loss on the sale or contribution of assets between an investor and investee is recognised when a transaction involves a business (whether it is housed in a subsidiary or not);
- a partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Application date for the Group: 1 July 2022

1. Significant accounting policies (continued)

AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments
The amendment applies to annual reporting periods beginning on or after 1 January 2022. This amending standard makes narrow scope amendments to a number of standards:
- AASB 1: to simplify its application by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences;
- AASB 3: updating the reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations;
- AASB 9: clarifying which fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;
- AASB 116: requiring an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use, and the related cost, in profit or loss, instead of deducting the amounts received from the cost of the asset;
- AASB 137: specifying the costs that an entity includes when assessing whether a contract will be loss-making; and
- AASB 141: removing the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

Application date for the Group: 1 July 2022

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates
The amendment applies to annual reporting periods beginning on or after 1 January 2023. This amending Standard impacts a number of standards:
- AASB 7: clarifying that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
- AASB 101: requiring entities to disclose their material accounting policy information rather than their significant accounting policies;
- AASB 108: clarifying how entities should distinguish changes in accounting policies and changes in accounting estimates;
- AASB 134: identifying material accounting policy information as a component of a complete set of financial statements; and
- AASB Practice Statement 2, providing guidance on how to apply the concept of materiality to accounting policy disclosures.

Application date for the Group: 1 July 2023

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.

2. Critical accounting judgements, estimates and assumptions (continued)

COVID-19 pandemic
Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates.

During FY21 the Group continued with its proactive implementation of a range of measures and adaptations to its operations in response to the COVID-19 pandemic. However, border closures and lockdowns following COVID-19 outbreaks around Australia continue to impact MRL operations, primarily through the forced curtailment of staff movements from inter-state and overseas. This impacts the Group's ability to transport iron ore from its operations as the shortage of road train drivers constrains the movement of materials.

During FY21 MRL continued COVID-19 testing checks as part of the fit-for-work regime for all FIFO workers as and when required. In addition, the Group maintains its ability, through MinRes Health, to rapidly re-activate these testing services, thereby benefitting the Group and the wider Resources Industry and general community in Western Australia. Importantly, MinRes Health testing facilities are able to be re-commissioned within approximately 12 hours of a public health notification of a positive COVID-19 case in Western Australia. Despite these measures the challenges presented by COVID-19 are fluid and continue to change; it is therefore not practical to estimate the potential impact of COVID-19 after the reporting date. The Group will continue to assess its response to the COVID-19 pandemic on an ongoing basis.

Other than as noted above, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date.

Other key judgements, estimates and assumptions
Other key judgements, estimates and assumptions which are material to the financial report are found in the following notes:

	Note
Income tax	7
Recovery of deferred tax assets	7
Exploration and evaluation costs	16
Ore reserve and mineral resource estimates	16
Impairment of non-financial assets	17
Site rehabilitation provisions	21
Project closure	21

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 and Processing, 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 EBITDA contribution.

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

3. Operating segments (continued)

Operating segment information

Group - 2021	Mining Services $m	Commodities $m	Central $m	Inter-segment* $m	Total $m
Revenue					
External revenue	546.7	3,186.9	-	-	3,733.6
Intersegment revenue	1,203.4	-	-	(1,203.4)	-
Total Revenue	1,750.1	3,186.9	-	(1,203.4)	3,733.6
Underlying EBITDA	464.2	1,517.4	(37.7)	(43.2)	1,900.7
Depreciation and amortisation	(155.5)	(111.7)	(9.5)	18.7	(258.0)
Underlying EBIT	308.7	1,405.7	(47.2)	(24.5)	1,642.7
Items excluded from underlying earnings					235.8
Net finance costs					(85.8)
Profit before tax					1,792.7
Assets					
Segment assets	1,561.8	2,316.1	2,047.9	(72.9)	5,852.9
Liabilities	695.8	599.7	1,311.3	-	2,606.8
Segment liabilities					
Segment net assets	866.0	1,716.4	736.6	(72.9)	3,246.1

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

Group - 2020	Mining Services $m	Commodities $m	Central $m	Inter-segment* $m	Total $m
Revenue					
External revenue	440.7	1,684.0	-	-	2,124.7
Intersegment revenue	834.3	-	-	(834.3)	-
Total Revenue	1,275.0	1,684.0	-	(834.3)	2,124.7
Underlying EBITDA	359.2	457.0	(28.0)	(23.0)	765.2
Depreciation and amortisation	(125.4)	(63.1)	(9.9)	4.8	(193.6)
Underlying EBIT	233.8	393.9	(37.9)	(18.2)	571.6
Items excluded from underlying earnings					955.1
Net finance costs					(90.5)
Profit before tax					1,436.2
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

3. Operating segments (continued)

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

Reconciliation of underlying earnings to net earnings

	Pre-tax 2021 $m	Taxation 2021 $m	Net amount 2021 $m	Pre-tax 2020 $m	Net amount 2020 $m
Underlying earnings	1,556.8	(454.2)	1,102.6	481.1	333.6
Items excluded from underlying earnings					
Impairment charges (note 17)	(46.5)	14.0	(32.5)	(285.8)	(200.0)
Net gain on sale of disposal group (note 5)	-	-	-	1,297.8	908.5
Gain on bargain purchase	-	-	-	4.2	3.0
Net fair value gain on investments (note 5)	230.3	(69.1)	161.2	(39.8)	(27.9)
Exchange gains / (losses) on net debt	52.1	(15.7)	36.4	(21.3)	(15.0)
Total excluded from underlying earnings	235.9	(70.8)	165.1	955.1	668.6
Net earnings	1,792.7	(525.0)	1,267.7	1,436.2	1,002.2

Geographical information

Refer note 4 for segment revenue disaggregation based on the geographical locations of external customers.

All non-current assets of the Group exclusive of, where applicable, financial instruments and deferred tax assets, are located in Australia.

Major customer information
During the year ended 30 June 2021, Commodities segment revenues from three customers amounted to $815.6 million, $899.3 million and $859.2 million respectively, arising from the sale of commodities and related freight revenue. No other single customer contributed 10% or more to the Group's revenue for the year.

During the year ended 30 June 2020, Commodities segment revenues from two customers amounted to $863.8 million and $258.9 million respectively, arising from the sale of commodities and related freight revenue. No other single customer contributed 10% or more to the Group's revenue for the year.

4. Revenue

(a) Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

Group - 2021	Mining Services $m	Commodities $m	Total $m
Type of goods or service			
Sale of iron ore	-	3,057.1	3,057.1
Sale of lithium	-	129.8	129.8
Contract and operational revenue	437.8	-	437.8
Other	108.9	-	108.9
Total external revenue from contracts with customers	546.7	3,186.9	3,733.6
Geographical information (by location of customer)			
Australia	546.7	-	546.7
China	-	320.3	320.3
Singapore	-	2,866.6	2,866.6
Total external revenue from contracts with customers	546.7	3,186.9	3,733.6

Group - 2020	Mining Services $m	Commodities $m	Total $m
Type of goods or service			
Sale of iron ore	-	1,552.7	1,552.7
Sale of lithium	-	131.1	131.1
Contract and operational revenue	435.1	-	435.1
Other	5.5	0.3	5.8
Total external revenue from contracts with customers	440.6	1,684.1	2,124.7
Geographical information (by location of customer)			
Australia	440.6	0.3	440.9
China	-	292.8	292.8
Singapore	-	1,391.0	1,391.0
Total external revenue from contracts with customers	440.6	1,684.1	2,124.7

(b) Contract balances

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs under the contact by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

The Group does not have any material contract assets as at 30 June 2021, as performance and a right to consideration, occurs within a short period of time and all rights to consideration are unconditional.

4. Revenue (continued)

Trade receivables
A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to Note 10 for trade receivables.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

From time to time, the Group recognises contract liabilities in relation to:

- commodity sales which are sold under Cost and Freight (CFR) and Cost, Insurance and Freight (CIF) Incoterms, whereby a portion of the cash may be received from the customer before the freight/insurance services are provided,
- mining services revenue, including crushing services, whereby mobilisation charges may be received from the customer but is to be allocated and recognised based on the actual tonnes crushed each period (each performance obligation).

  See Note 18 for further details of contract liabilities disclosed within Trade and Other Payables.

Accounting policy for revenue recognition
Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group identifies the contract with a customer, identifies the performance obligations in the contract, determines the transaction price which takes into account estimates of variable consideration and the time value of money, allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered, and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the "expected value" or "most likely amount" method. The measurement of variable consideration is subject to a constraining principle whereby revenue will be recognised only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

(i) Sale of goods
The Group earns revenue by mining, processing, and subsequently selling commodity products (including iron ore and lithium) by export to customers under a range of commercial terms.

Revenue from the sale of product is recognised at the point in time when control has been transferred 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. Within each contract to sell commodity products, each unit of product shipped is a separate performance obligation. Revenue is generally recognised at the contracted price at this reflects the stand-alone selling price.

4. Revenue (continued)

The Group's sales agreements may provide for provisional pricing of sales with pricing subsequently adjusted to reflect market prices over a quotation period stipulated in the sales contract, typically on or after the vessel's arrival at the port of discharge. The estimated consideration in relation to provisionally priced contracts is marked to market using the spot price at the end of each reporting period with the impact of the 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. The effect of variable consideration arising from these arrangements with customers is included in revenue to the extent that it is highly probable that there will be no significant reversal of the cumulative amount of revenue recognised when any pricing uncertainty is resolved.

The Group sells the majority its commodity products on CFR or CIF International Commercial Terms (Incoterms) which means that the Group is responsible for providing freight services and, in CIF instances, insurance, after the date at which title of the goods passes. The Group therefore has separate performance obligations for freight/insurance services provided for sale of products under CFR and CIF Incoterms.

Freight/insurance revenue is allocated from the overall contract price at its standalone selling price (where observable) or otherwise at its estimated cost plus margin. The recognition of freight/insurance revenue is deferred until the product is delivered rather than when the product is shipped.

The Group does not disclose sales revenue from freight and insurance services separately as it does not consider that this is necessary in order to understand the impact of economic factors on the Group; and the Group's Chief Operating Decision Makers (as defined in the operating segments note 3) do not review information specifically relating to these sources of revenue in order to evaluate the performance of business segments, neither is information on these sources of revenue provided externally.

The Group applies the practical expedient in AASB 15 paragraph 121 for its freight/insurance services and does not disclose information on the transaction price allocated to performance obligations that remain unsatisfied at the end of the reporting period as the performance obligations arising under sales arrangement for its commodity products have an original expected duration of one year or less.

(ii) Rendering of services
The Group's Mining Services & Processing segment earns contract and operational revenue from the provision of a range of mining services, including crushing services.

Revenue from mining services is recognised over time as the services are rendered. As mining services are invoiced on a monthly basis based on the actual services provided or at cost plus margin incurred to date, the Group has used the practical expedient available under AASB 15 to recognise revenue based on the right to invoice, on the basis that the invoiced amount corresponds directly with the value to the customer of the Group's performance completed to date.

For crushing service contracts specifically, each tonne of ore crushed represents a separate performance obligation. Revenue from the rendering of crushing services is measured and recognised as each tonne is crushed based on a schedule of rates that is invoiced to the customer, being the estimate of the price to which the Group expects to be entitled, and a corresponding trade receivable is recognised. Mobilisation / demobilisation charges on crushing service contracts constitute variable charges that will be associated and allocated to each tonne crushed (each performance obligation) and therefore recognised based on the actual tonnes crushed each period, rather than when invoiced.

The Group applies the practical expedient in AASB 15 paragraph 121 for its mining services revenue and does not disclose information on the transaction price allocated to performance obligations that remain unsatisfied at the end of the reporting period as these are not material.

5. Other income

	Group 2021 $m	Group 2020 $m
Net fair value gain on investments held at fair value through profit or loss	230.3	-
Gain on bargain purchase	-	4.2
Net (loss)/gain on disposal of property, plant and equipment	(4.0)	5.4
Net gain on sale of disposal group (a)(ii)	-	1,297.8
Other	19.0	4.5
Other income	245.3	1,311.9

(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 $1,297.8 million (post-tax $908.5 million) in the year ended 30 June 2020.

(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 $21.9 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 FY21, 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 $166.7 million at 30 June 2021) and is included in the Income Taxes Paid total of $584.3 million in the consolidated statement of cash flows for the year ended 30 June 2021.

5. Other income (continued)

(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	(13.5)
Provisions - site rehabilitation	(16.5)
Total liabilities associated with assets disposed	(30.0)
Net assets disposed	501.1

(iii) Gain on disposal

	Group 30 June 2021 $m	Group 30 June 2020 $m
Proceeds	-	1,826.3
Net of transaction costs and other items	-	(27.4)
Less carrying amount of net assets disposed	-	(501.1)
Gain on disposal before tax	-	1,297.8
Income tax expense	-	(389.3)
Gain on disposal after tax	-	908.5

6. Expenses

	Group 2021 $m	Group 2020 $m
Profit before tax includes the following specific expenses:		
Depreciation and amortisation		
Plant and equipment	183.1	161.7
Depreciation capitalised to assets	(0.2)	(0.7)
Total depreciation	182.9	161.0
Amortisation		
Mine development	72.1	28.7
Other	3.0	3.9
Total amortisation	75.1	32.6
Total depreciation and amortisation	258.0	193.6
Impairment		
Exploration and mine development (note 16)	-	71.2
Intangibles (note 17)	24.1	50.0
Property, plant and equipment (note 17)	14.2	145.4
Trade receivables	-	0.2
Inventory (note 17)	8.2	19.0
Total impairment	46.5	285.8
Finance costs		
Interest on borrowings	83.6	94.2
Interest on lease liabilities	9.4	9.0
Other	2.8	1.7
Finance costs expensed	95.8	104.9
Other expenses:		
Net foreign exchange (gain)/loss	(51.3)	22.7
Fair value loss on equity instruments at fair value through profit or loss	-	40.9
Short-term leases, low value leases and leases with variable payments	1.7	0.9
All other operating expenses	138.6	118.2
Total other expenses	89.0	182.7

7. Income tax

(a) Income tax expense

	Group 2021 $m	Group 2020 $m
Income tax expense		
Current tax	368.4	563.1
Deferred tax - origination and reversal of temporary differences	157.4	(131.1)
Adjustment recognised for prior periods	(0.8)	2.0
Aggregate income tax expense	525.0	434.0
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets	(17.4)	(73.8)
Increase/(decrease) in deferred tax liabilities	174.8	(57.3)
Deferred tax - origination and reversal of temporary differences	157.4	(131.1)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	1,792.7	1,436.2
Tax at the statutory tax rate of 30%	537.8	430.9
Tax effect amounts which are not deductible in calculating taxable income:		
Non allowable expenses	1.6	0.1
Research and Development concessions	(13.6)	-
	525.8	431.0
Adjustment recognised for prior periods	(0.8)	2.0
Current year tax losses not recognised	-	1.0
Income tax expense	525.0	434.0

	Group 2021 $m	Group 2020 $m
Amounts charged directly to equity		
Deferred tax liabilities	-	0.2
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	33.5	30.0
Potential tax benefit @ 30%	10.0	9.0

The above potential tax benefit for tax losses has not been recognised in the balance sheet. These tax losses can only be utilised (or transferred in upon joining the tax consolidated group) in the future if the continuity of ownership test is passed, or failing that, the business continuity test is satisfied.

7. Income tax (continued)

(b) Deferred tax asset

	Group 2021 $m	Group 2020 $m
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Allowance for expected credit losses	1.3	1.3
Contract liabilities	7.4	4.0
Employee benefits	15.4	16.1
Provisions	59.4	38.3
Accrued expenses	5.5	7.3
Unrealised foreign exchange (gain) / loss	(0.4)	13.5
Financial assets at fair value through profit or loss	-	22.6
Inventories	0.1	4.6
Development costs	30.9	10.7
Tax losses	5.2	1.4
Black-hole deductions	3.7	-
Deferred tax asset	128.5	119.8
Movements:		
Opening balance	119.8	45.5
Credited to profit or loss	17.4	73.8
Additions through business combinations (note 28)	-	0.3
(Over)/under provision from prior year	(8.7)	0.2
Closing balance	128.5	119.8

(c) Deferred tax liability

	Group 2021 $m	Group 2020 $m
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Trade and other receivables	16.0	(5.1)
Property, plant and equipment	195.0	91.8
Exploration and evaluation	17.7	16.6
Research and development	33.2	8.3
Prepayments	9.2	10.4
Financial assets	50.0	-
Other	1.6	0.5
Deferred tax liability	322.7	122.5

7. Income tax (continued)

	Group	
	2021 $m	2020 $m
Movements:		
Opening balance	122.5	185.6
Debited / (Credited) to profit or loss	174.7	(57.3)
Charged to equity	-	0.2
Additions through business combinations (note 28)	-	0.9
(Over)/under provision from prior year	25.5	(6.9)
Closing balance	322.7	122.5

Accounting policy for income tax
The income tax expense 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.

Key judgement: 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 the amount of tax payable or recoverable based on management's best estimate of the most likely outcome. 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.

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 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.

Key judgement: Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers 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.

7. Income tax (continued)

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.

8. Earnings per share

	Group	
	2021 $m	2020 $m
Profit after tax	1,267.7	1,002.2
Non-controlling interest	2.0	1.5
Profit after income tax attributable to the owners of Mineral Resources Limited	1,269.7	1,003.7
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	188,612,740	188,326,986
Weighted average number of ordinary shares used in calculating diluted earnings per share	188,612,740	188,326,986
	Cents	**Cents**
Basic earnings per share	673.18	532.96
Diluted earnings per share	673.18	532.96

Accounting policy for 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.

9. Cash and cash equivalents

(a) Cash and cash equivalents

	Group	
	2021	**2020**
	$m	**$m**
Current		
Cash at bank and on hand	1,327.6	1,184.9
Short-term deposits and other cash equivalents	214.5	336.9
	1,542.1	1,521.8

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand, short-term deposits 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.

(b) Cash flow information - Reconciliation of profit after tax to net cash from operating activities

	Group	
	2021	**2020**
	$m	**$m**
Profit after income tax expense for the year	1,267.7	1,002.2
Adjustments for:		
Depreciation and amortisation	258.0	193.6
Share-based payments	10.2	6.7
Foreign exchange differences	(52.0)	44.9
Impairment loss	46.5	285.8
Net loss/(gain)on disposal of property, plant and equipment	4.0	(5.4)
Net gain on sale of disposal group	-	(1,297.8)
Fair value (gain)/ loss on investments held at fair value through profit or loss	(230.3)	40.9
Other non-cash transactions	(2.8)	1.1
Change in operating assets and liabilities:		
Increase in trade and other receivables	(123.6)	(9.1)
Increase in inventories	(12.7)	(53.9)
Increase in deferred tax assets	(10.4)	(68.1)
Decrease/(increase) in other operating assets	1.1	(8.9)
Increase in trade and other payables	196.8	70.4
(Decrease)/ increase in provision for income tax	(249.2)	470.4
Increase/(decrease) in deferred tax liabilities	200.2	(85.0)
Increase in provisions	5.9	6.8
Net cash from operating activities	1,309.4	594.6

Accounting policy for 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. Cash and cash equivalents are classified as financial assets held at amortised cost.

9. Cash and cash equivalents (continued)

(c) Cash flow information – Changes in liabilities arising from financing activities

Group	Lease liability $m	Senior unsecured notes $m	Other borrowings $m	Total $m
Balance at 1 July 2019	153.2	982.6	1.1	1,136.9
Net cash (used in)/ financing activities	(64.1)	-	0.1	(64.0)
Lease liabilities recognised on adoption of AASB 16	11.7	-	-	11.7
Acquisition of leases	183.7	-	-	183.7
Exchange differences	-	21.8	-	21.8
Other changes	(1.7)	2.3	-	0.6
Balance at 30 June 2020	282.8	1,006.7	1.2	1,290.7
Net cash from/(used in) financing activities	(109.8)	-	25.2	(84.6)
Acquisition of leases	172.6	-	-	172.6
Exchange differences	-	(88.9)	-	(88.9)
Other changes	(30.4)	2.4	-	(28.0)
Balance at 30 June 2021	315.2	920.2	26.4	1,261.8

10. Trade and other receivables

	Group 2021 $m	Group 2020 $m
Current		
Trade receivables	301.7	180.1
Less: Allowance for expected credit losses	(4.3)	(4.2)
	297.4	175.9
Loan receivables	33.9	1.6
	331.3	177.5
Non-current		
Loan receivables	46.9	37.7
Less: Allowance for expected credit losses	(0.5)	(0.5)
	46.4	37.2
Other receivables	-	4.9
Security deposits	0.9	1.4
Deferred consideration receivable from sale of disposal group (note 24)	606.1	606.1
	653.4	649.6

Expected credit losses on trade and other receivables are not material. Further information about the Group's exposure to credit and market risks, and impairment losses for trade receivables and contract assets is included in Note 24.

10. Trade and other receivables (continued)

Accounting policy for trade and other receivables
Trade receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for impairment losses. Trade receivables are generally due for settlement within 30 days.

Refer note 24 for the Group's credit risk management policies.

Impairment of trade receivables
Collectability of trade receivables is reviewed on an ongoing basis. Loss allowances for trade receivables are measured at an amount equal to lifetime expected credit losses (ECLs). Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 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 a receivable is credit-impaired. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Debts which are known to be uncollectable are written off by reducing the carrying amount directly. If an impairment allowance has been recognised for a debt that then becomes uncollectable, the debt is written off against the allowance account. If an amount is subsequently recovered, it is credited against profit or loss.

Loans and other receivables
Other receivables generally arise from transactions outside the usual operating activities of the Group. Loans and other receivables are classified as financial assets held at amortised cost, less any allowance for impairment losses.

The Group's other receivables do not contain impaired assets and are not past due. Based on the credit history, it is expected that these other receivables will be received when due.

11. Inventories

	Group	
	2021 $m	**2020 $m**
Current		
Raw materials and stores	52.4	48.5
Ore inventory stockpiles	67.3	91.7
Work in progress	2.9	15.4
	122.6	155.6
Non-current		
Ore inventory stockpiles	62.4	35.3

11. Inventories (continued)

Accounting policy for inventories

Raw materials, work in progress and finished goods are stated at the lower of weighted average cost and net realisable value. 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.

12. Other assets

	Group	
	2021 $m	**2020 $m**
Current		
Prepayments	37.6	38.8
Foreign exchange forward contracts	(0.3)	-
	37.3	38.8

13. Financial assets

	Group	
	2021 $m	**2020 $m**
Non-current		
Shares in listed corporations - at fair value through profit or loss	296.1	42.3

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2021 $m	2020 $m
Opening fair value	42.3	75.1
Additions	40.2	8.1
Disposals	(9.6)	(1.1)
Transfer (note 30)	(7.1)	-
Revaluation	230.3	(39.8)
Closing fair value	296.1	42.3

Refer to note 24 for further information on fair value measurement.

13. Financial assets (continued)

Accounting policy for 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. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

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.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income (FVOCI) are classified as financial assets at fair value through profit or loss (FVTPL). Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

The Group's investments in equity instruments that are not held for trading are measured at FVTPL. An irrevocable election has not been made by management to measure any instruments at FVOCI. This election is made on an investment by investment basis.

14. Property, plant and equipment

	Group	
	2021 **$m**	**2020** **$m**
Non-current		
Land - cost	25.4	14.4
Buildings - cost	241.7	95.4
Less: Accumulated depreciation	(46.5)	(41.0)
	195.2	54.4
Right-of-use buildings - at cost	12.7	47.0
Less: Accumulated depreciation	(8.9)	(7.0)
	3.8	40.0
Right-of-use plant and equipment - cost	550.7	383.5
Less: Accumulated depreciation	(152.0)	(112.2)
	398.7	271.3
Plant and equipment - cost	1,743.1	1,434.8
Less: Accumulated depreciation	(541.6)	(449.0)
	1,201.5	985.8
	1,824.6	1,365.9

14. Property, plant and equipment (continued)

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 $m	Buildings $m	Right-of-use Buildings $m	Right-of-use Plant and equipment $m	Plant and equipment $m	Total $m
Balance at 1 July 2019	14.4	10.4	-	159.1	1,116.7	1,300.6
Additions	-	-	47.0	135.5	218.1	400.6
Additions through business combinations (note 28)	-	-	-	0.1	9.2	9.3
Disposals	-	-	-	(10.1)	(12.6)	(22.7)
Impairment of assets	-	-	-	-	(145.4)	(145.4)
Transfers	-	50.7	-	40.4	(106.6)	(15.5)
Depreciation expense	-	(6.7)	(7.0)	(53.7)	(93.6)	(161.0)
Balance at 30 June 2020	14.4	54.4	40.0	271.3	985.8	1,365.9
Additions	9.5	142.1	1.7	183.7	365.6	702.6
Disposals	-	-	(31.7)	(8.8)	(7.2)	(47.7)
Impairment of assets	-	-	-	-	(14.2)	(14.2)
Transfers	1.5	4.2	0.1	11.6	(16.3)	1.1
Depreciation expense	-	(5.5)	(6.3)	(59.1)	(112.2)	(183.1)
Balance at 30 June 2021	25.4	195.2	3.8	398.7	1,201.5	1,824.6

Capitalised borrowing costs
The amount of borrowing costs capitalised during the year ended 30 June 2021 was not material. In the prior year ended 30 June 2020, the amount of borrowing costs capitalised was not material.

Assets in the course of construction
At 30 June 2021, there were no material amounts included in property, plant and equipment relating to assets in the course of construction. In the prior year ended 30 June 2020, there were no material amounts included in property, plant and equipment relating to assets in the course of construction.

Impairment testing
Refer to note 17 for details of impairment testing.

Accounting policy for 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.

14. Property, plant and equipment (continued)

Right-of-use assets
The Group has adopted AASB 16 *Leases* (AASB 16) from 1 July 2019. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the balance sheet when a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

Depreciation
Depreciation is calculated either on the straight-line method to write off the net cost of each item of property, plant and equipment over the shorter of the lease term (where applicable) and their expected useful lives, or units of production method where the Group's ore reserves are used to determine the units of production depreciation.

Buildings	40 years
Buildings at mine sites	10 years or usage basis
Right-of-use buildings	Shorter of 40 years or the term of the lease
Right-of-use plant and equipment	Shorter of 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 income statement as an expense as incurred.

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.

15. Intangibles

	Group 2021 $m	Group 2020 $m
Non-current		
Goodwill - cost	1.4	1.4
Development - at cost	-	21.8
Patents - cost	-	1.7
Access rights - cost	56.7	56.7
Less: Accumulated amortisation and impairment	(37.9)	(35.6)
	18.8	21.1
Others - cost	23.0	7.1
Less: Accumulated amortisation	(6.5)	(5.2)
	16.5	1.9
	36.7	47.9

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 $m	Capitalised development costs $m	Patents $m	Access rights $m	Others $m	Total $m
Balance at 1 July 2019	1.4	56.7	1.7	23.6	1.3	84.7
Additions	-	15.1	-	-	2.0	17.1
Impairment of assets	-	(50.0)	-	-	-	(50.0)
Amortisation expense	-	-	-	(2.5)	(1.4)	(3.9)
Balance at 30 June 2020	1.4	21.8	1.7	21.1	1.9	47.9
Additions	-	0.6	-	-	15.9	16.5
Impairment of assets	-	(22.4)	(1.7)	-	-	(24.1)
Amortisation expense	-	-	-	(2.3)	(1.3)	(3.6)
Balance at 30 June 2021	1.4	-	-	18.8	16.5	36.7

Allocation of goodwill to cash-generating units
The following cash generating units have carrying amounts of goodwill:

	Group 2021 $m	Group 2020 $m
Process Minerals International Pty Ltd	1.4	1.4

Impairment testing
Refer to note 17 for details of impairment testing

15. Intangibles (continued)

Accounting policy for 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 when it is available for use in the manner intended by management 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.

Other Intangibles
Other Intangible assets are carried at cost and amortisation is calculated based on their useful life.

16. Exploration and mine development

	Group	
	2021	**2020**
	$m	**$m**
Non-current		
Exploration and evaluation	163.5	132.0
Mine development	765.5	475.9
Less: Accumulated amortisation	(203.2)	(131.5)
	562.3	344.4
	725.8	476.4

16. Exploration and mine development (continued)

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

Group	Exploration and evaluation $m	Mine development $m	Total $m
Balance at 1 July 2019	163.4	245.1	408.5
Additions	47.9	118.1	166.0
Disposals	-	(10.2)	(10.2)
Impairment of assets	(53.7)	(17.5)	(71.2)
Reassessment of rehabilitation	-	12.0	12.0
Transfers	(25.6)	25.6	-
Amortisation expense	-	(28.7)	(28.7)
Balance at 30 June 2020	132.0	344.4	476.4
Additions	66.9	190.7	257.6
Disposals	(2.4)	-	(2.4)
Reassessment of rehabilitation	-	65.9	65.9
Transfers	(33.0)	33.0	-
Amortisation expense	-	(71.7)	(71.7)
Balance at 30 June 2021	163.5	562.3	725.8

Accounting policy for exploration and mine development assets
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 balance sheet 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 ore reserves.

Key judgement: Exploration and evaluation costs

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 capitalised only 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 ore reserves and mineral 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, the expenditure incurred in relation to the project or an area of interest will be written off in the period in which this determination is made.

16. Exploration and mine development (continued)

Mine development
Development expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest in which mineral 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 estimated total ore to be mined. 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.

Development properties are tested for impairment in accordance with the policy on impairment of assets.

Key estimate: Ore reserve and mineral resources

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 ore 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 ore reserve or mineral 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.

Stripping (waste removal) costs
As part of its mining operations, the Group incurs stripping costs both during the development phase and production phase of its operations.

Development stripping costs arise from the removal of overburden and other mine waste materials removed during the development of a mine site in order to access the mineral deposit. Costs directly attributable to development stripping activities, 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 a "component" of the ore body is expected to be constant throughout its estimated life. A "component" is a specific section of the orebody that is made more accessible by the stripping activity. It will typically be a subset of the larger orebody that is distinguished by a separate useful economic 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 operation costs
- (ii) When the current ratio of waste to ore is greater than the estimated life-of-component strip ratio, a portion of the stripping costs (inclusive of an allocation of relevant overhead expenditure) is capitalised to mine development as a stripping activity asset
- (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-component strip ratio. The stripping activity asset is amortised on a units-of-production method over the life of the component, unless another method is more appropriate.

16. Exploration and mine development (continued)

Life-of-component strip ratios are based on estimates of ore reserves and mineral resources and the latest approved mine plan; they are a function of the mine design and therefore changes to that design will generally result in changes to the ratios. Changes to the estimated life-of-mine ratio are accounted for prospectively from the date of the change.

17. Impairment of non-financial assets

Group	Pre-tax 2021 $m	Taxation 2021 $m	Net amount 2021 $m	Pre-tax 2020 $m	Taxation 2020 $m	Net amount 2020 $m
Mining Services	(14.4)	4.3	(10.1)	(139.4)	41.8	(97.6)
Commodities	(5.2)	1.6	(3.6)	(109.1)	32.8	(76.3)
Central	(26.9)	8.1	(18.8)	(37.3)	11.2	(26.1)
Total impairment charge	(46.5)	14.0	(32.5)	(285.8)	85.8	(200.0)

Impairment testing
The Group tests non-financial assets for impairment:
- At least annually for indefinite life intangibles and goodwill; and
- Where there is an indication that the asset may be impaired

If the asset does not generate independent cash inflows and its value in use cannot be estimated to be close to its fair value, the asset is tested for impairment as part of the cash generating unit (CGU) to which it belongs. The recoverable amount of each CGU is determined based on the higher of an asset’s fair value less costs of disposal (FVLCD) and value-in-use (VIU).

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount

17. Impairment of non-financial assets (continued)

Key assumptions: Assumptions used in the impairment assessments of non-financial assets

In determining the recoverable amount of assets, key assumptions and estimates are used that require significant levels of judgement and are subject to risk and uncertainty that are beyond the control of the Group, including political risk, climate risk, and other global uncertainty risks, such as the impact of COVID-19.

Key assumptions contained in the cash flow projections for FVLCD and VIU models include:
- Estimates of future production, operating costs, capital expenditure, and rehabilitation:
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;

- Future commodity prices:
Commodity prices are estimated with reference to externally sourced, forward consensus prices, adjusted for ore properties;

- Future foreign exchange rates:
Exchange rates are estimated with reference to externally sourced forward consensus rates;

- Discount rates:
The cash flows are discounted using a real pre-tax discount rate of 8.3%, 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;

- Terminal values:
The terminal value calculation used in VIU models incorporates a nominal growth rate of 2.0% based on industry research and long-term inflation rates.

Recognised impairment – FY21
Assets are firstly assessed for impairment at the individual level. For the current financial year, this resulted in a pre-tax total of $46.5 million of impairments recognised in relation to various classes of assets, being:
- $24.1 million of capitalised development costs and associated intellectual property were impaired to align carrying values with future recovery expectations.
- $22.4 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.

The Group considered assets which are assessed for impairment at the CGU level, with these assessments net of impairments summarised above. There was no resulting impairment charge for the year ended 30 June 2021 at the CGU level. There was no reversal of previous impairments recorded.

Previously recognised impairment - FY20
In the previous financial year, an impairment expense of $285.8 million represented the write-down of various classes of assets, being:
- $71.2 million of capitalised exploration and mine development expenditure associated with the tenements in the Yilgarn region. Following a reassessment during the year of the Group's future iron ore operating plans in the Yilgarn region, the Group updated its Yilgarn Iron Ore Strategy which it announced to the ASX on 20 November 2019. The Yilgarn Iron Ore Strategy no longer places dependency on the need to mine at several deposits in which the Group had previously conducted significant exploration and development work. As a result, an impairment charge was recorded to fully write-off associated accumulated exploration and mine development expenditure;
- $145.4 million of various idle plant and equipment was impaired to reflect a change in management's future operational plans which no longer required utilisation of these assets; $22.5 million of this related to infrastructure associated with the Yilgarn tenements noted above;
- $15.4 million of ore stockpiles and $3.6 million of other inventory impaired to net realisable value; and
- $50.0 million of capitalised development costs to align recovery expectations with current carrying values.

18. Trade and other payables

	Group 2021 $m	Group 2020 $m
Current liabilities		
Trade payables and accruals	557.3	305.9
Contract liabilities (note 4(b))	24.5	13.2
	581.8	319.1

Refer to note 24 for further information on financial instruments.

19. Borrowings

	Group 2021 $m	Group 2020 $m
Current		
Other borrowings	26.4	1.2
Lease liability	130.9	99.3
	157.3	100.5
Non-current		
Senior unsecured notes (i)	931.1	1,020.0
Less: capitalised transaction costs	(10.9)	(13.3)
Lease liability	184.4	183.5
	1,104.6	1,190.2

(i) US$700 million senior unsecured notes offering due 2027, at an interest rate of 8.125% per annum.

Refer to note 24 for further information on financial instruments.

Accounting policy for borrowings
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

19. Borrowings (continued)

Lease liability
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments are comprised of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

The lease liabilities are effectively secured as the rights to the leased assets, recognised in the balance sheet as right-of-use assets and revert to the lessor in the event of default.

20. Employee benefits

	Group	
	2021 $m	2020 $m
Current		
Employee benefits	69.4	53.4

Accounting policy for 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.

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.

21. Provisions

	Group 2021 $m	Group 2020 $m
Current		
Project closure	7.1	10.8
Site rehabilitation	1.4	17.2
Other	0.7	1.5
	9.2	29.5

	Group 2021 $m	Group 2020 $m
Non-current		
Project closure	15.2	9.3
Site rehabilitation	179.9	89.0
	195.1	98.3

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

Group - 2021	**Project Closure $m**	**Site Rehabilitation $m**	**Other $m**
Carrying amount at the start of the year	20.0	106.3	1.5
Additional provisions recognised	9.0	74.8	0.2
Amounts used	(3.7)	(0.5)	-
Unused provisions reversed	(3.0)	-	(1.0)
Unwinding of discount	-	0.7	-
Carrying amount at the end of the year	22.3	181.3	0.7

Accounting policy for 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.

Key estimate: 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 income statement 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 income statement 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.

21. Provisions (continued)

Key estimate: 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 course of business for contracting services and is provided for in the financial statements.

22. Issued capital

	Group			
	2021 Shares	2020 Shares	2021 $m	2020 $m
Ordinary shares	188,735,982	188,469,830	535.9	526.6
Less: Treasury Shares (Employee Share Plans)	(534,582)	(698,611)	(21.4)	(10.3)
	188,201,400	187,771,219	514.5	516.3

Movements in issued capital

Details	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	266,152	-	266,152
Purchase of shares under employee share plans	-	(449,293)	(449,293)
Employee share awards issued	-	613,322	613,322
Balance at 30 June 2021	188,735,982	(534,582)	188,201,400

Details	Ordinary shares $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	9.2	-	9.2
Purchase of shares under employee share plans	-	(20.2)	(20.2)
Employee share awards issued	0.1	9.1	9.2
Balance at 30 June 2021	535.9	(21.4)	514.5

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.

22. Issued capital (continued)

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

Treasury shares
Movements in treasury shares represent acquisition of the Company's shares on market and allocation of shares to the Company's employees from the vesting of awards and exercise of rights under the employee share-based payment plans.

23. Dividends

Dividends

	2021 Dividend per share Cents	2021 Total $m	2020 Dividend per share Cents	2020 Total $m
Declared and paid during the year				
Final franked dividend for the year ended 30 June 2020 (2019: 30 June 2019)	77.00	145.2	31.00	58.1
Interim franked dividend for the year ended 30 June 2021 (2020: 30 June 2020)	100.00	188.6	23.00	43.4
	177.00	333.8	54.00	101.5
Proposed				
Final franked dividend for the year ended 30 June 2021 (2020: 30 June 2020)	175.00	329.4	77.00	144.6

Franking credits

	Group 2021 $m	Group 2020 $m
Franking credits available for subsequent financial years based on a tax rate of 30%	903.0	716.0

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.

24. 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 maximise 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	
	2021	**2020**
	$m	**$m**
Current liabilities - borrowings (note 19)	157.3	100.5
Non-current liabilities - borrowings (note 19)	1,104.6	1,190.2
Total borrowings	1,261.9	1,290.7
Current assets - cash and cash equivalents (note 9)	(1,542.1)	(1,521.8)
Cash and cash equivalents, net of debt	(280.2)	(231.1)
Total equity	3,246.1	2,295.6
Total capital	2,965.9	2,064.5
Gearing ratio	(9%)	(11%)

(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.

24. Financial instruments (continued)

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. Certain of these foreign exchange forward contracts are designated as hedging instruments, detailed in note 25(g).

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

	Assets		Liabilities	
Group	**2021 $m**	**2020 $m**	**2021 $m**	**2020 $m**
USD denominated	681.7	654.2	1,211.2	1,038.4

The following table demonstrates the sensitivity of these foreign currency denominated financial assets and financial liabilities to a weakening/strengthening in the Australian dollar, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives. The impact on the Group's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges.

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.

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 $296.1 million (2020: $42.3 million). A decrease of 10% (2020: 10%) on the share prices could have an impact of approximately $29.6 million (2020: $4.2 million) on the profit or loss attributable to the Group.

Interest rate risk
The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's financial instruments that have variable interest rates.

As at the reporting date, the Group is exposed to interest rate risk on its variable rate financial instruments as follows:

	2021		2020	
Group	**Weighted average interest rate %**	**Balance $m**	**Weighted average interest rate %**	**Balance $m**
Cash at bank and on hand	0.210%	1,327.6	0.880%	1,184.9
Net exposure to cash flow interest rate risk		1,327.6		1,184.9

An analysis by remaining contractual maturities is shown in 'liquidity risk' note 24(e) below.

24. Financial instruments (continued)

The Group has considered sensitivity relating to exposure to interest rate risk at reporting date. An official increase/decrease in interest rate of 100 (2020: 100) basis points would have a favourable/adverse effect on the profit before tax of $13.3 million (2020: $11.8 million) per annum.

(d) Credit risk

Nature of the 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's exposure to financial position credit risk are as indicated by the carrying amounts of its financial assets, primarily from customer receivables from operating activities and deposits with financial instruments from financing activities. The Group does not have a significant exposure to any individual counterparty.

Credit risk management: trade receivables and contract assets

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and available forward-looking information.

The Group has a strict policy for extending credit to customers, 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 trade receivables and contract assets is the carrying amount, net of any allowances for credit losses, as disclosed in the balance sheet and notes to the financial statements. The Group does not hold any collateral.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

In monitoring customer credit risk, customers are grouped according to their credit characteristics and counterparty type, including whether they arise from commodity sales, crushing and processing services or construction contracts, and the existence of previous financial difficulties.

The Group's exposure to credit risk for trade receivables and contract assets by counterparty type as at the reporting date was as follows.

	Group	
	2021 $m	**2020 $m**
Commodity sale customers	104.5	33.7
Crushing and processing services customers	73.0	51.5
Other mining services	55.7	47.7
Other	64.3	43.0
	297.5	175.9

The Group uses an allowance matrix to measure the ECLs of trade receivables based on shared credit risk characteristics and days past due. At 30 June 2021, the Group had $46.9 million (2020: $14.6 million) of trade receivables past due. These past due receivables substantially relate to customers for whom there is no history of default. On this basis, the resulting allowance for credit losses on trade receivables is not material.

At 30 June 2021, the carrying amount of receivables and contract assets for the Group's three major customers (commodity sale customers) (2020: two commodity sale customers) totalled $152.2 million (2020: $4.3 million).

The Group has no customers who are credit-impaired at the reporting date.

Credit risk management: cash deposits and derivatives

The credit risk on liquid funds and derivative financial instruments is limited as the counterparties are Australian banks with high credit-ratings assigned by international credit-rating agencies.

24. Financial instruments (continued)

Credit risk management: loan receivables and other financial assets
Lending to external parties may be provided; secured by acceptable collateral as defined in the Group credit policy and business unit procedures. The Group restricts its dealings to counterparties that have acceptable credit ratings. Should the rating of a counterparty fall below certain levels, Group policy dictates that approval by the Board is required to maintain the level of the counterparty exposure. Alternatively, management may consider closing out positions with the counterparty or novating open positions to another counterparty with acceptable credit ratings.

Credit risk management: financial guarantees given to banks
There is also exposure to credit risk when the Group provides a guarantee to another party. The Group's maximum exposure in this respect is the maximum amount the Group would have to pay if the guarantee is called upon. Details of contingent liabilities are disclosed in note 25.

(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	
	2021 $m	**2020 $m**
Total facilities		
Bank overdraft	4.0	4.0
Syndicated loan facility	250.0	250.0
Senior unsecured notes	931.1	1,020.0
Lease liability	350.0	250.0
Other borrowings	21.0	21.0
Bank guarantee	40.0	40.0
	1,596.1	1,585.0
Used at the reporting date		
Bank overdraft	-	-
Syndicated loan facility	-	-
Senior unsecured notes	931.1	1,020.0
Lease liability	311.1	243.8
Other borrowings	1.3	1.2
Bank guarantee	21.6	33.9
	1,265.1	1,298.9
Unused at the reporting date		
Bank overdraft	4.0	4.0
Syndicated loan facility	250.0	250.0
Senior unsecured notes	-	-
Lease liability	38.9	6.2
Other borrowings	19.7	19.8
Bank guarantee	18.4	6.1
	331.0	286.1

24. Financial instruments (continued)

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

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 balance sheet.

Group - 2021	**Weighted average interest rate %**	**1 year or less $m**	**Between 1 and 2 years $m**	**Between 2 and 5 years $m**	**Over 5 years $m**	**Remaining contractual maturities $m**
Non-derivatives						
Non-interest bearing						
Trade payables	-	506.8	-	-	-	506.8
Interest-bearing - fixed rate						
Senior unsecured notes	8.125%	-	-	-	931.1	931.1
Lease liability	2.760%	130.9	95.4	88.9	0.1	315.3
Other	0.850%	1.3	-	-	-	1.3
Total non-derivatives		639.0	95.4	88.9	931.2	1,754.5

Group - 2020	**Weighted average interest rate %**	**1 year or less $m**	**Between 1 and 2 years $m**	**Between 2 and 5 years $m**	**Over 5 years $m**	**Remaining contractual maturities $m**
Non-derivatives						
Non-interest bearing						
Trade payables	-	319.1	-	-	-	319.1
Interest-bearing - fixed rate						
Senior unsecured notes	8.125%	-	-	-	1,020.0	1,020.0
Lease liability	3.616%	99.3	89.9	72.7	20.9	282.8
Other	1.030%	1.2	-	-	-	1.2
Total non-derivatives		419.6	89.9	72.7	1,040.9	1,623.1

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

24. Financial instruments (continued)

(f) Fair value of financial instruments

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 - 2021	**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	296.1	-	-	296.1
- Deferred consideration receivable from sale of disposal group	-	-	606.1	606.1
Total assets	296.1	-	606.1	902.2
Liabilities				
Other liabilities: Foreign exchange forward contracts in cash flow hedges	(0.3)	-	-	(0.3)
Total liabilities	(0.3)	-	-	(0.3)

Group - 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 liabilities: Foreign exchange forward contracts in cash flow hedges	(5.9)	-	-	(5.9)
Total liabilities	(5.9)	-	-	(5.9)

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.

Valuation techniques for fair value measurements categorised within level 3
The basis of the valuation of deferred consideration receivable is fair value. The Group obtained an independent valuation of the deferred consideration measured at fair value, arising from the sale of Wodgina on 1 November 2019. The main level 3 inputs used in the independent valuation were derived and evaluated as follows:

- Discount rate, assumed fixed tolling charges per annum per feed tonne capacity, assumed variable tolling charges per wet metric tonne feed.
- Considered against the value implied by the Wodgina sale consideration for the arms-length transaction that completed on 1 November 2019.

The Group assessed that there were no material changes at the end of the reporting period since initial recognition.

24. Financial instruments (continued)

Accounting policy for 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.

25. Contingent liabilities

Legal claim contingency
(a) Subiaco lease for corporate headquarters
In July 2020, the Group terminated the lease agreement for corporate headquarters in Subiaco. 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.

(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 (an 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 the Group alleging that the access deed, executed between FMG and MRL 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 Group must stop using the haul road and must remove the road and surrender its miscellaneous licences over the area. The Group 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.

Based on the information provided by the Claimants to date, the Directors consider that it is not probable that material damages will be awarded against RIM in respect of the claim. 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.

Bank guarantees
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	
	2021	**2020**
	$m	**$m**
Bank guarantee facility	40.0	40.0
Amount utilised	(21.6)	(33.9)
Unused facility	18.4	6.1

26. Commitments

	Group 2021 $m	Group 2020 $m
Capital commitments		
Commitments relating to the purchase of property, plant and equipment contracted for at reporting date and not recognised as liabilities, payable:		
- Within one year	215.8	167.4
- Later than 1 year but no later than five years	9.5	-
Capital commitments relating to the Group's interest in a joint operation contracted for at reporting date and not recognised as liabilities, payable:	-	-
- Within one year	-	27.4
- Within one to five years	-	1.2
Total capital commitment	225.3	196.0
Lease commitments - finance		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	137.8	105.7
One to five years	189.7	167.7
More than five years	0.1	20.8
Total lease commitment	327.6	294.2
Less: Future finance charges	(12.3)	(11.4)
Net commitment recognised as liabilities	315.3	282.8

27. Parent entity information

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

Income statement

	Parent 2021 $m	Parent 2020 $m
Profit after tax	2,060.3	49.7
Total comprehensive income	2,060.3	49.7

27. Parent entity information (continued)

Balance sheet

	Parent	
	2021 **$m**	**2020** **$m**
Total current assets	1,413.6	1,415.4
Total assets	10,975.7	4,724.9
Total current liabilities	332.6	514.8
Total liabilities	9,141.7	4,620.9
Net assets	1,834.0	104.0
Equity		
Issued capital	514.6	516.4
Reserves	14.2	8.8
Retained profits/(accumulated losses)	1,305.2	(421.2)
Total equity	1,834.0	104.0

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 2021 and 30 June 2020 other than as obligor under its syndicated financing facilities.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2021 (2020: $nil).

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment at as 30 June 2021 (2020: $nil).

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

28. Business combinations

Business Combinations in 2021
No business combination accounted for in 2021

28. Business combinations (continued)

Business combinations in 2020

Acquisition of Resource Development Group Limited (RDG)
On 17 June 2020, the Group acquired 1,897,587,201 fully paid ordinary shares of Resource Development Group Limited (ASX: RDG, RDG), which equated to 75% of RDG's total issued capital on a fully diluted basis (the Acquisition). The Acquisition was 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 RGD scrip, equivalent to a 75% shareholding in RDG.

The Acquisition results in the restructure of MRL's non-core manganese assets, which are more relevant in scale to a company such as RDG that can provide the necessary strategic and financial support for the development of these assets, allowing MRL's core focus to increasingly be on assets that have significant scale and mine life and are able to deliver value for all shareholders.

The Acquisition has been accounted for using the Acquisition Method set out in AASB 3 *Business Combinations* (AASB3). In accordance with AASB 3, the acquirer is required to fair value all acquired assets and liabilities. The initial accounting for the acquisition of RDG has been provisionally determined (as permitted by AASB3) due to the proximity of the acquisition to the reporting date. The provisional determination will be reviewed and finalised within 12 months of the Acquisition, in accordance with AASB 3, should any new information obtained affect the fair values at the date of acquisition.

Details of the business combination are as follows:

	$m
Fair value of identifiable assets acquired and liabilities assumed	
Assets	
Cash	11.1
Receivables	5.9
Inventories	0.5
Current tax asset	0.1
Property, plant and equipment	9.3
Exploration and mine development	14.8
Deferred tax assets	0.3
Total assets	42.0
Liabilities	
Payables	(4.6)
Provisions	(0.7)
Borrowings - lease liabilities	(3.5)
Deferred tax liabilities	(0.9)
Total liabilities	(9.7)
Fair value of net identifiable assets acquired	32.3
Non-controlling interest in RDG measured at fair value	(13.3)
Total consideration transferred	(14.8)
Provisional gain on bargain purchase arising on acquisition	4.2
Consideration satisfied by:	
- Manganese assets transferred	14.8
Total consideration transferred	14.8

28. Business combinations (continued)

Consideration transferred relates to the manganese assets and is not recognised at fair value, in accordance with AASB 3, as the manganese assets remain within the consolidated entity and MRL therefore retains control of the manganese assets. As a result, the manganese assets continue to be measured at their carrying amount immediately before the acquisition date and no gain or loss is recognised before and after the business combination.

A Gain on Bargain Purchase (as defined in AASB 3) arose in the business combination of RDG, as the fair value of the net assets of RDG that MRL obtained control over, by virtue of a 75% shareholding in RDG, exceeds the fair value of the non-controlling interest.

The gain on bargain purchase of $4.2 million has been recognised as Other Income in the income statement for the year ended 30 June 2020.

The fair value of the 25% non-controlling interest in RDG has been estimated with reference to the quoted market price of the shares at acquisition date.

	$m
Analysis of cash flows on acquisition:	
Net cash acquired with the subsidiary (included in cash flows from investing activities)	11.1

Transaction costs relating to the acquisition were immaterial.

Given the proximity of the date of acquisition to the reporting date, RDG’s contributed revenue and profit to the combined entity between the date of acquisition and the reporting date 30 June 2020 is immaterial.

If the acquisition of RDG had been completed on the first day of the financial year, Group revenues for the year would have been $28.8 million and Group profit after income tax would have been $2.2 million higher.

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

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

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

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

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

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

28. Business combinations (continued)

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

29. Interests in subsidiaries

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

Name	Country of incorporation	Ownership interest 2021 %	2020 %
Crushing Services International Pty Ltd	Australia	100.00%	100.00%
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%
MRL Asset Management Pty Ltd	Australia	100.00%	100.00%
MIS Carbonart Pty Ltd	Australia	100.00%	60.00%
Mineral Resources Transport Pty Ltd	Australia	100.00%	100.00%
Wodgina Lithium Pty Ltd	Australia	100.00%	100.00%
Bulk Ore Shuttle Systems Pty Ltd	Australia	50.00%	50.00%
Energy Resources Ltd	New Zealand	100.00%	100.00%
Cattamarra Farms Pty Ltd	Australia	90.00%	90.00%
Yilgarn Iron Pty Ltd	Australia	100.00%	100.00%
Iron Resources Pty Ltd	Australia	100.00%	100.00%
Kumina Iron Pty Ltd	Australia	100.00%	100.00%
Mineral Resources Rail Pty Ltd	Australia	100.00%	100.00%
MinRes Health Pty Ltd	Australia	100.00%	100.00%
Bungaroo South Pty Ltd	Australia	100.00%	100.00%
Buckland Minerals Transport Pty Ltd	Australia	100.00%	100.00%
Cape Preston Logistics Pty Ltd	Australia	100.00%	100.00%
Resource Development Group Limited*	Australia	65.77%	75.00%
Wonmunna Iron Ore Pty Ltd***	Australia	100.00%	-
MinRes Properties Pty Ltd**	Australia	100.00%	-

*On 1 February 2021, RDG issued shares resulting in a decrease in MRL's ownership interest to 65.77%
**Entity incorporated during the year
***Entity acquired during the year

30. Interests in associates

	Group 2021 $m	Group 2020 $m
Norwest Energy NL	7.1	-
Aquila Resources Limited	85.0	-
Interest in associates	92.1	-

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

Name	Principal place of business / Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
Norwest Energy NL	Australia	19.90%	-
Aquila Resources Limited*	Australia	15.00%	-

*Aquila Resources Limited is accounted for as an associated company as the Group has significant influence primarily through representation on Aquila Resource Limited's Board of Directors

Information relating to each of these entities is set out below:

Acquisition of 19.9% in Norwest Energy NL
On 29 April 2021 the Group increased its investment in Norwest Energy NL, which lead to a reclassification of the investment in Norwest Energy NL of $7.1m from a Financial Asset, to an Investment in Associate.

The Acquisition has been accounted for using the Equity Method set out in AASB 128 *Investments in Associates.* In accordance with AASB 128, the investment is initially recognised at cost and subsequently the carrying value is increased or decreased to recognise the investor's share of the investee's profit or loss.

Due to the timing of the purchase, the Group's share of profit after income tax was not material and hence not recognised for the period ended 30 June 2021.

The details of the investment has not been disclosed since the Group's holding is not material.

Acquisition of 15% in Aquila Resources Limited
On 26 May 2021, the Group acquired 61,750,076 fully paid ordinary shares of Aquila Resources Limited, which equates to 15% of Aquila's total issued capital (the Acquisition) from Aurizon Operations Limited ("Aurizon").

The Acquisition has been accounted for using the Equity Method set out in AASB 128 *Investments in Associates.* In accordance with AASB 128, the investment is initially recognised at cost and subsequently the carrying value is increased or decreased to recognise the investor's share of the investee's profit or loss.

Due to the timing of the purchase, the Group's share of profit after income tax was not material and hence not recognised for the period ended 30 June 2021.

Details of the investment entity are as follows:

30. Interests in associates (continued)

	$m 31 December 2020
Summarised statement of financial position	
Current assets	87.2
Non-current assets	618.4
Total assets	705.6
Current liabilities	23.8
Non-current liabilities	48.8
Total liabilities	72.6
Net assets	633.0

Summarised statement of profit or loss and other comprehensive income	
Revenue	7.4
Expenses	(76.9)
Loss before income tax	(69.5)
Income tax benefit	19.0
Loss after income tax	(50.5)
Other comprehensive loss	(0.1)
Total comprehensive loss	(50.6)

The results between 31 December 2020 disclosed audit results and 30 June 2021 is not expected to be material.

31. 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	
Name	**Principal place of business / Country of incorporation**	**2021 %**	**2020 %**
Reed Industrial Minerals Pty Ltd	Australia	50.00%	50.00%
MARBL Lithium Joint Venture	Australia	40.00%	40.00%
Buru Energy Limited	Australia	50.00%	-

32. Related party transactions

Parent entity
Mineral Resources Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 29.

Associates
Interests in associates are set out in note 30.

Joint operations
Interests in joint operations are set out in note 31.

Key Management Personnel
Disclosures relating to Key Management Personnel are set out in note 33 and the remuneration report included in the Directors' Report.

32. Related party transactions (continued)

Transactions with related parties
The value of transactions with related parties and outstanding balances in relation to transactions with related parties were as follows:

	Group			
	Transaction values for the year ended 30 June 2021 $m	Transaction values for the year ended 30 June 2020 $m	Balances outstanding as at 30 June 2021 $m	Balances outstanding as at 30 June 2020 $m
Key Management Personnel:				
Properties from which the Group's operations are performed are rented from parties related to Chris Ellison and Peter Wade	(2.2)	(2.1)	-	-

Occupation of these premises date back prior to the Company's listing in 2006. The ongoing need for occupation of these premises, as well as rental arrangements, are assessed periodically. The Group has a Related Party Transaction Policy that requires the review and approval of Related Party Transactions by the Audit and Risk Committee (the Committee).

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

33. 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	
	2021 $m	2020 $m
Short-term employee benefits	6.3	5.5
Post-employment benefits	0.2	0.1
Share-based payments	4.2	3.9
	10.7	9.5

Detailed information about the remuneration received by each KMP is provided in the Remuneration Report that is audited and forms part of the Directors' Report.

34. Share based payments

Expense arising from share-based payment transactions
The expense recognised for employee services received during the year is shown in the following table:

	Group	
	2021 $m	2020 $m
Equity-settled share-based payment transactions	10.2	6.7

34. Share based payments (continued)

Number and fair value of share awards granted during the period

		Weighted average fair value $	Granted Number
FY21 STI plan (for Key Executives)	(Share Rights)	53.36	25,470
FY21 LTI plan (for Key Executives)	(Share Rights)	21.17	268,101
FY21 LTI and One Off Rights plans (for Employees)	(Share Rights)	21.17	565,061

The weighted average fair value of the above equity instruments granted was determined with reference to the share price on the date of grant.

Additional information on the award schemes granted in FY21 are as follows:

(i) FY21 Short Term Incentive Plan for Key Executives (FY21 STIP)
KMP are invited to participate in the FY21 STIP, under which awards made under the STIP that exceed 50% of the FAR for the Managing Director or 40% of FAR for other KMP, will be settled in the form of MRL shares that vest progressively over the two years following grant, subject to continued service and application of clawback provisions.

(ii) FY21 Long Term Incentive Plan for Key Executives (FY21 LTIP)
KMP are invited to participate in the FY21 LTIP, under which participants receive share rights in the Company, subject to four years of continuing service and testing of the performance measure over a four-year performance period. The performance measure is the four-year average ROIC enjoyed by the Company over the performance period compared with hurdles set in advance by the Board. Further details on the FY21 LTIP are provided in the Remuneration Report.

(iii) FY21 Long Term and One-off Rights Plans for Employees (FY21 ORP)
Under the FY21 Annual Rights and One-off Rights Plans, eligible employees are invited to receive share rights in the Company, subject to employees remaining in service for a period of three to five years from the date of grant. Share Rights under the plan do not carry voting entitlements.

Equity-settled awards outstanding
Details of equity-settled share awards outstanding as at the reporting date are presented in the following table:

		Grant Date	Expected Vesting Date	Outstanding at 30 June 2021 Number	Outstanding at 30 June 2020 Number	Vesting conditions
FY17 LTIP	(Share Rights)	Aug-17	Aug-20	-	159,407	Non-market
FY18 LTIP	(Share Rights)	Aug-18	Aug-21	124,755	384,006	Non-market
FY20 STIP (for Key Executives) - Deferred shares component	(Share Rights)	July-20	Aug-21/22	73,120	73,120	Non-market
FY20 LTIP (for Key Executives)	(Share Rights)	Sep-19	Aug-23	359,413	359,413	Non-market
FY20 ARP & ORP (for Employees)	(Share Rights)	Sep-19	July-22/Sep-24	1,320,724	1,317,856	Non-market
FY21 STIP (for Key Executives) - Deferred shares component	(Share Rights)	July-21	Aug-22/23	25,470	-	Non-market
FY21 LTIP (for Key Executives)	(Share Rights)	July-20	Aug-24	268,101	-	Non-market
FY21 LTIP & ORP (for Employees)	(Share Rights)	July-20	July-23/Sep-25	548,283	-	Non-market

34. Share based payments (continued)

Outstanding balance in relation to Share Rights under the FY17 and FY18 LTI plans represent awards not yet vested nor issued. Shares are issued upon vesting (no exercise required) and may be subject to trading restrictions.

Outstanding balance in relation to Share Rights under the FY20 and FY21 plans represent awards not yet exercised. No awards have vested as at reporting date.

Accounting policy for share based payments
Certain employees may receive remuneration in the form of share-based compensation.

Equity-settled
Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date and recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

35. 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	
	2021 $'000	**2020 $'000**
Audit services - RSM Australia Partners		
Audit or review of the financial statements	676.0	551
Other services - RSM Australia Partners & overseas network firms		
Taxation services	61.0	64
Audit services – unrelated firms	66.4	-
	803.4	615

36. Events after the reporting period

Dividend
On 11 August 2021, the directors declared a final fully franked dividend for the year ended 30 June 2021 of $1.75 per share to be paid on 07 September 2021, a total estimated distribution of $329.4 million based on the number of ordinary shares on issue as at 18 August 2021.

COVID-19 pandemic
During FY21 the Group continued with its proactive implementation of a range of measures and adaptations to its operations in response to the COVID-19 pandemic. However, border closures and lockdowns following COVID-19 outbreaks around Australia continue to impact MRL operations, primarily through the forced curtailment of staff movements from inter-state and overseas. This impacts our ability to transport iron ore from our operations as the shortage of road train drivers constrains movement of materials. During FY21 MRL continued COVID-19 testing checks as part of the fit-for-work regime for all FIFO workers as and when required. In addition, the Group maintains its ability, through MinRes Health, to rapidly re-activate these testing services, thereby benefitting the Group and the wider Resources Industry and general community in Western Australia. Importantly, MinRes Health testing facilities are able to be re-commissioned within approximately 12 hours of a public health notification of a positive COVID-19 case in Western Australia. Despite these measures the challenges presented by COVID-19 are fluid and continue to change; it is therefore not practical to estimate the potential impact of COVID-19 after the reporting date. The Group will continue to assess its response to the COVID-19 pandemic on an ongoing basis.

Red Hill Iron Limited
On 30 July 2021 the Company reached an agreement with Red Hill Iron Limited (ASX: RHI; Red Hill Iron) to acquire RHI's 40% participating interest in the Red Hill Iron Ore Joint Venture (RHIOJV) in the West Pilbara region of Western Australia. (ASX: MIN 30/07/2021). The proposed acquisition of the RHIOJV interest aligns with MRL's strategy to expand its mineral resource inventory around the Ashburton Hub to underpin a long-term, sustainable iron ore export business. The transaction is conditional on RHI obtaining shareholder approval. MRL will pay RHI $200m, out of existing cash resources, on completion of the acquisition of the RHIOJV interest and a further $200m in cash when the first commercial shipment of iron ore extracted from the RHIOJV tenements departs port. In addition, MRL will pay RHI a royalty of 0.75% of FOB revenue on all iron ore that is extracted and sold from the RHIOJV tenements and from MRL's Bungaroo South tenement, provided Bungaroo South is developed in association with the development of the RHIOJV tenements. MRL expects the acquisition of the RHIOJV interest to complete around early September 2021.

No other matter or circumstance has arisen since 30 June 2021 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
30 June 2021

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 2021 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

11 August 2021
Perth

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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 balance sheet as at 30 June 2021, the consolidated income statement, 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 2021 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.

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
Revenue - Refer to Note 4 in the financial statements	
Revenue was considered a key audit matter as it is the most significant account balance in the income statement. The Group's sale agreements provide for provisional pricing of sales with pricing subsequently adjusted to reflect market pricing over a quotation period stipulated in the sales contract, typically on or after the vessel's arrival at the port of discharge. For sales where final settlement price is yet to be determined, the value of this revenue is adjusted by considering tonnes subject to price finalisation at the end of the period.	We performed the following audit procedures, amongst others, in relation to the recognition of revenue: • Assessed whether the revenue recognition policies are in compliance with Australian Accounting Standards; • Evaluated and tested the operating effectiveness of the Group's controls related to revenue recognition; • Sampled sales contracts with provisional pricing adjustments recorded at the reporting date, by recalculating the recorded provisional pricing adjustments to ensure it is comparable to relevant external price indices; • Sampled a selection of sales contracts and delivery documentation to ensure that revenue has been recognised in accordance with the Group's accounting policy; and • Reviewed sales transactions before and after the reporting date to ensure that revenue is recognised in the correct financial period.
Provision for Site Rehabilitation - Refer to Note 21 in the financial statements	
As at 30 June 2021, the Group had provisions for site rehabilitation of $181.3 million relating to the estimated future cost of rehabilitation and restoration of areas disturbed as a result of its mining operations. The provision for site rehabilitation was considered a key audit matter due to the materiality of the balance, the significant judgements and estimation uncertainty, and the complexity involved in the quantification of the liability.	We performed the following audit procedures, amongst others, in relation to the provision for site rehabilitation: • Obtained an understanding of the process involved in determining the provision; • Obtained the calculations and the methodology used to determine if the provision is in accordance with Australian Accounting Standards; • Considered the competence and objectivity of the Group's internal and external experts involved in determining the cost estimates used in the calculations; • On a sample basis, agreed costs and inputs used in the calculations to supporting documentation; and • Benchmarked the key market related assumptions, being inflation rates and discount rates, used in the calculations against external market data.

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 2021, 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.

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: https://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 2021.

In our opinion, the Remuneration Report of Mineral Resources Limited, for the year ended 30 June 2021, 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

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 11 August 2021