

HALF YEAR RESULTS ANNOUNCEMENT

Wednesday 9 February 2022

Mineral Resources Limited (**ASX: MIN**) (**MRL** or **the Company**) is pleased to announce its financial results for the half year ended 31 December 2021 (1H22).

The Company generated underlying earnings before interest, tax, depreciation, amortisation and impairment (Underlying EBITDA)¹ of \$156 million, down 80% on the prior corresponding period (pcp)². Earnings were negatively impacted by the collapse in iron ore prices and widening discounts.

Underlying net loss after tax¹ was \$36 million, down 108% on pcp. Statutory NPAT was \$20 million, down 96% on pcp.

In light of the Company's capital investment programme, its underlying net loss after tax for 1H22 and volatile conditions in the iron ore market, the Board has decided to not declare an interim dividend. The Company remains on target to meet FY22 volume guidance of a 15-20% increase for Mining Services, spodumene export guidance of 450-475 ktpa and the revised full-year iron ore export guidance of 18.5-19.5 mtpa.

1H22 highlights include:

- ▶ Continuing to keep our operations COVID free
- ▶ Maintaining a low 12-month rolling Lost Time Injury Frequency Rate (LTIFR) of 0.10 and reducing our Total Reportable Injury Frequency Rate (TRIFR) to 2.25
- ▶ Increasing Mining Services production volumes by 18% on pcp
- ▶ Exporting 9.9 million wet metric tonnes (wmt) of iron ore
- ▶ Exporting 207 thousand dry metric tonnes (dmt) of spodumene
- ▶ Delivering a ROIC of 23.9% even in difficult conditions.

Mineral Resources Managing Director Chris Ellison said:

"This has been a challenging half, as we continued to navigate the uncertainty of a COVID-19 world and maintained our focus on protecting the jobs of all our people. I am proud of the efforts of the more than 4,800 men and women in our business for their united and disciplined approach, which so far has enabled us to keep COVID-19 out of our operations.

"It hasn't been easy and the challenges during 1H22 were amplified by the collapse in iron ore prices. This has delivered our worst first half financial result in three years. These results do not reflect the substantial progress in our iron ore, lithium and gas businesses during the last six months which will create significant value for decades to come and which underpins our long-term growth for our Mining Services division.

"Mineral Resources has a proud and unrivalled history of outperformance and delivering exceptional value for all stakeholders since we listed on the ASX in 2006. This history includes prudent and well-timed investments and, at all times, a disciplined financial approach without taking our focus away from our long-term goals that we set for this business. The Board's decision to not declare an interim dividend aligns with the Company's long-term approach to building sustainable success.

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 2 of the financial statements.

² Comparison to pcp being the half year ended 31 December 2020 (1H21) for income statement and cash flow data, and to the balance as at 30 June 2021 for balance sheet data.

“COVID-19, particularly through the Omicron variant that has now arrived in Western Australia, will continue to prove a major challenge for our industry. However, we have the team and the can-do attitude to deliver on our strategy of creating a safe and supportive workplace for our people and lasting value for our shareholders. I am excited about what the second half, and beyond, promises for Mineral Resources.”

FINANCIAL PERFORMANCE

METRIC	1H22 RESULTS	COMPARISON TO PCP
Revenue	\$1.4bn	Down 12%
Underlying EBITDA	\$156m	Down 80%
Underlying earnings after tax	(\$36m)	Down 108%
Diluted earnings per share (EPS)	10.17cps	Down 96%
Operating cash flow	(\$120m)	Down 123%
Capex	\$403m	Up 15%
Cash	\$0.8bn	Down 51%
Net assets	\$2.9bn	Down 10%
Return on invested capital (ROIC) ³	23.9%	Up from 23.4%

ENDS

This announcement dated 9 February 2022 has been authorised for release to the ASX by Mineral Resources Limited's Board of Directors.

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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 ROIC calculated as per FY21 Remuneration Report definition on a rolling 12 month basis.

HALF-YEAR REPORT APPENDIX 4D

9 February 2022

1. COMPANY DETAILS

Name of entity:	Mineral Resources Limited
ABN:	33 118 549 910
Reporting period:	For the half-year ended 31 December 2021
Previous period:	For the half-year ended 31 December 2020

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

			\$m
Revenues from ordinary activities	down	12% to	1,353.5
Profit from ordinary activities after tax attributable to the owners of Mineral Resources Limited	down	96% to	19.2
Profit for the half-year attributable to the owners of Mineral Resources Limited	down	96% to	19.2

Comments

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

3. NET TANGIBLE ASSETS

	Reporting period \$	Previous period \$
Net tangible assets per ordinary security	<u>15.32</u>	<u>14.05</u>

4. DIVIDENDS

	Cents	Franked %	\$m
2022 interim dividend ¹	-	-	-
2021 final dividend – paid 11 August 2021	175.00	100%	329.0
2021 interim dividend – paid 10 February 2021	100.00	100%	188.5
2020 final dividend – paid 15 September 2020	77.00	100%	145.2

¹ In light of the Company's capital investment programme, its underlying net loss after tax for the half-year ended 31 December 2021, and volatile conditions in the iron ore markets, no interim dividend has been declared.

5. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

	Reporting entity's percentage holding		Contribution to profit/(loss)	
	Reporting period %	Previous period %	Reporting period \$m	Previous period \$m
Norwest Energy NL ¹	19.29%	-	(0.0)	-
Aquila Resources Limited	15.00%	-	(0.9)	-

¹ On 29 April 2021, the Group increased its investment in Norwest Energy NL which lead to a reclassification of the investment to an investment in Associate.

6. AUDIT QUALIFICATION OR REVIEW

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



**MINERAL
RESOURCES**

INTERIM **REPORT**

31 December 2021

ABN 33 118 549 910



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The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Mineral Resources Limited (referred to hereafter as the 'Company' or 'MRL') and the entities it controlled at the end of, or during, the half-year ended 31 December 2021 (1H22).

DIRECTORS

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

Peter Wade
Chris Ellison
Kelvin Flynn
James McClements
Xi Xi
Susie Corlett

PRINCIPAL ACTIVITIES

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

DIVIDENDS

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

	Cents	Franked %	\$m
2022 interim dividend ¹	-	-	-
2021 final dividend – paid 11 August 2021	175.00	100%	329.0
2021 interim dividend – paid 10 February 2021	100.00	100%	188.5
2020 final dividend – paid 15 September 2020	77.00	100%	145.2

¹ In light of the Company's capital investment programme, its underlying net loss after tax for the half-year ended 31 December 2021, and volatile conditions in the iron ore markets, no interim dividend has been declared

REVIEW OF OPERATIONS

FINANCIAL PERFORMANCE

METRIC	1H22 RESULTS	COMPARISON TO PCP
Revenue	\$1.4bn	Down 12%
Underlying EBITDA	\$156m	Down 80%
Underlying earnings after tax	(\$36m)	Down 108%
Diluted earnings per share (EPS)	10.17cps	Down 96%
Operating cash flow	(\$120m)	Down 123%
Capex	\$403m	Up 15%
Cash	\$0.8bn	Down 51%
Net assets	\$2.9bn	Down 10%
Return on invested capital (ROIC) ¹	23.9%	Up from 23.4%

The Group generated underlying earnings before interest, tax, depreciation and amortisation (EBITDA) of \$156 million for the financial half-year ended 31 December 2021 (1H22). Underlying EBITDA was down \$607 million (80%) on the prior corresponding period (pcp), negatively impacted by the decline in iron ore prices and widening discounts. This has been partially offset by a rebound in the lithium market, increased iron ore exports and continued growth in the Mining Services segment.

Underlying earnings after tax was a loss of \$36 million, down \$466 million (108%) on pcp. Statutory net profit after tax (NPAT) was \$20 million, which was down \$500 million (96%) on pcp and includes a net post-tax fair value gain of \$75 million on listed investments mainly arising on the divestment of the Group's shareholdings in Pilbara Minerals Limited (ASX: PLS) (PLS) as well as a net post-tax \$19 million unrealised foreign exchange loss on the Group's USD denominated notes and cash holdings.

In light of the Group's capital investment programme, its underlying net loss after tax for 1H22 and volatile conditions in the iron ore markets, no interim dividend has been declared. The Group remains on target to meet FY22 volume guidance of a 15-20% increase for Mining Services, spodumene export guidance of 450-475 ktpa and the revised full-year iron ore export guidance of 18.5-19.5 mtpa.

OPERATIONAL PERFORMANCE

Mining Services

Mining Services revenue of \$1,052 million was \$267 million (34%) higher than pcp and Mining Services EBITDA of \$281 million was \$46 million (20%) higher than pcp.

Growth in Mining Services revenue and EBITDA was primarily driven by growth in the Utah Point Hub on pcp, along with new external contracts. Mining Services achieved a margin of 27%, up from 24% in 2H21 and in line with the overall FY21 margin.

¹ ROIC calculated as per FY21 Remuneration report definition on a rolling 12 month basis.

Commodities

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

Commodity exports	1H21	2H21	FY21	1H22	Variance 1H22 vs 1H21
IRON ORE ('000 wet metric tonnes)					
Utah Point Hub	2,934	3,835	6,769	5,436	2,501
Yilgarn Hub	4,979	5,526	10,505	4,421	(558)
Total Iron Ore	7,913	9,361	17,274	9,857	1,943
SPODUMENE ('000 dry metric tonnes)					
Mt Marion ¹	203	282	485	207	4

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

Commodities EBITDA loss of \$43 million was \$614 million (108%) lower than pcp, with improved lithium prices and the growth in iron ore exports dampened by substantially lower iron ore prices, wider discounts and negative adjustments of \$43.1 million for finalisation of iron ore sales contracts recognised in FY21.

Iron Ore

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

Iron Ore exports achieved in 1H22 of 9.9 million wet metric tonnes were 25% higher than pcp as a result of the growth in the Utah Point Hub. Production in the Yilgarn Hub is slightly lower on pcp, with the removal of high-cost tonnes from production in response to the drop in benchmark iron ore prices and widening discounts.

Iron Ore revenue of \$883 million was \$336 million (28%) lower than pcp, with the growth in exports offset by lower iron ore prices. In 1H22, the Platts Iron Ore 62% Fines Index (Platts) declined steeply from US\$218 per dry metric tonne at the end of Jun-21 to a low of US\$87 per dry metric tonne in the half, and averaged US\$137 per dry metric tonne for 1H22. This was further compounded by discounts on 58% product grade widening. The Group's average iron ore price achieved for 1H22 was US\$71 per dry metric tonne, a decrease of 41% on the pcp, including negative prior period finalisations of US\$33 million. Excluding prior year adjustments, iron ore shipments in the half achieved a price of US\$74 per dry metric tonne driven by a weakening Platts and widening discounts.

Iron Ore produced an EBITDA loss of \$104 million, \$43 million of which related to finalisation of iron ore sales contracts recognised in FY21, contributing to a decrease in Iron Ore EBITDA of \$686 million when compared to the pcp.

Mt Marion Spodumene

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 exports achieved in 1H22 of 207 thousand dry metric tonnes, in line with pcp.

Mt Marion revenue of \$143 million was \$96 million (207%) higher than pcp. Mt Marion produced an EBITDA of \$67 million for the Group, compared to \$0 million pcp, reflecting a rebound in the lithium market. The achieved lithium spodumene price performed favourably, increasing 204% to average US\$1,011 per dry metric tonne. This has been offset by costs increasing by 60% on pcp, driven by significantly higher royalties in line with the higher lithium price, substantially higher shipping and haulage costs, and an increase in operating costs resulting from a reduction in yield as manning constraints and opening of a new mining area lead to a portion of low grade ore being processed.

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.

Restart of the Wodgina Lithium Project, located in the Pilbara, is underway with first spodumene production expected in Q1 of FY23. Initially, the MARBL JV will focus on restarting one of Wodgina's three 250,000tpa processing trains. Subject to market demand, the MARBL JV may decide to restart the other two processing trains.

Construction by Albemarle of the 50ktpa Kemerton Lithium Hydroxide Plant, near Bunbury in the South West, continued during the period. Mechanical completion of Train 1 was achieved in November. Spodumene ore has now been introduced into the plant as part of the commissioning process. Commercial production is expected in mid-calendar year 2022.

CASH AND CAPITAL MANAGEMENT

At 31 December 2021, the Group continues to maintain a strong balance sheet and held cash and cash equivalents of \$751 million (30 June 2021: \$1,542 million). In addition to its 31 December 2021 cash holdings, the Group has access to substantial undrawn debt facilities to support business development activities (\$455 million as at 31 December 2021).

Net cash from operating activities before interest and tax of \$78 million in 1H22 was down \$576 million on pcp, reflecting a lower EBITDA from significant drops in the iron ore price and cost pressures.

Net cash used in investing activities of \$268 million in 1H22 includes \$326 million net proceeds from the divestment of the Group's shareholdings in PLS and \$200 million consideration paid to acquire an interest in the Red Hill Iron Ore JV tenements for the Ashburton Hub included within 'Payments for exploration and evaluation'.

Capital expenditure during 1H22 included:

- Construction and development of Ashburton Hub
- Completion of Wonmunna construction for the Utah Point Hub
- Investment to support new external Mining Services contracts
- Natural gas drilling programs in the Perth basin as part of the transition to lower emitting fuels and low-cost energy
- Investment in a new head office to support the Group's growth agenda.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

ROUNDING OF AMOUNTS

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

Mineral Resources Limited
Directors' report
31 December 2021

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

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'C. Ellison', written over a large, faint, vertical watermark that reads 'For personal use only'.

Chris Ellison
Managing Director

9 February 2022
Perth



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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Mineral Resources Limited for the half-year ended 31 December 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 9 February 2022

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GENERAL INFORMATION

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

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

**1 Sleat Road
Applecross
WA 6153**

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



		Group	
	Note	31 Dec 2021 \$m	31 Dec 2020 \$m
REVENUE	3	1,353.5	1,530.5
Other income	4	110.3	169.3
EXPENSES			
Changes in closing stock		113.0	63.0
Raw materials and consumables		(137.5)	(126.6)
Equipment costs		(103.8)	(81.7)
Subcontractors		(107.9)	(89.5)
Employee benefits expense		(330.5)	(230.8)
Transport and freight		(534.1)	(252.2)
Depreciation and amortisation		(162.2)	(103.6)
Impairment charges	5	-	(36.9)
Other expenses	6	(127.9)	(54.6)
Finance income		3.9	5.6
Finance costs		(49.5)	(48.8)
Net finance costs		(45.6)	(43.2)
PROFIT BEFORE TAX		27.3	743.7
Income tax expense		(7.7)	(224.4)
PROFIT AFTER TAX FOR THE HALF-YEAR		19.6	519.3
OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net profit/(loss) on cash flow hedges		0.3	(0.6)
Other comprehensive income for the half-year, net of tax		0.3	(0.6)
TOTAL COMPREHENSIVE INCOME FOR THE HALF-YEAR		19.9	518.7
Profit for the half-year is attributable to:			
Non-controlling interest		0.4	0.3
Owners of Mineral Resources Limited		19.2	519.0
		19.6	519.3
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		0.4	0.3
Owners of Mineral Resources Limited		19.2	518.4
		19.6	518.7
Earnings per share for profit attributable to owners of Mineral Resources Limited:		Cents	Cents
Basic earnings per share		10.17	275.27
Diluted earnings per share		10.17	275.27

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

		Group	
	Note	31 Dec 2021 \$m	30 Jun 2021 \$m
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		750.5	1,542.1
Trade and other receivables		199.0	331.3
Inventories		192.5	122.6
Other		37.7	37.3
Total current assets		<u>1,179.7</u>	<u>2,033.3</u>
NON-CURRENT ASSETS			
Trade and other receivables		653.0	653.4
Inventories		26.1	62.4
Investments accounted for using the equity method		93.4	92.1
Financial assets		83.6	296.1
Property, plant and equipment		2,052.2	1,824.6
Intangibles		36.4	36.7
Exploration and mine development		1,256.9	725.8
Deferred tax		178.2	128.5
Total non-current assets		<u>4,379.8</u>	<u>3,819.6</u>
TOTAL ASSETS		<u>5,559.5</u>	<u>5,852.9</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		444.7	581.8
Borrowings	7	160.9	157.3
Current tax liabilities		7.2	166.7
Employee benefits		69.3	69.4
Provisions		6.7	9.2
Total current liabilities		<u>688.8</u>	<u>984.4</u>
NON-CURRENT LIABILITIES			
Trade and other payables	8	197.9	-
Borrowings	7	1,172.4	1,104.6
Deferred tax		380.8	322.7
Provisions		189.7	195.1
Total non-current liabilities		<u>1,940.8</u>	<u>1,622.4</u>
TOTAL LIABILITIES		<u>2,629.6</u>	<u>2,606.8</u>
NET ASSETS		<u>2,929.9</u>	<u>3,246.1</u>
EQUITY			
Issued capital	9	506.8	514.5
Reserves		16.6	15.7
Retained profits		2,363.5	2,673.3
Equity attributable to the owners of Mineral Resources Limited		<u>2,886.9</u>	<u>3,203.5</u>
Non-controlling interest		43.0	42.6
TOTAL EQUITY		<u>2,929.9</u>	<u>3,246.1</u>

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

MINERAL RESOURCES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2021



GROUP	Issued capital \$m	Reserves \$m	Retained profits \$m	Non-controlling interest \$m	Total equity \$m
Balance at 1 July 2020	516.3	10.1	1,738.4	30.8	2,295.6
Profit after tax for the half-year	-	-	519.0	0.3	519.3
Other comprehensive income for the half-year, net of tax	-	(0.6)	-	-	(0.6)
Total comprehensive income for the half-year	-	(0.6)	519.0	0.3	518.7
<i>Transactions with owners in their capacity as owners:</i>					
Share issued under Dividend Reinvestment Plan	3.7	-	-	-	3.7
Equity-settled share-based payments	-	5.2	-	-	5.2
Award of shares under employee share plans	8.6	(8.5)	-	-	0.1
Acquisition of subsidiary	-	-	-	(5.8)	(5.8)
Acquisition of non-controlling interests	-	-	(1.0)	1.8	0.8
Dividends paid (note 10)	-	-	(145.2)	-	(145.2)
Balance at 31 December 2020	<u>528.6</u>	<u>6.2</u>	<u>2,111.2</u>	<u>27.1</u>	<u>2,673.1</u>

GROUP	Issued capital \$m	Reserves \$m	Retained profits \$m	Non-controlling interest \$m	Total equity \$m
Balance at 1 July 2021	514.5	15.7	2,673.3	42.6	3,246.1
Profit after tax for the half-year	-	-	19.2	0.4	19.6
Other comprehensive income for the half-year, net of tax	-	0.3	-	-	0.3
Total comprehensive income for the half-year	-	0.3	19.2	0.4	19.9
<i>Transactions with owners in their capacity as owners:</i>					
Share issued under Dividend Reinvestment Plan (note 9)	6.3	-	-	-	6.3
Equity-settled share-based payments	-	3.6	-	-	3.6
Purchase of shares under employee share plans (note 9)	(16.9)	-	-	-	(16.9)
Award of shares under employee share plans (note 9)	2.9	(3.0)	-	-	(0.1)
Dividends paid (note 10)	-	-	(329.0)	-	(329.0)
Balance at 31 December 2021	<u>506.8</u>	<u>16.6</u>	<u>2,363.5</u>	<u>43.0</u>	<u>2,929.9</u>

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

	Group	
Note	31 Dec 2021	31 Dec 2020
	\$m	\$m
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,529.5	1,403.1
Payments to suppliers and employees	(1,451.4)	(748.4)
	78.1	654.7
Interest received	3.9	5.6
Interest and other finance costs paid	(43.5)	(45.4)
Income taxes paid	(158.9)	(431.4)
Net cash (used in) / from operating activities	(120.4)	183.5
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for investments in financial assets	(7.8)	-
Proceeds from disposal of investments	326.2	9.5
Payments for property, plant and equipment	(240.9)	(234.3)
Proceeds from disposal of property, plant and equipment	5.7	7.6
Payments for exploration and evaluation	(237.9)	(15.8)
Payments for mine development	(123.2)	(99.8)
Payments for investments and subsidiaries	-	(7.9)
Amounts advanced from / (to) joint operations	11.0	(11.0)
Payments for intangibles	(1.3)	(1.2)
Net cash used in investing activities	(268.2)	(352.9)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	16.2	21.9
Repayment of borrowings	(17.2)	(5.1)
Dividends paid	(324.3)	(141.5)
Payment of lease liabilities	(69.4)	(65.3)
Purchase of shares under employee share plans	(16.9)	-
Net cash used in financing activities	(411.6)	(190.0)
Net decrease in cash and cash equivalents	(800.2)	(359.4)
Cash and cash equivalents at the beginning of the financial half-year	1,542.1	1,521.8
Effects of exchange rate changes on cash and cash equivalents	8.6	(49.0)
Cash and cash equivalents at the end of the financial half-year	<u>750.5</u>	<u>1,113.4</u>

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

1. SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretation did not have any significant impact on the interim consolidated financial statements of the Group.

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

2. OPERATING SEGMENTS

Business segment

The Group has identified its operating segments based on internal management reports that are reviewed by the Board (the Chief Operating Decision Makers) in assessing performance and in determining the allocation of resources.

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

The measurement of segment results is in line with the basis of information presented to management for internal management reporting purposes. The performance of each segment is measured based on Underlying EBITDA, defined as earnings before interest, tax, depreciation, amortisation, impairment, fair value gain/loss on investments, exchange gain/loss on net debt and other gains/losses. The reconciliation of Underlying EBITDA to net profit after tax is presented in this note.

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

2. OPERATING SEGMENTS (CONTINUED)

Operating segment information

GROUP - 31 DEC 2021	Mining Services \$m	Commodities \$m	Central \$m	Inter-segment* \$m	Total \$m
REVENUE					
Sales to external customers	327.1	1,026.4	-	-	1,353.5
Intersegment sales	724.5	-	-	(724.5)	-
TOTAL REVENUE	1,051.6	1,026.4	-	(724.5)	1,353.5
UNDERLYING EBITDA					
Depreciation and amortisation	(99.3)	(70.4)	(3.9)	11.4	(162.2)
UNDERLYING EBIT	182.2	(113.8)	(48.5)	(26.5)	(6.6)
Items excluded from underlying earnings					79.5
Net finance costs					(45.6)
PROFIT BEFORE TAX					27.3
Segment assets	1,642.7	2,731.4	1,284.8	(99.4)	5,559.5
Segment liabilities	718.6	513.3	1,397.7	-	2,629.6
SEGMENT NET ASSETS	924.1	2,218.1	(112.9)	(99.4)	2,929.9

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

GROUP - 31 DEC 2020	Mining Services \$m	Commodities \$m	Central \$m	Inter-segment* \$m	Total \$m
REVENUE					
Sales to external customers	264.7	1,265.8	-	-	1,530.5
Intersegment sales	519.6	-	-	(519.6)	-
TOTAL REVENUE	784.3	1,265.8	-	(519.6)	1,530.5
UNDERLYING EBITDA					
Depreciation and amortisation	(73.0)	(36.6)	(4.6)	10.6	(103.6)
UNDERLYING EBIT	162.4	535.0	(30.9)	(7.7)	658.8
Items excluded from underlying earnings					128.1
Net finance costs					(43.2)
PROFIT BEFORE TAX					743.7

GROUP - 30 JUN 2021

Segment assets	1,561.8	2,316.1	2,047.9	(72.9)	5,852.9
Segment liabilities	695.8	599.7	1,311.3	-	2,606.8
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

2. OPERATING SEGMENTS (CONTINUED)

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 EBIT¹	(6.6)	2.1	(4.5)	658.8	458.4
Net finance costs	(45.6)	14.1	(31.5)	(43.2)	(28.8)
UNDERLYING EARNINGS	<u>(52.2)</u>	<u>16.2</u>	<u>(36.0)</u>	<u>615.6</u>	<u>429.6</u>
Items excluded from underlying earnings					
Impairment charges (note 5)	-	-	-	(36.9)	(25.9)
Net fair value gain/(loss) on investments (note 4)	12.2	(3.7)	8.5	102.3	71.6
Profit on sale of financial assets (note 4)	94.3	(28.3)	66.0	-	-
Unrealised exchange losses on net debt	(27.0)	8.1	(18.9)	62.7	43.9
TOTAL EXCLUDED FROM UNDERLYING EARNINGS	<u>79.5</u>	<u>(23.9)</u>	<u>55.6</u>	<u>128.1</u>	<u>89.6</u>
NET EARNINGS²	<u>27.3</u>	<u>(7.7)</u>	<u>19.6</u>	<u>743.7</u>	<u>519.2</u>

¹ Refer to Operating Segment information on page 14

² Refer to Consolidated Income Statement on page 9

3. REVENUE

Disaggregation of revenue

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

GROUP - 31 DEC 2021	Mining Services \$m	Commodities \$m	Central \$m	Total \$m
<i>Type of goods or service</i>				
Sale of iron ore	-	1,178.1	-	1,178.1
Iron ore pricing adjustments ¹	-	(294.7)	-	(294.7)
Total sale of iron ore	-	883.4	-	883.4
Sale of lithium	-	130.2	-	130.2
Lithium pricing adjustments ¹	-	12.8	-	12.8
Total sale of lithium	-	143.0	-	143.0
Contract and operational revenue	322.4	-	-	322.4
Other	4.7	-	-	4.7
Total external revenue from contracts with customers	<u>327.1</u>	<u>1,026.4</u>	<u>-</u>	<u>1,353.5</u>
<i>Geographical information (by location of customer)</i>				
Australia	327.1	-	-	327.1
China	-	201.1	-	201.1
Singapore	-	825.3	-	825.3
Total external revenue from contracts with customers	<u>327.1</u>	<u>1,026.4</u>	<u>-</u>	<u>1,353.5</u>

3. REVENUE (CONTINUED)

GROUP - 31 DEC 2020	Mining Services \$m	Commodities \$m	Central \$m	Total \$m
<i>Type of goods or service</i>				
Sale of iron ore	-	1,055.8	-	1,055.8
Iron ore pricing adjustment ¹		163.6		163.6
Total sale of iron ore		1,219.4		1,219.4
Sale of lithium	-	46.9	-	46.9
Lithium pricing adjustments ¹	-	(0.4)	-	(0.4)
Total sale of lithium	-	46.5	-	46.5
Contract and operational revenue	261.2	-	-	261.2
Other	3.4	-	-	3.4
Total external revenue from contracts with customers	264.6	1,265.9	-	1,530.5
<i>Geographical information (by location of customer)</i>				
Australia	264.6	-	-	264.6
China	-	156.1	-	156.1
Singapore	-	1,109.8	-	1,109.8
Total external revenue from contracts with customers	264.6	1,265.9	-	1,530.5

¹ Commodity sales agreements are provisionally priced at initial revenue recognition. The value of the provisionally priced receivables are 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 pricing adjustments include prior period shipments, which is (\$43.1m) (31 Dec 2020: (\$52.3m)) for iron ore sales and (\$nil) (31 Dec 2020: (\$0.6m)) for lithium sales.

4. OTHER INCOME

	Group	
	31 Dec 2021 \$m	31 Dec 2020 \$m
Net foreign exchange gain	-	58.9
Net fair value gain on investments held at fair value through profit or loss	12.2	102.3
Net gain/(loss) on disposal of property, plant and equipment	2.0	(5.5)
Realised profit on sale of financial assets	94.3	-
Share of profit of associates and joint ventures accounted for using the equity method	0.8	-
Other	1.0	13.6
Other income	110.3	169.3

5. IMPAIRMENT CHARGES

	Group	
	31 Dec 2021	31 Dec 2020
	\$m	\$m
Property, plant and equipment	-	(9.4)
Inventory	-	(3.4)
Intangibles	-	(24.1)
	<u>-</u>	<u>(24.1)</u>
	<u>-</u>	<u>(36.9)</u>

As part of the Group's accounting policy as disclosed in the last annual report, non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

6. OTHER EXPENSES

	Group	
	31 Dec 2021	31 Dec 2020
	\$m	\$m
Profit before tax includes the following specific expenses:		
<i>Other expenses</i>		
Net foreign exchange loss	(24.2)	-
Other expenses	(103.7)	(54.6)
	<u>(127.9)</u>	<u>(54.6)</u>
Total other expenses	<u>(127.9)</u>	<u>(54.6)</u>

7. BORROWINGS

	Group	
	31 Dec 2021	30 Jun 2021
	\$m	\$m
<i>Current liabilities</i>		
Other borrowings	25.5	26.4
Lease liability	135.4	130.9
	<u>160.9</u>	<u>157.3</u>
<i>Non-current liabilities</i>		
Senior unsecured notes ¹	964.7	931.1
Less: capitalised transaction costs	(9.8)	(10.9)
Lease liability	217.5	184.4
	<u>1,172.4</u>	<u>1,104.6</u>
	<u>1,333.3</u>	<u>1,261.9</u>

¹ US\$700 million senior unsecured notes offering due 2027, at an interest rate of 8.125% per annum.

8. NON-CURRENT TRADE AND OTHER PAYABLES

	Group	
	31 Dec 2021	30 Jun 2021
	\$m	\$m
<i>Non-current</i>		
Deferred consideration (note 13)	197.9	-
	<u>197.9</u>	<u>-</u>

9. ISSUED CAPITAL

	Group			
	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021
	Shares	Shares	\$m	\$m
Ordinary shares	188,850,211	188,735,982	537.4	535.9
Less: Treasury shares	(711,833)	(534,582)	(30.6)	(21.4)
	<u>188,138,378</u>	<u>188,201,400</u>	<u>506.8</u>	<u>514.5</u>

Movements in issued capital

	Ordinary shares Number	Less: Treasury shares Number	Total Number
Balance at 1 July 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)
Award of shares under employee share plans	-	613,322	613,322
Balance at 30 June 2021	<u>188,735,982</u>	<u>(534,582)</u>	<u>188,201,400</u>
Shares issued under Dividend Reinvestment Plan	114,229	-	114,229
Purchase of shares under employee share plans	-	(350,520)	(350,520)
Award of shares under employee share plans	-	173,269	173,269
Balance at 31 December 2021	<u>188,850,211</u>	<u>(711,833)</u>	<u>188,138,378</u>

9. ISSUED CAPITAL (CONTINUED)

	Ordinary \$m	Less: Treasury shares \$m	Total \$m
Balance at 1 July 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)
Award of shares under employee share plans	0.1	9.1	9.2
Balance at 30 June 2021	<u>535.9</u>	<u>(21.4)</u>	<u>514.5</u>
Shares issued under Dividend Reinvestment Plan	6.3	-	6.3
Purchase of shares under employee share plans	-	(16.9)	(16.9)
Award of shares under employee share plans	(4.8)	7.7	2.9
Balance at 31 December 2021	<u><u>537.4</u></u>	<u><u>(30.6)</u></u>	<u><u>506.8</u></u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Treasury shares

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

10. DIVIDENDS

	31 Dec 2021		31 Dec 2020	
	Dividend per share Cents	Total \$m	Dividend per share Cents	Total \$m
DECLARED AND PAID DURING THE PERIOD				
Final franked dividend	<u>175.00</u>	<u>329.0</u>	<u>77.00</u>	<u>145.2</u>
PROPOSED				
Interim franked dividend	<u>-</u>	<u>-</u>	<u>100.00</u>	<u>188.5</u>

11. COMMITMENTS AND CONTINGENCIES

Contingent liabilities

Legal contingencies

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

Commitments

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

12. FAIR VALUE MEASUREMENT

Fair value hierarchy

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Unobservable inputs for the asset or liability.

GROUP - 31 DEC 2021	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<i>Assets</i>				
Financial assets held at fair value through profit or loss:				
- Shares in listed corporations	83.6	-	-	83.6
- Deferred consideration receivable from sale of disposal group	-	-	606.1	606.1
- Other Assets: Foreign exchange forward contracts in cash flow hedges	0.2	-	-	0.2
Total assets	83.8	-	606.1	689.9
<i>Liabilities</i>				
Deferred Consideration (note 8)	-	(197.9)	-	(197.9)
Total liabilities	-	(197.9)	-	(197.9)
GROUP - 30 JUNE 2021	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<i>Assets</i>				
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
<i>Liabilities</i>				
Other liabilities: Foreign exchange forward contracts in cash flow hedges	(0.3)	-	-	(0.3)
Total liabilities	(0.3)	-	-	(0.3)

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

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

Valuation techniques for fair value measurements categorised within level 3

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

13. INTEREST IN JOINT OPERATIONS

Red Hill Iron Limited

On 30 July 2021, the Group 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) for a total consideration of \$400m, of which \$200m was paid out in 1H22 and a further \$200m payable on first commercial shipment of iron ore extracted from the RHIOJV tenements recognised as deferred consideration in non-current payables at a present value of \$197.9m.

Port and Rail Agreement with Hancock and Roy Hill

On 29 November 2021, the Group entered into an agreement with Hancock Prospecting Pty Limited (Hancock) and Roy Hill Holdings Pty Limited (Roy Hill) in which Group and Hancock will jointly investigate the development of a new iron ore export facility at the Port of Port Hedland's Stanley Point Berth 3.

14. EVENTS AFTER THE REPORTING PERIOD

COVID-19 pandemic

During the half year ended 31 Dec 2021, the Group's priority remained to protect the jobs and health of MRL people, by keeping COVID-19 out of the business. MRL continues to run the largest private sector COVID-19 testing program in Western Australia with 16 testing facilities open and operating with the capacity to test 10,000 people per day. All employees and visitors to site are now required to undertake PCR testing and return a negative result prior to entry. At all MRL metropolitan workplaces, regular rapid antigen testing has been introduced for all employees.

MRL has developed a detailed COVID-19 Management Plan that includes scenario and action planning to help prevent COVID-19 from entering operations and manage potential outbreaks. This includes being the first Australian resources company to roll out SaferMe's innovative Bluetooth contact tracing technology across all MRL sites and offices.

Non-Executive Director Appointment

On the 31st of January 2022, the Company announced the appointment of Kevin Gallagher to the Board of MRL as an Independent Non-Executive Director with effect from 1 March 2022. ([ASX: MIN 31/01/2022](#))

Sustainability Committee

On the 31st of January 2022, the Company announced the establishment of a Sustainability Committee to support and advise the Board in relation to the Company's sustainability strategy. ([ASX: MIN 31/01/2022](#))

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



Chris Ellison
Managing Director

9 February 2022
Perth

RSM Australia Partners

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Mineral Resources Limited which comprises the balance sheet as at 31 December 2021, the income statement, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mineral Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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Independence

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

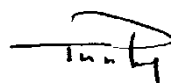
Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

RSM

RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 9 February 2022

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