

ASX ANNOUNCEMENT

21 September 2020

Presentation to Bond Investors

The following presentation will be made by Chris Ellison, Managing Director of Mineral Resources Ltd on Tuesday 22 September 2020 to bond investors.

A copy of the presentation has been provided to the ASX in advance of this presentation.

This announcement dated 21 September 2020 has been authorised for release to the ASX by Mark Wilson, Chief Financial Officer/Company Secretary of Mineral Resources Limited.

Ends

For further information:

Investor Relations

James Bruce
Head of Investor Relations
T: +61 8 9329 3706
E: James.Bruce@mrl.com.au

Media

Peter Klinger
Cannings Purple
T: +61 411 251 540
E: pklinger@canningspurple.com.au

Mineral Resources Limited
1 Sleat Road
Applecross, WA 6153
Australia

T: +61 8 9329 3600
E: Investorrelations@mrl.com.au
W: www.mineralresources.com.au

About Mineral Resources

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

To learn more, please visit www.mineralresources.com.au.

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FY20 Results

Presentation to bond investors

22 September 2020



ASXMIN

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World's largest crushing contractor



Leading pit-to-port mining services provider



World's top 5 lithium miner with joint ownership of the largest hard rock lithium deposit



Australia's 5th largest iron ore producer



Major holder of exploration permits in Perth Basin's highly prospective gas acreage

KEY

- MRL MINE
- CSI MINING SERVICES
- PERTH BASIN EXPLORATION PERMITS
- RAIL LINE
- SEA PORT
- OFFICE / WORKSHOP
- MRL DEVELOPMENT PROJECT
- TOWN



FY20 Highlights

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- Keeping our people safe and employed during COVID-19 and our operations running
- Best full year result to date:
 - Full year EBITDA over \$2.0bn, including \$1.3bn capital gain
 - Underlying EBITDA \$765m, up 77% pcp
- Revenue of \$2.1bn, up 41% pcp
- Mining Services EBITDA \$359m
- Commodities EBITDA \$457m
- Cash \$1.5bn
- 2H dividend declared 77cps

Mining Services

- Production volume up 65%¹
- Revenue up 50%²

Iron Ore

- Koolyanobbing June run rate 12.7Mtpa³
- Iron Valley shipped 6.7Mtpa

Lithium

- Lithium business in the world's top 4
- Mt Marion production up 17% year-on-year
- Kemerton 50Ktpa hydroxide plant construction continues

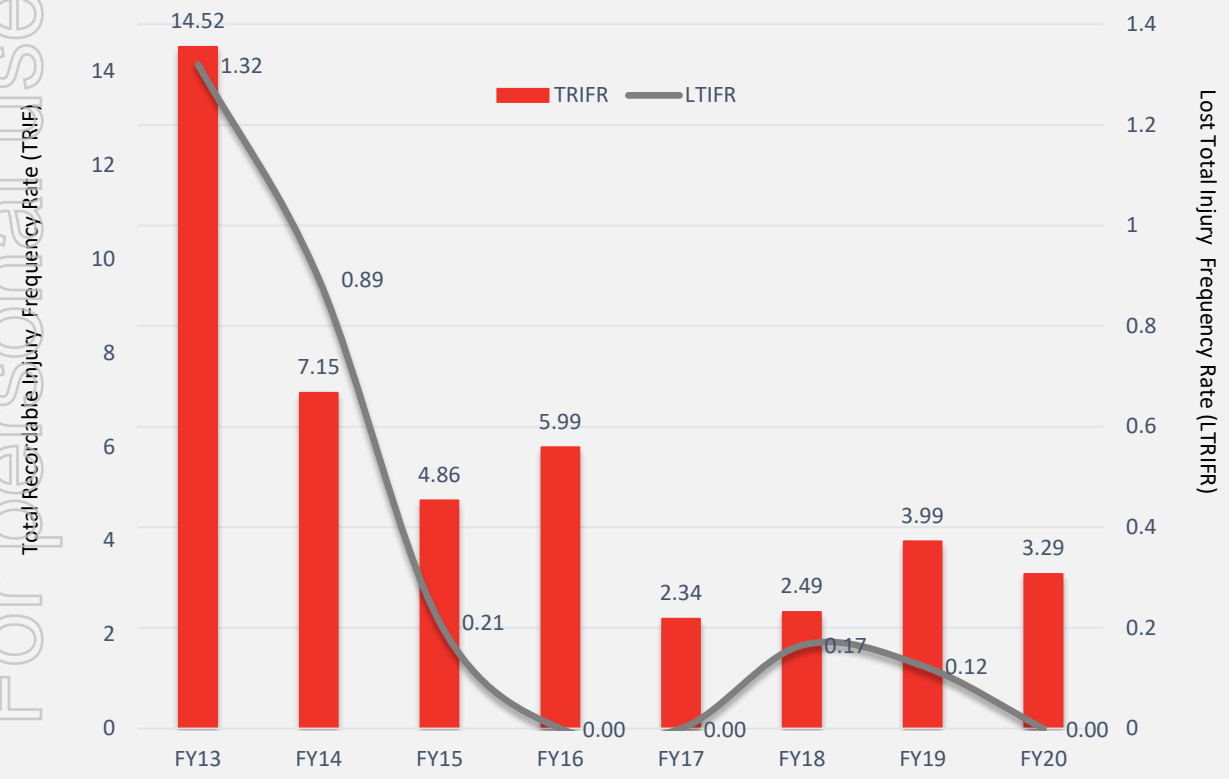
Notes:


1. Production volumes measured as Crushing, Processing, Haulage and Ore Mined.
2. External and Intersegment Revenue.
3. Ore mined in Jun-20 annualised.

Sustainability Performance


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Injury Frequency Rates
Per million hours worked







3.29
TRIFR¹
18% improvement




0.00
LTIFR¹



3,100+
Employees & Contractors²



15.4%
Female
16% improvement



34
Apprentices

44
Trainees/Graduates

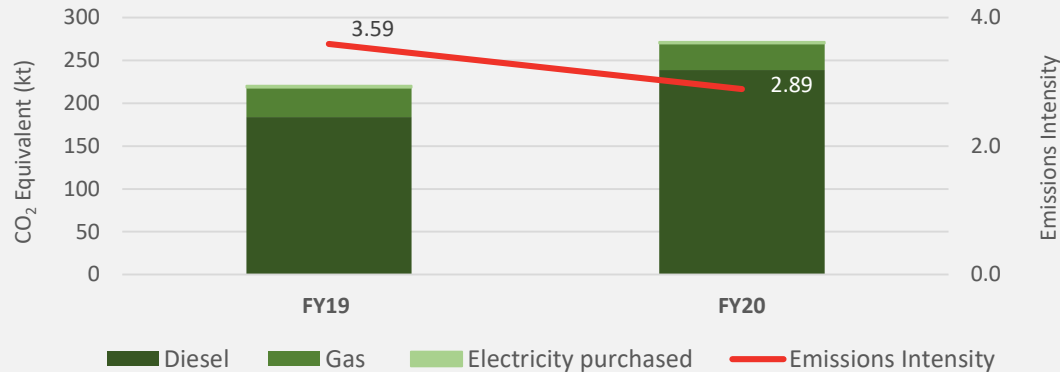
Notes:

1. Total Recordable Injury Frequency Rate calculations measure the total number of injuries (excluding first aid) per million hours worked as at 30 June 2020. Lost Time Injury Frequency Rate calculation measure the number of lost time injuries per million hours work as at 30 June 2020. Subject to external assurance. Final assured values will be presented in the FY20 Sustainability Report.
2. Total employees & contractors as at 30 June 2020.

Sustainability Performance

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Greenhouse Gas (GHG) Emissions^{1,2}



Community Contributions

- Doubled our contributions over the last 3 years
- Contribute to charities and community organisations to support:
 - **Health & wellbeing** – youth suicide prevention, domestic violence support, sick children, medical research
 - **Education** – Indigenous girls, high school work experience programmes
 - **Regional communities** – sports, fairs, facilities



20% lower
GHG Emissions Intensity²



\$185m
Royalties & Taxes



35
Suppliers Screened for
Modern Slavery

Notes:

1. Final emissions may be materially lower, for FY20 by 16% and for FY19 by 11%, as the legal position relating to the delineation for inclusion or exclusion of rail operator emissions has not yet been clearly defined. Final assured values will be presented in the FY20 Sustainability Report.
2. Greenhouse gas emissions intensity defined as tonnes CO₂ equivalent per thousand tonne total material mined (TMM).

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Our Response to COVID-19





COVID-19 Screening Process

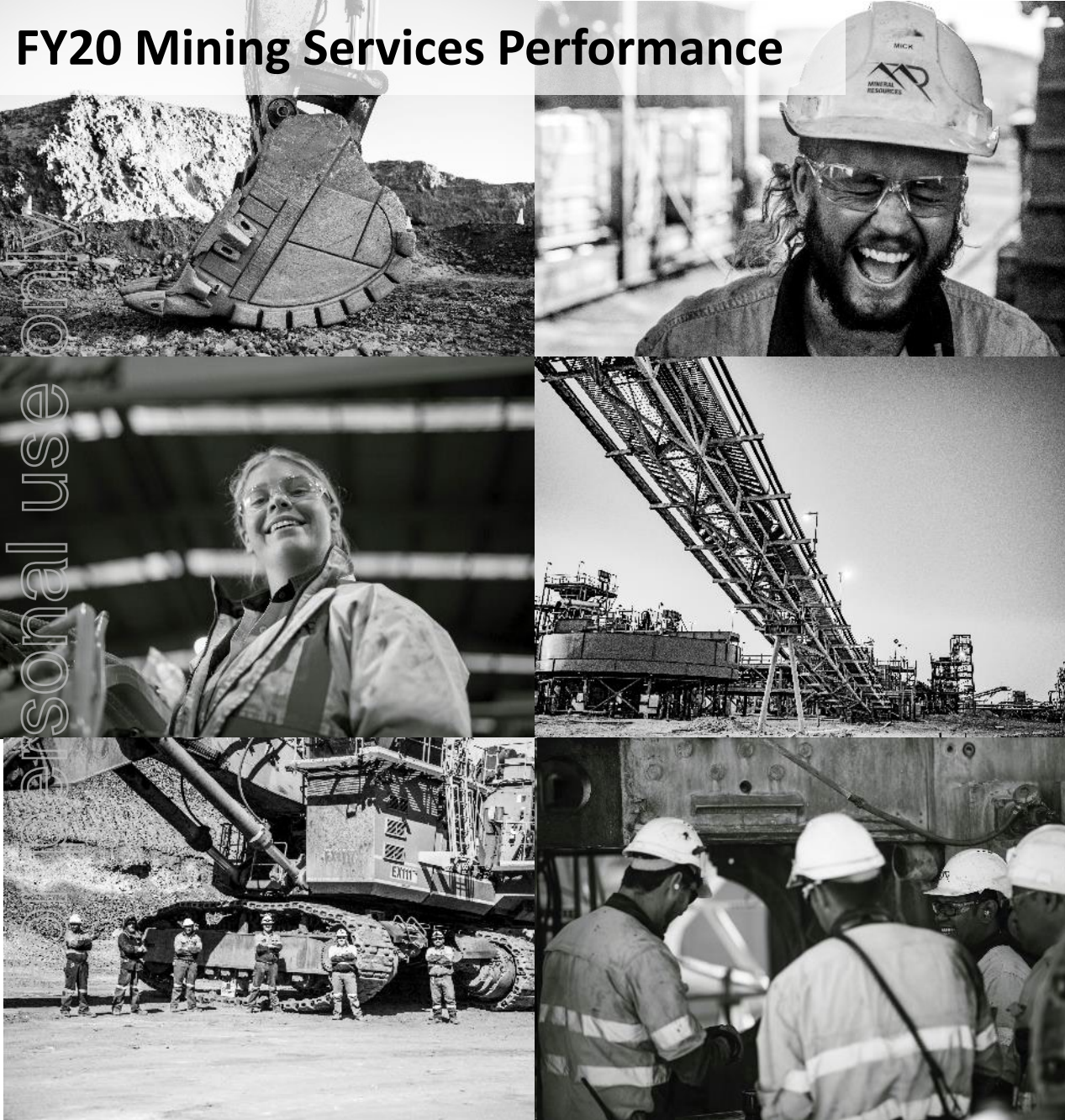
- April 2020 – first screening
- WA's largest private PCR screening facility
- Two independent National Association of Testing Authorities (NATA) accredited pathology laboratories
- 7 sites – 2 in Perth metropolitan area and 5 in regional areas
- More than 40 nurses and collectors trained for swab-screening process
- Test everyone prior to travelling to a mine site



FY20 Operating Performance



FY20 Mining Services Performance



Mining Services Contracts

- 2 new, 4 renewed, 1 completed
- Volumes increased 65% yoy

Crushing & Processing

- 22 operating plants

Contract Mining

- 21 open pits

Construction

- Completed Wodgina
- MRL crane fleet and crew at Kemerton
- Built 15Mt NextGen crushing plant – preparing to mobilise
- 120km off highway bitumen roads constructed in Yilgarn

Supply Chain - Haulage

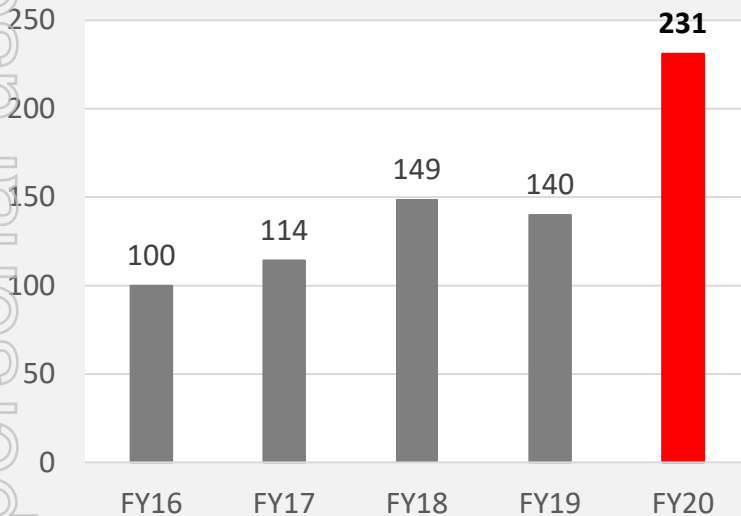
- 23 Rail locomotives and 844 rail wagons hauled 7.5Mt
- 81 on highway road trains, average payload 130t, hauled 6.7Mt
- 19 off highway trucks, hauled 7.5Mt
- 14.5Mt shipped

Energy

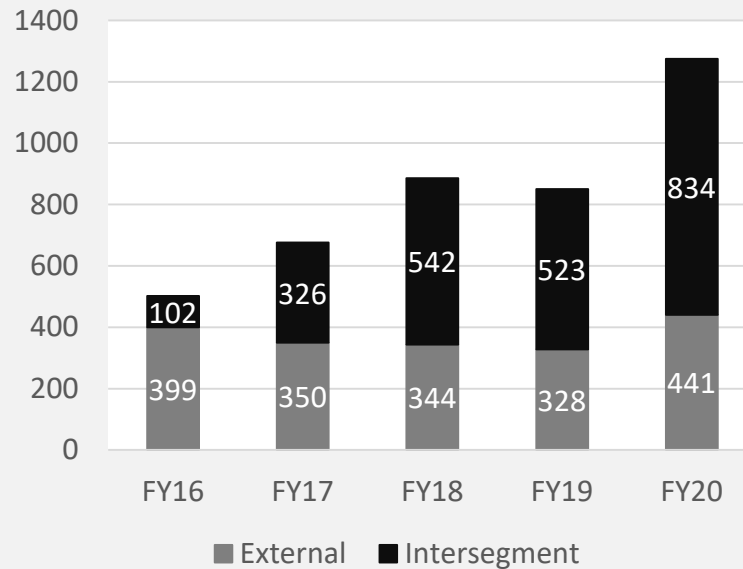
- Operating 4 power stations, combined 54 MW
- Perth Basin activities delayed due to COVID-19

Mining Services Performance FY16 to FY20

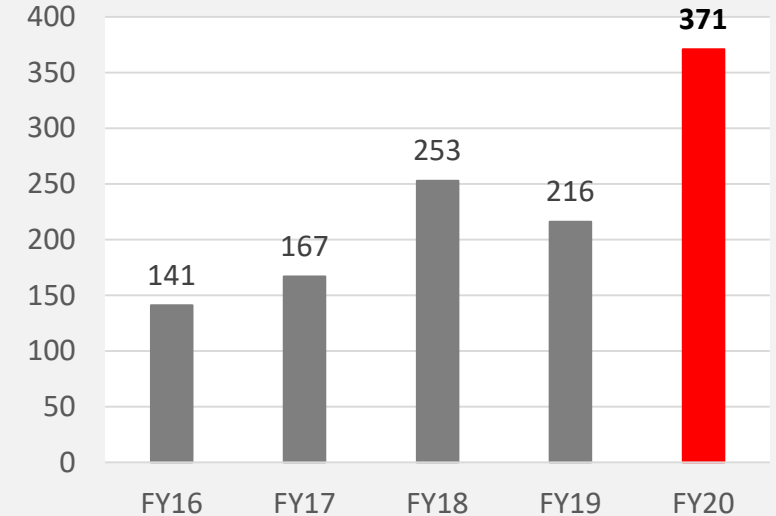
Contract Volumes (Index)¹



Revenue (\$m)



Mining Services less Construction EBITDA² (\$m)



Notes:

1. Contract volumes include production-related Ore Mined, Crushed, Processed and other mining services where MRL owns the underlying assets delivering the service. Volumes rebased to 100 in FY16.
2. Mining Services less Construction EBITDA reflects MRL's annuity-style production-related earnings.

FY20 Commodities Performance



Koolyanobbing

- 7.4Mt shipped
- Average revenue \$116/t
- Average cost \$72/t CFR
- Total material moved (TMM) 46.7Mt

Iron Valley

- 6.7Mt shipped
- Average revenue \$104/t
- Average cost \$81/t CFR
- TMM 17.3Mt

Mt Marion

- 394Kdmt (411Kwmt) spodumene concentrate shipped¹
- Average revenue \$618/dmt (\$597/wmt)
- Average cost \$538/dmt CFR (\$520/wmt)
- TMM 28.2Mt
- Mt Marion - Running at over 90% recovery

Kemerton

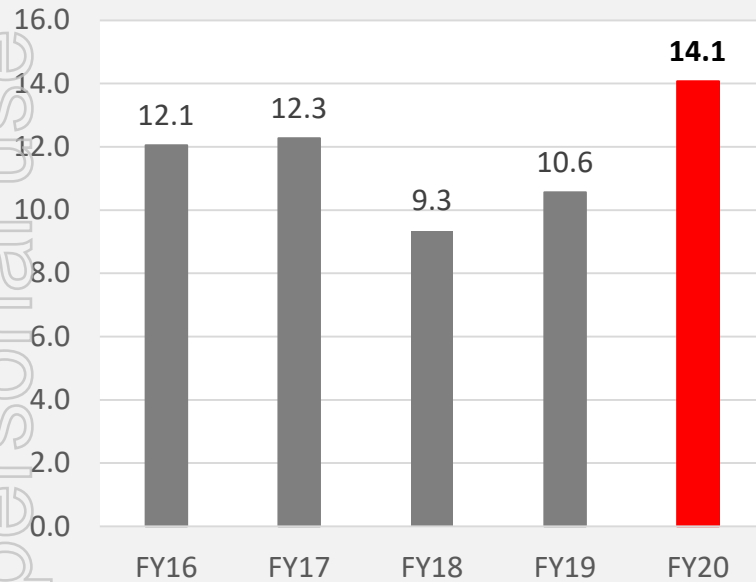
- Construction ongoing
- 750 people on site

Wodgina

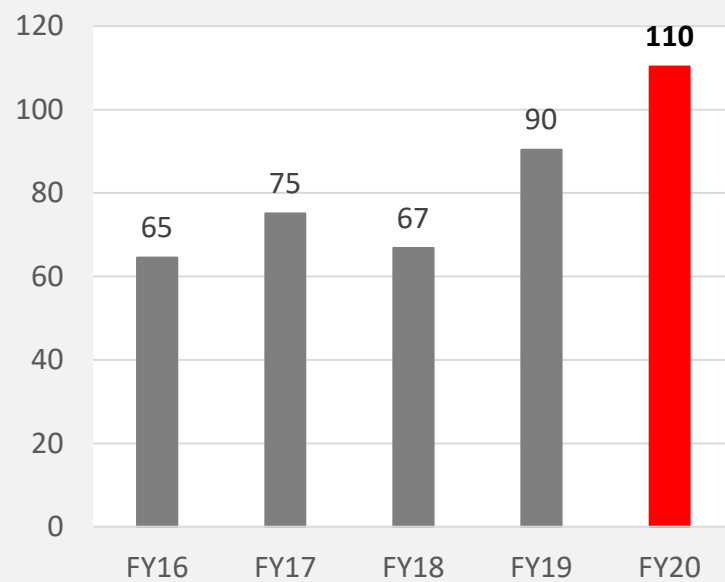
- Care and maintenance

Iron Ore Performance FY16 to FY20

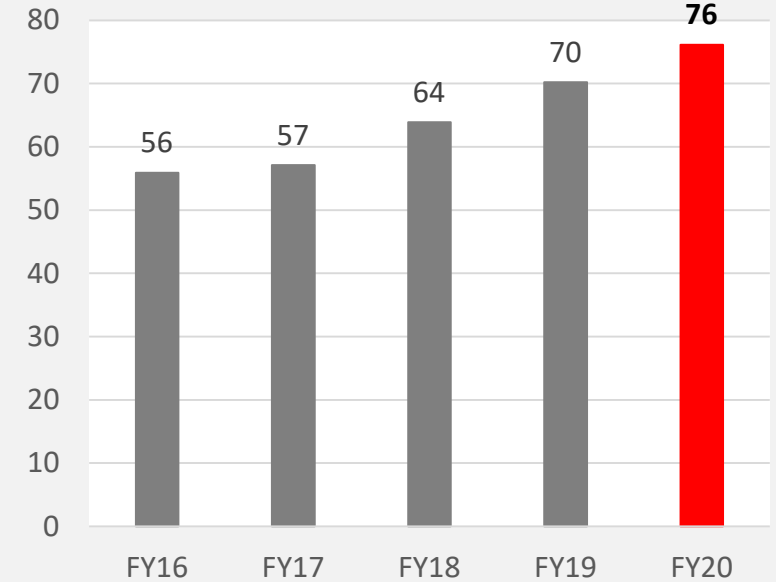
Exports (Mwmt)



Revenue (\$/wmt)



CFR Cost¹ (\$/wmt)

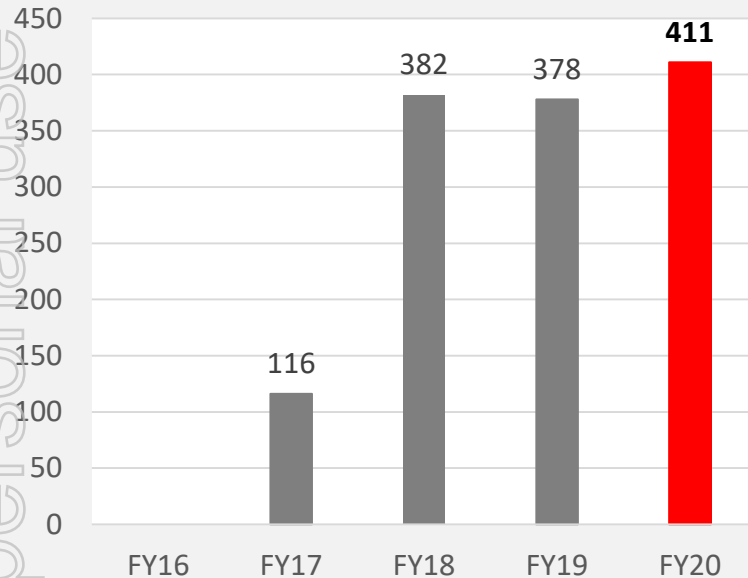


Notes:

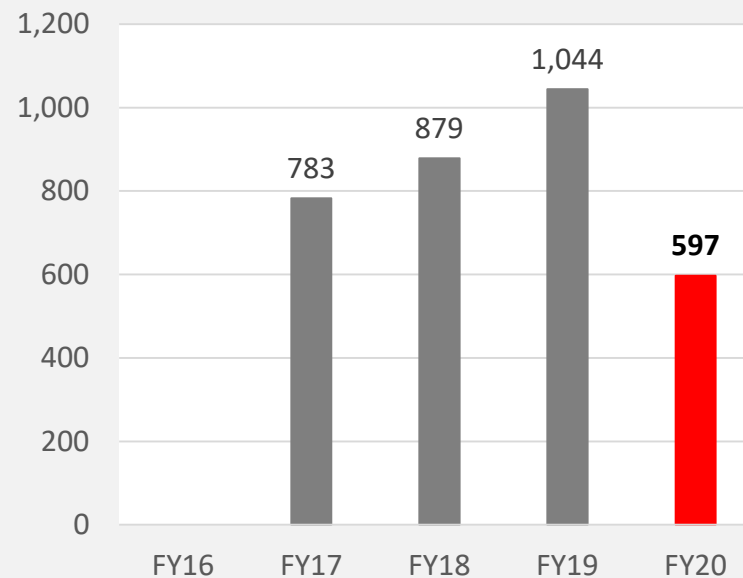
1. CFR Costs represent operating costs of mining, processing, rail/road haulage, port, freight and royalties, including life-of-mine mining service agreements with MRL Group entities, direct administration costs, and an apportionment of corporate and centralized overheads.

Spodumene Concentrate Performance FY16 to FY20

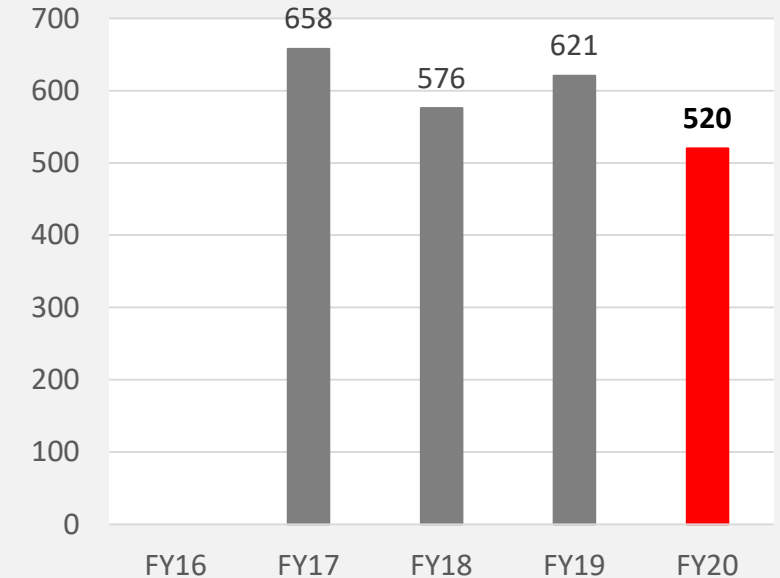
Exports¹ (Kwmt)



Revenue (\$/wmt)



CFR Cost² (\$/wmt)



Notes:

1. Represents 100% of Mt Marion Project exports. MRL has a 50% equity interest in Mt Marion.
2. CFR Costs represent operating costs of mining, processing, rail/road haulage, port, freight and royalties, including life-of-mine mining service agreement with MRL Group entities, direct administration costs, and an apportionment of corporate and centralized overheads.

FY20 Financial Performance



FY20 Financial Performance Summary



\$2.1bn

Revenue

↑41% on FY19



49.6%

ROIC

After Tax



\$2.01bn

EBITDA
(statutory)

↑420% on FY19



\$765m

EBITDA
(underlying)

↑77% on FY19



\$1.5bn

Cash

↑\$1.3bn on FY19



100cps

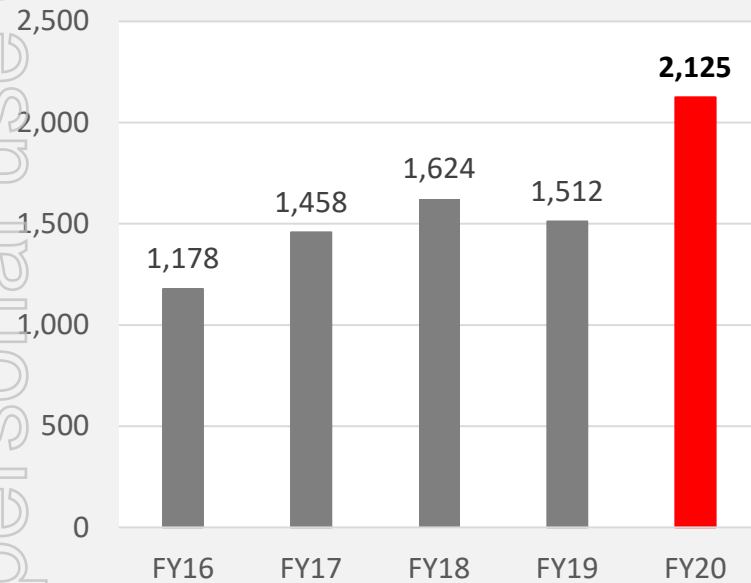
Dividends

↑127% on FY19

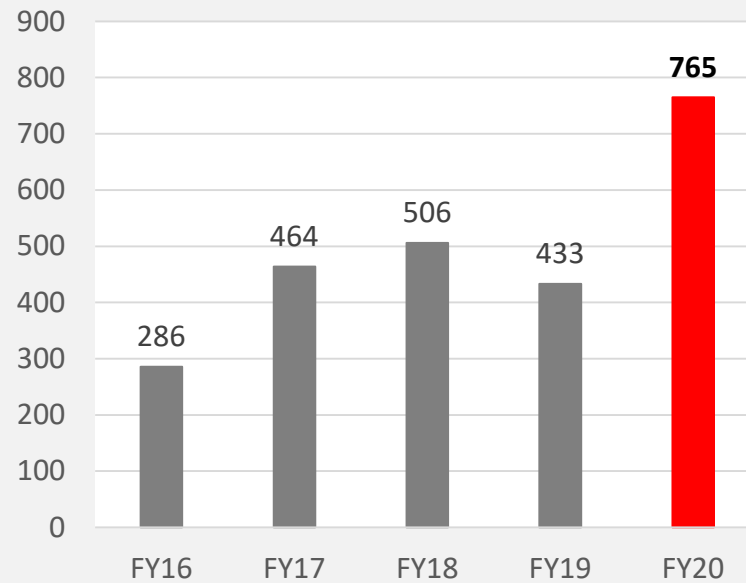
Revenue and Earnings

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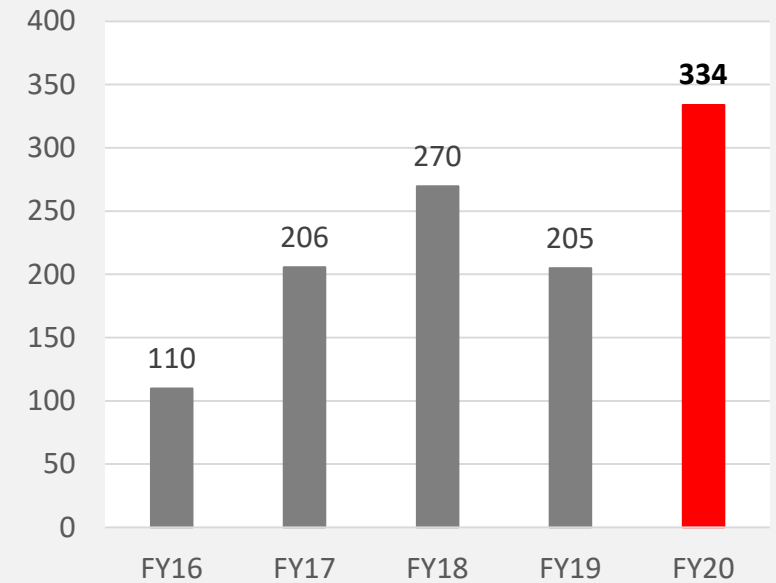
Revenue (\$m)



Underlying EBITDA (\$m)

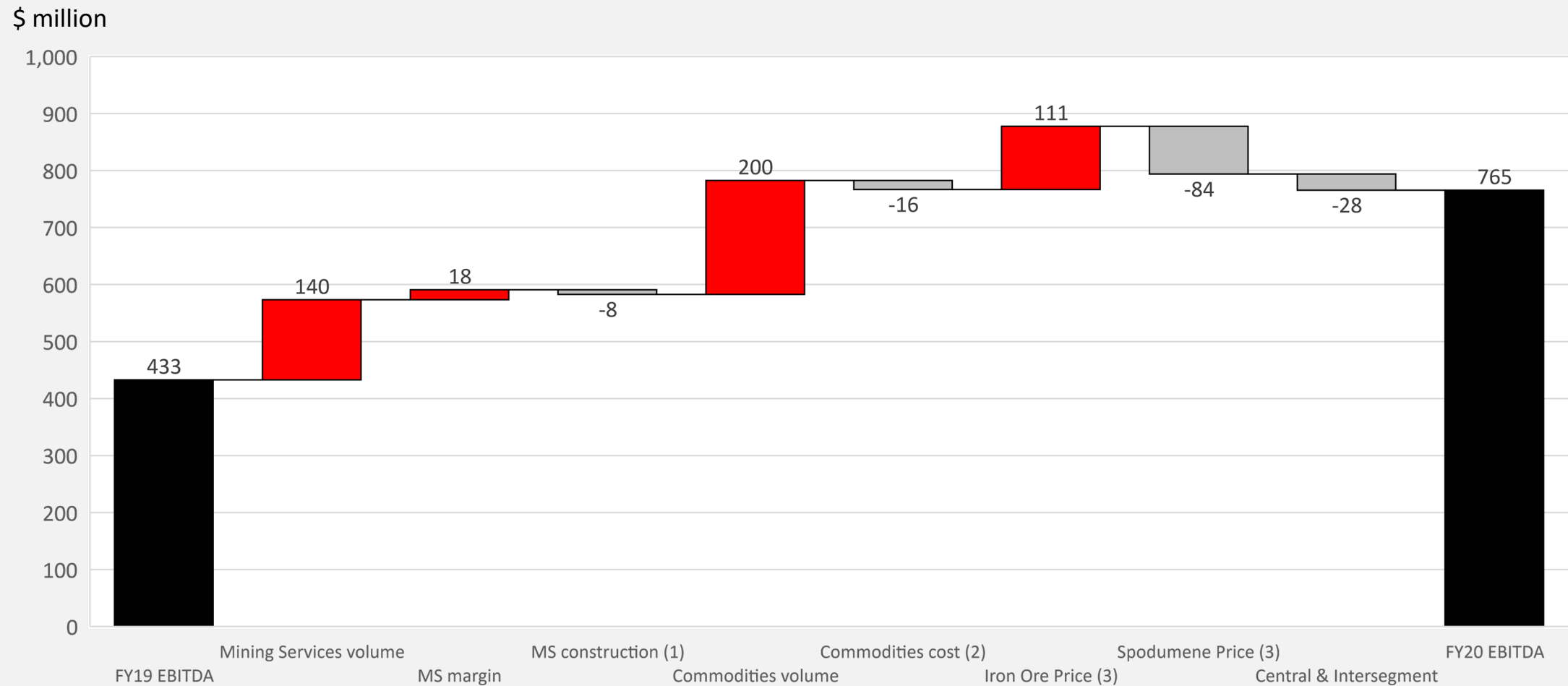


Underlying NPAT (\$m)



Underlying EBITDA FY19 to FY20

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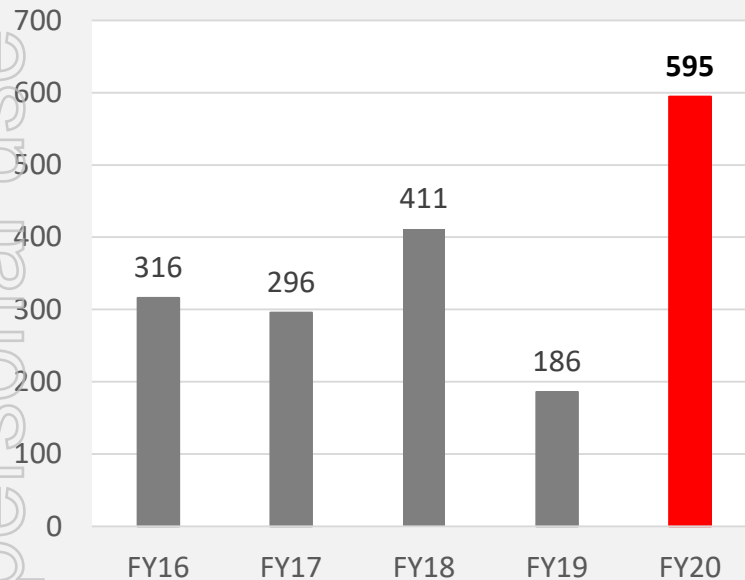


Notes:

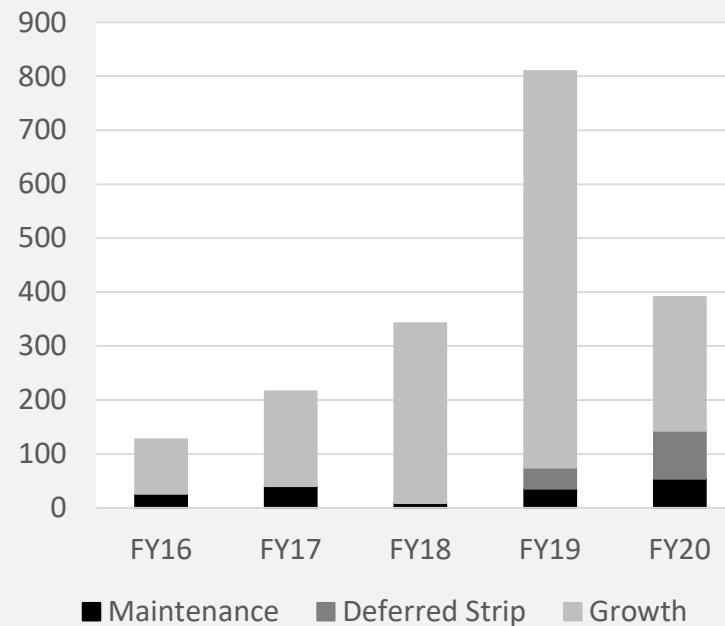
1. Mining Services Construction primarily reflects construction team overhead costs not capitalised to projects.
2. Commodities cost variance excludes the impact of changes in royalty costs which are included in the Commodities price variances.
3. Commodities price variance includes the impact of changes in royalty costs.

Cash Generation

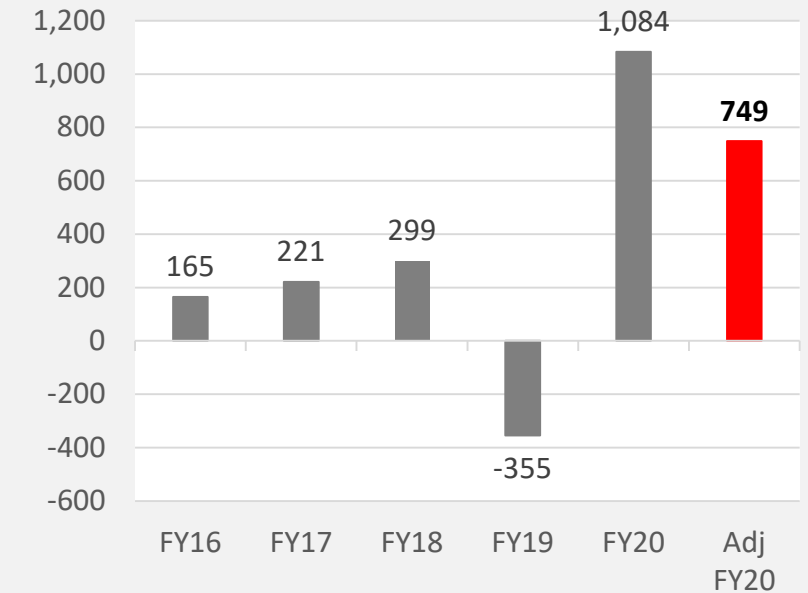
Operating Cash Flow¹ (\$m)



Capex (\$m)



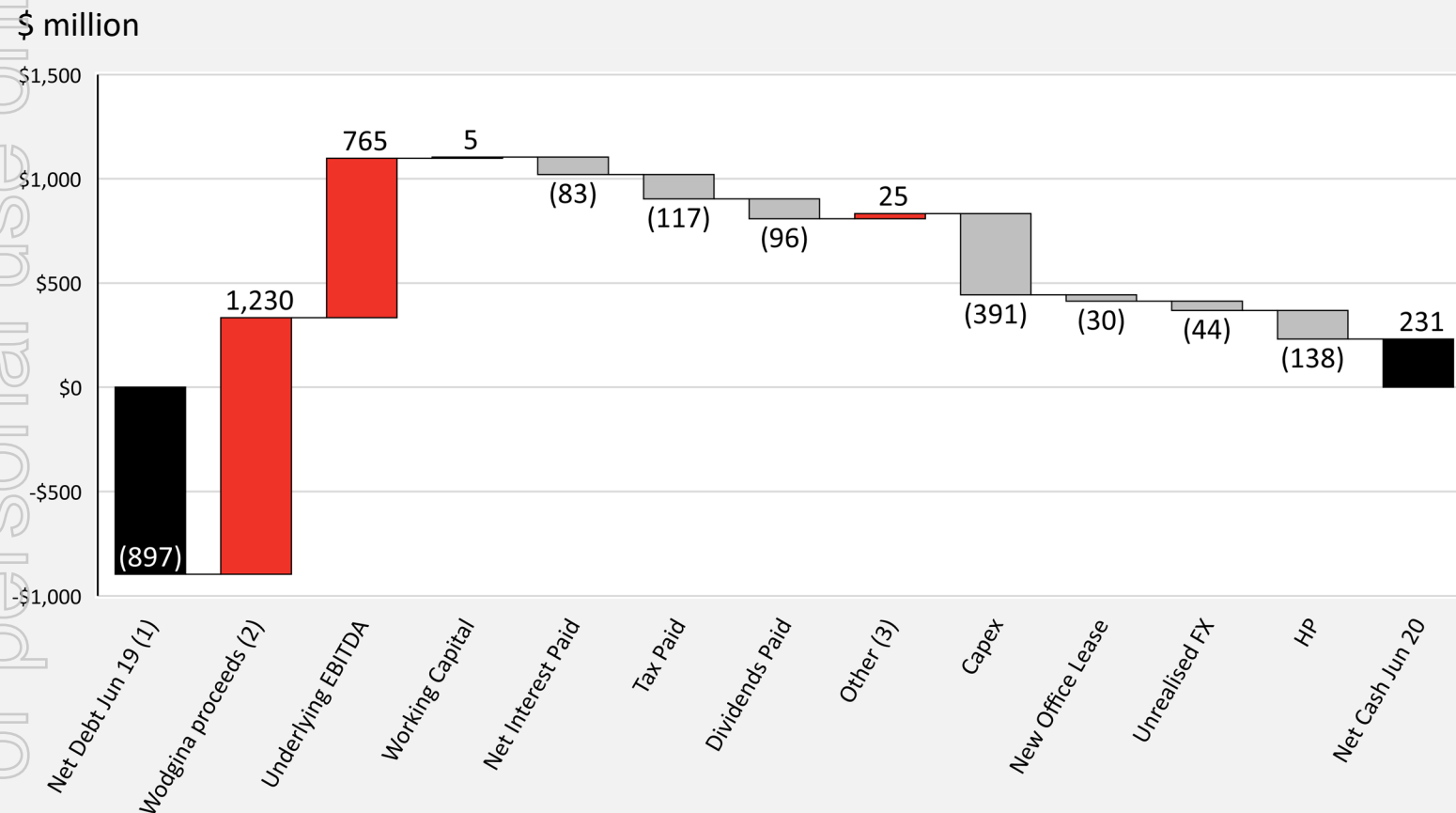
Cumulative Cash Flow Before Financing Activities² (\$m)



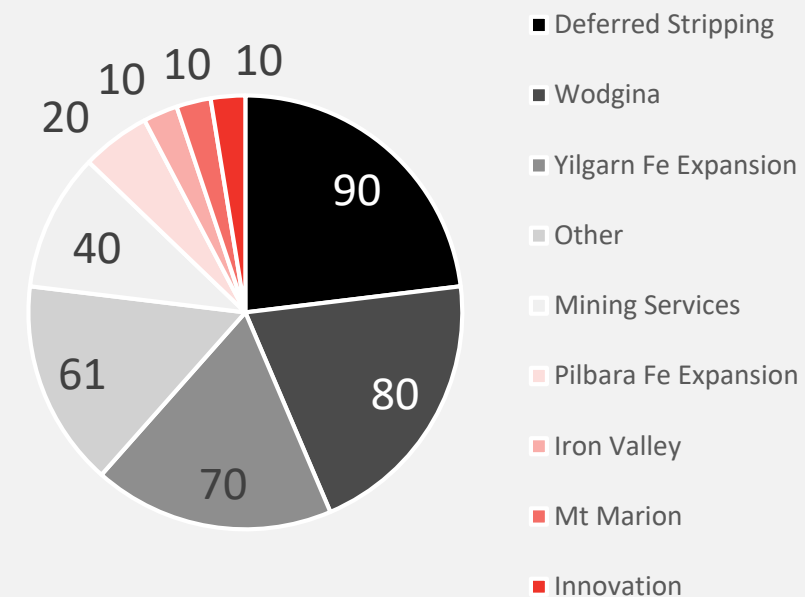
Notes:

1. FY19 includes \$163m working capital cash outflow from inventory build at Koolyanobbing iron ore and Wodgina spodumene concentrate projects to allow ramp-up in production and exports. Subsequent to inventory build, Wodgina was placed in care & maintenance.
2. Adj FY20 is a pro forma number and includes deduction for the estimated tax payable on the Wodgina transaction. This amount is due to be settled in December 2020.

Net Debt FY19 to FY20



Capex Breakdown (\$391m)

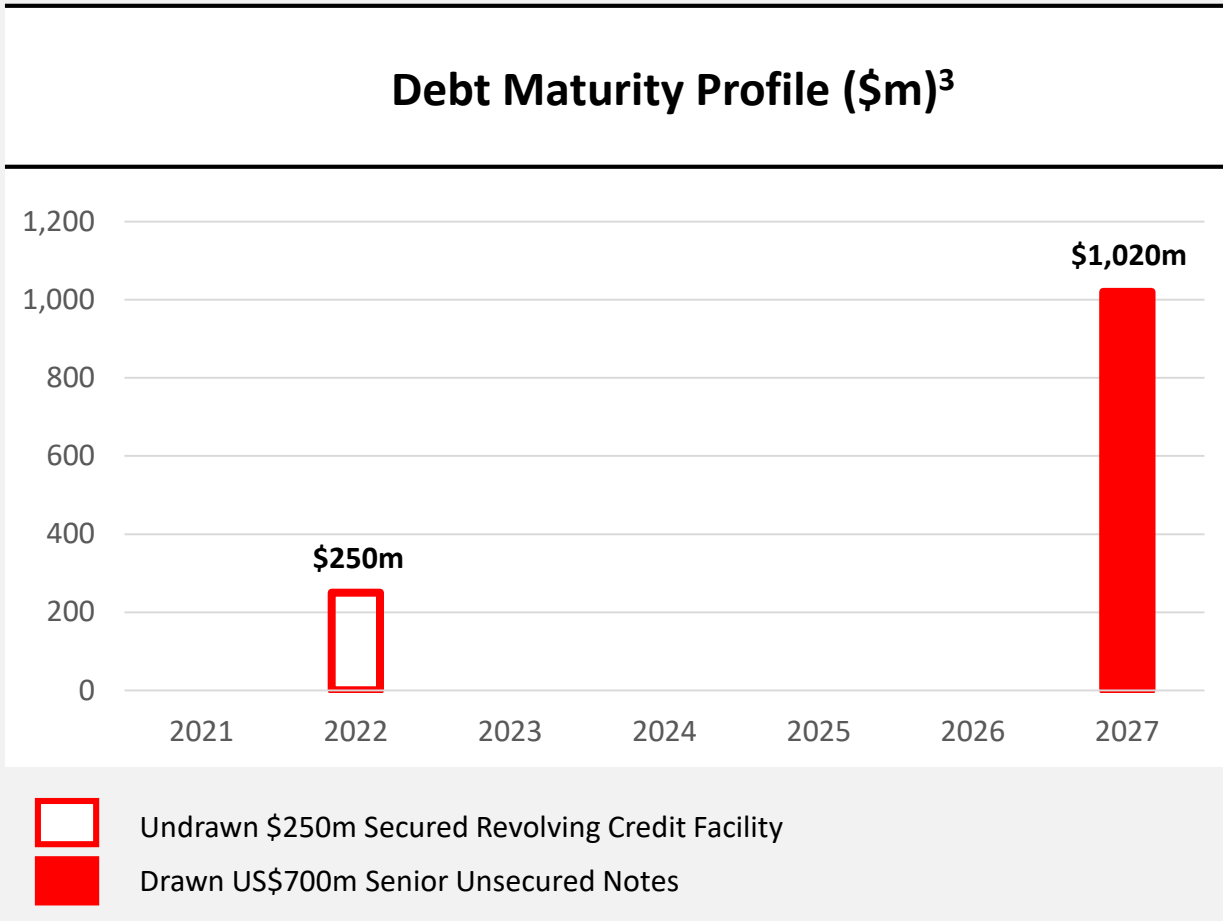


Notes:

1. Net Debt at 30 June 2019 (\$872m + \$26m held for sale), less Hire Purchase (HP) liabilities disposed of as part of Wodgina transaction (\$13m), plus debt from introduction of AASB 16 (leases) (\$13m).
2. Wodgina cash proceeds (\$1,206m), plus realised FX gain on translation of Wodgina proceeds to AUD (\$24m).
3. Other comprises: proceeds from disposal of PPE (\$27m); proceeds from disposal of financial assets (\$1m); net cash from RDG acquisition (\$6m); less payments for financial assets (\$8m).

Balance Sheet

| Key Credit Metrics | Units | FY19 ^{1,2} | FY20 |
|-----------------------------|-------|---------------------|---------|
| Cash and Equivalents | \$m | 265 | 1,522 |
| Total Assets | \$m | 3,161 | 4,631 |
| Debt | \$m | (1,137) | (1,291) |
| Total Liabilities | \$m | (1,781) | (2,335) |
| Total Equity | \$m | 1,380 | 2,296 |
| Net Debt / (Cash) | \$m | 872 | (231) |
| Net Gearing | % | 39% | (11%) |
| Gross Gearing | % | 45% | 36% |
| Net Debt / (Cash) to EBITDA | X | 2.0 | (0.3) |
| Gross Debt to EBITDA | X | 2.6 | 1.7 |
| EBITDA to Net Interest | X | 8.2 | 8.4 |
| EBITDA to Gross Interest | X | 7.7 | 7.3 |



Notes:

1. Net debt and gross debt at end FY19 excludes \$26m of Hire Purchase liabilities held within net assets held for sale.
2. Net interest and gross interest for FY19 includes \$22m of capitalized interest.
3. Excluding capital repayments on Hire Purchase arrangements.

Where are we going in FY21

- Operations FY21 outlook
- Project pipeline



FY21 Mining Services Outlook

Key Headlines

- Double the business over CY20-CY22
- To support our growth, appointed Mike Grey as Chief Executive, Mining Services
- Mining Services includes CSI, Construction, Energy and Infrastructure assets



Energy

- Evaluating solutions to own gas reserves
- Continue to displace diesel with LNG, natural gas and solar

Crushing

- Volumes expected to increase:
 - Koolyanobbing 12 to 12.7Mt
 - Iron Valley 7.5 to 8.5Mt
 - NextGen II Crushing plant operational from 2Q21

Processing

- Higher product volumes
- Processing volumes remain stable due to yield improvement

Contract Mining and Haulage

- Strong volume growth expected
- Impact of new contracts signed in FY20
- Koolyanobbing growth

Strong enquiries for new business

FY21 Commodity Outlook

Key Headlines

- Developing mining operations with a 20-50 year life
- Appointed Paul Brown, Chief Executive, Commodities
- Total iron ore volumes 18.3Mt to 20.3Mt



Kemerton

Construction and receipt of equipment ongoing

Ramping up to 1000 people on site

On track for completion in late 2021

Full production expected 2022

Wodgina

- Care and maintenance
- We will restart Wodgina as market conditions dictate

Iron Valley

- Export: 7.5 to 8.5Mt at 40% Lump product
- Volumes weighted to 2H
- Year end run rate: 9Mtpa
- FY21 TMM 31.2Mt

Koolyanobbing

- Export: 12 to 12.7Mt at 40% Lump product
- Volumes weighted to 2H
- Year end run rate: 13Mtpa
- FY21 TMM 73.7Mt

Mt Marion

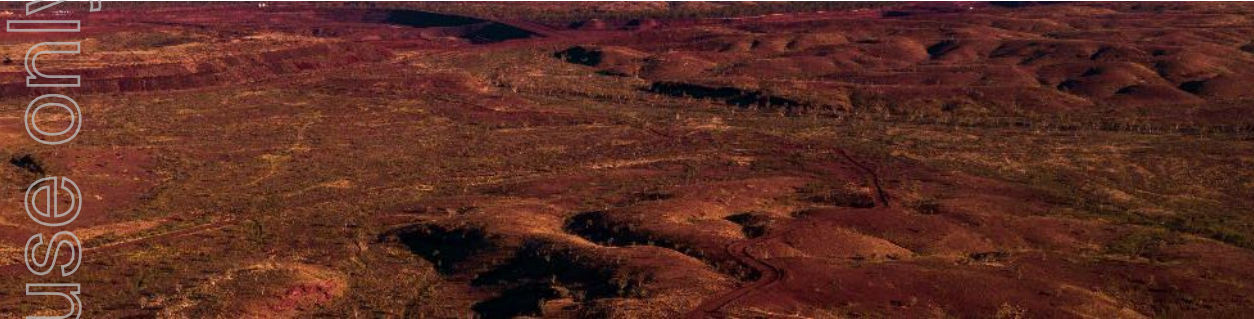
- Export 450 to 475Kt ¹
- FY21 TMM 30.3Mt

Notes:

1. Dry metric tonnes.

Growth Projects

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Pilbara

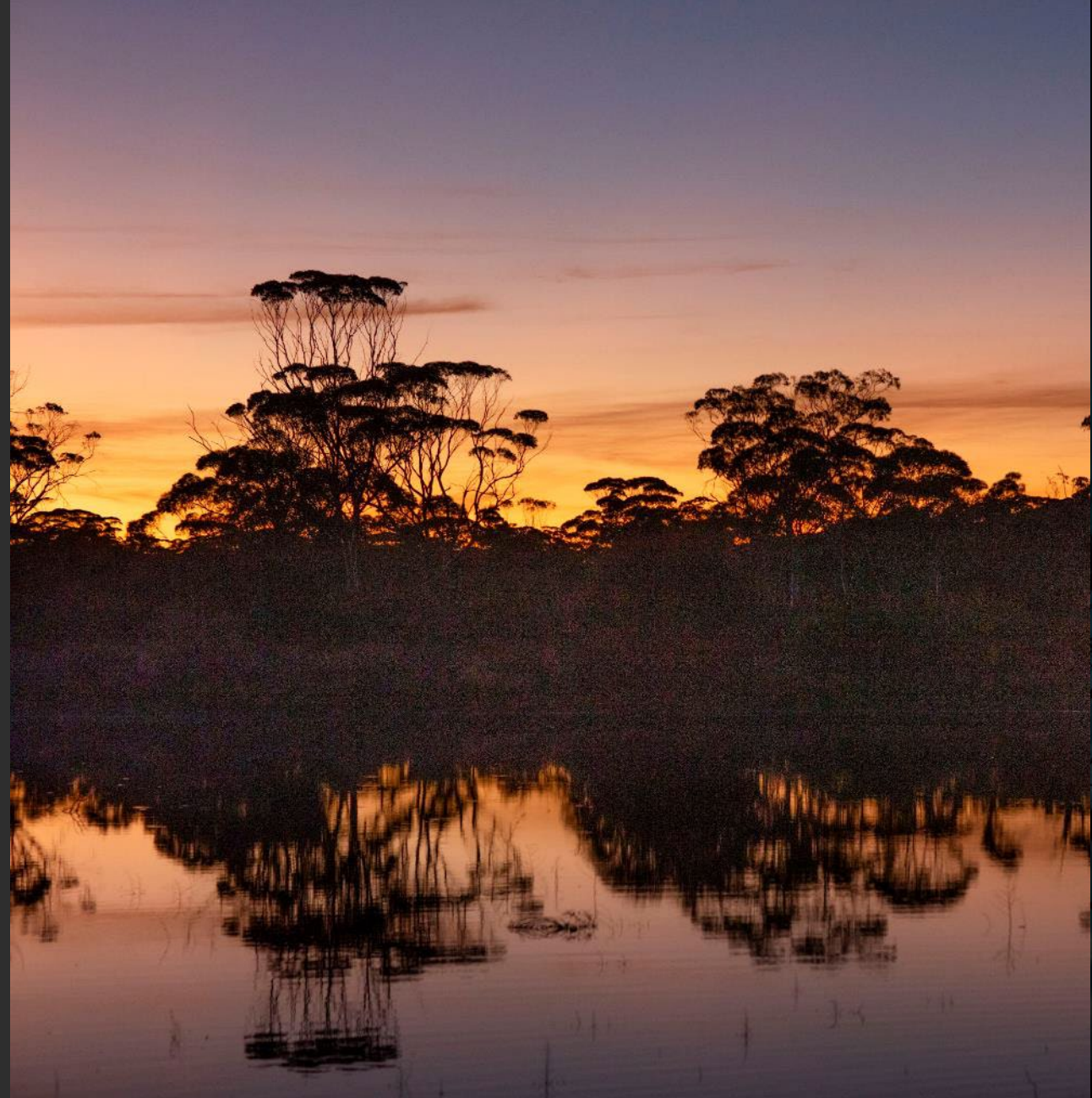
- Working with Government and other parties to develop additional iron ore export capacity in the Port Hedland Harbour
- Successful completion of projects would at least double our current iron ore exports
- Targeting lower operating costs than current operations
- Planning for first ore on ship in approximately two years
- Marillana testing and evaluation work will be complete by end September 2020
- Further detail expected to be announced this calendar year

Thank you –
Any questions



Appendix

Additional Information



Financial Performance Since Listing in 2006



30%
EPS
growth p.a.¹



26.6%
ROIC²
After Tax



27%
TSR growth
p.a.³



101%
Cash
conversion⁴



\$5.8bn
EBITDA



\$5.81
Per share
dividends⁵

Notes:

1. CAGR in diluted EPS from FY07 to FY20.
2. Average ROIC from FY07 to FY20.
3. CAGR in TSR since listing at \$0.90/share in July 2006 to 30 June 2020.
4. Average conversion of Statutory EBITDA to operating cash flow before interest and taxation from FY07 to FY20. In FY20, EBITDA excludes Wodgina disposal profit, as related cash inflow does not form part of operating cash flow.
5. Summation of all dividends per share declared since FY07.

Reconciliation of Non-IFRS Financial Information

| Reconciliation of Non-IFRS Financial Information (\$ million) | 1H19 | 2H19 | FY19 | 1H20 | 2H20 | FY20 |
|--|------------|------------|--------------|--------------|--------------|--------------|
| Statutory Revenue | 555 | 957 | 1,512 | 987 | 1,138 | 2,125 |
| Statutory EBITDA | 72 | 314 | 386 | 1,575 | 431 | 2,006 |
| Less: gain on disposal of 60% interest in Wodgina ¹ | - | - | - | (1,290) | (8) | (1,298) |
| Less: realised FX gain on translation of Wodgina disposal proceeds ² | - | - | - | - | (24) | (24) |
| Less: gain on bargain purchase on acquisition of Resource Development Group ² | - | - | - | - | (4) | (4) |
| Less: unrealised fair value loss on investments ² | 30 | 12 | 42 | 32 | 8 | 40 |
| Less: unrealised FX translation loss on US Bond ² | - | 4 | 4 | 1 | 21 | 22 |
| Less: unrealised FX translation loss on US cash holdings ² | - | - | - | 12 | 11 | 23 |
| Underlying EBITDA | 102 | 331 | 433 | 330 | 435 | 765 |
| Less: depreciation and amortization | (46) | (63) | (109) | (92) | (102) | (194) |
| Underlying EBIT | 56 | 268 | 324 | 238 | 334 | 572 |
| Add: interest income | 1 | 2 | 3 | 4 | 10 | 14 |
| Less: finance costs ³ | (8) | (26) | (34) | (51) | (54) | (105) |
| Underlying PBT | 49 | 244 | 293 | 191 | 290 | 481 |
| Less: adjusted tax | (15) | (73) | (88) | (62) | (85) | (147) |
| Underlying NPAT | 34 | 171 | 205 | 129 | 205 | 334 |
| Add: adjustments to Statutory EBITDA listed above (net of tax at 30%) | (21) | (12) | (33) | 869 | - | 869 |
| Add: impairments (net of tax at 30%) | - | (7) | (7) | (114) | (86) | (200) |
| Statutory NPAT | 13 | 152 | 165 | 884 | 118 | 1,002 |

Notes:

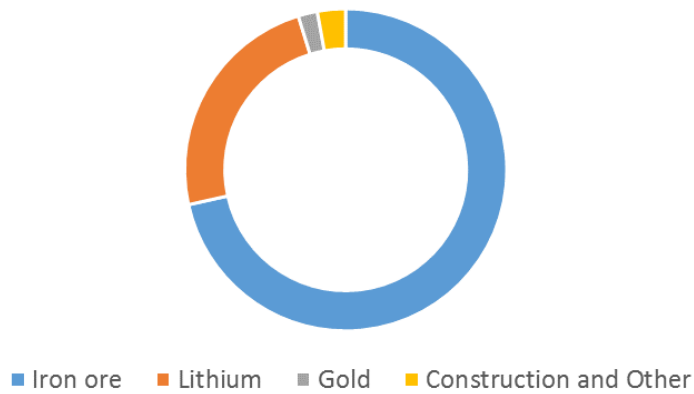
1. Adjustment attributable to Commodities operating segment.
2. Adjustment attributable to Central operating segment.
3. Finance costs does not include interest capitalized on Wodgina Lithium Project of 1H19 \$12m and 2H19 \$10m.

Mining Services Key Business Metrics

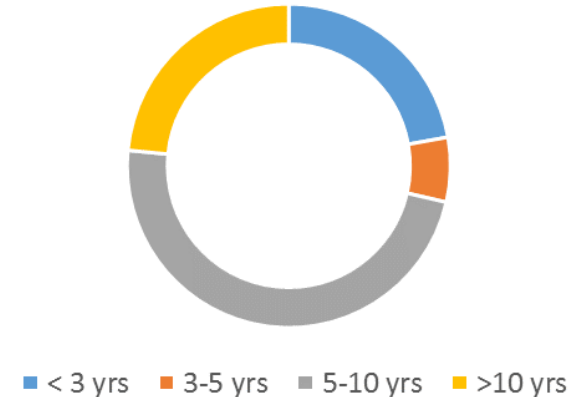
Major external contract¹ win / renewal metrics

| Metrics | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 |
|---|-------------|-------------|-------------|------------|-------------|-------------|
| New contracts commenced | - | - | 3 | 1 | 3 | 2 |
| Ore bodies exhausted early, contracts ended due to end of life-of-mine or completion of scope | - | (1) | - | (1) | - | (1) |
| Existing contracts renewed | 7 | 1 | 3 | 4 | 7 | 4 |
| Existing contracts lost on renewal to alternative provider | - | - | - | (1) | - | - |
| Retention rate of existing contracts on renewal | 100% | 100% | 100% | 80% | 100% | 100% |

Revenue^{2,3} by end user



Revenue² by length of contract



Notes:

1. External contract with annual revenues greater than \$5m.
2. FY20 Mining Services Segment Revenue (External and Intersegment).
3. MRL's Mining Services contract rates and not linked to commodity prices. There are no commodity price related revenues in the Mining Services segment.

Glossary

| | |
|----------------------|--|
| 1H, 2H, FY | First half, second half, full year |
| \$ | Australian dollar |
| US\$ | United States dollar |
| CAGR | Compound annual growth rate |
| CFR | Cost and freight rate |
| CFR Cost | Operating costs of mining, processing, rail/road haulage, port, freight and royalties, including mining infrastructure service agreements with MRL Group entities, direct administration costs, and apportionment of corporate and centralised overheads |
| DMT | Dry metric tonnes |
| EBIT | Earnings before interest and tax |
| EBITDA | Earnings before interest, tax, depreciation and amortization |
| EPS | Earnings per share |
| Gross debt | Total borrowings and finance lease liabilities |
| Gross gearing | Gross debt / (gross debt + equity) |

| | |
|---------------------------------|---|
| K | Thousand |
| M | Million |
| Net debt / (cash) | Gross debt less cash and cash equivalents |
| NPAT | Net profit after tax |
| PBT | Profit before tax |
| Pcp | Prior corresponding period |
| ROIC | Return on invested capital |
| T or t | Wet metric tonnes unless otherwise stated |
| TRIFR | Total Recordable Injury Frequency Rate per million hours worked |
| TSR | Total Shareholder Return being CAGR in gain from change in share price plus dividends paid |
| Underlying EBIT / EBITDA | EBIT / EBITDA adjusted for impact of one-off, non-cash gains or losses, and profit on the Wodgina sale |
| Underlying NPAT | NPAT adjusted for after tax impact of one-off, non-cash gains or losses, and profit on the Wodgina sale |
| WMT | Wet metric tonnes |

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Investor Relations

James Bruce

Head of Investor Relations

T: +61 8 9329 3706

E: james.bruce@mrl.com.au

Nigel Land

Treasurer

T: +61 8 9329 3609

E: nigel.land@mrl.com.au

OFFICE: 1 Sleat Road, Applecross, WA 6153

POSTAL: PO Locked Bag 3, Canning Bridge LPO,
Applecross, WA 6153

P +61 8 9329 3600

F +61 8 9329 3601

www.mrl.com.au



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