

14 February 2022

Your ref: 46745

Mr Dale Allen
Manager, Listings Compliance
Australian Securities Exchange Perth
By email: dale.allen@asx.com.au

Dear Mr Allen,

We refer to your letter of 10 February 2022 entitled "Mineral Resources Limited: Aware Query" (**Letter**) and respond as set out below, using the same numbering as in the Letter.

Capitalised terms in the Letter have the same meaning in this response.

1. When did MIN first become aware of the 2022 First Half Results Information?

Management accounts reflecting the half year period ended 31 December 2021 were prepared by MIN management on 17 January 2022 and provided to the Chief Financial Officer on 20 January 2022.

Preparation of the statutory half yearly accounts commenced on 18 January 2022. MIN's Auditors, RSM Australia Partners, commenced their review on 22 January 2022 and had substantially completed their work by 31 January 2022.

A draft of the half yearly accounts, together with the completion report of the Auditors in respect of their review of the accounts, and supporting documentation, was provided to the MIN Audit and Risk Committee for consideration on 31 January 2022. The Audit and Risk Committee met on 3 February 2022, and recommended that the Board of Directors of MIN authorise the signing and release of the accounts and supporting Directors' Report. The Board of Directors met on 8 February 2022 to consider the half year accounts and resolved that these be approved for distribution on 9 February 2022 via the ASX MAP. Accordingly, the half yearly accounts and First Half Results Information pack (**Information Pack**) was released on the ASX MAP prior to the commencement of trading on ASX on 9 February 2022.

Having regard to the need for appropriate review and sign-off of financial information (see ASX Guidance Note 8, para [7.3] at p53), and following standard corporate governance practice and policies, MIN considers that it has disclosed the 2022 First Half Financial Information "promptly and without delay" upon its awareness of that information.

In terms of the underlying drivers of the result, like several other mining companies operating in Western Australia, MIN had begun to experience increasing costs across its supply chain, as a result of tight labour market conditions, rising fuel prices, other COVID impacts and an increase in shipping costs. In the Managing Director's address to the 2021 Annual General Meeting on 18 November 2021 (see page 15 of the AGM Presentation released to the market on that day), the Managing Director noted that the operating environment had changed extremely quickly, operating costs were under pressure and that costs were increasing in a tight labour market. MIN also noted that the benchmark iron ore price was significantly down and that discounts [for iron ore] had widened. In addition, MIN noted in its December Quarterly Report (**Quarterly Report**), that its "[o]perating costs remain under pressure, impacted by lower productivity, higher fuel prices and increased off-site costs for haulage and shipping."

The volatility of the iron ore price was well known to the market. During the December quarter, the iron ore price varied between US\$131 per tonne (62% FOB China) and US\$80 per tonne. There was also significant fluctuations in freight costs, with the Dry Baltic freight index ranging from a low of 2217 to a high of 5650 over the quarter. This impact of these factors was reinforced in the Information Pack accompanying the accounts (on slide 9), which showed that the underlying performance of the controllable elements of the business was largely in line with the prior corresponding period, with the final result predominantly impacted by external factors outside of the control of the company.

2. Does MIN consider the 2022 First Half Results Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

Yes, in the sense the 2022 First Half Results represented the first occasion on which MIN published statutory accounts showing the financial impact of the prior half's trading conditions, including the previously disclosed cost pressure, on company earnings.

However, MIN considers that, as noted in the response to Question 1, the primary contributing factors to the decline in earnings over the prior corresponding period, being lower realised iron ore prices and increased costs, were generally well understood by market participants and/or had been the subject of prior announcements by MIN, including in its AGM commentary and the Quarterly Report, and therefore were unlikely in isolation to have accounted for the volatility in the MIN share price noted in the Letter. MIN is of the view that the decision to not pay an interim dividend may have surprised some shareholders and contributed to that volatility. MIN also provided an update to its guidance for the 2022 financial year contemporaneously with the release of the 2022 First Half Results, which is also likely to have driven investors' assessment of the value of MIN shares.

MIN also notes that given both the inherent volatility of MIN's commodity-based business units (as demonstrated by the strong recovery in iron ore prices since 31 December 2021) and MIN's obligation to report on the activities of those units on a quarterly basis, guidance on half-yearly financial results is ordinarily unlikely to be a meaningful driver of share price performance (see para [7.3] of ASX Guidance Note 8).

3. If the answer to question 2 is "no", please advise the basis for that view.

Not applicable.

4. If the answer to question 2 is "yes" and MIN first became aware of the 2022 First Half Results Information before 9 February 2022, did MIN make any announcement prior to the relevant date which disclosed the 2022 First Half Results Information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe MIN was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps MIN took to ensure that the information was released promptly and without delay.

As noted in the response to Question 1, MIN is of the view that it released the 2022 First Half Results Information promptly and without delay upon becoming aware of that information.

Information on production and realised iron ore pricing during the quarter was set out in the Quarterly Report, along with non-specific, directional guidance on costs, as noted above.

MIN believes that it promptly released all information as it became aware of that information, as required by Listing Rules 3.1 and 3.1A.

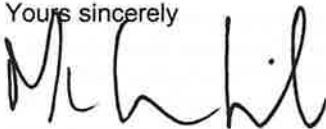
5. Please confirm that MIN is complying with the Listing Rules and, in particular, Listing Rule 3.1.

MIN confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

6. Please confirm that MIN's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of MIN with delegated authority from the board to respond to ASX on disclosure matters.

Confirmed.

Yours sincerely



Mark Wilson
Chief Financial Officer and Company Secretary



10 February 2022

Reference: 46745

Mr Mark Wilson & Mr Derek Oelofse
Joint Company Secretary
Mineral Resources Limited

By email: mark.wilson@mineralresources.com.au and derek.oelofse@mineralresources.com.au

Dear Mr Wilson and Mr Oelofse

Mineral Resources Limited ('MIN'): Aware Query

ASX refers to the following:

- A. MIN's announcement entitled '*2021 Financial Year – Half Year Results*' released on the ASX Market Announcements Platform ('MAP') on 10 February 2021, disclosing the following financial results:
 - (i) Underlying earnings before interest, tax, depreciation, amortisation and impairment ('EBITDA') of \$763 million for the half year ended 31 December 2020 ('31 December 2020 Underlying EBITDA').
 - (ii) Underlying Net Profit after Tax ('NPAT') for the half year ended 31 December 2020 of \$430 million ('31 December 2020 Underlying NPAT').
- B. MIN's announcement entitled "*FY22 Half Year Financial report and Appendix 4D*" released on MAP on 9 February 2022 (the '2022 Half Year Results Announcement'), disclosing the following financial results (together, the '2022 First Half Results Information'):
 - (i) Underlying EBITDA for the half year ended 31 December 2021 of \$156 million, which represents an 80% decrease from the 31 December 2020 Underlying EBITDA.
 - (ii) Underlying Net Loss after Tax for the half year ended 31 December 2021 of \$36 million, which represents a 108% decrease from the 31 December 2020 Underlying NPAT.
- C. The decrease in the price of MIN's shares from a closing price of \$57.88 on 8 February 2022 to an intraday low of \$50.36 on 9 February 2022 before closing at \$52.72 following the release of the 2022 Half Year Results Announcement.
- D. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- E. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."
- F. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed.”*

G. ASX’s policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

H. Section 7.3 of ASX Guidance Note 8, which states:

“Generally speaking, an entity’s earnings for a particular reporting period are not required to be reported to the market until the due date for the release of that information under Chapter 4 of the Listing Rules.

However, for many entities, the market’s expectations of its earnings over the near term may be a material driver of the price or value of its securities. Those expectations may have been informed by:

- *earnings guidance the entity has given to the market;*
- *in the case of entities covered by sell side analysts, the earnings forecasts of those analysts; or*
- *the entity’s previous corresponding period earnings*

If an entity becomes aware that its earnings for the current reporting period will differ (downwards or upwards) from market expectations, it needs to consider carefully whether it has a legal obligation to notify the market of that fact. This obligation may arise under Listing Rule 3.1 and section 674 of the Corporations Act, if the difference is of such magnitude that a reasonable person would expect it to have a material effect on the price or value of the entity’s securities – referred to below as a “market sensitive earnings surprise”. Alternatively, in the case of an entity which becomes aware that its earnings guidance for a reporting period will differ materially from earnings guidance it has published to the market, it may arise under section 1041H of the Corporations Act, because failing to inform the market that its published guidance is no longer accurate could constitute misleading conduct on its part.”

Request for information

Having regard to the above, ASX asks MIN to respond separately to each of the following questions and requests for information:

1. When did MIN first become aware of the 2022 First Half Results Information?
2. Does MIN consider the 2022 First Half Results Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
3. If the answer to question 2 is “no”, please advise the basis for that view.
4. If the answer to question 2 is “yes” and MIN first became aware of the 2022 First Half Results Information before 9 February 2022, did MIN make any announcement prior to the relevant date which disclosed the 2022 First Half Results Information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe MIN was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps MIN took to ensure that the information was released promptly and without delay.
5. Please confirm that MIN is complying with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that MIN’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of MIN with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **12:00 PM AWST Tuesday, 15 February 2022**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, MIN’s obligation is to disclose the information ‘immediately’. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require MIN to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsCompliancePerth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in MIN’s securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in MIN's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to MIN's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that MIN's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

Dale Allen
Manager, Listings Compliance (Perth)