



TAX TRANSPARENCY REPORT

FY23

Mineral Resources Limited (MinRes, Company or Group) is pleased to present our inaugural Tax Transparency Report for FY23, outlining the Group's approach to tax and details pertaining to the tax profile of the Group, including the amount of income taxes paid per the latest income tax returns.

In addition to complying with tax laws, MinRes makes a broader economic contribution to the communities in which the Group operates. For an overview of the broader economic contribution of the Group, refer to the "Economic Performance and Value Creation" section of the MinRes 2023 Sustainability Report.

TAX GOVERNANCE AND CONTROL FRAMEWORK

MinRes has a Board-approved *Tax Risk Management Framework* (Framework) which is readily accessible to all employees on the Company's intranet and which details the management of tax-related risks across all tax types.

While MinRes executives and senior management are responsible for daily tax management, ultimate oversight of the Framework sits with the Audit and Risk Committee.

The Chief Financial Officer is updated quarterly on tax risks faced by the Company and the mitigating controls in place to address such risks. The Group's Tax Risk Register is used to rate tax risks, with risks assigned an overall residual rating of "high" or "extreme" included in the Group's Business Risk Register. This is reported to the Board on a quarterly basis through the Audit and Risk Committee.

In addition, the Audit and Risk Committee is updated on matters pertaining to tax at least twice a year. This includes but is not limited to an explanation of the Group's effective tax rate, updates on the status of revenue authority reviews/audits, tax risks associated with significant transactions and any tax developments or trends impacting the Group.

This approach to taxation governance ensures that tax-related risks are appropriately integrated into business and investment decisions.

APPROACH TO TAX

MinRes recognises the importance of paying tax and complying with the tax laws in Australia and any other jurisdiction in which it operates.

MinRes views tax compliance as an important commitment to contributing to the wellbeing of society. In complying with the tax laws, the Company supports the nation's public development programs and social support, both of which play a critical role supporting quality of life for the nation's citizens.

MinRes' tax strategy, as defined in the Framework, is to manage its tax affairs in accordance with the following principles:

- To comply with all applicable legislation, regulations, reporting and disclosure requirements in the countries in which it operates.
- To maintain an open, proactive, professional and transparent relationship with the Australian Taxation Office (ATO) and other relevant government authorities.
- To ensure the tax strategy is in accordance with the Group's overall strategy and its approach to risk.
- To ensure tax risks are considered when assessing any significant transaction or project.
- To ensure risks are managed in such a way that key areas are monitored and material risks minimised, including Board oversight of such risks.

This tax strategy ensures MinRes always seeks to comply with the letter and spirit of tax laws.

The Framework is reviewed annually and any updates are reviewed by the Chief Financial Officer and submitted to the Company's Audit and Risk Committee for comment and approval.

ATTITUDE TO TAX RISK

MinRes approaches tax risk with a commitment to responsible tax management and the Group has a low tax risk tolerance.

MinRes enters transactions only where they have sound commercial and economic justification that exceed the Company's minimum required project investment returns and will not enter a transaction or structure for the sole reason of obtaining a tax benefit.

The foundation of the MinRes tax strategy lies in the Group's commitment to conducting its operations with integrity while complying with all tax laws. When significant or complex transactions arise, MinRes seeks advice from appropriately qualified experts to ensure tax positions adopted are correct and defensible.

The Company is committed to being a responsible taxpayer, which includes cooperating with the ATO in an open and transparent manner. MinRes' approach to tax risk is underpinned by the Group's commitment to protecting the interests of shareholders while upholding the Company's duty as a responsible corporate citizen.

TESTING OF CONTROL FRAMEWORK

With effect from FY24, MinRes' Internal Auditors (an independent "big four" audit firm) will conduct periodic internal audit reviews of the Company's *Tax Governance Framework* and processes, which will include testing of tax-related controls and general compliance with the Framework.

STAKEHOLDER ENGAGEMENT

MinRes engages with taxation authorities in an open and transparent manner and where required, seeks guidance from taxation authorities in the form of private rulings or pre-transaction decision requests.

MinRes is also a member of the Corporate Tax Association (CTA) in Australia and has used its association to provide feedback and input on taxation issues affecting the Company.

AUSTRALIAN TAX RETURN INFORMATION

The below tables reflect MinRes' tax information for the preceding two financial years. Information is based on lodged income tax returns for the respective periods, noting FY23 tax returns are yet to be finalised and are due for lodgement in 2024.

Table 1 shows tax return information for the MinRes Tax Consolidated Group (MinRes TCG) comprising Mineral Resources Limited as the head company and its 100% owned subsidiaries.

Table 1: MinRes Tax Consolidated Group		
	FY21 (\$M)	FY22 (\$M)
Total revenue	3,983.5	3,307.5
Accounting profit before tax	1,795.4	326.2
Accounting depreciation & amortisation	245.7	341.0
Tax depreciation & amortisation	(432.5)	(548.8)
Accounting revaluations of investments	(230.3)	31.5
Net foreign exchange revaluations	(51.9)	119.9
Exploration deductions	(35.6)	(73.3)
Net capital gains/(losses)	0.0	254.5
Immediately deductible costs capitalised for accounting purposes	(105.8)	(357.6)
Other	48.3	48.9
Taxable income	1,233.3	142.3
Income tax payable at 30%	370.0	42.7
Less: tax offsets ¹	(13.6)	(42.7)
Final income tax payable in Australia	356.4	0.0
Franking credit balance	736.2	873.8

Table 2 relates to Mt Marion Lithium Pty Ltd, being the entity that owns the Mt Marion lithium mine of which the MinRes TCG holds a 50% interest. This entity is proportionally consolidated into the Group for accounting purposes (at 50%) but is a separate taxpayer from the MinRes TCG.

Table 2: Mt Marion Lithium Pty Ltd (at MinRes' 50% share)		
	FY21 (\$M)	FY22 (\$M)
Total revenue	129.8	539.1
Accounting profit before tax	(16.1)	361.2
Accounting depreciation & amortisation	6.7	9.8
Tax depreciation & amortisation	(5.5)	(3.5)
Net foreign exchange revaluations	(0.1)	(4.8)
Exploration deductions	(7.3)	0.0
Immediately deductible costs capitalised for accounting purposes	(11.6)	(33.3)
Utilisation of carried forward tax losses	0.0	(20.0)
Other	12.9	(4.5)
Taxable income	(21.0)	304.9

¹ Relates to franking credits from fully franked Mt Marion Lithium dividends paid to the MinRes TCG and foreign income tax offsets in relation to Chinese withholding taxes.

Income tax payable at 30%	0.0	91.5
Less: tax offsets	(1.8)	0.0
Final income tax payable in Australia	(1.8)	91.5
Franking credit balance	12.2	2.2

Table 3 relates to the Resource Development Group ("RDG") which is a separate tax consolidated group of which MinRes holds a controlling interest and is therefore consolidated into the MinRes Group for accounting purposes. Tax return information is shown on a 100% basis for this reason.

Table 3: Resource Development Group		
	FY21 (\$M)	FY22 (\$M)
Total revenue	67.7	41.1
Accounting profit before tax	1.4	5.1
Accounting depreciation & amortisation	1.2	1.5
Tax depreciation & amortisation	(7.3)	(9.1)
Immediately deductible costs capitalised for accounting purposes	(1.1)	(0.9)
Other	1.1	(1.0)
Taxable income	(4.7)	(4.4)
Income tax payable at 30%	0.0	0.0
Less: tax offsets	(0.5)	0.0
Final income tax payable in Australia	(0.5)	0.0
Franking credit balance	5.2	4.3

The MinRes TCG has not paid cash tax in FY22 (nor will it have cash tax to pay in relation to FY23), mainly due to the following:

- The taxable profits made and taxed in Mt Marion Lithium (refer to Table 2) are paid to the MinRes TCG as a fully franked dividend, with the associated franking credits being utilised to reduce the tax payable by the MinRes TCG.
- The MinRes TCG qualified for the Temporary Full Expensing (TFE) measures released as part of the Federal Government's response to COVID-19. These measures allowed MinRes to claim outright deductions for eligible depreciating assets in FY21, FY22 and FY23 that would have otherwise been depreciated over their effective lives. This tax timing benefit had the desired policy intent of boosting investment in Australian assets and generating economic activity for the benefit of the Australian economy.
- The difference between the accounting and tax treatment of mine stripping costs, being the costs incurred on the removal of overburden as part of the mining process. Such costs are immediately deductible for tax purposes but are capitalised as a deferred stripping asset for accounting purposes that are amortised over time.

The above figures differ from the tax expense reported in MinRes' annual results, which is based on Australian Accounting Standards and includes deferred tax expense arising on temporary differences, such as those referred to above. Temporary differences exist where amounts are assessable or deductible for tax at a different time to when they are recognised for accounting purposes.

Notwithstanding the timing differences noted above, MinRes has a proven track record of delivering consistent shareholder returns and paying its fair share of Australian tax on profits generated, as demonstrated by the MinRes TCG franking credit balance of \$873.8M at 30 June 2022. This represents the amount of Australian tax paid by the MinRes TCG available to be distributed to its shareholders² as at 30 June 2022.

TAX INFORMATION FOR FOREIGN TAX RESIDENT SUBSIDIARIES

The entities listed below are 100% owned subsidiaries consolidated into the MinRes Group for accounting purposes but are tax residents of a foreign jurisdiction. These entities had no significant activity during the year ended 30 June 2023 and did not derive any revenue or taxable income for the year.

LithCo Lithium Ningbo ("LLN")

Country	China
Functional currency	RMB
Function within Group	LLN was incorporated during the year ended 30 June 2023 for the purpose of processing spodumene and to facilitate the marketing and sale of lithium battery chemicals in China and abroad.
Employees	5

Lithium Resources UK ("LUK")

Country	United Kingdom
Functional currency	GBP
Function within Group	LUK is the holding company for LLN and has not commenced trading at 30 June 2023. Its primary function to date has been to provide finance for the establishment of LLN during the year ended 30 June 2023. LUK may be used in future years to provide corporate and marketing services due to its beneficial location in straddling lithium markets in the Americas and in Europe.
Employees	0

Lithium Resources US ("LUS")

Country	United States
Functional currency	USD
Function within Group	LUS is dormant as at 30 June 2023. It may be used in future years to provide corporate and marketing services for lithium markets in the Americas.
Employees	0

FOR FURTHER INFORMATION

Chris Chong – Investor Relations Manager

T: +61 8 9315 0213

E: chris.chong@mrl.com.au

² This is net of franking credits already distributed to shareholders.