



Year hampered by iron ore price fluctuations

| Company/ASX Code | Mineral Resources/MIN |
|------------------------------|--|
| AGM date | Thursday 17 November 2022 |
| Time and location | 9.30am Mineral Resources Park, 42 Bishopsgate St, Lathlain Western Australia 6100 |
| Registry | Computershare |
| Type of meeting | Hybrid |
| Poll or show of hands | Poll on all items |
| Monitor | Alan Dickson, assisted by Alyse Daams |
| Pre AGM Meeting? | Yes with Chairman and Remuneration Chairman James McClements, Director Susie Corlett and James Bruce from corporate development. |

Monitor Shareholding: The individual(s) (or their associates) involved in the preparation of this voting intention have a shareholding in this company.

Summary of issues for meeting

The company appears to be running well, the main issues is the current fall in the iron ore price and the amount of discount they receive for not having 62%Fe product, and shortages in labour. This impacted their share price that had dropped to \$48.27 on 30 June 2022. Note it has subsequently improved to \$73.71 (1 November 22). Even though the iron price has dropped the share price is being supported by the lithium price. A high percentage of the company's income is derived from its mine services division which provides services to other companies as well as in house.

Climate Change Targets

In FY 2022 MIN developed a Climate Change Policy and established The Sustainability Committee, chaired by Non-Executive Director Susie Corlett. MIN has set the following 2023 Climate Change performance targets¹:

- (interim) 50 per cent absolute reduction in operational emissions on existing operations by 2035 from baseline FY22; and
- Net zero operational emissions by 2050. (ie Scope 1 and 2)

These targets are not annually quantifiable (until the date or achieved) like the other sustainability targets (for example "Zero major environmental incidents") and therefore we would like to see annual targets set to see progress towards net zero by 2050. We note actual GHG emissions and GHG intensity (total material moved/CO₂e) increased in FY22 and with the proposed increases in

production total GHG emissions are likely to rise unless the company's efforts in abating them with their solar power and possibly by using gas instead of higher carbon sources of power.

Key Board or senior management changes

A number of Board Changes occurred during FY22 including the retirement of Peter Wade on 2 March 2022 as Chairman, and subsequent appointment of James McClements (previously the Board's Lead Independent Non-Executive Director) as Chairman. James also retains his position as Chair of the Remuneration Committee until this role is taken by another Director.

On 31 January 2022 the Board announced the appointment of Mr Kevin Gallagher (who was also at the time Santos Chief Executive) as a Non-Executive Director. This was met with surprise and backlash by Santos stakeholders resulting in Gallagher withdrawing his nomination on 3rd March 2022.

As at 21 October 2022, the Mineral Resources (MIN) Board comprised of four males and two females, with the average age being 56 years. No Board members identify as Aboriginal and Torres Strait Islander. This is disappointing given the host communities in which MIN explores and operates in. Five of the six Board members (83%) are titled independent. It is noted that Kelvin Flynn was appointed to the board in March 2010 so is exceeding the ASA recommended term of 12years. The ASA like to see a rotation of directors to bring fresh ideas to the Board. It would also be good to see a matrix of board members skills, in light of the current wave of cyber attacks and none of the current Directors appears to have experience in this field.

Financial performance including dividends and shareholder returns.

The company's financial performance in FY22 was extremely impacted, as stated above, by the change in iron ore prices. Costs were also incurred to re-start the Wodgina mine that has not yet contributed significantly to the revenue this year. The share price drop has put the Total Shareholder Return (TSR) into a negative figure, however, we believe the company is setting itself up for greater things in coming years.

| (As at FYE) | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|--------|-------|-------|-------|-------|
| Revenue (\$m) | 3418 | 3734 | 2125 | 1512 | 1624 |
| EBITDA (\$m) | 969 | 2183 | 2006 | 386 | 575 |
| NPAT (\$m) | 351 | 1268 | 1002 | 165 | 272 |
| UPAT (\$m) | 400 | 1103 | 333.6 | 204.8 | 271 |
| Share price (\$) | 48.27 | 53.73 | 21.17 | 14.98 | 16 |
| Dividend paid (cents) | 100 | 177 | 54 | 53 | 58 |
| TSR (%) | -7 | 162 | 45 | -3 | 53 |
| EPS (cents) | 184.87 | 673.2 | 533 | 87.1 | 145.3 |
| CEO total remuneration, statutory (\$m) | 3.65 | 3.48 | 4.34 | 3.02 | 4.54 |
| CEO total <u>actual</u> remuneration, (\$m) | 5.91 | 7.39 | 3.69 | 4.24 | 2.37 |

For FY21 the CEO's total actual remuneration was **61.9 times** the Australian Full time Adult Average Weekly Total Earnings (based on November 2021 data from the Australian Bureau of Statistics).

Proposed Voting Summary

| No. | Resolution description | |
|-----|--|-----|
| 1 | Adoption of Remuneration Report | For |
| 2 | Election of Director – Mr Lulezim (Zimi) Meka | For |
| 3 | Re-Election of Director – Mr James McClements | For |
| 4 | Re-Election of Director Ms Susan (Susie) Corlett | For |
| 5 | Approval for Grant of FY22 Securities to Managing Director | For |
| 6 | Approval for Grant of FY23 Securities to Managing Director | For |
| 7 | Approval of Potential Termination Benefits | For |
| 8 | Appointment of Auditor | For |

AGM Motions

A. Financial Statements and Reports

No vote required

B. Resolution 1 - Adoption of Remuneration Report

Summary of ASA Position – FOR

The actual payments appeared reasonable for the size and complexity of the company. However, ASA is concerned with companies only using one financial metric in its calculations, in this case the Return on Invested Capital (ROIC). We note that due to the share price decline and reduced level of dividends paid the Total Shareholder Return (TSR) was negative (-7%) this year. This is partially hidden in the report by quoting cumulative TSRs. However, it is also noted that since 30 June 2022 the share price has rallied considerably – \$82.70 per share, 9 November 2022. We are pleased to see the LTI is based on a 4 year term and the STI has a cash component, share rights component and a deferred component. Considering the LTI Performance Period, the STI deferred component & significant improvement in market cap subsequent to year end closure we will support the resolution.

C. Resolution 2 – Election of Director – Mr Lulezim (Zimi) Meka

Summary of ASA Position - FOR

Mr Zimi Meka was appointed as Independent Non-Executive Director with effect from 17 May 2022. Mr Meka is seeking election for the first time at this AGM. Mr Meka joins the board with a background in Engineering, and is the Chief Executive Officer and a founding director of consulting and engineering firm, Ausenco Pty Ltd. He has over 35 years' experience in the design,

construction and operation of minerals processing plants and infrastructure, both in Australia and internationally. It is apparent MinRes have recruited Mr Meka to broaden the technical expertise of the Board to execute their growth strategy, particularly in the delivery of innovation. We support Zimi's election to the board.

D. Resolution 3 – Re-Election of Director – Mr James McClements

Summary of ASA Position - FOR

Mr James McClements was initially appointed to the Board as the Company's Lead Independent Non-Executive Director in 2015. On 2 March 2022 the Board announced Mr McClements as its new Non-Executive Chairman (after Mr Peter Wade retired), in line with a succession plan that had been in place for some time.

Mr McClements, who was raised in the Pilbara region of Western Australia, began his professional career with BHP. He later worked for Standard Chartered Bank in Perth and N.M. Rothschild & Sons in Sydney and Denver before cofounding in 1998 Resource Capital Funds (RCF), a global investor in the mining industry. Mr McClements remains RCF's Managing Partner.

James has considerable experience and we have had good dealings with him in his previous role, so we support his re-election.

E. Resolution 4 – Re-Election of Director Ms Susan (Susie) Corlett

Summary of ASA Position - FOR

Ms Corlett commenced as an Independent Non-Executive Director on the Board on 4 January 2021 and is currently the Sustainability Chair. Ms Corlett is a geologist with experience in both underground and open pit mining operations as well as investment experience financing major mining and infrastructure projects. Ms Corlett serves as a Non-Executive Director of ASX listed Iluka Resources, Aurelia Metals and as a Non-Executive Director of not for profit organisations, the Foundation of National Parks and Wildlife and Australian Institute of Mining and Metallurgy (AusIMM) Education Endowment Fund. Ms Corlett retires by rotation and seeks re-election.

Susie brings a wealth of experience with her and her re-appointment is supported.

F. Resolution 5 – Approval for Grant of FY22 Securities to Managing Director

Summary of ASA Position – FOR

These payments are based on previously approved remuneration reports and as such the payment of these now are approved. Should this motion be lost then the equivalent cash payment would be made to the Managing Director.

G. Resolution 6 – Approval for Grant of FY23 Securities to Managing Director

Summary of ASA Position – FOR

These payments are in accordance with the remuneration structure and we have voiced our concern on the use of the one performance metric ROIC. and ASA believe additional factors should also be considered for the LTI, possibly also including some measure of performance with respect to other factors such as advances in GHG controls and EPS performance.

We will support the resolution.

H. Resolution 7 - Approval of Potential Termination Benefits

Summary of ASA Position – FOR

This allows the company to justly remunerate terminating employees in a fair manner as approved by the board and determined by the remuneration framework.

I. Resolution 8 - Appointment of Auditor

Summary of ASA Position – FOR

RSM have been the company's auditor for over 15 years. As stated in the notice of meeting it is good corporate governance to rotate the appointment of auditor and so we support the appointment of Ernst and Young as auditor.

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