



# **Mineral Resources Limited**

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8 August 2008

## **ASX Announcement**

### **Mineral Resources Formalises Collaborative Agreement with Hancock Prospecting Group for Balfour Downs Manganese Operation and Hancock Prospecting Pty Ltd to be granted options in Mineral Resources Limited**

#### **Mining Service Agreement**

Mineral Resources Limited (ASX:MIN) and Hancock Balfour Downs Pty Ltd/Gaynor Park Pty Ltd of the Hancock Prospecting Group have entered into a Mining Services Agreement with an initial 7 year term, and options for extending the duration of the agreement, to develop and operate the Balfour Downs manganese operation located in the East Pilbara region of Western Australia between Newman and Woodie Woodie, and adjacent Hancock's Roy Hill 1 project.

Hancock Balfour Downs Pty Ltd/Gaynor Park Pty Ltd are wholly owned subsidiaries of Hancock Prospecting Pty Ltd (HPPL) which is the Australian Group holding company for a significant number of mineral tenements in West Australia in particular and across Australia.

The Agreement provides for Mineral Resources to mine, process, transport and ship manganese ore from the Hancock Balfour Downs manganese deposits after all necessary approvals have been obtained. The Balfour Downs tenement has an extremely high prospectivity for high grade ferruginous-manganese product and exploration results indicate a non JORC ore reserve in excess of 15 million tonnes.

Initially, the project is expected to deliver up to 350,000 tonnes per annum of Balfour Downs Manganese lump product for export with targeted future growth consistent with the available export capacity at Port Hedland.

Under the Agreement, Mineral Resources will build, own and operate the facilities and become entitled to a fee based upon an agreed percentage of the net profit of the operation.

Peter Wade, Executive Chairman of Mineral Resources, said that the development of Balfour Downs is an opportunity to benefit from the strong market for manganese and Chinese demand for steelmaking materials.

“The development and operation by Mineral Resources of its Woodie Woodie manganese fines recovery and processing operation and the acquisition of additional resources at Peak Hill in Western Australia means that it is well placed to bring Balfour Downs into operation benefiting from its existing resources and infrastructure and the Company's proven supply chain from mine to port.”

“Our successful track record in crushing, processing and recovery of export minerals, evidenced by our operations at Nammuldi, Woodie Woodie and Peak Hill, will provide Hancock Balfour Downs with a highly efficient and fast-track entry into the manganese market.” Mr Wade said.



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“The award of this contract recognizes the ability of our company to work closely and collaboratively with respected clients to add value to their operations. We are pleased that the Hancock Prospecting Group has selected MRL as a contractor of choice for this manganese operation and welcome the collaborative arrangement that utilises the unique abilities of each of our companies”.

This agreement is a significant highlight for the contracting and processing operations of Mineral Resources and provides a substantial, long term operation that adds value for all of the company’s stakeholders.

## **Grant of Options and Board Representation.**

Hancock Prospecting Pty Ltd (HPPL) may also become a major investor in Mineral Resources Limited having been granted 15 million unlisted options to subscribe for ordinary shares. The options will have an exercise price of \$6.05. The share options issued to HPPL will be issued in three tranches and have a life of up to three (3) years. The Appendix 3B dated and issued to the ASX on 8 August 2008 provides further details of the option issue arrangements.

Mineral Resources does not need shareholder approval for the issue of the options as they fall within its placement capacity under Listing Rule 7.1.

MRL has invited HPPL to nominate a director for appointment to the Board of MRL.

Mr Peter Wade, Executive Chairman and Managing Director of MIN said “We welcome the involvement of HPPL on the share register and the use of share options provides a solid method of funding future developments for the company. The investment also adds significant value to existing shareholders from both HPPL’s reputation and the synergies that can flow from development of this relationship between the two groups.”

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*Mineral Resources Limited and is a leading, integrated, Australian based mining services and processing company with operations in contract crushing, general mine services, infrastructure provision and recovery of base metal concentrate for export. Operations are supplemented by rehabilitation and sale of heavy duty crushing and processing equipment, hire of engineering and crushing fleet plant and workshop manufacture of polyethylene pipe fittings and components.*

*Comprising three long standing core businesses, PIHA Pty Ltd, Crushing Services International Pty Ltd and Process Minerals International Pty Ltd, Mineral Resources Limited has developed a strong reputation for the cost effective delivery of its services and products to the resources and infrastructure sectors.*

*Mineral Resources Limited was admitted to the official list of the Australian Stock Exchange on 28 July 2006.*

For further information contact:

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