



30 Sept 2009

## ASX Announcement

### **Mineral Resources Limited finalises agreement with Sandfire Resources N.L. for the highly prospective Borrooloola manganese project**

**Mineral Resources Limited** (ASX: MIN; **Mineral Resources**) and **Sandfire Resources NL** (ASX: SFR; **Sandfire**) have entered into an agreement pursuant to which Mineral Resources has acquired the exclusive rights to 100% of the manganese ore located on the highly prospective **Borrooloola Manganese Project**, which covers an area greater than 10,000 sq km in the Northern Territory.

The map below shows the location of the tenements located on the mainland fronting the Gulf of Carpentaria immediately to the south of Groote Eylandt which is the richest source of manganese in Australia. The tenements comprise, inter alia, the South Rosie Creek, Rosie Creek SW and Brumby deposits as well as the L4 and Yiyinti reserves.



The Borrooloola manganese deposits are located within the same geological sequence as the world class Groote Eylandt manganese deposits which are mined by BHPB. Both resources were laid down on the Lake Albian shoreline and confined to shallow water marine sediments underlain by Dalumbu sandstone. The mineralisation consists of manganese oxides contained within clayey quartz or pisolitic ore and is readily beneficiated by dense media separation technology.



# Mineral Resources Limited

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Sandfire will maintain 100% ownership of the tenements and 100% of the rights to any other commodities located on the tenements.

The Agreement provides for Mineral Resources to initially fund the cost of all exploration and development prior to a decision to commence full scale operations. Subsequently, mining, processing, transport and shipping of manganese ore will be undertaken by Mineral Resources after all necessary approvals have been obtained, and Mineral Resources will be responsible to fund all capital and operating costs for this operation. These costs, incurred by Mineral Resources as part of the project, will be fully reimbursed from the revenue from the future sale of manganese products. The profits (before interest and tax) will then be distributed 70% to Mineral Resources while Sandfire will receive 30%.

The agreement also provides for full accommodation of Sandfire's agreement with Korean steel maker POSCO by granting Posco Australia Pty Ltd the right to buy 30% of all manganese produced from any operation on the Borroloola Manganese Project.

Peter Wade, Managing Director of Mineral Resources, said that the sheer size of the Booroloola project, coupled with the fact that it is highly prospective for manganese ore, is a positive opportunity for Mineral Resources to expand the geographical spread of its manganese operations within Australia.

“The development of the Booroloola project provides a significant potential resource for Mineral Resources and Sandfire to benefit from the recently renewed business confidence in mining and resources in Australia and the steadily increasing demand and pricing for manganese from China.

“Mineral Resources’ proven performance and extensive experience in the low cost recovery and processing of manganese, road train haulage and export from its existing operations will be applied to maximise the profitability of the Borroloola Manganese Project. Mineral Resources will immediately commence additional exploration and an aggressive development programme to validate that sufficient resource exists since most historical data is non JORC compliant. In addition Mineral Resources will expedite completion of its project study that will target a nominal 500,000 tonne per annum operation with initial production commencing in mid 2010 subject to statutory approvals,” said Mr Wade.

This agreement is yet another significant highlight for the processing operations of Mineral Resources and is particularly relevant in the current improving global commodities environment. The project has the opportunity to become a substantial, long term operation that adds value for all of the company's, and Sandfire's, shareholders



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*Mineral Resources Limited 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..*

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