



Quarterly Statement of Exploration and Development June 2011

Exploration Activities

Carina Extended

During the period an additional 17 RC drill holes were completed, bringing the total number of RC drill holes to 70 for 7,069m over a nominal 80 by 40 metre grid. A review of the geological model highlighted localised structural complexities which require further drilling before a JORC compliant resource can be developed. The table below is a summary of the significant intercepts from drilling in the period.

This drilling, to be completed during the current program, tests the mineralisation trend between the Carina and Carina Extended Deposits. Resource estimates will be completed as part of the larger Yilgarn Iron Ore Project (YIOP) review.

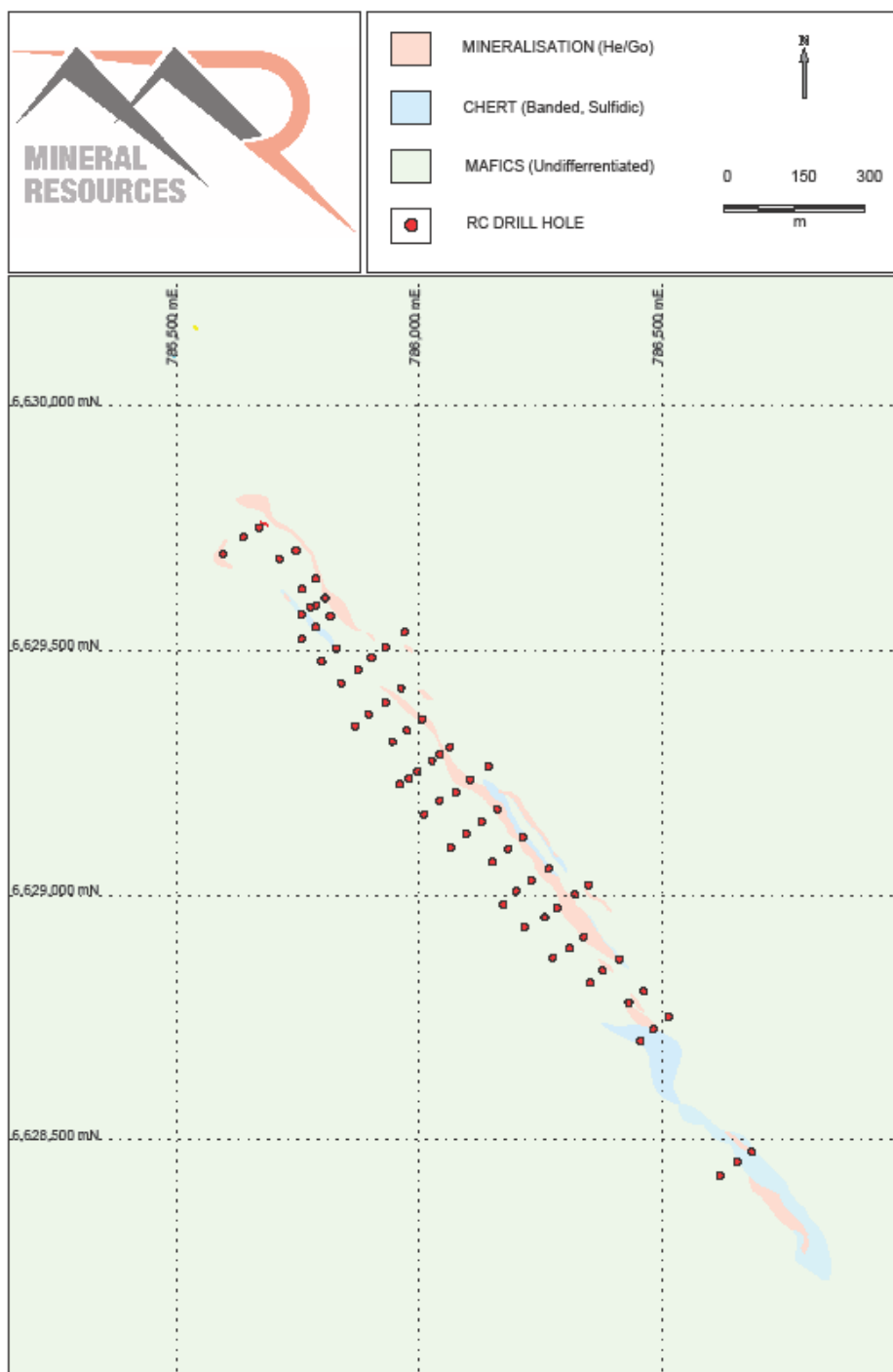
Hole ID	Easting	Northing	Azimuth	Dip	From	To	Fe	SiO ₂	Al ₂ O ₃	P
CXRC0006*	786258	6628955	055 ⁰	60 ⁰	104	124	58.8	5.1	0.8	0.05
CXRC0015*	786105	6629236	055 ⁰	60 ⁰	50	74	58.8	4.0	0.8	0.04
CXRC0016*	786075	6629211	055 ⁰	60 ⁰	54	94	58.8	4.0	1.7	0.02
CXRC0029*	786025	6629276	055 ⁰	60 ⁰	70	118	60.4	2.5	1.0	0.03
CXRC0031*	786212	6629118	055 ⁰	60 ⁰	20	46	56.5	5.1	3.5	0.02
CXRC0032*	786182	6629094	055 ⁰	60 ⁰	4	32	57.6	5.1	1.7	0.03
CXRC0039*	786338	6628915	055 ⁰	60 ⁰	84	140	58.6	4.1	1.6	0.03
CXRC0043*	786230	6629030	055 ⁰	60 ⁰	40	52	57.5	4.9	1.7	0.02
CXRC0045*	786172	6628982	055 ⁰	60 ⁰	158	170	56.3	3.9	2.7	0.04
CXRC0046*	786160	6629176	055 ⁰	60 ⁰	8	28	57.7	5.4	2.1	0.01
					32	38	56.8	7.2	2.4	0.04
CXRC0047*	786128	6629150	055 ⁰	60 ⁰	28	76	57.0	6.7	2.3	0.08
CXRC0048*	786096	6629126	055 ⁰	60 ⁰	96	110	57.9	4.0	2.9	0.02
					116	134	57.4	3.7	2.1	0.09
CXRC0053*	786353	6628824	055 ⁰	60 ⁰	88	98	54.2	9.5	1.6	0.07
CXRC0054	785978	6629239	055 ⁰	60 ⁰	122	154	57.9	4.0	2.0	0.10
CXRC0055	786042	6629288	055 ⁰	60 ⁰	50	72	55.8	6.3	3.2	0.04
					88	102	52.0	13.9	1.4	0.08
CXRC0057	785929	6629394	055 ⁰	60 ⁰	54	80	57.8	4.4	1.8	0.03
CXRC0060	785787	6629592	055 ⁰	60 ⁰	52	82	55.0	7.5	2.5	0.03
					96	118	60.7	3.0	0.6	0.03
CXRC0066	785775	6629589	055 ⁰	60 ⁰	98	118	57.0	7.3	0.4	0.02
CXRC0067	785874	6629462	055 ⁰	60 ⁰	62	98	55.8	4.9	3.1	0.06
CXRC0069	785828	6629505	055 ⁰	60 ⁰	70	80	53.6	5.3	5.4	0.05



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Carina Extended Drill Hole Plan



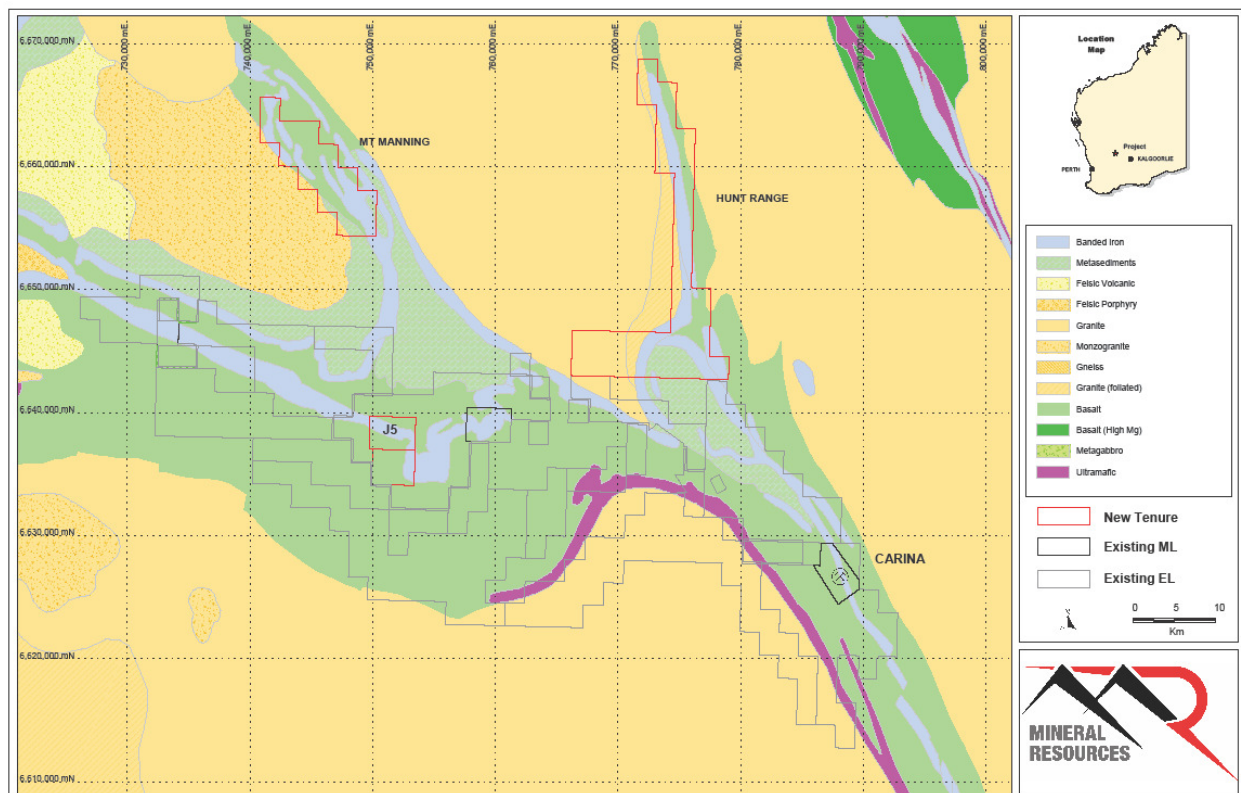
Central Yilgarn

Several key exploration and mining tenements were granted within the Yilgarn Iron Ore Project area including two Mining Leases covering the J5 Deposit and Bungalbin Central Prospect. Plans are underway to commence target generation activities throughout the remainder of 2011 on these new tenements.

Tenements granted during the quarter include;

- M77/1095
- M77/1096
- E77/947
- E77/1315
- E77/1739
- E77/1740

Due to their proximity to the Carina Iron Ore Project these tenements will form part of the broader YIOP which remains the main focus of exploration activities.



New Tenements Granted



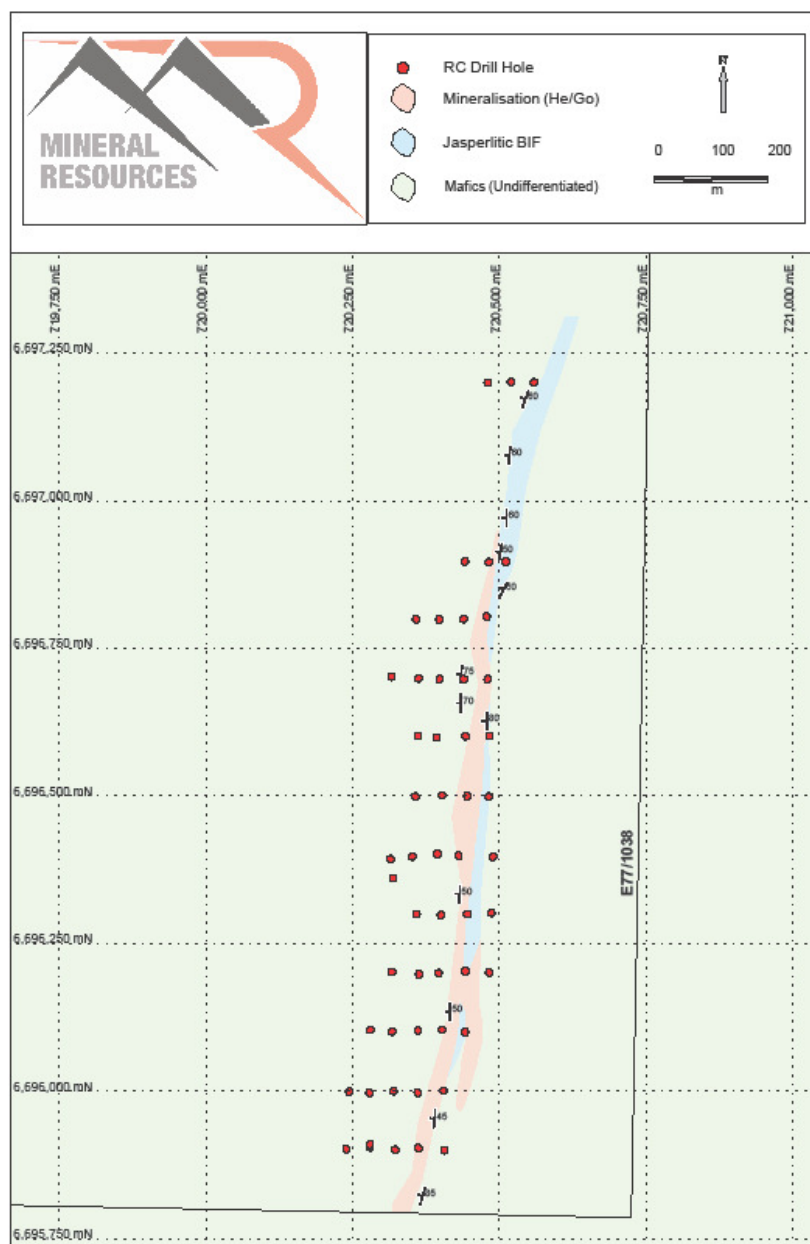
Johnston Range

A second phase of RC drilling was completed over the Altair Prospect (E77/1038). The program consisted of 43 holes for 4,888m bringing the total drilling to 54 holes for 6,308m. The recent drilling brought the drill spacing in to 100 by 40m and will provide the basis for a JORC compliant resource estimation and a preliminary pit design.

Assay results for this drilling have not been completed however a summary of the significant intercepts received to date are tabled below.

HOLE ID	Easting	Northing	Azimuth	Dip	From	To	Fe	SiO ₂	Al ₂ O ₃	P
ATRC0001	720363	6695997	270 ⁰	60 ⁰	16	46	55.5	4.0	5.2	0.13
ATRC0002	720318	6695999	270 ⁰	60 ⁰	88	116	58.5	3.8	1.8	0.17
ATRC0003	720396	6696400	270 ⁰	60 ⁰	74	78	53.9	6.5	6.7	0.19
ATRC0004	720441	6696802	270 ⁰	60 ⁰	50	72	55.5	9.4	4.0	0.09
ATRC0005	720397	6696800	270 ⁰	60 ⁰	120	130	52.6	19.4	0.7	0.09
ATRC0010	720347	6696401	270 ⁰	60 ⁰	118	130	60.5	2.6	1.3	0.13
ATRC0011	720277	6695997	270 ⁰	60 ⁰	132	168	61.0	4.2	1.5	0.12
ATRC0014	720322	6695901	270 ⁰	60 ⁰	24	66	57.9	3.9	3.0	0.14
ATRC0016	720279	6695910	270 ⁰	60 ⁰	108	150	59.1	3.8	1.7	0.17
ATRC0018	720244	6695999	270 ⁰	60 ⁰	168	204	63.5	2.3	0.8	0.13
ATRC0040	720393	6696599	270 ⁰	60 ⁰	88	104	62.2	2.8	1.6	0.11
ATRC0041	720361	6696602	270 ⁰	60 ⁰	148	158	58.1	12.1	0.7	0.09
ATRC0043	720439	6696698	270 ⁰	60 ⁰	36	70	62.5	1.9	1.2	0.08
ATRC0044	720398	6696698	270 ⁰	60 ⁰	94	132	63.5	2.9	0.9	0.09
ATRC0051	720280	6696104	270 ⁰	60 ⁰	146	190	62.8	2.8	1.3	0.11
ATRC0052	720317	6696202	270 ⁰	60 ⁰	116	140	61.1	6.6	1.0	0.09
ATRC0053	720319	6696301	270 ⁰	60 ⁰	132	160	61.5	3.3	1.6	0.17

Altair Prospect – Significant Intercepts



Altair Drill Hole Plan

Mayfield (Central Yilgarn)

Resource drilling along approximately 8km strike length is planned for the latter part of 2011 aimed at producing a maiden resource statement to support preliminary scoping studies.

Chamaeleon

No further drilling has been completed during the period with efforts focused on the Carina and Carina Extended Deposits however a small RC and HQ Diamond drilling program is scheduled



for the second half of 2011. This drilling will provide sufficient detail for a JORC compliant resource and Mining Lease application.

Carina Mine Development Project

Construction

The Carina Mine development remains on track for first ore delivery to Fremantle Port during the last quarter of calendar 2011.

Key construction activities during the quarter were;

- Site civil works, progressing in accordance with the established schedule;
- The first structural steel lift was completed on the crushing structure;
- The train load-out structure and other miscellaneous works continued and are well advanced;
- Rail loop track laying is on schedule for completion in September 2011;
- Other steel erection commenced in mid-July, as planned;
- Procurement of project mechanical items is 95% completed; and
- Initial civil works near completion at Kwinana Bulk Terminal Berth 2 with further Works Approval for the remaining construction schedule confirmed.

Operations Readiness

Drill and blast activities commenced on the 24 June 2011 and single shift mining commenced on 8 July 2011. A temporary crusher will be commissioned in August 2011. Crushing will commence in conjunction with first ore on train during the final quarter of 2011.

Recruitment for key technical and support staff roles is complete and site operating systems are being implemented as each operational phase comes on-stream.

COMPETENT PERSONS AND JORC COMPLIANCE STATEMENT

Exploration Results

The information in this report that relates to exploration results is based on information compiled by Mr Brett Morey who is a member of the Australian Institute of Mining and Metallurgy and an employee of Polaris Metals Pty Ltd. Brett Morey has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results'. Brett Morey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Geological Data, Interpretation and Resource Estimation – DSO Mineral Resources

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