



20 October 2017

Update – Lithium Operations

Mineral Resources Limited (**ASX: MIN**, “**MRL**” or the “**Company**”) has become aware of factually incorrect information that is circulating in the investment community regarding the Mt Marion lithium project and the Wodgina lithium project.

This incorrect information has the potential to mislead Shareholders and the wider market. Accordingly, notwithstanding the Company will shortly release its Quarterly Activities Report, we provide the following update regarding the Mt Marion and Wodgina lithium projects.

The Company notes that the vast majority of the information in this announcement has previously been disclosed in various announcements to the Australian Securities Exchange however in the circumstances the Company considered it appropriate that this announcement contain all relevant facts required to correct the incorrect information we are aware is circulating concerning the two lithium projects.

The Company encourages any persons proposing to make statements about MRL or any of its related operations to contact us before doing so in order to ensure the proposed statements are factually correct and thereby avoid the potential of misleading investors.

Mt Marion

- Pursuant to the terms of an exclusive, life of mine, mining services agreement (**MSA**) with Reed Industrial Minerals Pty Ltd (**RIM** - the owner of the Mt Marion tenements), MRL (through its wholly owned subsidiary, Process Minerals International Pty Ltd (**PMI**)) designed, built and now operates the Mt Marion lithium project.
- The MSA was executed in September 2015. The initial scope of work under the MSA required PMI to design, construct, own and operate a Crushing Plant and a Beneficiation Plant capable of producing 200,000 tonnes per annum of 6% spodumene concentrate product (**6% Product**).
- During early to mid-calendar year (**CY**) 2016, MRL engineered innovative design changes to the process flow of the Beneficiation Plant that would enable the tailings stream to be further processed in order to produce a saleable, 4% spodumene concentrate product (**4% Product**).
- In August 2016 (following construction and commissioning of the Crushing Plant but before construction of the Beneficiation Plant was completed), RIM and PMI agreed to vary the MSA to allow for an optimised Beneficiation Plant with a name plate capacity of a total of 405,000 tonnes of spodumene concentrate product with a notionally product split of:
 - 200,000tpa of coarse 6% Product;
 - 125,000tpa of coarse 4% Product; and
 - 80,000tpa of a fine 4% Product from a flotation circuit that would be installed at an agreed time following commissioning of the coarse product circuit.

- The commissioning of the re-designed Mt Marion Beneficiation Plant (capable of producing both 6% and 4% Products) took approximately four months longer than the time PMI originally envisaged would be required to commission the single stage Beneficiation Plant that was only capable of producing 200,000 tonnes per annum of 6% Product.
- The first shipment of Mt Marion spodumene concentrate product shipped from the Kwinana Port in February 2017.
- The coarse product circuit of the Beneficiation Plant is achieving an annualised production rate in excess of 474,000 tonnes of product per annum of coarse 6% and 4% Products. This volume does not include any tonnes of the fine 4% Product that will be produced once the flotation circuit is commissioned.
- The Beneficiation Plant is achieving substantially in excess of its budgeted mass yield recovery. The mass yield recovery being achieved also materially surpasses the maximum yield that the independent laboratory thought possible when it tested the Mt Marion ore during the design and engineering phase of the Mt Marion project.
- GFL International Co., Ltd. (wholly owned subsidiary of Jiangxi Ganfeng Lithium Co., Ltd), the 43.1% shareholder of RIM and the offtake partner for the Mt Marion Project, has publicly announced to the Shenzhen stock exchange that the Mt Marion spodumene concentrate is the best converting spodumene concentrate product it has processed to date through its downstream processing plants in China.

Wodgina – history and current status

- MRL acquired the Wodgina mine in CY 2016. Wodgina is 100% owned and operated by MRL.
- MRL undertook an exploration and drilling program during late CY 2016 to mid-CY 2017. This program successfully established a JORC Resource of 198Mt at 1.18% Li₂O. This reserve makes Wodgina the largest known hard rock lithium deposit in the world.
- Given the volume of resource identified, MRL elected to suspend exploration drilling notwithstanding there remains areas of the tenements with exploration potential. Accordingly there is potential to increase the current resource area with further drilling.
- 49 days after commencing lithium operations at Wodgina, MRL exported the world's first shipment of lithium direct shipping ore (**DSO**) in April 2017 from Utah Point, Port Hedland.
- The annualised production and export rate of DSO from Wodgina will fluctuate from month to month during the first half of FY 2017/18 as MRL continues to develop and expand the existing mining footprint and optimise its logistics supply chain. These fluctuations are typical during the early stages of a new pit as the mining fleet removes waste to open up more ore-presenting working faces within the pit; they were foreshadowed in both MRL's mine and export plans for this financial year.
- Both production and export of DSO at Wodgina is tracking in accordance with expectations and MRL will export 4.25Mt of DSO from Wodgina during CY 2017.

- During Q4 of CY 2017, MRL intends to commence construction of a spodumene concentrate plant at Wodgina. MRL has designed this as a modular plant that will be expandable and delivered in discrete modules. Each module will be capable of producing a nominal 250,000 tonnes of 6% Product. MRL currently plans to install three modules giving a combined nameplate capacity of 750,000 tonnes per annum of 6% Product.
- MRL expects to commence commissioning the first module (giving an initial nameplate capacity of a nominal 250,000 tonnes per annum of 6% Product) during Q3 of CY 2018. Commissioning of the second module will follow immediately thereafter at which time the plant will have a combined nameplate capacity of 500,000 tonnes of 6% product per annum.
- MRL is currently undertaking feasibility level engineering and design for a lithium downstream processing plant that will initially be capable of producing a nominal 50,000 tonnes per annum of lithium carbonate with a plant design footprint to facilitate expansion to 100,000 tonnes.
- As part of its feasibility activities, MRL will determine the most optimal location for the construction and operation of a lithium carbonate plant. MRL considers that the Wodgina mine site has several attributes that are attractive when considering the option and location for a downstream plant including:
 - Existing gas fired power station and 81km owned and operated natural gas lateral pipeline.
 - Established 400 man accommodation village.
 - Abundant supply of high quality (low saline) process water from three discrete borefields.
 - Location just 100 kms from Port Hedland with the mine connected by sealed, all weather roads.

ENDS

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