



MINERAL RESOURCES LIMITED

**QUARTERLY EXPLORATION AND
MINING ACTIVITIES REPORT
JULY TO SEPTEMBER Q1 FY2018**

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HIGHLIGHTS

- During the quarter 4.047m WMT of iron ore and lithium products were produced with 3.204m WMT shipped.
- Iron ore production and shipping volumes at Iron Valley and Yilgarn were on target.
- DSO lithium produced and shipped from Wodgina was on target with 913Kt produced and 728Kt shipped in the quarter. Production run rates in September were in line with our annual targeted rate and sales are ramping up at the planned levels.
- Based on information currently available, Management confirms its full year guidance for the commodity production.

PRODUCTION AND COMMODITY SHIPMENTS

'000 WMTs	Q4 FY17		Q1 FY18	
	PRODUCED	SHIPPED	PRODUCED	SHIPPED
UTAH POINT				
Iron Valley	2,044	1,983	1,975	1,545
Manganese	-	-	-	-
Wodgina	876	720	913	728
Total Utah Point	2,920	2,703	2,888	2,273
KWINANA BULK TERMINAL 2				
Carina & J4	889	943	1,047	841
Mount Marion ¹	92	84	112	90
Total Kwinana Bulk Terminal 2	981	1,027	1,159	931
TOTAL IRON ORE	2,933	2,926	3,022	2,386
TOTAL MANGANESE	-	-	-	-
TOTAL SPODUMENE	92	84	112	90
TOTAL DSO LITHIUM	876	720	913	728
GRAND TOTAL	3,901	3,730	4,047	3,204

¹ Volume produced and shipped is presented as 100% for the Mt Marion project. MRL's ownership interest in the Mt Marion project is 43.10%.



*Images
Iron Valley:
Production of
1.98Mt during the
quarter*

IRON ORE

IRON VALLEY PROJECT

	Q3, FY17 WMT	Q4, FY17 WMT	Q1, FY18 WMT
Mined	1753	1991	2120
Produced	1622	2044	1975
Exported	1777	1983	1545

Production and export are on target to achieve the guidance volumes of 8.2 million tonnes in FY2018..

Shipments in the quarter of 1.5 million tonnes were less than production of 2.0 million tonnes. As advised previously, iron ore shipping volumes will be weighted to the second half of the year.

Pricing of low grade iron ore fines continues to incur substantial discounts to the Platts

62% Fe index. This heavy discount situation is expected to continue in the medium term, offset by improved prices for lump product.

An infill drilling program of 6,200 metres of RC drilling commenced in September for the Iron Valley North West resource to facilitate mining in December.

The dewatering program is progressing with the mine schedule facilitating the ongoing performance of below water table mining.



Image: Yilgarn: MRL locomotive transporting product

IRON ORE YILGARN PROJECT

	Q3, FY17 WMT	Q4, FY17 WMT	Q1, FY18 WMT
Mined	971	1107	1248
Produced	899	889	1047
Exported	853	943	841

Production and export volumes are on target to meet the mine plan design and annual export volume of 5.1 million tonnes.

Production for the quarter saw East Pit depleted in early July leaving West Pit and Carina Extended remaining as per the life of mine plan. Additional ore was recovered

versus the model, resulting in less waste mined for the quarter.

Productivity improvements in ore haulage were achieved through a cost initiative program conducted with Mineral Resources Transport.

BUNGALBIN EAST/ JACKSON 5 MINING APPROVAL

MRL proposes to extend the life of the Yilgarn mining hub, using it to process and load iron ore from two new mines at Bungalbin East and Jackson 5 (BE & J5); consistent with the efficient use of existing MRL and state-owned infrastructure.

The mine life extension proposal for BE and J5 follows Environmental Protection Agency (EPA) principles to avoid, minimise, rehabilitate and to offset our environmental impacts. The WA government is presently considering MRL's appeal against EPA report 1599 as well as the social and economic benefits of the proposal. A final decision from the government as to whether the proposal may proceed is expected in the current quarter.



*Image:
Mount Marion:
112k WMT
processed in the
quarter*

LITHIUM

MOUNT MARION PROJECT

	Q3, FY17 WMT	Q4, FY17 WMT	Q1, FY18 WMT
Mined	537	585	665
Produced	53	92	112
Exported	32	84	90

Shipments of lithium concentrate product increased during the quarter with 22k WMT departing in July, 34k WMT in August, and 35k WMT in June totalling 90k WMT for the quarter. Monthly shipments of over 35k WMT are now forecast for the project and targeted to achieve in excess of the guidance volume of 400kt in FY2018.

Throughput and product yields from the beneficiation plant continue to surpass nameplate, and further gains over previous

quarter results were achieved.

New mining areas were developed during the quarter to provide access to additional sources of ore, and out of pit dump areas were prepared to increase mining efficiencies.

The MRL-operated Mount Marion Project is a joint project between MRL (43.1%), Neometals Limited (13.8%) and one of the world's largest lithium producers, Jiangxi Gangfeng Lithium Co (43.1%).



LITHIUM

WODGINA PROJECT

*Images: top left:
DSO processing at
Chinese plant*

*top right: Wodgina
crushing facilities*

	Q4, FY17 WMT	Q1, FY18 WMT
Mined	880	1132
Produced	876	913
Exported	720	728

Production and export of direct shipping ore (DSO) product are on target to meet the guidance target of 4.25 million tonnes for FY2018.

Mining capacity continues to be enhanced with a 48% increase in mining movements since July.

An increase in truck fleet capacity included the addition of eleven dump trucks and four dozers. Drilling fleet capacity also increased to target levels with the arrival of the final drill rig. This

new machinery will provide increased efficiency capabilities.

An on site ammonium nitrate facility was constructed and commissioned during the quarter enabling increased loading capacity to meet production requirements.

The current exploration program has been completed, further extending the current resource model.

MARKET AND PRODUCT ACCEPTANCE UPDATE

A solid customer base has been established for Wodgina DSO product.

The ramp up of export volumes is in accordance with customer requirements and export volumes will be weighted towards the second half of the financial year.

Customer acceptance of the Wodgina DSO lithium product has been positive. MRL technical staff have been collaborating closely with customers to assist them in achieving optimal plant performance.

Contract extensions and additional customer commitments have been achieved in the quarter.



Carina bucket wheel reclaimer

COMMITMENT TO INNOVATION

SYNTHETIC GRAPHITE

On 3 October 2017, a non-binding Heads of Agreement was signed between MRL and Hazer Group (ASX:HZR, HZRO) for the potential development of commercial synthetic graphite facilities.

MRL will fund the commercial development while Hazer will benefit from royalties from the sale of graphite. MRL will pay Hazer a royalty based on net profit share per tonne of graphite produced, including any product produced by a party to whom MRL grants a sub-licence to use the Hazer technology. The specific royalty rate will be stepped in accordance with fluctuating graphite prices.

Initially a commercial synthetic graphite facility will be developed with targeted production of at least 1,000 tonnes per annum (tpa) of ultra-high purity graphite, suitable for batteries and electrodes. Commissioning is planned for mid 2018. The next stages of development will involve modular

expansion to grow the operation incrementally to 10,000 tpa, in line with market demand.

The agreement also allows Hazer to continue pursuing current global hydrogen production opportunities, with MRL being granted primary off-take partner for any graphite produced as a by-product of the additional hydrogen production projects. This arrangement is expected to substantially accelerate the commercial deployment of the Hazer technology for both graphite and hydrogen production globally.

In addition, any future hydrogen licence will grant MRL the first right of refusal to acquire any or all of the graphite by-product.

A binding Co-operation Agreement is anticipated to be drafted and executed in the near future.



Image: Wodgina: Road train

FURTHER INFORMATION

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COMPETENT PERSON'S STATEMENT

The information is extracted from previous MIN ASX announcements available on the company website at www.mineralresources.com.au. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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