



## ASX ANNOUNCEMENT

27 July 2018

### Farm-in and Joint Venture Agreement with Brockman Mining Limited

Mineral Resources (**ASX: MIN; MRL or the Company**) is pleased to announce that it has executed a Farm-in and Joint Venture Agreement (**FJVA**) with Brockman Mining Limited (**SEHK Stock Code:159; ASX: BCK; Brockman**) that grants MRL the right to acquire a 50% interest in the Marillana iron ore project (**Marillana**) in the Pilbara, Western Australia.

#### Overview of FJVA

The FJVA provides for the following arrangements:

(a) *Conditions Precedent*

- Brockman obtaining the necessary regulatory approvals required in Australia and Hong Kong to proceed with the transactions contemplated by the FJVA;
- Brockman obtaining approval from a majority vote of the Shareholders to enter into the FJVA and proceed with the transactions contemplated by it;
- the parties executing the Process and Loading Agreement and the Mine to Ship Logistics Agreement; and
- the parties executing a Loan Agreement in respect of an A\$10M loan that MRL will make to Brockman with such loan being repayable by Brockman as a priority from proceeds it receives from the sale of its share of Marillana iron ore.

None of the above conditions may be waived.

(b) *Farm-in obligations*

In order to acquire its 50% interest, MRL must first:

- expend A\$250,000 on exploration and development activities on the Marillana tenements; and
- complete the process design criteria of the processing plant(s), optimise its mine plan study and finalise its mine development layout plan.

**(Farm-in Obligation).**

(c) *Unincorporated Joint Venture*

Once MRL has satisfied its Farm-in Obligation, Brockman and MRL will form an unincorporated 50:50 joint venture (**Marillana JV**).

(d) *Joint Venture Manager*

MRL will be appointed the Marillana JV Manager.

(e) *Production Volume*

Initially, the Marillana JV will develop and operate a 20Mtpa iron ore export operation on the tenements, with potential to increase the production capacity to 30Mtpa.

(f) *Mine Development*

Development of the mine site and installation of the key non-process infrastructure and utility assets are estimated to cost a maximum of A\$300 million (**JV Assets**). MRL, in its capacity as JV Manager, will operate and maintain the JV Assets on behalf of the Marillana JV. The cost will be split 50:50 among the Marillana JV partners.

(g) *Mining*

During the Farm-in phase, Brockman and MRL will determine whether to subcontract or self-perform the drill & blast and mining services necessary to extract and deliver run-of-mine ore to the processing plant(s).

(h) *Crushing and Processing*

MRL will enter into a life-of-mine mining services agreement with the Marillana JV pursuant to which MRL will build, own and operate the crushing and beneficiation plant(s) and product stockyard and train load-out facility.

MRL will process the run-of-mine ore to produce 20Mtpa of iron ore product (potentially rising to 30Mtpa) on behalf of the Marillana JV and load it onto MRL's rail system for transport to port.

(i) *Mine to Port transport & shiploading*

MRL will enter into a life-of-mine "mine-to-port transport and shiploading" agreement with the Marillana JV pursuant to which the Marillana JV will be granted access to MRL's Pilbara Infrastructure Project. Under this agreement:

- The Marillana iron ore product will be transported via MRL's 320km Pilbara light-rail system from the mine site to Port Hedland;
- Once in Port Hedland, the product will be unloaded and stockpiled in MRL's fully automated train receipt and port stockyard; and
- The product will then be reclaimed via bucket wheel reclaimer, conveyed to the export facility that MRL intends to construct and operate within the inner harbour of Port Hedland where it will be loaded onto Capesize carriers for export to Asian markets.

MRL Managing Director Chris Ellison said, "*I am extremely pleased to have reached this farm-in and joint venture agreement with the board of Brockman.*

*"The boards and management teams of MRL and Brockman have a shared vision for the future of the Marillana project. Both companies recognise that MRL is firmly on track to commence construction of its Pilbara Infrastructure Project by the middle of 2019 such that the timing was right to formalise an arrangement that will see us work together to bring the project into operation.*

*"MRL has the demonstrated ability to develop world-class mining projects on time and on budget as well as the proven capability of producing iron ore at the mine gate for a cost that is comparable with the lowest-cost producers in Australia.*

*"This on-site capability will now be fully complemented by the low operational cost benefits that will be realised by using MRL's innovative lightweight mine-to-port rail system linked*

*to a Capesize carrier berth in the world's largest bulk commodity port to deliver the Marillana product from the mine into a ship.*

*"We firmly believe that the Marillana product can be produced and delivered to China on a lowest-quartile cost basis globally."*

*Brockman Chairman Kwai Sze Hoi said, "A joint venture with MRL is a logical and welcome outcome both for Brockman and for the Marillana project in so many dimensions. Our respective projects will use the same rail and port infrastructure and we will share equally ownership of the Marillana iron ore resource. Access to infrastructure and economic alignment with an infrastructure owner are the keys to development in the Pilbara. This joint venture delivers all of the elements needed for the successful development of the wonderful Marillana orebody, including MRL's Pilbara project development and mining services capability and expertise. Brockman is confident that Marillana's superior quality ore will take its rightful place in the seaborne iron-ore trade very soon."*

### **Information regarding Marillana**

The Marillana Project is located in the Hamersley Iron Province within the Pilbara region of Western Australia, approximately 100km north-west of the township of Newman.

The project area covers 82km<sup>2</sup> bordering the Hamersley Range, where extensive areas of supergene iron ore mineralisation, the source of hematite detrital mineralisation at Marillana, have developed within the dissected Brockman Iron Formation that caps the Range.

As set out in Brockman's ASX announcement on 28 May 2018, based on a report prepared by Golder Associates Pty Ltd prepared in accordance with the JORC Code 2012 Edition, the Marillana Project had total Mineral Resources of iron ore amounting to 1.51 billion tonnes, including Ore Reserves amounting to 1.0 billion tonnes. Brockman advised that the Marillana orebody will be able to produce a saleable product grade of at least 60% Fe.

### **ENDS**

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