



Mineral Resources Limited (ASX:MIN)

Integrated Mining Services

Quarter 1 | FY2015 Mining Activities Report



QUARTERLY HIGHLIGHTS

EXPORT VOLUMES

- ⇒ A record 3 million WMT of product shipped for quarter, an improvement of 5%, quarter upon quarter
- ⇒ Production of 3.4 million tonnes for quarter, an all time record and 12% greater than Q4 2014

Tonnes shipped	Q4 FY14 WMT (000's)		Q1 FY15 WMT (000's)	
	Produced	Shipped	Produced	Shipped
Mine Sites				
Iron Valley	-	-	290	-
Phil's Creek	1,559	1,282	1,471	1,324
Spinifex Ridge*	432	395	274	283
Poondano*	-	43	-	2
Carina	1,074	1,136	1,403	1,082
Iron Ore Total	3,065	2,856	3,437	2,691
Manganese*	-	-	-	315
Grand Total	3,065	2,856	3,437	3,005

*Reported as Mining Services Segment in Financial Reports



QUARTERLY HIGHLIGHTS

PILBARA REGION

- ⇒ Iron Valley project commenced mining and processing activities during the quarter. Haulage to port commenced subsequent to quarter's end.
- ⇒ Pilbara operations are on track to be significantly simplified with the operation of one large mine at Iron Valley (Q1 FY15) replacing three smaller mines at Poondano, Spinifex Ridge, and Phil's Creek. Operations at Phil's Creek and Spinifex Ridge will be completed during Q2.
- ⇒ Over half a million tonnes of finished fines product is stockpiled in Port Hedland for wet season contingency stocks. This will mitigate the risk of export volumes being affected due to road closures during the wet season.
- ⇒ Manganese opportunistically shipped from long term stockpiles during lower iron ore shipping movements.

YILGARN REGION

- ⇒ The Minister for Environment approved the J4 mine under Part IV of the *Environmental Protection Act 1986*. The Minister's decision represents a strong recognition of the Yilgarn mining expansion's contribution to the economic development of the region and WA along with confidence in the Company's ability to manage environmental impacts.
- ⇒ J5 and Bungalbin East referrals are awaiting a level of assessment to be set by the EPA.
- ⇒ Significant cost saving initiatives such as the new rolling stock and in-pit waste dumping have been successfully implemented during the quarter.



WINDING DOWN - PHIL'S CREEK STOCKYARD



IRON ORE MINING

PHIL'S CREEK IRON ORE MINE

The mine generally continued to mirror the resource model for both grade and volume. A parcel of high grade ore outside of the model was identified and mined during the quarter. The Southern Cutback produced in excess of 500kt of ore with final mining of high grade ore commenced towards the end of this quarter.

The processing plant operated smoothly with a total of 1.5Mt passing through it. Records were set with a best ever production run of 13,465t in a 12 hour shift and 23,117t in a 24 hour period.

Haulage to Utah Pont has been achieved within planned operational and budget expectations.

An efficiency drive during the quarter successfully targeted mining and production costs which were reduced through better utilisation of equipment and improved mining methods.

In preparation for the transition to Iron Valley operations, mining and crushing staff commenced training towards the end of this quarter.

Subsequent to quarter's end, the mining and haulage of Phil's Creek ore was completed with the balance of the deposit being left in ground and the mine put on care and maintenance. Currently, Iron Valley can supply similar material and replace the three existing mine operations.



STEEP SIDES – FINAL BENCH BEING MINED AT SPINIFEX RIDGE'S GALLIFREY PIT



IRON ORE MINING

SPINIFEX RIDGE IRON ORE MINE

Mining at Spinifex Ridge continued to wind down as expected during the quarter as ore stocks depleted and the remaining pits deepened, leading to reduced bench areas.

The larger Hitachi excavator was demobilised as the bench areas continued to decrease and was replaced by a smaller Komatsu excavator, more suited to mining in tighter confines.

Mining continued on a day shift operation with drill and blast activities alternating with mining activities as reduced bench areas prevented drilling and blasting of floor stocks in advance of mining.

As a result, production rates slowed substantially, though during periods of drill and blast, the mining fleet was utilised to dig and transport previously stockpiled low grade ore to the ROM for crushing.

Mining was completed in Gallifrey Pit and a final 10 metre cut back commenced in Dalek Pit, with completion of mining and crushing occurring subsequent to quarter end.



READY FOR HAULAGE – FIRST IRON VALLEY FINISHED LUMP AND FINE PRODUCT



IRON ORE MINING

IRON VALLEY - NEW IRON ORE DEVELOPMENT

The establishment of Iron Valley, mining, processing and haulage continued according to plan throughout the quarter.

Mine site construction and development was completed with zero LTI or MTIs and the operational ramp up is complete with a full workforce in place.

Pit development is progressing according to plan with the crushing and screening plant successfully commissioned.

The first lump ore was hauled to Utah Point on 12th October with first shipment expected during Q2FY15.

Export volumes will be managed in conjunction with broader market conditions and MRL continues to work with tenement owner, BC Iron, to ensure a robust long term operation that can withstand the impacts of commodity cycles.



COST SAVING – IN PIT WASTE DUMPING HAS COMMENCED AT CARINA



IRON ORE MINING

CARINA IRON ORE MINE

The Carina mine and hub continues to develop according to plan with careful refinements optimising processes and de-risking the operation.

The successful introduction of six new locomotives and 382, state of the art, purpose built iron ore wagons have performed ahead of expectations and cut costs. The Minister for Mines and Petroleum, The Honourable Bill Marmion MLA, officially launched the fleet on 23 July 2014.

Geotechnical management at Carina has been improved with the introduction of a site-based geotechnical engineer, increased prism and new radar monitoring, unloading of wall mass, and redesign of pit wall angles.

In pit waste dumping has commenced, significantly reducing trucking requirements and mining costs and improving environmental outcomes.



YILGARN MINE EXPANSION PROJECT

The focus in the Yilgarn has been on the expansion of mine sites to supplement and greatly extend the life of the Carina hub. Mining at the proposed satellite mines at J4, J5 and Bungalbin East will leverage off Carina's established infrastructure and significantly extend project life.

An independent Economic Impact Study conducted by AECOM forecasts a strong contribution to the WA economy including up to one billion dollars of Royalties paid to the State and almost 2,000 fulltime equivalent direct and indirect jobs over the life of the operations.

To facilitate the expansion, the Company is navigating a complicated approvals process that requires much detailed work to a very high standard.

Signs are positive with the Minister for Environment approving the J4 mine under Part IV of the *Environmental Protection Act 1986*.

The Minister's decision represents a strong recognition of the Company's Yilgarn mining expansion contribution to the economic development of the region and WA and the Company's ability to carefully manage environmental considerations.

The J5 and Bungalbin East referrals are awaiting a level of assessment to be set by the EPA.

The Company is aware that the tenements concerned are located on reserved land on which mining is not precluded. The Company is confident that its practices including minimising site disturbance, locating infrastructure away from sensitive areas, partially back filling pits and its proven rehabilitation expertise can successfully balance environmental requirements with development.

The Company embraces the environmental approvals process and maintains strong environmental management systems to ensure it fulfils its legislative requirements and is also developing new initiatives to help position the Company as an industry leader in environmental management.

During the quarter the company funded a \$100,000 Curtin University Post-Doctoral Research Fellow to further understand biodiversity in the area.

Whilst the Company moves through the Environmental and Mining approvals processes, minimal exploration activity has been undertaken in this area.

Small scale Diamond drilling of 3 holes for 185 metres was undertaken in-pit at Carina for geotechnical considerations.

Field mapping activities aimed at reassessing all the Yilgarn tenure commenced late in the quarter.



MRL'S OPERATIONS AND MAJOR PROSPECTS IN THE PILBARA REGION

PILBARA EXPLORATION

A metallurgical Diamond program has been carried out Weelumurra prospect, North West of Tom Price. Eight holes were drilled for a total of 412 metres. Metallurgical test work is currently being undertaken on these samples.

Additional RC drilling was undertaken at Iron Valley with nine holes for 1206 metres. This drilling was undertaken to fine tune the ore modelling.

Geological field mapping was undertaken in an area to the north west of Tom Price (Mt Farquar). A decision on follow up drilling will be made after a review of the mapping.



COMPETENT PERSON'S STATEMENT

The information in this report that relates to Exploration Results is based on information compiled by Sean Gregory who is a full time employee of MRL. Mr Gregory is a Member of The Australasian Institute of Mining and Metallurgy and 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 Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. The Competent Person consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.