

MINERAL RESOURCES LIMITED

QUARTERLY EXPLORATION AND MINING ACTIVITIES REPORT

Quarter 4, FY 2015 - JUNE 2015

HIGHLIGHTS

Iron Ore Production and Exports

- Mine production from MRL's two operating mines for the quarter was 2.9 million tonnes with production from Iron Valley increasing by 12% compared with the previous quarter as a result of ongoing operational and efficiency improvements.
- Operations at both Iron Valley and Carina continued to be cash positive for the quarter.
- Record 2014/15 financial year iron ore production of 11.3 Mt with corresponding iron ore exports of 10.3 million tonnes.
- The following key milestones were achieved during the quarter or subsequent to the end of the quarter:
 - Cumulative 15 million tonnes of iron ore exported from Carina since production commenced in late 2010; and
 - Cumulative 3 million tonnes of iron ore exported from Iron Valley since production commenced in mid-2014.

| '000 WMTs | Total FY15 | | Q3 FY15 | | Q4 FY15 | |
|-----------------------------|---------------|---------------|--------------|--------------|--------------|--------------|
| | Produced | Shipped | Produced | Shipped | Produced | Shipped |
| <u>Utah Point</u> | | | | | | |
| Iron Valley | 4,121 | 2,976 | 1,448 | 891 | 1,616 | 1,262 |
| Phil's Creek | 1,678 | 2,035 | | 153 | 0 | 20 |
| Spinifex Ridge | 445 | 385 | | 21 | 0 | 1 |
| Poondano | 0 | 2 | 0 | 0 | 0 | 0 |
| Total Utah Point | 6,244 | 5,398 | 1,448 | 1,065 | 1,616 | 1,283 |
| | | | | | | |
| <u>KBT2 / Carina</u> | 5,085 | 4,907 | 1,360 | 1,150 | 1,312 | 1,323 |
| Total Iron Ore | 11,329 | 10,305 | 2,808 | 2,215 | 2,928 | 2,606 |
| | | | | | | |
| Manganese | - | 315 | - | | - | - |
| Grand Total | 11,329 | 10,620 | 2,808 | 2,215 | 2,928 | 2,606 |

Operational Highlights

- MRL was awarded the **2015 AMEC Environment Award** for its biodiversity modelling of the Helena and Aurora Ranges, adjacent to Carina and relevant to MRL's proposed expansion of mining operations into J5 and Bungalbin East.
- 1 million tonnes of fines product produced at Iron Valley were committed for sale during the quarter to capitalise on market opportunities.

- Project development activities progressed in respect of the Bulk Ore Transportation System (BOTS) to Port Hedland as well as Iron Valley fines beneficiation.
- Construction of the haul road between the Carina central processing infrastructure hub and the J4 deposit and development of the mine at J4 commenced during the quarter.
- MRL continued to progress its application for environmental approvals for J5 and Bungalbin East. The approvals are now being assessed under a Public Environmental Review (PER) process.

IRON VALLEY MINE

The Iron Valley operational efficiency was improved and the mining and operations infrastructure construction program is now complete.

MRL recommenced the export of stockpiled fines product during the quarter in response to market opportunities. A total of 1 million tonnes of iron ore fines were forward sold for delivery through until January 2016 at prices which ensure the sale of such product is cash positive. MRL has secured an additional haulage contractor to implement this overall increase of Iron Valley tonnes.

Additional fines product continued to be stockpiled on site for future beneficiation. Test work completed by MRL to date demonstrates that the fines respond well to beneficiation and will provide a substantial uplift in grade. Tailings disposal within an integrated waste landform has also been studied in sufficient detail to support the required government approvals for a beneficiation plant. The investment in a beneficiation plant for Iron Valley is linked to the development and implementation of the Bulk Ore Transportation System (BOTS), and is proposed to proceed in conjunction with this project.

Tenement owner BC Iron Ltd (ASX:BCI) is progressing the approvals required to mine ore below the water table. Hydrogeological studies are nearing completion. The approvals are expected to be in place well ahead of FY 2017, when mining below the water table is scheduled to commence.



Photo - Low cost bulk mining at Iron Valley

Bulk Ore Transport System (BOTS)

MRL continued with development of the design for BOTS during the quarter and completed a comprehensive review of the elevated track and rolling stock design work carried out to date. This review successfully identified innovative modifications to the design which will reduce the cost of the elevated track infrastructure and improve the operational efficiency of the rolling stock. These modifications will also be included in the test track and rolling stock design and evaluation process.

MRL has also commenced negotiations with the affected mining companies, traditional owner groups and pastoralists along the 331km initial BOTS corridor between Iron Valley and Port Hedland. Biological surveys for the corridor leveraged off surveys completed in relation to third party central Pilbara corridors, with the required top up work completed during the quarter. Dust and noise studies for Port Hedland are also well advanced.



Photo – In pit dumping in the south end of the Carina open pit

CARINA MINE

Mining of the southern end of the Carina open pit was completed during the quarter.

This enabled waste to be tipped in pit which in turn significantly reduced truck fleet requirements. Rehabilitation of ex-pit waste landform has commenced with the encapsulation of pyritic waste completed and profiling of the final batter slopes more than 50% complete. Large-scale trials of different seeding, mulching and fertilising methods are underway as part of the ongoing mine rehabilitation program.

YILGARN MINE EXPANSION PROJECT

The focus in the Yilgarn has been on maximising the utilisation of the Carina central processing infrastructure hub. Mining of the satellite deposits at J4, J5 and Bungalbin East will enable MRL to leverage Carina's established infrastructure and significantly prolong project life.

Approvals for the J4 mine were finalised during the previous quarter and construction of the incremental site infrastructure is underway. The target for first ore is Q3 FY 2016.

During the quarter the Minister for Environment announced that the J5 and Bungalbin East mining applications would be subject to a Public Environmental Review (PER) process under Part IV of the *Environmental Protection Act 1986*.

The Minister's decision acknowledges the contribution of MRL's Yilgarn mining operations to the economic development of the region and WA and the company's ability to carefully manage environmental considerations. MRL is now finalising the scope of the PER with the EPA and expects the completed PER to be published for public review in FY 2016.

MRL is confident that its mining practices, including minimising site disturbance, locating infrastructure away from sensitive areas and its proven rehabilitation expertise can successfully balance environmental requirements with development.

Environmental award

MRL's industry leading approach to managing environmental issues has been recognised with the company being presented with the 2015 AMEC Environment Award for biodiversity modelling of the Helena and Aurora Ranges. The award is made to a company that excels in the management of environmental impacts or is developing innovative methods to achieve better long-term environmental outcomes. The MRL research project in collaboration with Curtin University not only contributes to biodiversity understanding in the Helena and Aurora Ranges but it also drives the development of effective restoration programs in the area.



Photo - James Hesford MRL Manager Environment and Dr David Temple-Smith MRL Senior Environmental Advisor with the Award presented by Minister for Mining and Petroleum, the Hon Bill Marmion MLA.

MT MARION LITHIUM PROJECT

Shortly after the end of the quarter, Mineral Resources and its partner Neometals (ASX:NMT) announced a conditional memorandum of understanding (**MOU**) in relation to an equity investment and offtake arrangement with China's second largest lithium producer Jiangxi Ganfeng Lithium Co. Ltd.

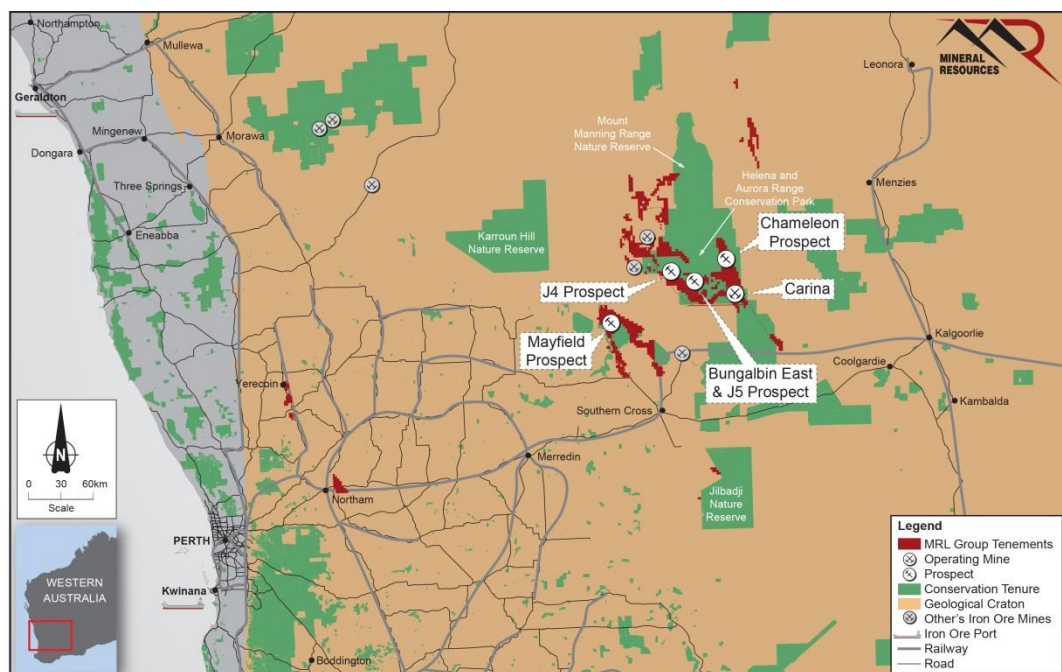
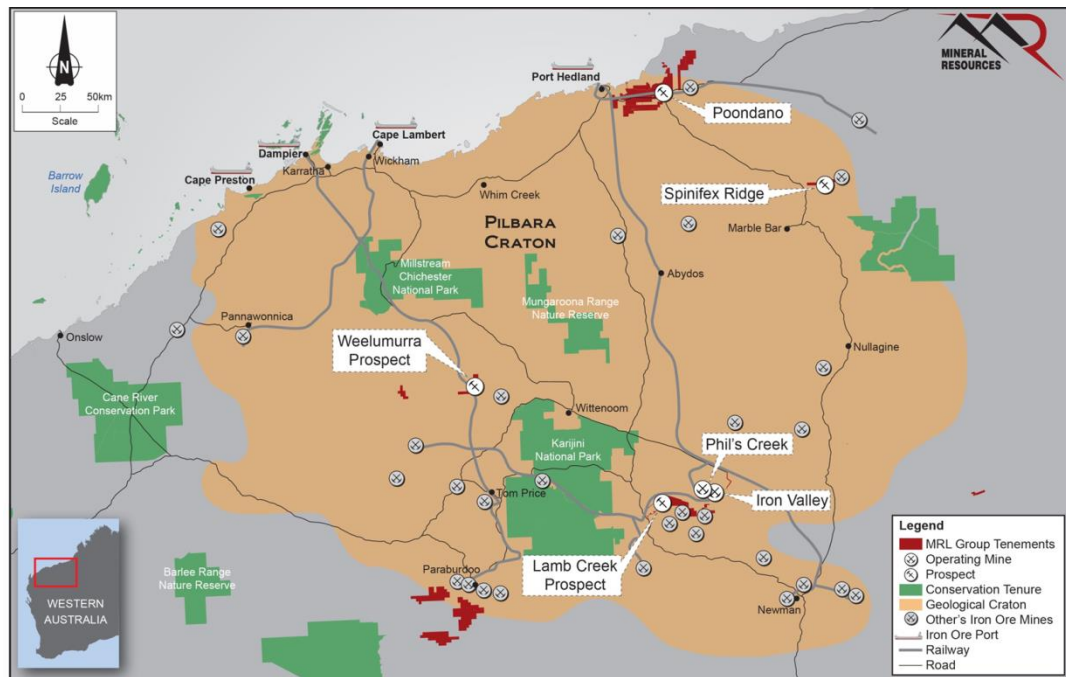
The MOU enables Jiangxi Ganfeng Lithium Co. Ltd to acquire 25% of the MRL and Neometals jointly owned subsidiary Reed Industrial Minerals (**RIM**) and enter into an off-take agreement for up to 100% of the spodumene production at RIM's discretion. The Mt Marion project is fully permitted for mine development. Development plans for the project are being progressed and subject to a satisfactory outcome on due diligence and associated approvals, first concentrate production is targeted to commence by mid-2016. The recent acquisition of the lithium rights on Metals X Ltd's ground (as announced to the ASX by NMT on 7 July) has provided an opportunity to further optimise the mine designs and plant location.



Photo - Mt Marion Lithium Project – Outcropping Spodumene Pegmatite on recently acquired Metals X ground immediately north of the planned mining pits.

EXPLORATION

Whilst MRL continues to work through the Environmental and Mining approvals processes, minimal exploration activity has been undertaken. Field mapping activities aimed at reassessing all of the Yilgarn and Pilbara tenure continues.



Two hubs - MRL's operations and major prospects in the Pilbara and Yilgarn regions.