



Mineral Resources Limited

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ASX RELEASE

MINERAL RESOURCES ANNOUNCES IMPORTANT ADVANCE IN YILGARN IRON ORE PROJECT

Mineral Resources Limited (ASX: MIN, MRL) is pleased to announce an important advance in the development of the Yilgarn iron ore project.

MRL has entered into a Heads of Agreement with QR Freight for the transportation of iron ore from project to Kwinana Port, with operations scheduled to commence in January 2011. The initial annual haulage is 4mtpa, with a provision to rise up to 10mtpa with the Yilgarn Stage 2 expansion.

The QR agreement represents a key step towards finalising a formal Rail Haulage Agreement for the provision of rail services from the Yilgarn Project in the Central Yilgarn Region of Western Australia to Kwinana Bulk Terminal south of Perth. The Agreement is subject to MRL being successful in obtaining capacity to export product from KBT and successfully negotiating an agreement in respect of the port handling arrangements .

This is a significant step in the development of the Yilgarn Project and is consistent with MRL's commitment to accelerate the development of this project when it completed the acquisition of Polaris Metals in January 2010.

Yilgarn Stage 1 is on track to commence production in January 2011, with MRL working towards increasing production to 10 Mtpa.

MRL Managing Director Peter Wade said the accelerated development of the Yilgarn was very pleasing, both for long-standing MRL shareholders and former Polaris shareholders who accepted MRL's takeover offer.

"At the time, we indicated our commitment to accelerate the development of this highly valuable project – and that's what we have done," said Mr Wade.

"The formalisation of the heads of agreement represents a major milestone for MRL and is a significant step in the development of the Yilgarn Project.

"During the Polaris takeover process we committed to expediting the development of the Yilgarn Project and this agreement with QR is a huge step forward in achieving that goal."

"Working with highly experienced partners such as QR is part of a fundamental strategy to develop and maintain successful iron ore operations in the Yilgarn region of Western Australia."

"We welcome QR Freight as a new partner and we look forward to working with them to achieve world class performance in developing and expanding the iron ore production and haulage from the Yilgarn Project."

Yilgarn Project – current iron ore resource

The current status of iron ore resources at the Carina Yilgarn project is:

JORC Resource			
	Category	Tonnes (mill)	Fe Grade
Yilgarn	Indicated	17.7	59.0%
Yilgarn	Inferred	24.3	58.5%
	Sub-total	42.0	58.7%

Exploration Target (refer note below)			
		Tonnes (mill)	Fe Grade
Poondano		10 - 15	48-56%
Yilgarn		100 – 150	57-59%
Mayfield		80 - 100	45–55%
Weelumurra		250 – 300	53-64%

Note: The potential quantity and grade of iron deposits reported in the Exploration Target is conceptual in nature and as at the date of this announcement there has been insufficient exploration to define a Mineral Resource.

Heads of Agreement with QR Freight

QR Freight is the national bulk freight haulage business of the publicly listed QR Limited, and had a nationally established position as an experienced resources haulier being the largest haulier of iron ore in Australia outside the Pilbara.

The Agreement covers the full rail distance of 576km from the Mt Walton siding to the Kwinana Bulk Terminal for export and completes the full mine to market infrastructure requirements for Stage 1 of the Yilgarn iron ore project. Yilgarn Stage 1 production is planned to commence in January 2011 with the first iron ore to be transported by rail around 15 March 2011.

Yilgarn Stage 1 – approvals and supplier agreements

MRL is also pleased to announce that is achieved a number of other key milestones in line with its planned production start date for Yilgarn Stage 1 of January 2011 including:

1. The Haulage Road Access Agreement for haulage to the new Mt Walton rail siding has been executed.
2. The design of the haulage road has been completed and approved.
3. The Mt Walton rail siding design has been completed.
4. MRL has completed detailed engineering design of the proposed processing plant (replicating a plant with proven performance and reliability currently operated by MRL). The proposed plant will have an initial 5Mtpa throughput capacity however the front section of the plant has a design capacity of 10Mtpa and only back end modular upgrades will be required for future production increase to the 10Mtpa.
5. Works approval for the temporary crushing plant has been submitted for approval.
6. Planning approval for the main operation camp has been obtained and the selected camp supplier shall commence construction on site subject to final works approval.
7. All applicable Heritage and Flora and Fauna Surveys have been completed.

Yilgarn Stage 2

As part of its strategy to achieve the Yilgarn Stage 2 increase in production to 10Mtpa by 2013, MRL has:

1. executed a non-binding memorandum of understanding with the FPA to work together to investigate the potential development of Kwinana Berth 5 Terminal to secure the additional export allocation required;
2. finalised plans to undertake drilling at Johnston Range in late June 2010 on previously identified highly prospective targets;
3. commenced construction of a 42 man exploration camp to facilitate regional drilling operations and identify additional resources and reserves;
4. completed the pegging of a mining lease covering the Mayfield iron ore deposit; and
5. completed the pegging of an infrastructure corridor between the Mayfield tenement and the proposed rail siding.

For further information:

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www.mineralresources.com.au

Background to Mineral Resources Limited

Mineral Resources Limited is a leading, integrated, Australian based mining services and processing company with operations in a contract crushing, general miner services, infrastructure provision and recovery of base metal concentrate for export. Operations are supplemented by rehabilitation and sale of heavy duty crushing and processing equipment, hire of engineering and crushing fleet plant and workshop manufacture of polyethylene pipe fittings and components.

Comprising three long standing core businesses, reporting as a single entity, PIHA Pty Ltd, Crushing Services International Pty Ltd and Process Minerals International Pty Ltd, Mineral Resources Limited has developed a strong reputation for the cost effective delivery of its services and products to the resources and infrastructure sectors. These operations have been supplemented by the acquisition of 100% of Polaris Metals which was completed in the first half of 2010 and supports Mineral Resources' strategy to become a major volume player in the steel making contracting and commodity market.

The information in this report accurately reflects information prepared by competent persons (as defined by the Australasian Code for Reporting of Mineral Resources and Ore Reserves). It is compiled by Mr J Lea, an employee of the Company who is a Member of The Australasian Institute of Mining and Metallurgy with the requisite experience in the field of activity in which he is reporting. Mr Lea has sufficient experience which is relevant to the style of mineralization and the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". He consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. The potential quantity and grade of iron deposits reported is conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.