

29 August 2022

Onslow Iron Project Binding Term Sheet

Mineral Resources Limited (**ASX:MIN; MinRes** or **Company**) is pleased to announce the Red Hill Iron Joint Venture (RHIOJV) parties have made an unconditional Final Investment Decision (FID) to develop the RHIOJV iron ore assets as part of MinRes' Ashburton Hub Development (**Onslow Iron Project** or **Project**) and have executed a Binding Project Development Term Sheet. The RHIOJV is currently held 40% by MinRes and 60% by API Management Pty Ltd (APIM) on behalf of the parties to the Australia Premium Iron Joint Venture, Aquila Steel Pty Ltd (Aquila) and AMCI (IO) Pty Ltd (AMCI (IO)).

The project is located 150 km east of Onslow in the West Pilbara region of Western Australia. Onslow Iron will be one of the largest iron ore developments undertaken in Western Australia.

Stage 1 of the Onslow Iron Project will consist of the RHIOJV tenements which host Mineral Resources of 820Mt and 537Mt in Ore Reserves¹.

Binding Development Term Sheet

In accordance with the agreed Binding Project Development Term Sheet:

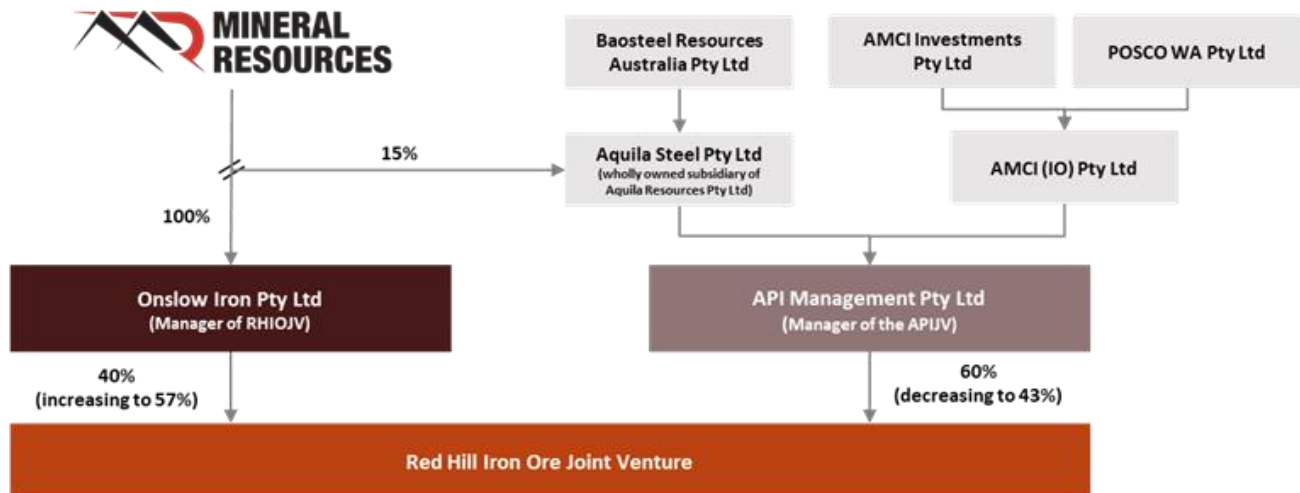
- MinRes will continue to act as manager of the RHIOJV.
- MinRes will earn an additional 17% participating interest in the RHIOJV in exchange for funding RHIOJV capital expenditure of \$1.3 billion by way of a carried expenditure loan until commercial production. The carried expenditure loan will attract interest at the rate of BBSW plus 2.9% per annum and will be repaid from 80% of APIM's pre-tax free cash flow from the Project.
- MinRes's direct ownership at commercial production will be 57%, plus MinRes will have a further 3.3% interest held indirectly through MinRes' existing 15% shareholding in Aquila's parent entity, Aquila Resources Pty Ltd, resulting in a total effective ownership interest of 60.3%.
- MinRes will fund, build, own and operate all the infrastructure outside the mine including private haul road and port infrastructure at the Port of Ashburton
- The RHIOJV will appoint wholly owned subsidiaries of MRL to:
 - engineer, procure, construct and commission all fixed plant, civil and earthworks and processing and non-processing infrastructure at the RHIOJV mine under a fixed price contract;
 - build, own and operate a crushing plant at the RHIOJV mine under a life-of-mine crushing services agreement; and
 - provide haulage, port and transshipping services to facilitate the export of RHIOJV product under a life-of-mine mine to ship services agreement.
- MinRes will sell 50% of its share of product to Baosteel with Baosteel having an option to take a further 25% under a life of mine offtake agreement
- MinRes and AMCI will jointly market the remaining available product from the Project.

The parties have committed to negotiate, agree and execute, as soon as reasonably possible, formal contracts based on the terms of the Binding Development Term Sheet. The RHIOJV will progress the Project in accordance with the key

¹ Ore Reserves are as at September 2015, shown on a 100% ownership basis. Refer to ASX Announcement "New expanded Ore Reserves estimate for RHIOJV" released 16/09/2015. Mineral Resources are as at January 2020, shown on a 100% ownership basis. Refer to ASX Announcement "RHIOJV Mineral Resources Update - Whitegate Resources" released 30/01/2020.

commercial terms set out in the Binding Project Development Term Sheet, which remain legally binding until such time as formal contracts have been executed.

Figure 1: Ownership structure²



Key Project metrics

- Stage 1 will target an annual capacity of 35Mtpa.
- Total capital expenditure of the Project is about \$3 billion, representing an attractive capital intensity of US\$65 per capacity tonne.
- RHIOJV FOB operating costs is expected to be \$32.23/t (excluding royalties). In addition, MinRes will charge RHIOJV an infrastructure capital charge of \$7.74/t.

Timeline³

Early works are underway as part of the development phase, with all equipment expected on site by June 2023 and first ore on ship targeted as early as December 2023.

Mining services and infrastructure

MinRes will provide life-of-mine mining services to the project under crushing and mine to ship agreements. MinRes will deploy its innovative and proprietary suite of mining services assets including NextGen crushers, autonomous 320 tonne jumbo road trains and 20,000 tonne transhippers.

MinRes will also own 100% of the off-site infrastructure including a private 150 km haul road, port infrastructure, transhipper wharfs and Onslow resort accommodation.

Commenting on Onslow Iron project FID, Mineral Resources Managing Director Chris Ellison said:

“I’m delighted that our flagship Onslow Iron Project has reached this significant milestone. Achieving FID from all joint venture partners is a testimony to the Project’s credentials and demonstrates the high level of confidence all parties have in this project, which is set to redefine mining in Western Australia.

“Onslow Iron introduces a low-cost, long-life and low-risk operation to MinRes’ iron ore portfolio, along with the largest mining services contract in Australia. The successful delivery of the project is underpinned by MinRes’ mining services

² Effective at Commercial Production.

³ Subject to all approvals being granted.

innovations, which make the project economics compelling through commodity price cycles and allow us to future proof the business against low iron ore prices.

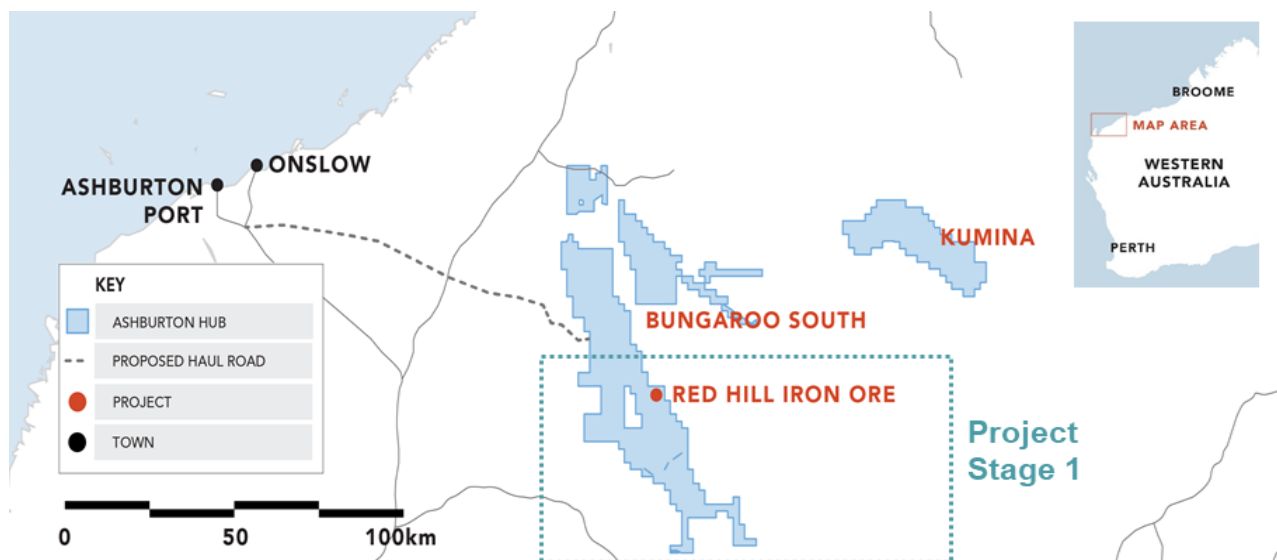
“MinRes has a strong track record of safely developing and operating iron ore projects in Western Australia.”

“Importantly, we have designed Onslow Iron with a focus on minimising the environmental footprint including dust emissions from mine-to-port.”

“Project preparations are on track; early works have commenced and long-lead items have been ordered in line with the project schedule. We look forward to maintaining the momentum as we enter the construction phase, as we aim to meet our target of delivering first ore on ship by December 2023.”

“We look forward to delivering solid returns for our joint venture partners and shareholders, creating thousands of jobs, injecting billions of dollars in the economy and working with the Traditional Owners, the Thalanyji people and the Roibe River Kuruma people, pastoralists, and the wider community, to provide them with long-term benefits and economic opportunities.”

Figure 2: Onslow Iron Project location



ENDS

This announcement dated 29 August 2022 has been authorised for release to the ASX by Mark Wilson, Chief Financial Officer and Company Secretary.

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About Mineral Resources

Mineral Resources Limited (ASX: MIN) is a Perth-based leading mining services provider, with a particular focus on the iron ore and lithium sectors in Western Australia. Using technical know-how and an innovative approach to deliver exceptional outcomes, Mineral Resources has become one of the ASX's best-performing contractors since listing in 2006. For more information, visit www.mrl.com.au.