

23 September 2014

Skardon Kaolin Project Update

The Directors of Minerals Corporation Limited (**MSC** or the **Company**) provide the following update of its Skardon Kaolin Project in Cape York Peninsula, Queensland (the **Project**). The Project comprises a granted exploration permit (EPM4068, 20% MSC), an exploration permit application (EPM18,242, 5% MSC) as well as two mineral development licence applications (MDL423 & MDL425, 5% MSC).

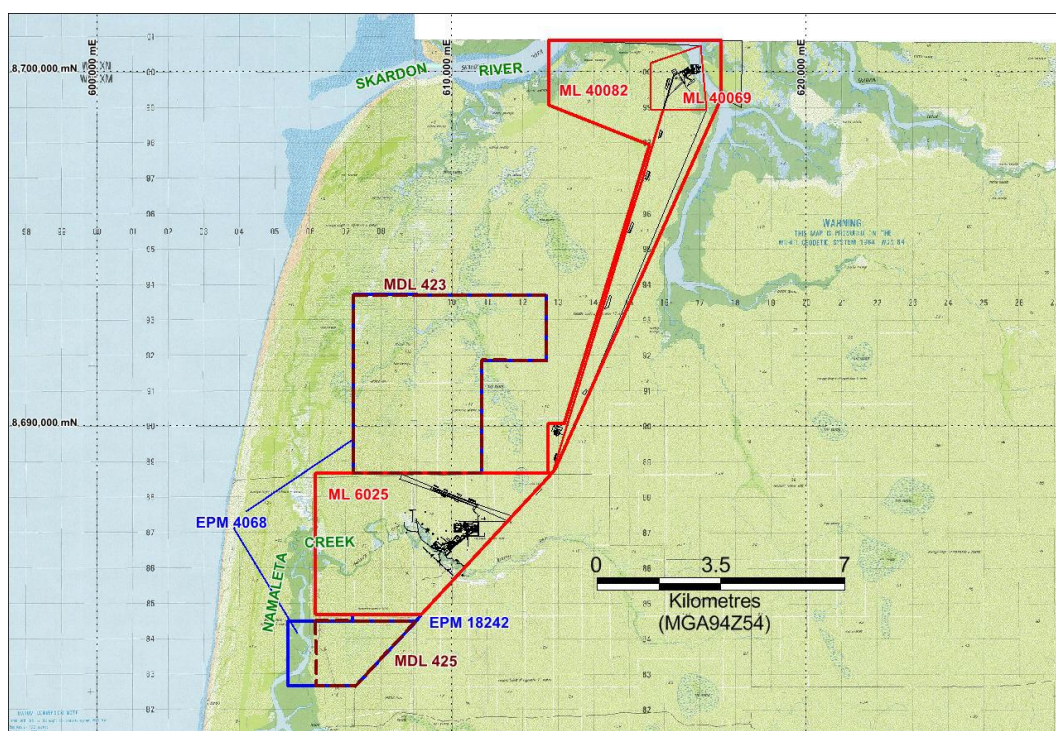


Figure 1: Skardon Project - Location Plan

Recent drilling

In August 2014 MSC completed three sonic drill holes on EPM 4068. This drilling was carried out in conjunction with Gulf Alumina's bauxite sonic drilling for the Skardon River Project between 5th and 28th August 2014. Geological supervision was provided by Geos Mining. The drilling aimed to provide samples of sufficient quality and quantity in areas where potential existed for the development of economic kaolin outside the known resource areas on the adjacent MLs.

Field exploration consisted of three holes for 32.15m completed along a north to south seismic line in the north portion of EPM 4068 (approx. 609500E – AGD84). The three holes sampled both bauxite and kaolin intervals. Bauxitic clays and silts were intersected with thicknesses varying from 0.25 – 2m. No significant intervals of good quality bauxite were encountered. Several thin intervals (<1m) of kaolin bearing clays were intersected in SK761 and SK763 while SK762 was dominated by clay rich sands.



Photo 1: Photo of the sonic drill rig set up



Photo 2: Photo of the rig in operation

Drilling results

Drilling of the three holes took place on the 22nd and 23rd of August 2014. The three holes totalled 32.15m and sampled both bauxite and potential kaolin material (Table 1). Bauxitic material from the upper 3 - 4 metres of each hole was sampled for later analysis by Gulf Alumina. Below the bauxite/laterite a total of 27 samples were taken from kaolin bearing and non-kaolin lithologies.

Hole ID	Easting (AGD84_Z54)	Northing (AGD84_Z54)	RL (m)	Total Depth (m)	Dip	Azi-muth	Comments
SK761	609492	8691684	8.102	11.25	-90°	0°	Minor bauxite intersected; Interbedded ferruginous clays and potential kaolin beds 5.15 - 8.5m (up to 0.5m thick). Water at 2.8m.
SK762	609483	8690502	8.335	10.25	-90°	0°	Intersected mostly clayey sands. Potential kaolin in the clay fraction however. Water at 4.8m depth. Converted to water monitoring bore G-MB01
SK763	609474	8689430	10.058	10.65	-90°	0°	Minor bauxite intersected; Few potential kaolin units; best at 5.05 -5.6m (0.55m).

Table 1 Summary of drilling on EPM 4068 in 2014

Contamination by iron stained material on the surface of the core and in drilling induced fractures were noted on several occasions. Bauxitic clays and silts were intersected with thicknesses varying from 0.25 – 2m. No significant intervals of good quality bauxite were encountered. Kaolin bearing clays were encountered in SK761 and SK763 while SK762 was dominated by clay rich sands. The level of cementation within the bauxite layers was generally weak with some moderately cemented clay matrix encountered in SK762. Bauxitic laterite was variably cemented between 1.25 – 2.75m in SK761. Full lithological logs are provided in Appendix 1.

Follow up work

All 27 samples from the kaolin holes were brought back to Sydney by plane with the site geologist. Further inspection of the quality and potential for good kaolin in the samples took place. Fifteen of the 27 samples were considered suitable for further analysis (Table 2). The best sample from each hole has been denoted as priority 1 with the remaining prospective samples as priority 2.

Geos Mining has recommended sample test work as follows:

- 1) Wet screening, plus/minus 45 µm, retain minus 45 µm.
- 2) XRF chemistry on minus 45 µm
- 3) XRD mineralogy on minus 45 µm
- 4) Particle size distribution, 1 – 45 µm

The company is reviewing these recommendations, with a decision to be made in Q4, 2014. Results for testing of the 2014 kaolin drilling will likely be available late 2014 or early 2015.

2014 Kaolin Drill Holes

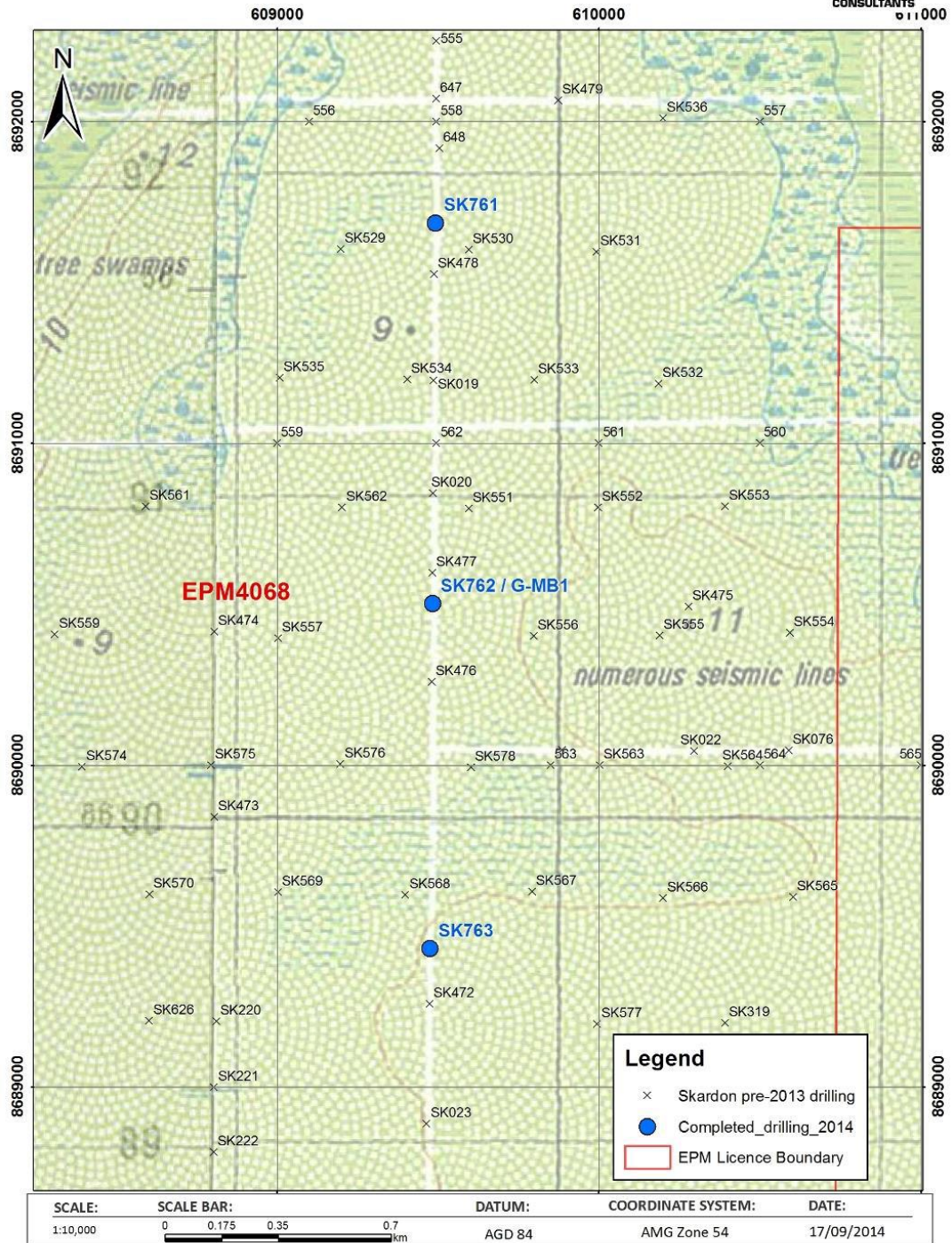


Figure 2 – Drillhole locations

Hole ID	From (m)	To (m)	Int	Lith Major	Lith Minor	Minor%	Colour	Sample ID	Sand		Munsell	Priority for Testing
									Grainsize	%		
SK761	5.15	5.7	0.55	CY	KL	30	WH	MC03-03	VF	5	5YR 8/1	2
SK761	6.5	7.4	0.9	CY	KL	15	RD	MC03-05			10YR 8/1	2
SK761	7.6	8	0.4	KL	CY	40	WH	MC03-07			5Y 8.5/1	1
SK761	8	8.4	0.4	CY	KL	20	WH	MC03-08	VF	10	5Y 8/1	2
SK761	9.15	9.75	0.6	CY	KL	10	WH	MC03-10	VF	5	10YR 8/1	2
SK761	10.9	11.25	0.35	CY			WH	MC03-12	VF	5	2.5Y 8/2	2
SK762	4.6	5.15	0.55	CY	SL	20	WH	MC02-01	VF	25	2.5Y 8.5/1	2
SK762	5.55	7.15	1.6	SN	CY	20	WH	MC02-03	M-F	80	10YR 8/1	2
SK762	7.15	9.9	2.75	SN	CY	30	WH	MC02-04	M	70	2.5Y 8.5/1	1
SK762	9.9	10.25	0.35	CY			WH	MC02-05	F	15	7.5YR 8/1	2
SK763	2.5	3.65	1.15	CY	IR	15	RD	MC04-01			2.5YR 8/2	2
SK763	3.65	4.5	0.25	CY	IR	5	WH	MC04-02	VF	10	2.5Y 8.5/2	1
SK763	4.5	5.05	0.55	CY			GY	MC04-03	VF	20	2.5Y 8/1	2
SK763	5.05	5.6	0.55	KL	CY		WH	MC04-04	VF	5	5YR 8/1	2
SK763	6.45	7.1	0.65	CY	SN	2	WH	MC04-06	VF	25	2.5Y 8/1	2

Table 2: Summary of the 15 samples with kaolin potential recommended for further test work

Together with the activities being undertaken on the Project, the Company is also reviewing a number of investment opportunities. Should MSC identify a suitable transaction with the potential to create value for the Company and its shareholders then it will present the opportunity for the approval of the Company's shareholders as and when appropriate.

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Competent Person Statement

Information in this report relating to exploration results is based on information compiled by Sue Border, who is a Fellow of the AusIMM and of AIG and is a consultant employed by Geos Mining. She has sufficient relevant experience to qualify as a competent person as defined in the 2012 edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC code). Sue Border consents to the inclusion in this report of this information in the form and context in which it appears

Appendix 1

Hole ID	From	To	Int	Lith Major	Lith Minor	Minor%	Cement%	Shade	Colour	Sample ID	Sand		Munsell Chart	Priority for Testing	Org %	Mottled %	Fe %	Comments
											Grain size	%						
SK761	0	0.25	0.25	SO	SN	30	0	VD	GY	273465	VF	60			30			Planned hole 'c'; Organic rich sandy soil.
SK761	0.25	0.5	0.25	SN			0	D	GY	273466								Organic rich sand to soil; rare weathered bauxite.
SK761	0.5	0.75	0.25	SN	BX	5	0	L	GY	273467	VF	60						
SK761	0.75	1	0.25	CY	SN		0			273468								Minor bauxite
SK761	1	1.25	0.25	LT	BX	5	10			273469								Minor clay
SK761	1.25	1.5	0.25	LT	IR	10	30	D	BR	273470								
SK761	1.5	1.75	0.25	LT	CY	20	20		WH	273471								Angular ironstone clasts in parts.
SK761	1.75	2	0.25	LT	CY	45	20		WH	273472	VF	10				30	20	Occasional bauxite pisolite
SK761	2	2.25	0.25	CY	LT	10	10	D	RD	273473	VF	15			10	40		
SK761	2.25	2.5	0.25	CY	LT		10		CR	273474	VF	5				50	30	Minor ironstone.
SK761	2.5	2.75	0.25	LT	IR	10	20			273475								angular ironstone clasts.
SK761	2.75	3	0.25	CY			0		CR	273476								ferruginous in parts; End of bauxite sampling.
SK761	3	4	1	CY	SN	5	0	L	RD	MC03-01	VF	5			0	30	10	Hit water during drill run resulting in very compressed core sample; measured standing water level is 2.8m; mottled red through white.
SK761	4	5.15	1.15	CY			0		WH	MC03-02						40	20	Partially laminated red ferruginous and cream silty clays; occasional lateritic sub-angular clast.
SK761	5.15	5.7	0.55	CY	KL	30	0		WH	MC03-03	VF	5	5YR 8/1	2		10	10	Marginal kaolinitic clay.
SK761	5.7	6.5	0.8	CY			0	M	RD	MC03-04	VF	5				60	20	minor kaolinitic clay bands in parts.
SK761	6.5	7.4	0.9	CY	KL	15	0		RD	MC03-05			10YR 8/1	2		50	30	Increase in potential kaolin bearing clay mottles within ferruginous clay.
SK761	7.4	7.6	0.2	CY	IR	10	0	D	RD	MC03-06						30	40	Angular to sub-angular ironstone clasts up to 20mm
SK761	7.6	8	0.4	KL	CY	40	0		WH	MC03-07			5Y 8.5/1	1		5	5	Note contamination with red rock flour from drilling; some wisps of ferruginous clay.

Hole ID	From	To	Int	Lith Major	Lith Minor	Minor%	Cement%	Shade	Colour	Sample ID	Sand		Munsell Chart	Priority for Testine	Org %	Mottled %	Fe %	Comments
SK761	8	8.4	0.4	CY	KL	20	0		WH	MC03-08	VF	10	5Y 8/1	2		15		rougher texture than clay unit above, minor ironstone clasts to base.
SK761	8.4	9.15	0.75	CY	IR	15	0	D	RD	MC03-09	VF	10	10R 8/2			40	35	Angular ironstone clasts occasionally within mottled ferruginous clay/cream clay.
SK761	9.15	9.75	0.6	CY	KL	10	0		WH	MC03-10	VF	5	10YR 8/1	2		5		Smooth almost soapy texture, partly kaolinitic.
SK761	9.75	10.9	1.15	CY	IR	15	0		RD	MC03-11	F	5				40	40	Ferruginous laminations throughout; some angular ironstone nodules; ironstone rich bands up to 5cm thick; some white to cream clay laminations in parts.
SK761	10.9	11.25	0.35	CY			0		WH	MC03-12	VF	5	2.5Y 8/2	2	5		10	Puggy texture to clay. EOH.
SK762	0	0.25	0.25	SO			0	L	GY	273477								Planned hole 'b'; occasional weathered bauxite pisolites; NOTE - wrong hole label in photos for first 4 runs, should be SK762 not SK761.
SK762	0.25	0.5	0.25	SO	BX	15	0	L	YL	273478								
SK762	0.5	0.75	0.25	SL	BX	20	0	M	BR	273479								
SK762	Dup		0.25	SL	BX	20	10	M	BR	273480								
SK762	0.75	1	0.25	CY	BX	25	10	L	OR	273481								
SK762	1	1.25	0.25	CY	BX	30	20	M	RD	273482								Occasional bauxite up to 20mm.
SK762	1.25	1.5	0.25	CY	BX	20	20	D	BR	273483								rare ironstone angular clasts.
SK762	1.5	1.75	0.25	CY	BX	10	20	L	BR	273484								Occasional lateritic sub-angular clasts.
SK762	1.75	2	0.25	CY	LT	10	40		BR	273485								minor bauxite, cream coloured coating; some cemented pisolitic fragments.
SK762	2	2.25	0.25	CY	BX	15	30	L	BR	273486								Increased moisture in clay matrix.
SK762	2.25	2.5	0.25	CY	BX	20	10	VD	RD	273487								
SK762	2.5	2.75	0.25	LT			40			273488								Minor bauxite
SK762	2.75	3	0.25	LT	CY		40			273489								
SK762	3	3.25	0.25	CY	IR	5	10	L	CR	273490								
SK762	3.25	3.5	0.25	CY			0		CR	273491								Altered Box pisolites throughout; angular ironstone clasts.
SK762	3.5	3.75	0.25	CY			0		WH	273492	F	15						End of Bauxite sampling; sandy clay; rare bauxite clasts.
SK762	3.75	4.6	0.85	CY	SL		0			NULL	F	15						Significant core loss in run 6 very loose material (up to 0.6m).

Hole ID	From	To	Int	Lith Major	Lith Minor	Minor%	Cement%	Shade	Colour	Sample ID	Sand		Munsell Chart	Priority for Testing	Org %	Mottled %	Fe %	Comments
SK762	4.6	5.15	0.55	CY	SL	20	0		WH	MC02-01	VF	25	2.5Y 8.5/1	2				Standing water level measured at 4.8m.
SK762	5.15	5.55	0.4	SN	CY	40	0		WH	MC02-02	F-VF	60					30	ferruginous clayey sand; varying shades of very light red ferruginous bands to dark red.
SK762	5.55	7.15	1.6	SN	CY	20	0		WH	MC02-03	M-F	80	10YR 8/1	2	5		10	Generally uniform clayey Qtz sand; Gritty coarse sand grains in parts; Water intersected in this near ~ 5.7m
SK762	7.15	9.9	2.75	SN	CY	30	0		WH	MC02-04	M	70	2.5Y 8.5/1	1				Some gritty coarse sand laminations & rare small pebbles; angular to sub-angular quartz sand grains common, grain supported; white clay matrix; fines at base & increasing clay content
SK762	9.9	10.25	0.35	CY			0		WH	MC02-05	F	15	7.5YR 8/1	2	5	15	10	Problems with cave in of sand units above filling sample tube; solution would be to case off but no time, to abandon hole; ferruginous mottles common.
SK763	0	0.25	0.25	SO	CY	25	0	VL	BR	273493								Planned hole 'd' - Weathered bauxite pisolites in parts.
SK763	0.25	0.5	0.25	SL	BX	5	30	L	YL	273494								Dark ferruginous clay in parts.
SK763	0.5	0.75	0.25	CY	BX	10	0	L	YL	273495								
SK763	0.75	1	0.25	CY	BX	5	0	M	BR	273496								Lateritic in parts.
SK763	1	1.25	0.25	CY	BX	10	0	M	BR	273497								minor bauxite
SK763	1.25	1.5	0.25	LT	IR	5	0	D	BR	273498								minor bauxite; sub-angular laterite clasts common.
SK763	1.5	1.75	0.25	LT	BX	5	0	D	RD	273499								occasional ironstone angular fragments, black.
SK763	Dup		0.25	LT	BX	5	0	D	RD	273500								
SK763	1.75	2	0.25	CY	LT		0	L	OR	273501								
SK763	2	2.25	0.25	CY	LT		0		BR	273502								Mottled with cream clays.
SK763	2.25	2.5	1.15	LT	IR		30	D	BR	273503								End of Bauxite sampling. Angular ironstone clasts common.
SK763	2.5	3.65	1.15	CY	IR	15	30		RD	MC04-01			2.5YR 8/2	2				angular ironstone clasts common.
SK763	3.65	4.5	0.25	CY	IR	5	0		WH	MC04-02	VF	10	2.5Y 8.5/2	1		15	30	ferruginous clay mottles common throughout.
SK763	4.5	5.05	0.55	CY			0		GY	MC04-03	VF	20	2.5Y 8/1	2		10	10	Sandy clay, less ferruginous than above; some medium to coarse qtz grains.
SK763	5.05	5.6	0.55	KL	CY		0		WH	MC04-04	VF	5	5YR 8/1	2			5	Potential kaolin clay, minor ferruginous streaks.

Hole ID	From	To	Int	Lith Major	Lith Minor	Minor%	Cement%	Shade	Colour	Sample ID	Sand		Munsell Chart	Priority for Testing	Org %	Mottled %	Fe %	Comments
SK763	5.6	6.45	0.85	CY			0		WH	MC04-05	F	10	2.5YR 8.5/2				10	ferruginous bands.
SK763	6.45	7.1	0.65	CY	SN	2	0		WH	MC04-06	VF	25	2.5Y 8/1	2		10	5	Sandy clay, grey tints in parts.
SK763	7.1	7.25	0.15	CY	SN	10	0		WH	MC04-07	F	10	10YR 8/1					Partly kaolinitic; Slightly soapy texture;
SK763	7.25	8.05	0.8	CY	SN	40	0		WH	MC04-08	VF	40					5	occasional coarse qtz sand grain.
SK763	8.05	8.4	0.35	CY	SN		0		WH	MC04-09	F	20				15	0	Slightly kaolinitic with some large ferruginous nodules.
SK763	8.4	10.65	2.25	CY	IR	20	0		RD	MC04-10	VF	15				40	60	Some white to cream sandy clay interbeds and laminations; decision made to end hole due to slowed drilling rate and lack of time left.

Appendix 2 JORC Table 1 Technical Checklist

Section 1: Sampling Techniques & Data

Sampling Techniques	<ul style="list-style-type: none">• All samples taken from sonic drill core• Potential kaolin samples taken as whole core samples approximately 0.5m in length.• Non- kaolin samples collected as representative samples for intervals up to 1m in length (or longer if the lithology is very uniform in nature)• No sample compositing at this stage.
Drilling Techniques	<ul style="list-style-type: none">• Sonic drilling method using a EP 26 drill rig - no muds, water or air utilised in the drilling process• Vertical holes for all 3 drill holes• Sonic core diameter of approximately 60-65mm• Recovery was 100% for almost all samples.
Logging	<ul style="list-style-type: none">• Sonic drill samples have been logged geologically in sufficient detail to support Mineral Resource estimation.• 32.15m of sonic core was logged.• Lithology and clay colour (Munsell) data captured.• Mixture of qualitative & quantitative data, although key factors are quantitative.• Photography exists for all drill runs.• Drill holes logged in entirety.
Sub-sampling techniques & sample preparation	<ul style="list-style-type: none">• Potential kaolin samples taken as whole core samples approximately 0.5m in length which provides sufficient sample mass for further testing• Sampling style and size are representative for the style of mineralisation.• Field duplicates not implemented.
Quality of assay data & laboratory tests	<ul style="list-style-type: none">• Samples have been prioritized with 15 out of all 27 samples recommended for further testing.• Samples have not been submitted for testing at the time of this announcement
Verification of sampling & assaying	<ul style="list-style-type: none">• No verification by independent or alternative company personal at the time of this announcement• No twinned holes have been drilled to verify these drilling results.
Location of data points	<ul style="list-style-type: none">• All three drill sites were surveyed by the site geologist using a Trimble GPS ProXRT Receiver with GLONASS and Omnistar GNSS satellites for corrections.• The three drill holes were surveyed for RL.• Data was recorded using AGD84 - Zone 54 which has historically been used on the Skardon Project
Data spacing & distribution	<ul style="list-style-type: none">• Drill hole spacing is approximately 1000m and aligned along Easting 609500 (AGD84_Z54)
Orientation of data in relation to geological structure	<ul style="list-style-type: none">• The three vertically drilled holes intersect mineralisation at a high angle to the sub-horizontal bedding and are spaced regularly• The holes are not judged to result in significant bias in sampling
Sample security & audits	<ul style="list-style-type: none">• Samples accompanied the site geologist on the flights from Skardon River to Sydney• Sampling procedures have not been audited or reviewed.

Section 2: Reporting of Exploration Results

Mineral tenement & land tenure status	<ul style="list-style-type: none"> Drilling of the three reported drill holes was conducted on the northern portion of EPM4068 which has been renewed until 11th August 2016. Exploration within EPM 4068 is subject to a joint venture agreement between Gulf Alumina Limited and Minerals Corporation, with Gulf having the right to explore and mine for bauxite, and Minerals Corporation exploring for kaolin. Interest in EPM 4068 is assigned at 80% to Gulf Alumina and 20% to Minerals Corporation
Exploration by other parties	<ul style="list-style-type: none"> Kaolin was previously mined on adjacent ML 6025, and some exploration, including drilling, was carried out in EPM 4068 by the former owners. Bauxite exploration has been carried out by Gulf Alumina and this work is continuing in parallel with the kaolin exploration. This work has given a good understanding of the geology and enabled good targeting of drilling.
Geology	<ul style="list-style-type: none"> In this region kaolin is formed by weathering (leaching forms a pallid zone below a lateritic/bauxitic duricrust) and by redeposition of existing kaolinite zones. The main kaolin exploration target within EPM 4068 is a unit equivalent to the Namaleta Beds, a fluvial clay target. Secondary targets are well-leached zones within the Tertiary Bulimba Formation (similar to the Trunding Clay at Weipa) and areas of shallow well-weathered Cretaceous Rolling Downs claystone.
Drill hole information	<ul style="list-style-type: none"> A summary of relevant information for the three drilled holes (SK761, SK762 & SK763) is provided in table 2 of this announcement.
Data aggregation methods	<ul style="list-style-type: none"> Not applicable, no results to date.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> The target kaolin zones are generally flat lying and intercepts are considered close to true thickness
Diagrams	<ul style="list-style-type: none"> See Figure 2 for hole locations.
Balanced reporting	<ul style="list-style-type: none"> The announcement is a balanced summary of the field report for the drilling program.
Other Exploration data	<ul style="list-style-type: none"> There is no other exploration data to report from this program.
Further work	<ul style="list-style-type: none"> A total of 15 samples are recommended for further testing. The best sample/intersection from each hole is to be tested first followed by the remaining kaolin bearing samples. The company is considering the recommendations for sample testing, which are: <ul style="list-style-type: none"> Wet screening, plus/minus 45 µm, retain minus 45 µm. XRF chemistry on minus 45 µm XRD mineralogy on minus 45 µm Particle size distribution, 1 – 45 µm