



ASX ANNOUNCEMENT

14 December 2018

Execution of agreement to facilitate sale of 50% of Wodgina and joint venture with Albemarle

Mineral Resources Limited (ASX: MIN, **MRL**) is pleased to announce that it has today entered into a binding Asset Sale and Share Subscription Agreement (**Sale Agreement**) with Albemarle Corporation (NYSE: ALB, **Albemarle**) in relation to the sale of a 50% interest in the Wodgina Lithium Project (**Sale Interest**) and formation of a 50:50 joint venture that will produce spodumene concentrate and lithium hydroxide (**Wodgina JV**).

The execution of the Sale Agreement follows the announcement of the signing of an exclusivity agreement and commercially agreed key terms with Albemarle on 21 November 2018 which was the culmination of a global sale process that generated strong interest from a range of global participants in the battery minerals and chemicals value chain.

Transaction overview

Under the Sale Agreement, Albemarle will purchase a 50% interest in certain tenements, assets and related infrastructure, together comprising the Wodgina Lithium Project, and on completion will form a 50:50 unincorporated joint venture with MRL as outlined below:

Key sale terms

- Purchase price for the Sale Interest of US\$1.15B in cash payable upon completion of the sale of the Sale Interest (subject to certain completion adjustments).
- Albemarle to acquire a 50% interest in all mineral rights within the Wodgina tenements other than iron ore (which will be retained exclusively by MRL) and tantalum (which remain held by Global Advanced Metals Greenbushes Pty Ltd) certain MRL owned fixed infrastructure and utility assets, the spodumene concentrate plant and the mobile mining equipment.
- Completion of the sale and formation of the Wodgina JV is subject to conditions precedent relating to regulatory approvals, including Foreign Investments Review Board (FIRB) and Chinese anti-trust approvals (as to which see further below) WA Ministerial Consent and the consents of certain third parties with interests in the underlying tenements, as outlined further under 'Additional Information'.

Key Wodgina JV arrangements

- Contemporaneous with completion of the sale, the parties will form a 50:50 unincorporated joint venture for the exploration, development, mining, processing and production of lithium and other minerals (other than iron ore and tantalum) from the Wodgina JV area.
- The parties will jointly manage the Wodgina JV, through a special purpose company to be formed on completion and owned in equal shares by the parties (**the Manager**).
- MRL will be solely responsible for constructing and funding the fixed infrastructure, utility and processing plants required to produce 750Ktpa of 6% spodumene concentrate (**Project Facilities**) with the future lithium hydroxide plants to be jointly funded by both parties as outlined further below.

- MRL (or a related corporation) to provide the Wodgina JV, for the life of mine, with crushing services (under a build own operate model), operations and maintenance services for the accommodation camp and airport, and mine to port haulage and ship loading for the transportation of product from Wodgina.
- The Wodgina JV is expected to produce up to 750Ktpa of 6% spodumene concentrate from Wodgina, initially for sale and ultimately feedstock for the lithium hydroxide plant (outlined below) once constructed.
- As part of the Wodgina JV, the parties will (subject to necessary JV approvals) jointly fund, design, build and operate a battery grade lithium hydroxide plant in two stages at Wodgina. Each stage will be targeted to produce up to 50ktpa of lithium hydroxide (LCE basis). The timing of the second stage will depend on prevailing lithium market conditions.
- Albemarle to make its core lithium hydroxide plant designs available to the Wodgina JV under licence.
- Following establishment of the Wodgina JV, Albemarle will manage the marketing and sales of spodumene concentrate (prior to the construction of the hydroxide plant) and lithium hydroxide produced by the Wodgina JV.
- A Management Committee (consisting of equal numbers of representatives from each party) will be formed to be responsible for providing oversight of the Manager and approving key decisions including business plans and budgets. Decisions of the Management Committee are by simple majority decision (save for certain matters for which a special majority decision is required), so whilst a 50/50 joint venture structure exists, decisions must be unanimous.
- The Joint Venture Agreement contains provisions usual for agreements of this type, including certain restrictions on transfers of joint venture interests and deemed sale offers upon the occurrence of a change of control or default of a joint venture participant.

Commentary

Managing Director of MRL, Mr Chris Ellison said:

"I am extremely pleased we have been able to complete definitive documentation with Albemarle on the sale of a 50% interest in Wodgina and the formation of a 50:50 joint venture.

It is very apparent to me that there is an extremely good fit between the corporate cultures and skillsets of our respective businesses.

MRL is widely recognised as a leading provider of mining services and mine site operations in Australia along with having a high quality mine to ship logistics supply chain in the Pilbara.

Our proven local Western Australian capability is extremely well complemented by Albemarle's proven technical downstream processing expertise and their international marketing capabilities in lithium.

Our organisations share the same vision to develop Wodgina, a tier one asset, as a world class, 30-plus year integrated lithium operation together.

I am confident that with MRL and Albemarle working together at Wodgina, we will produce and supply high quality, competitively priced lithium products into the market to meet increasing global requirements for these important energy storage products.

I look forward to working constructively with Albemarle to satisfy the outstanding conditions to allow the transaction to be completed in 2019".



Additional information

The key terms of the Sale Agreement are summarised in the Appendix to this announcement.

The Sale Agreement annexes an agreed form of Unincorporated Joint Venture Agreement reflecting the Wodgina JV arrangements summarised above, which takes effect upon completion.

In addition to the Sale Agreement, the parties have agreed to use all reasonable endeavours to negotiate, agree and execute, as soon as reasonably practicable, other detailed, definitive and legally binding agreements to fully record other aspects of the transaction, ongoing relationship and services provision on certain commercially agreed terms, which will also take effect on establishment of the Wodgina JV. These comprise:

- Crushing Contract for the provision of crushing services to the Wodgina JV by CSI, a wholly-owned subsidiary of MRL
- Camp and Accommodation Contract for the provision of accommodation camp and airport services to the Wodgina JV by PMI, a wholly-owned subsidiary of MRL
- Logistics Contract for the provision of haulage and port services by PMI, a wholly-owned subsidiary of MRL
- Marketing Agreement under which Albemarle will manage the marketing and sales of MRL's share of spodumene concentrate (prior to the construction of the hydroxide plant) and lithium hydroxide produced by the Wodgina JV
- Technology Agreement for the licensing of Albemarle's technology for the construction and operation of the proposed hydroxide plant.

As noted above, completion under the Sale Agreement is subject to satisfaction of conditions precedent including regulatory approvals (notice from the Federal Treasurer that there are no objections under Australian Foreign investment policy, and China State Administration for Market Regulation (**SAMR**) confirming (if applicable) that under Chinese anti-monopoly laws that it will allow the transaction to proceed without conditions or on conditions reasonably acceptable to the parties), Ministerial consent under relevant legislation and certain third party consents.

SAMR review of the proposed transaction will commence following the submission of required information by the parties (which is expected to occur in early CY2019) and, assuming the earlier satisfaction of the other conditions precedent, completion under the Sale Agreement is expected during calendar year 2019.

MRL is advised by Macquarie Capital as financial adviser and Gilbert + Tobin as legal adviser in relation to the transaction.

About Mineral Resources

Mineral Resources Limited (ASX:MIN) is an Australian incorporated, based and majority owned, mining services and diversified mining company. Aside from the Wodgina Lithium Project, MRL is operator of the Mt Marion Lithium Mine located in Western Australia. MRL provides the full suite of mining services using three operating divisions with each division having a proven history of being a low cost and high quality specialised provider. Each division has expanded over time, through developing a reputation for providing world-class, innovative, safe and reliable product and service solutions to a broad cross-spectrum of industry sectors, both in Australia and around the world.



About Albemarle

Albemarle Corporation (NYSE: ALB), headquartered in Charlotte, NC, is a global specialty chemicals company with leading positions in lithium, bromine and refining catalysts. Albemarle powers the potential of companies in many of the world's largest and most critical industries, from energy and communications to transportation and electronics. Working side-by-side with its customers, Albemarle develops value-added, customized solutions that make them more competitive. Albemarle's solutions combine the finest technology and ingredients with the knowledge and know-how of our highly experienced and talented team of operators, scientists and engineers. Discovering and implementing new and better performance-based sustainable solutions is what motivates Albemarle. Albemarle thinks beyond business-as-usual to drive innovations that create lasting value. Albemarle employs approximately 5,400 people and serves customers in approximately 100 countries.

Further information on Albemarle is available at www.albemarle.com.

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Appendix: Summary of key terms of Asset Sale and Share Subscription Agreement

Sale and purchase of assets	Wodgina Lithium Pty Ltd (a wholly owned subsidiary of MRL) (Seller) will sell to Albemarle Wodgina Pty Ltd (a wholly owned subsidiary of Albemarle) (Buyer) the sale interest (described below) for US\$1.15 billion (subject to certain adjustments) in cash, free from any security interests (except those permitted under the agreement).
Sale interest	The sale interest is the 50% legal and beneficial interest in the relevant Wodgina Lithium Project mining tenements and associated mining information, required project infrastructure, the benefit of relevant third party agreements, and certain other assets associated with the project.
Subscription and issue of shares	At completion, Wodgina Lithium Operations Pty Ltd (Manager) (a special purpose company to be formed prior to completion) will issue to the Buyer such number of ordinary shares in the Manager that represents 50% of the shares in the Manager post-issue.
Conditions precedent	<p>Completion of the transaction is subject to the following conditions:</p> <ul style="list-style-type: none"> • Foreign Investment Review Board approval; • approval of the State Administration of Market Regulation of the People’s Republic of China; • Ministerial consent in relation to transfer of the tenements; and • consents from certain third parties in relation to material project agreements. <p>The Buyer and the Seller must satisfy or waive these conditions on or before 15 June 2019, unless extended by either the Buyer or the Seller (with the latest date of extension being 15 December 2019).</p>
Completion adjustments	The purchase price will be adjusted up or down by an amount (capped at US\$25m) representing 50% of the sum of income (or loss) from operations and the value of movements in certain working capital items between the economic effective date (broadly, the date of commissioning of the first train of the spodumene plant) and the completion date, as agreed between the parties or (in the absence of agreement) determined by an independent accountant.
Infrastructure and excluded assets	<p>The Seller Guarantor is responsible for completing the construction and commissioning of specified infrastructure that is yet to be completed in relation to the spodumene operations at the Wodgina project, and will hand over the care, custody and control of that infrastructure to the Manager at the appropriate stage.</p> <p>The agreement expressly excludes certain assets and rights from the sale, including MRL’s existing and to be constructed crusher, MRL’s right to explore and mine iron ore over the tenements, and certain other plant, equipment and facilities located at the project.</p>
Pre-completion undertakings	The agreement contains customary undertakings by the Seller pertaining to the conduct of certain business activities during the period between the date of the agreement and completion.



Liabilities	On completion, the Buyer accepts and assumes responsibility for certain liabilities under third party agreements, including lease liabilities for mobile equipment.
Employees	The Seller will procure the transfer of certain employees to the Manager for the purpose of the operation of the joint venture.
Limitations	The agreement contains customary buyer and seller warranties and associated limitations of liabilities.
Guarantors	Each of Albemarle and MRL are guaranteeing the obligations of the Buyer and the Seller respectively under the agreement.
Insurance	The Seller is responsible for maintaining all relevant insurance policies until completion.

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