

ASX ANNOUNCEMENT

1 August 2019

Revised arrangements with Albemarle Corporation for the sale of 60% of Wodgina and acquisition of 40% interest in two modules at Albemarle's Kemerton hydroxide facility

Following the announcement of the binding Wodgina Asset Sale and Share Subscription Agreement (**Wodgina Sale Agreement**) on 14 December 2018, Mineral Resources Limited (ASX: MIN, **MRL**) and Albemarle Corporation (NYSE: ALB, **Albemarle**) have developed a strong working relationship and have together been exploring ways to further increase alignment between the parties while leveraging each company's respective strengths and position in the global lithium industry.

As such, MRL is pleased to announce that it has today entered into revised arrangements with Albemarle which provide MRL with an opportunity to participate in the lithium hydroxide market on an accelerated basis while preserving optionality for future capacity expansions.

Under the revised arrangements:

- MRL will increase the interest in the Wodgina Lithium Project to be sold to Albemarle from 50% to 60% and Albemarle and MRL will form a 60:40 joint venture to operate the Wodgina Lithium Mine and battery grade lithium hydroxide production facilities (**Joint Venture**); and
- Albemarle will pay US\$820 million in cash at closing and transfer a 40% interest in the first two 25 ktpa lithium hydroxide conversion units currently being built by Albemarle in Kemerton, near Bunbury in Western Australia (**Kemerton Modules**).

The Kemerton Modules, when complete, will be capable of processing spodumene produced at Wodgina. The Joint Venture will assess the optimal use of the Kemerton Modules and processing of Wodgina spodumene, which may include offshore processing and the substitution of other feedstock for the Kemerton Modules. The parties retain the option to develop new downstream processing facilities at Wodgina or another location, should market conditions be supportive.

The revised arrangements are contained in an agreement for the sale of the 40% interest in the Kemerton Modules (**Kemerton Sale Agreement**) and an Amendment Deed to the Wodgina Sale Agreement (**Amendment Deed**), which together comprise the **Transaction Documents**, as further summarised below.

The Transaction Documents remain subject to regulatory approvals (including Foreign Investment Review Board (**FIRB**)), WA Ministerial Consent and the consents of certain third parties. As announced by MRL on 26 July 2019, the China State Administration of Market Regulation (**SAMR**) has given its approval to completion of the original transaction under the Wodgina Sale Agreement, and the parties will co-operate regarding further SAMR approval requirements (if any) in respect of the revised arrangements set out in the Transaction Documents.

The previously agreed commercial arrangements for the provision of crushing, camp and logistics services at Wodgina by the MRL Group to the Joint Venture remain in place.

The key terms of the Transaction Documents are set out below and more fully in the Appendix attached to this announcement.

Transaction Documents overview

- Under the Wodgina Sale Agreement (as amended by the Amendment Deed), Albemarle will purchase a 60% interest in certain tenements, assets and related infrastructure, together comprising the Wodgina Lithium Project (**Sale Interest**);
- Purchase price payable by Albemarle to MRL for the Sale Interest of US\$1.3 billion, comprising:
 - I. US\$820m in cash payable by Albemarle upon completion (subject to certain completion adjustments); and
 - II. A 40% interest in the Kemerton Modules;
- Albemarle will fund 100% of capital expenditure and other costs at the Kemerton Facility through to commissioning of the Kemerton Modules which is estimated by Albemarle to cost US\$1.2 billion on a 100% basis (US\$480 million for 40%). Where those costs are less than US\$1.2 billion, Albemarle will pay MRL 40% of the amount that is less than US\$1.2 billion;
- Albemarle to acquire a 60% 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
- Contemporaneous with completion of the Wodgina Sale Agreement (as amended by the Amendment Deed), Albemarle and MRL will form a 60:40 unincorporated joint venture to operate the Wodgina Lithium Project and Kemerton Modules. The Joint Venture agreement will contain provisions usual for agreements of this type and reflecting that Albemarle will now have a majority interest in the Joint Venture;
- Albemarle will manage the marketing and sales of spodumene concentrate (from Wodgina) and lithium hydroxide produced under the Joint Venture;
- As noted above, completion under the Transaction Documents and formation of the Joint Venture remains subject to conditions precedent, including regulatory approvals (including FIRB), WA Ministerial Consent and the consents of certain third parties with interests in the underlying tenements.
- All conditions precedent to completion of the amended transaction must be satisfied by 15 December 2019 subject to a one-off, three-month extension at either party's option. MRL then has a sole option to extend the time for completion of amended transaction by a further three months.
- Provided MRL has complied with its obligations under the Transaction Documents, if the Transaction Documents are terminated prior to completion by either MRL or Albemarle, Albemarle will pay a break fee to MRL of US\$100 million.

Commentary

Managing Director of MRL, Mr Chris Ellison said:

"The revised arrangements between MRL and Albemarle are a testament to the strong working relationship and open dialogue we have been able to develop over the past seven months as we have worked to implement our proposed joint venture.

The revised structure preserves the key features of the original transaction while reducing the overall funding requirement for both parties.

It also provides an opportunity for MRL to participate in the development of the Kemerton lithium hydroxide plant, which will provide MRL with an interest in an operational lithium hydroxide facility sooner than previously planned through the Wodgina development.



This represents a win-win outcome for both parties.

I look forward to continuing our work with Albemarle to achieve financial close in 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.

Derek Oelofse
Group Financial Controller/Company Secretary

Ends

For further information:

Nigel Land

General Manager Treasury
Mineral Resources Limited
T: +61 8 9329 3600
E: nigel.land@mrl.com.au

For media enquiries:

Peter Klinger
Cannings Purple
T: +61 411 251 540
E: pklinger@canningspurple.com.au

For personal use only

Appendix: Summary of key changes under Amendment Deed and material terms of the Kemerton Sale Agreement

| Key changes to the Wodgina Sale Agreement under the Amendment Deed | |
|--|--|
| Wodgina sale interest | The sale interest is a 60% interest in certain tenements, assets and related infrastructure, together comprising the Wodgina Lithium Project (Wodgina Sale Interest). |
| Sale and purchase of assets | Wodgina Lithium Pty Ltd (Seller) will sell to Albemarle Wodgina Pty Ltd (Buyer) the Wodgina Sale Interest for US\$1.3 billion, comprising: <ul style="list-style-type: none"> US\$820 million in cash payable by Albemarle upon completion (subject to certain completion adjustments) (Cash Consideration); and the acquisition of a 40% interest in the first two 25 Ktpa modules of the Kemerton facility (Kemerton Sale Interest). |
| Joint venture | The Buyer and the Seller will form a 60:40 unincorporated joint venture for the operation of the Wodgina Lithium Mine and Kemerton Modules. The joint venture will contain customary terms for an arrangement of this nature and which reflect Albemarle holding a majority interest in the Joint Venture. At completion, Wodgina Lithium Operations Pty Ltd (Manager or WLOPL) (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 60% of the shares in the Manager post-issue. |
| Conditions precedent | Completion of the transaction is subject to the following conditions: <ul style="list-style-type: none"> FIRB approval for the transfer of the Wodgina Sale Interest; to the extent required, SAMR approval; Ministerial consent in relation to transfer of the tenements; consents from certain third parties in relation to material project agreements; transfer of the Kemerton Sale Interest under the Kemerton Sale Agreement; and transfer of certain Kemerton assets under the Albemarle Intra-group Transfer (which itself is subject to certain conditions) (see below). |
| Completion | Completion is conditional on and will take place simultaneously with the completion of the Kemerton Sale Agreement. |
| Infrastructure | The Buyer must, or must procure that Albemarle Lithium Pty Ltd (Albemarle Lithium) must, at the Buyer's cost, construct and successfully commission specific Kemerton infrastructure that is yet to be completed in relation to the Kemerton Sale Interest, and consents to hand over the care, custody and control of that infrastructure to the Manager at the appropriate stage (Kemerton Incomplete Infrastructure), which will be commissioned in stages starting in the first half of 2021. Following successful commissioning of the Kemerton Incomplete Infrastructure, the Buyer must, or procure that Albemarle Lithium must, continue to support the |

For personal use only

| | |
|--|--|
| | Manager, the Seller and the Buyer's further commissioning of each train of the Kemerton Incomplete Infrastructure through to commissioning. |
| Interdependence | The obligations of the Buyer and Seller under this agreement and the obligations of Albemarle Lithium and the Seller under the Kemerton Sale Agreement (a summary of which is set out below) are interdependent. |
| Kemerton facility construction costs | The anticipated total construction cost in relation to the Kemerton facility is US\$1.2 billion. Albemarle will be solely responsible for any construction and commissioning costs of the Kemerton facility which exceed US\$1.2 billion. Where those costs are less than the forecast US\$1.2 billion, Albemarle will pay MRL 40% of the amount that is less than US\$1.2 billion |
| Albemarle intra-group Transfer | <p>To facilitate the formation of the joint venture under the revised transaction, Albemarle is undertaking an intra-group transfer (Albemarle Intra-group Transfer) of certain Kemerton assets from Albemarle Lithium to the Buyer subject to the following conditions:</p> <ul style="list-style-type: none"> • FIRB approval for the transfer of certain Kemerton assets from Albemarle Lithium to the Buyer; • transfer of the Kemerton Sale Interest under the Kemerton Sale Agreement; and • transfer of the Wodgina Sale Interest under the Wodgina Sale Agreement. <p>As noted above, completion of the Albemarle Intra-group Transaction is interdependent with completion of the Wodgina Sale Agreement and the Kemerton Sale Agreement. MRL is not a party to the Albemarle Intra-group Transfer.</p> |
| Material terms of the Kemerton Sale Agreement | |
| Transaction | The transaction comprises the sale and purchase of the Kemerton Sale Interest (as defined above). |
| Conditions precedent | <p>Completion of the transaction is subject to the following conditions:</p> <ul style="list-style-type: none"> • to the extent required, SAMR approval; • transfer of the Wodgina Sale Interest under the Wodgina Sale Agreement; and • transfer of certain Kemerton assets under the Albemarle Intra-group Transfer. |
| Completion | Completion will take place simultaneously with the completion of the Wodgina Sale Agreement. |
| Pre-completion undertakings | Prior to completion, Albemarle Lithium must use all reasonable endeavours to carry on the Kemerton Project including construction and successful commissioning of the Kemerton Incomplete Infrastructure (as described above). |

| | |
|--------------------------------|---|
| Kemerton Transaction Documents | <p>Albemarle Lithium and the Seller must use all reasonable endeavours to negotiate, agree and execute the following transaction documents by no later than Completion:</p> <ul style="list-style-type: none"> • an agreement for the provision of plant services by Albemarle Lithium; • the Kemerton Sublease (or another interest in the Kemerton Lease), subject to required approvals, to enable MRL to use and access the area within Kemerton that relates to the Kemerton Incomplete Infrastructure; and • an access licence for MRL to use and access the area within Kemerton but outside the Kemerton Sublease. |
| Liabilities | <p>On completion, Albemarle Lithium accepts and assumes responsibility for certain liabilities in relation to:</p> <ul style="list-style-type: none"> • the Kemerton Incomplete Infrastructure from or in connection with any conduct by Albemarle Lithium or a related body corporate; and • any claim by a third party. |
| Excluded assets | <p>The agreement expressly excludes certain assets and rights from the sale, including the lease over Kemerton, the intellectual property and certain other assets relating to the plant, equipment and facilities located at the Kemerton Project.</p> |
| Guarantors | <p>Each of MRL and Albemarle are guaranteeing the obligations of the Seller and the Buyer respectively under this agreement.</p> |
| Swap arrangement | <p>The parties will consider the opportunity to:</p> <ul style="list-style-type: none"> • implement an arrangement for the Buyer and the Seller to swap Wodgina concentrate that would otherwise have been processed in the Kemerton facility for other concentrate sources; and/or • process Wodgina concentrate in other lithium hydroxide processing facilities. |
| Insurance | <p>Albemarle Lithium is responsible for maintaining all relevant insurance policies until Completion.</p> |

For personal use only