



ASX ANNOUNCEMENT

1 November 2019

Mineral Resources and Albemarle Corporation complete Wodgina Lithium Project Transaction, establish Joint Venture and agree on way forward

Mineral Resources Limited (**ASX: MIN; MRL** or the **Company**) announces the completion today of the Wodgina Lithium Project transaction and associated arrangements and the establishment of the MARBL Lithium Joint Venture (collectively, the **Transaction**) with Albemarle Corporation (NYSE: ALB; **Albemarle**).

The completion of the Transaction follows the announcement on 14 December 2018 of the binding Wodgina Asset Sale and Share Subscription Agreement (**Sale Agreement**) between MRL and Albemarle as well as the announcement by MRL on 1 August 2019 of a revised arrangement with Albemarle to include the sale of 60% of the Wodgina Lithium Project, the acquisition of a 40% interest in the first two 25ktpa lithium hydroxide conversion units currently being built by Albemarle at its Kemerton hydroxide facility (**Kemerton Modules**), and the establishment of a 60:40 unincorporated Joint Venture.

As a result, and in line with the terms of the revised arrangements announced on 1 August 2019:

- MRL has transferred a 60% interest in the Wodgina Lithium Project (consisting of certain tenements, assets and related infrastructure) to a subsidiary of Albemarle;
- MRL has received the following as consideration for the transfer of the 60% interest in the Wodgina Lithium Project:
 - a cash payment of US\$820 million (subject to certain completion adjustments¹); and
 - a 40% interest in the Kemerton Modules; and
- the MARBL Lithium Joint Venture has been established with MRL and Albemarle holding a 40% interest and 60% interest respectively.

The MARBL Lithium Joint Venture has today also made the decision to place the Wodgina Lithium Project on care and maintenance. The decision was made in recognition of challenging global lithium market conditions and to preserve the value of the world-class Wodgina spodumene orebody. The MARBL Lithium Joint Venture expects the transition to care and maintenance to take approximately four weeks. The Company is assessing the implications for our employees and, where possible and appropriate, will seek to redeploy them across MRL's other operations.

Mineral Resources Managing Director Chris Ellison said:

"We are delighted to have established the MARBL Lithium Joint Venture with a great partner in Albemarle. Wodgina is a world-class asset with a mine life of more than 30 years while Kemerton, once constructed, will provide lithium hydroxide to battery makers globally.

¹ Cash payment of US\$820 million was received by MRL on 1 November 2019. The completion adjustments are capped at US\$25 million.



“As we have stated previously, this transaction enables MRL to participate in the high-margin lithium hydroxide market on an accelerated basis through our investment in the Kemerton Modules while we are able to preserve all the upside potential of Wodgina.

“Given the current challenging market conditions for lithium, the MARBL Lithium Joint Venture believes there is more value to be delivered in the long term by placing Wodgina on care and maintenance now. This was a tough decision, but the right decision and we are working with affected employees to try to deploy as many of them as possible across MRL’s other operations.

“The MARBL Lithium Joint Venture will regularly review market conditions with a view to resuming spodumene concentrate production at Wodgina as market demand requires.

“We remain confident in lithium’s long-term positive fundamentals and believe we have the best partner in Albemarle and world-class assets to help us drive sustainable and lasting value for our shareholders.”

MARBL Lithium Joint Venture arrangements going forward

The MARBL Lithium Joint Venture will operate the Wodgina Lithium Project (to be placed on care and maintenance) and the Kemerton Modules, with the manager of the MARBL Lithium Joint Venture being MARBL Lithium Operations Pty Ltd (**Manager**). Albemarle will manage the marketing and sales of spodumene concentrate (produced at Wodgina prior to care and maintenance, and when Wodgina is operational again) and lithium hydroxide produced under the MARBL Lithium Joint Venture.

As stipulated in the Sale Agreement, MRL, Albemarle and the Manager have also entered into various commercial arrangements, including for the provision of life-of-mine crushing and camp services by the MRL group at the Wodgina Lithium Project.

The MARBL Lithium Joint Venture board will comprise two MRL representatives and three Albemarle representatives.

Next steps for the Kemerton Modules

Under the Sale Agreement, Albemarle must, at Albemarle’s cost, construct and successfully commission specific infrastructure at the Kemerton facility in relation to the Kemerton Modules. The Kemerton Modules will be commissioned in stages targeted to occur in the first half of 2021. Following commissioning, Albemarle will hand over the care, custody and control of the Kemerton Modules to the Manager.

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%). In the circumstance that the costs upon completion of commissioning are less than US\$1.2 billion, Albemarle will pay MRL 40% of the amount that is less than US\$1.2 billion. In the circumstance where those costs are more than US\$1.2 billion, MRL will be free-carried for its 40% share.

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Use of proceeds

The completion of the Transaction has resulted in MRL moving to a net cash position. As previously noted, MRL intends to reinvest or retain the proceeds from the partial sale of Wodgina.

Tax considerations

The Transaction has material tax consequences for MRL reflecting the monetisation of the substantial value uplift in the Wodgina Lithium Project delivered by the Company since the Wodgina mine assets were acquired on 9 September 2016.

Both the cash and 40% interest in the Kemerton Modules will be assessable for corporation tax purposes, with the majority of the tax payment due for settlement in December 2020. MRL presently estimates the tax liability payable at that time to be approximately \$400 million.

Impact on FY20 guidance

The FY20 guidance previously provided by MRL did not contain production forecasts for Wodgina. MRL's share of the FY20 Wodgina care and maintenance costs is currently not expected to be material. The decision to place the mine on care and maintenance does not impact MRL's Mining Services EBITDA guidance of between \$280 million and \$300 million.

Ends

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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 hard-rock 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.

To learn more, please visit www.mineralresources.com.au.

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