



ASX ANNOUNCEMENT

1 May 2018

WODGINA LITHIUM PROJECT UPDATE – MINORITY INTEREST SALES PROCESS COMMENCED

Mineral Resources Limited (**ASX: MIN**) (“**MRL**” or “**Company**”) is pleased to advise that it has commenced a process to sell up to 49% of its world-class 100%-owned Wodgina Lithium Project (**Wodgina**) as part of an offtake and partnering process.

Wodgina, 100km south of Port Hedland in Western Australia’s Pilbara region, is the world’s largest hard rock lithium deposit with an upgraded JORC (2012) mineral resource of 233 million tonnes and an inaugural probable hard rock ore reserve in Casserite Pit of 142.4 million tonnes (**Mt**). This reserve supports a mine life of almost 30 years at a production rate of 5.65 million tonnes per annum (**Mtpa**), with additional exploration upside remaining.

Please refer to the Company’s separate announcement today for further details regarding the mineral resource and ore reserve at Wodgina.

MRL is currently mining direct-shipping ore (**DSO**) at Wodgina to provide cash flow to the Company while it progresses the Wodgina open pit pre-strip and constructs its spodumene concentrate plant that has been designed to produce 750,000 dry tonnes per annum (**tpa**) of 6% spodumene concentrate.

MRL, with the assistance of Hatch, is currently finalising its study into a downstream processing plant of globally significant scale at Wodgina to produce lithium hydroxide or lithium carbonate.

Mineral Resources Managing Director Chris Ellison said:

“This minority sales process is in line with MRL’s strategy of investing in early-stage projects, adding significant value and then seeking equity partners to share in the value from a full development plan.

“Wodgina is the world’s largest hard rock spodumene deposit and located close to the world’s biggest bulk commodities port, Port Hedland.

“With a resource capable of underpinning a 30 year lithium operation, Wodgina is ideally positioned to become a globally significant producer of high-grade lithium products.

“The decision to embark on a process to sell a minority interest in Wodgina will allow MRL to focus on its core strategy of being a world-leading mining services provider at the same time as having like-minded strategic partners invest with us to fully unlock Wodgina’s lithium potential.

“However, MRL will only introduce project partners if acceptable terms can be secured. MRL has the capability to finance and implement its downstream processing strategy at Wodgina on its own.”

Wodgina minority stake sales process

The commencement of a process to sell up to 49% of Wodgina follows a significant number of unsolicited approaches to MRL from interested parties including lithium processors, battery manufacturers, international trading companies with marketing capabilities and automakers expressing interest in securing a direct investment in the project and/or offtake rights.

MRL will shortly start engaging with these and other bona-fide interested parties in relation to the minority sale and offtake process.

However, MRL will only enter into a transaction if it is in the best interests of MRL shareholders. MRL’s lithium downstream processing strategy is not reliant on securing minority investors into Wodgina.

Macquarie Capital (Australia) Limited and Gilbert + Tobin have been appointed to assist MRL to manage the minority interest sale process.



MRL intends to introduce a small number of strategic partners to acquire up to 49% of Wodgina via an unincorporated joint venture. MRL will provide complete pit to port mining services to the joint venture under a life of mine mining services agreement. MRL may also consider offering its share of offtake from the project to partners as part of the transaction.

MRL is targeting an announcement of a transaction in the second half of calendar year 2018. MRL does not plan to provide further updates unless and until a binding transaction(s) has been agreed. Shareholders should be aware that there is no certainty that any transaction(s) will be completed.

Update on Wodgina DSO operations

MRL's DSO operations at Wodgina continue to generate good cash flow for the Company while it progresses the open pit pre-strip and constructs the spodumene concentrate plant at Wodgina.

The DSO operation also provides the Company with a valuable source of information about the product's performance in downstream processing applications through close cooperation with its DSO customers in China.

MRL first exported DSO to China on 17 April 2017 and the Company has steadily ramped up DSO operations during FY2018 as the additional long lead mining equipment fleet has been progressively delivered to site.

During the March 2018 quarter, MRL produced 1.16Mt and shipped 0.95Mt of DSO. As outlined in its ASX announcement on 11 April 2018, the Company expects to produce approximately 4.0Mt of DSO for FY2018. MRL expects to produce 5.5Mt of DSO during FY2019.

MRL has shipped DSO to 10 customers to date, with the ore processed by these customers largely through adaptation of existing downstream processing plants. MRL continues to support customers with their plant configuration and ramp-up schedules. Demand remains buoyant as MRL continues to receive regular approaches from other potential customers seeking access to DSO product.

Update on Wodgina Spodumene Concentrate Plant

The upgrade of processing facilities and site infrastructure at Wodgina to support the Company's new spodumene plant is progressing well.

The Company has designed its spodumene concentrate plant to produce 750,000 tpa (dry) of 6% product from feed of approximately 5.65Mtpa of run of mine ore.

The plant comprises three discrete trains, each with a capacity of 250,000 tpa. Construction of the plant is well underway with production of 6% spodumene concentrate from each of the three discrete trains expected to commence in October 2018, December 2018 and March 2019 respectively.

Once completed, the spodumene concentrate plant at Wodgina will consist of:

- A three-stage crushing circuit – primary crushing, secondary crushing, high-pressure grinding rollers (HPGRs) with capacity of 10Mtpa;
- A modular wet processing plant – three parallel trains each producing 250ktpa of spodumene;
- Ball milling, de-sliming and iron removal stages;
- A conventional spodumene flotation circuit;
- Filtration of the spodumene concentrate to <10% moisture for transport to Port Hedland for shipping; and
- The production of wet and dry tailings, minimising the environmental impact of water requirements.



To provide for flexibility and seamless expansion, the crushing plant has been designed with additional capacity and MRL has designed the spodumene concentrate plant and site layout to allow for a fourth, 250Ktpa train to be added if required in the future.

Key project parameters

A summary of key project parameters is provided in Table 1 below:

Table 1: Wodgina key project parameters

Parameter	Units	Value
Open pit Mineral Resource	Mt	233
Ore Reserve (hard rock / Casserite Pit only)	Mt	142
Estimated mine life for feeding spodumene plant ¹	Years	29
Average crushing plant feed rate	Mtpa	5.65
Average lithium recovery from spodumene plant	%	67
Nameplate spodumene concentrate production rate	ktpa	750
Funding – All project funding is provided by MRL under its BOO life of mine mining services agreement.		

Wodgina site infrastructure and logistics

The Wodgina project is supported by key infrastructure such as an on-site power station, accommodation facilities, crushing plant, tailings storage facility and secure water supply.

A number of key infrastructure items are currently being upgraded, as outlined in Table 2.

Wodgina is located 100km south of Port Hedland and is connected to port by sealed all-weather highways, which can be used to truck lithium products to port for shipping via the Utah Point berth.

¹ Based upon plant design requiring plant feed of 5.65Mtpa to produce 750Ktpa product and a current JORC (2012) ore reserve of 142.4Mt in hard rock and an inferred mineral resource of 19.6Mt

Figure 2: Site infrastructure layout map



Table 2: Wodgina site infrastructure

Infrastructure	Current	Under construction or future development
Combined power station	<ul style="list-style-type: none"> 14MW gas power station Fed by an 81km 4 inch pipeline from the Dampier to Bunbury Natural Gas Pipeline 	<ul style="list-style-type: none"> 32 x 2MW gas gensets totalling 64MW (operating at an average of 50MW) Pipeline upgraded from 4 inch pipeline to 10 inch pipeline
Accommodation facilities	<ul style="list-style-type: none"> 620-room accommodation facility 250-room temporary fly-out camp 	<ul style="list-style-type: none"> Upgrade to 750-room accommodation facility
Crushing plant	<ul style="list-style-type: none"> Single crushing plant with 6mtpa capacity 	<ul style="list-style-type: none"> 3 stage crushing plant to provide 10mtpa capacity
Tailings storage	Fully statutorily approved tailings storage facilities with storage capacity for more than a decade	
Water supply	Mature and reliable bore fields providing high quality water with minimal contaminant removal required	
Operational team	Wodgina is operated by MRL under a life of mine mining services agreement utilising a highly skilled crushing and processing team	
Airstrip	All weather airstrip capable of landing A320 jet aircrafts is under construction with the potential to reduce costs by sharing infrastructure with other miners in the region	

Wodgina Site images



Aerial image of construction footprint of beneficiation plant

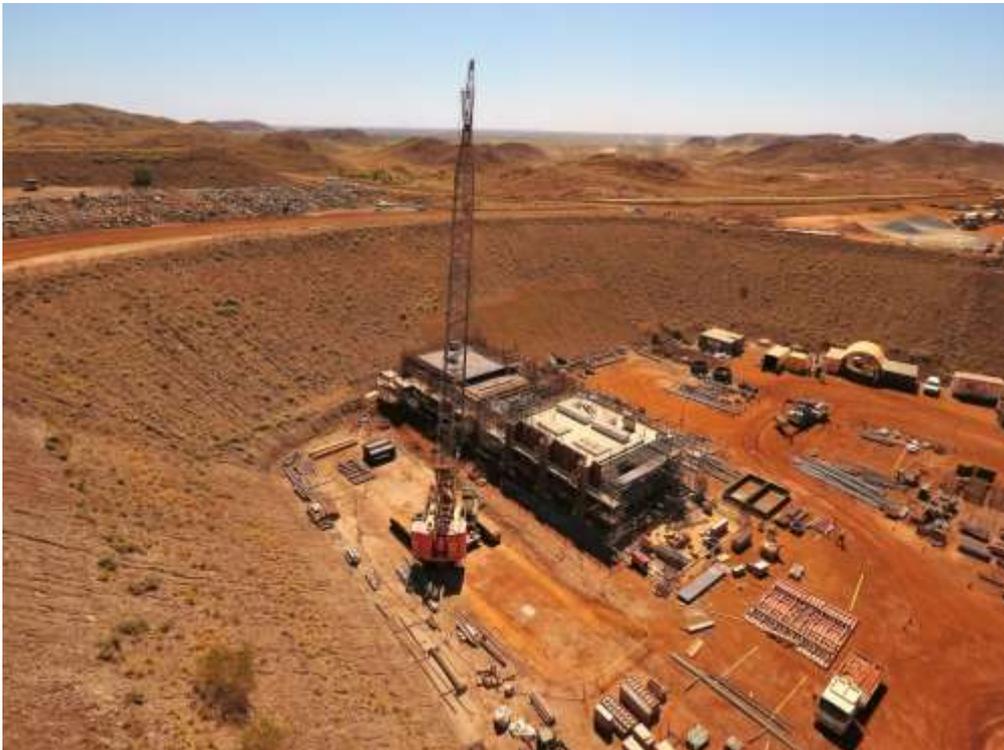


Image of new crushing plant



Overview of construction area

Future Wodgina lithium carbonate / hydroxide plant

MRL is finalising its pre-feasibility study into the potential construction of a 50-100ktpa lithium carbonate or hydroxide plant at Wodgina, in order to integrate upstream and downstream operations and capture additional value from the lithium supply chain.

The potential carbonate or hydroxide plant will utilise circa 350 - 700ktpa of spodumene concentrate produced by the Wodgina spodumene plant that is under construction.

Hatch is preparing the feasibility study for the proposed downstream plant with the study forecast for completion in mid CY2018 ahead of final MRL Board approval. Subject to MRL Board approval, the Company expects to commence construction of its downstream plant in late CY2018.

Ends

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