



ASX ANNOUNCEMENT

13 December 2017

Market Update: AWE Limited & FY18 Guidance Confirmation

Proposal to acquire AWE Limited

As announced earlier this week, on Friday 8 December 2017, Mineral Resources Limited (**ASX:MIN, MRL**) submitted a proposal to AWE Limited under which MRL would acquire all of the issued share capital of AWE for scrip consideration pursuant to an AWE Board recommended scheme of arrangement ("**AWE Proposal**").

MRL is pleased to update its shareholders and the wider investment community on the strategic reasoning behind MRL making the AWE Proposal.

Strategy

MRL's core business is the provision of innovative, value adding mining services with a predominantly Western Australian focus. The MRL Board considers that acquiring Perth Basin gas assets is a logical and highly value accretive addition to MRL's asset portfolio.

The proposed acquisition of AWE Limited is a continuation of MRL's entry into the oil & gas industry which first commenced in 2016 when the Company acquired a strategic interest in Empire Oil & Gas NL (**ASX: EGO**). As previously announced, MRL acquired all of the Perth Basin assets of the EGO group in Q4/CY2017.

The Waitsia gas field in particular is very attractive to MRL; the fact that it is an on-shore asset reduces operational risks and costs. MRL has a strong desire to acquire and develop this tier one gas asset to form a key pillar of the MRL business over the next 20 to 30 years.

MRL has a very clear vision on how to exploit the Perth Basin gas assets in the immediate future:

1. Downstream Secondary Processing

MRL will deliver downstream secondary processing initiatives over the next 20 – 25 years. The first three downstream projects that the MRL Board has approved are:

- (a) to construct a large scale, spodumene concentrate plant at Wodgina; initial nameplate of 750Ktpa delivered in 3 x 250Ktpa trains; construction underway with commissioning to commence in Q3/CY2018; expandable to 1.0Mtpa;
- (b) to commence construction of a modular lithium carbonate plant at Wodgina during H2/CY2018; initial nameplate of 50Ktpa delivered in 2 x 25Ktpa trains; commissioning to commence in H1/CY2020; and
- (c) to commercialise the Hazer synthetic graphite technology to produce extremely high value, high quality battery grade graphite; target 10Ktpa production within 24 months.



Power consumption forms a substantial part of the total production cost for these operations. By securing gas in-ground, MRL controls a key input cost which will be fixed enabling MRL to remain a lowest quartile cost graphite and lithium producer; this facilitates 20-30+ year business horizons.

2. Clean Energy

MRL intends to convert all of its internal power generation to gas across Western Australia.

The Company will deliver gas to the north via pipeline and will deliver gas to the Midwest and Goldfields regions as LNG by road tanker.

3. Additional Mining Services Offering

MRL will use in-ground gas reserves to offer key mining industry clients long term fixed price energy solutions in the form of:

- (a) delivering gas for their own consumption; or
- (b) providing turn-key power generation.

MRL's capacity to develop and operate gas assets

The first 10 years of Chris Ellison's (MRL's founding shareholder and managing director) career in the mining and resources industry was spent on constructing, developing and operating in the gas industry.

MRL has the proven ability to safely deliver high quality production facilities in the mining and resources industry on time and on budget. The Company has a stellar reputation as the industry leader for delivering and operating world class projects at a low cost.

The technology behind gas and LNG production facilities is not new. Small to medium sized plants are available "off the shelf". MRL will engage external expertise to design its production facilities. MRL's highly experienced construction team will construct the facilities using MRL fleet of construction equipment to ensure project cost and time is closely controlled.

Operationally, MRL has established a small but highly skilled and experienced team of oil & gas professionals over the past 18 months who are supported by key contractors. MRL will continue to grow this team so that the assets can successfully be operated as a discrete division within the existing MRL business. In doing so, MRL avoids the expensive corporate overheads typically associated with standalone gas companies.

MRL also looks forward to developing strong relationships with the joint venture partners of AWE's non-Perth Basin assets over coming months.

FY18 Guidance Confirmation

MRL re-confirms the FY18 guidance it gave as part of its Annual General Meeting in November 2017.

Specifically, the Company confirms that there have been no adverse changes to either our mining services business or to our commodity business.

MRL still expects to secure the additional mining services work foreshadowed in our AGM presentation in November 2017.

Additionally, the Company advises that production is tracking in line with forecasts across our commodity business. In particular, we are pleased to advise that we expect to be at the top end of our re-stated volume of DSO delivered to our valued customers in China by 30 June 2018.



MRL reiterates the fact that both Wodgina DSO production and export volumes will be materially higher in the second half of FY18 which is entirely consistent with mine planning and progressive delivery of mining equipment to site. The Company observes the following:

- (a) DSO mining and production at Wodgina first commenced in February 2017; just 10 months ago
- (b) Since then MRL has developed and implemented all aspects of mine planning and execution
- (c) The Company has gradually increased the size of the mining fleet as pit size constraints reduced and production ramped up
- (d) In early CY2018, MRL's mining fleet at Wodgina will materially increase in size:
 - (i) 10 x additional 200 tonne class dump trucks will be delivered and commence operating; and
 - (ii) 2 x additional 600 tonne diggers will be delivered and commence operating, which will facilitate greatly increased DSO production rates.

Market Update Teleconference

The Company will host a teleconference with investors **at 11.00 am (WST) on 14 December 2017.**

Please dial in and quote **conference ID 500133** to an operator

Participant Dial-in Numbers

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Hong Kong Toll Free:	800 968 273	India Toll Free:	000 800 100 8070
Indonesia Toll Free:	007 803 321 8057	Ireland Toll Free:	1800 948 607
Japan Toll Free:	0066 3386 8000	Malaysia Toll Free:	1800 816 441
Singapore Toll Free:	800 101 2702	South Africa Toll Free:	0800 984 013
Spain Toll Free:	900 823 322	Switzerland Toll Free:	0800 802 498
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