



ASX ANNOUNCEMENT

15 June 2018

WODGINA UPDATE

Mineral Resources Limited (**ASX: MIN**) ("**MRL**" or "**Company**") is pleased to provide a further update regarding its 100%-owned Wodgina mine site ("**Wodgina**").

Wodgina is the largest known hard rock lithium deposit in the world¹. Establishing a world-class lithium project at this tier 1 asset remains the prime focus of the MRL management team.

As announced on 1 May 2018, concurrent with developing the spodumene concentrate processing project on the site, MRL has also commenced a sale process to allow one or more globally significant companies to acquire up to a 49% interest in the Wodgina ore body and the fixed, non-process infrastructure assets through an unincorporated joint venture ("**Wodgina JV**").

MRL will be appointed the Manager of the Wodgina JV. In this role, MRL will manage the day-to-day site operations and operate and maintain the fixed, non-process assets of the Wodgina JV. Separately, MRL's Mining Services division will build, own and operate the new crushing and spodumene concentrate beneficiation plants under a life of mine, mining services agreement.

For the potential incoming investors in the Wodgina JV, this arrangement essentially removes the development and operational risks typically associated with a new resources project.

The Company's appointed advisor, Macquarie Capital, has received considerable expressions of interest from a large number of globally significant companies across the lithium, energy storage, electric vehicle and commodity trading industries.

The first stage of this process, which involves a five week period of due diligence by prospective bidders prior to lodging non-binding indicative bids, is expected to commence later this month.

The balance of this update focuses on three key areas:

1. Construction of the spodumene concentrate project including both process and non-process infrastructure.
2. Direct shipping ore operation.
3. Full year guidance for MRL.

1. Spodumene concentrate project

A. Crushing and beneficiation plants

Construction of the new crushing plant and spodumene concentrate beneficiation plant that MRL will build, own and operate under a life of mine, mining services agreement is well underway.

The new three stage crushing plant with a 10 million tonne capacity is scheduled for completion in quarter 4 2018.

¹ Based on disclosed JORC Resource tonnes

The spodumene concentrate beneficiation plant comprises three discrete modules, with the design providing for future expandability to add a fourth module if required.

The beneficiation plant has been designed with flexibility to enable final product volume and grade to be adjusted depending upon the feed requirements of the downstream processing plant(s). The three modules will be capable of producing a total of 750,000 dry tonnes per annum (**tpa**) of 6% spodumene concentrate and the total volume will increase to approximately 880,000 dry tpa in the event that 5.5% spodumene concentrate grade is targeted.

Construction of the plant remains on schedule, with the three spodumene concentrate beneficiation modules expected to commence commissioning in October 2018, December 2018 and March 2019 respectively.

The Company also notes that Hatch continues to progress the pre-feasibility study into a lithium hydroxide plant at Wodgina. While the final report into the study is due for release in the 3Q CY2018, all findings to date are extremely positive and no adverse issues have been identified.

B. Non-process infrastructure

MRL is undertaking a considerable upgrade to Wodgina's non-process infrastructure in order to support what will become one of the world's largest hard rock, spodumene concentrate processing operation.

These non-process infrastructure assets will be owned by the Wodgina JV and operated by MRL as the JV Manager.

The Company is pleased to provide the following updates on the discrete items of infrastructure currently under construction.

C. Power station

The Company has designed and commenced construction of a new power station to meet the increased power requirements at Wodgina.

This power station will be delivered in two stages:

- Stage 1 of the power station comprises 26 x 2MW Cummins gas fuelled generators necessary to meet the power requirements of the new crushing plant and the three spodumene concentrate beneficiation modules.
- Stage 2 will see the power station further expanded to be capable of supplying power to the fully integrated crushing, spodumene concentrate beneficiation and downstream processing plants at Wodgina.

Stage 1 of the new power station is expected to be fully commissioned and on line by 5 January 2019.

D. Natural gas pipeline

To meet the increased gas consumption requirements of the upgraded power station, the Company will replace its existing 4-inch diameter natural gas lateral pipeline that runs 81kms from the Pilbara Energy Pipeline into the Wodgina site with a larger 10-inch diameter pipeline.

This new pipeline, including newly constructed metering, receipt and letdown stations, is scheduled for completion by March 2019.

E. Camp Accommodation

The Company continues to increase the site based village accommodation to meet requirements of the growing construction and operational workforces.

The Company has completed construction of its 250 room, construction fly camp.

The Company has also completed the first stage of the expansion to the permanent accommodation village with 104 additional rooms now operational. Approximately 50% of the second stage of the expansion, consisting of an additional 120 rooms, is also complete. Once complete in quarter 4 2018, the expanded permanent village expansion will comprise 824 rooms.

F. Tailings storage facilities and water infrastructure

As Wodgina is a brownfields site, the existing tailings storage facilities will provide many years of storage capacity before expansion is required.

The existing water infrastructure (bores, pipelines and the like) is sufficient to support the spodumene concentrate project. The water quality at Wodgina is extremely high, such that minimal treatment and filtration equipment is required.

G. Airport

To provide a safer and more cost effective transport solution for moving our people to and from Wodgina, the Company is constructing a purpose-designed airport located approximately 10 kilometres from the Wodgina tenements.

The airport includes a sealed, all-weather runway that will be capable of landing A320 jet aircraft.

The Company expects to land its first aircraft on the runway in November 2018.

2. Update on Wodgina DSO operations

MRL's DSO operations at Wodgina have generated considerable cash flow for the Company since they first commenced in April 2017.

This revenue fully funded the open pit pre-strip operation, which has seen the Company remove the extensive cap that overlaid the majority of the lithium ore body in the Cassiterite Pit, which, at times, saw the waste to ore strip ratio, reach as high as 11:1.

The Company has performed some preliminary value analysis using publicly available information concerning prevailing DSO, spodumene concentrate and lithium hydroxide prices against its estimated production costs of the three different products.

This analysis indicates that spodumene concentrate is more than double the profitability of DSO, with the production of lithium hydroxide (currently the subject of a pre-feasibility study by Hatch) being more than double the profitability of spodumene concentrate again.

It is therefore evident that continuing to sell large volumes of DSO effectively reduces the value that will be realised from the Wodgina ore body. This sentiment has been strongly echoed by the experienced and reputable companies that MRL has engaged with during the early stages of the Wodgina divestment process. Given this information and the views of prospective bidders, the Company has determined to slow DSO production and exports.

By way of an update:

- Between 1 July 2017 and 31 May 2018, the Company exported a total of 3.257 million dry metric tonnes of DSO and expects to export approximately 300,000 tonnes in the month of June 2018.
- The Company will continue to wind down production and export of DSO until the end of calendar 2018.
- The decision of whether DSO production and exports will continue beyond calendar 2018 will be deferred pending the outcome of the divestment process of up to 49% of the Company's interest in Wodgina and be a decision of the Wodgina joint venture participants.

3. FY18 Full Year Guidance

The Company re-confirms its previous full year EBITDA guidance of A\$500 million.

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