



## ASX RELEASE

# Kidman Resources announces binding offtake Heads of Agreement with Mitsui

1 November 2018

Kidman Resources Limited (**Kidman**) today announces it has entered into a binding heads of agreement (**Heads of Agreement**) with Mitsui & Co., Ltd. (**Mitsui**) in relation to the supply of lithium hydroxide.

The Heads of Agreement is for an initial term of two years, plus 2 further two-year extension options. Agreed volumes to be supplied by Kidman will gradually increase and equate to less than 15% of Kidman's share of nameplate production from the Refinery of 22.6kt per annum. Pricing will be variable and based on the price Mitsui achieves from its customers and prevailing international prices. There is a floor price for the duration of the initial term and any extension terms. The Heads of Agreement covers the essential commercial elements of the arrangements and is binding. The obligation of Kidman to supply under the Heads of Agreement is subject to two conditions precedent, being the finalisation of product specifications and the lithium hydroxide produced by the Mt Holland Lithium Project being qualified for use by Mitsui customers. The parties have agreed to enter into a definitive supply agreement by 30 June 2019. If a definitive supply agreement is not executed by that date either party will have the option to terminate the Heads of Agreement based on pre-agreed conditions.

The parties have also agreed to progress discussions in relation to a potential spodumene offtake agreement covering any excess spodumene concentrate produced from the Mt Holland Lithium Project that is not required for the Refinery.

Kidman's CEO and Managing Director, Martin Donohue, said: "We are pleased to be announcing this agreement with Mitsui. This follows the announcement in May 2018 of our offtake agreement with Tesla and is further evidence of the demand for the high-quality lithium hydroxide to be produced from the Mt Holland Lithium Project. Kidman continues to progress its strategy of entering into a limited number of significant offtake agreements to develop long term customer relationships and support its proposed debt financing, while leaving a minority portion of its future supply uncontracted."

Kidman is continuing discussions in relation to further offtake agreements with high quality counterparties, with the aim of securing further binding contracts that will in total cover approximately 75% of Kidman's share of production in the early years of the project. Kidman will provide further updates to the market in due course.

Kidman is being advised by Greenhill & Co and Maddocks.

ENDS

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**ABOUT KIDMAN RESOURCES**

Kidman Resources Limited (ASX:KDR) is developing the world class Mt Holland Lithium Project in joint venture with Sociedad Quimica y Minera de Chile S.A. (SQM), the world's largest lithium producer. The joint venture (**JV**) company, Covalent Lithium Pty Ltd (**Covalent Lithium**), is a 50:50 joint venture between Kidman and SQM. Covalent Lithium will produce a spodumene concentrate at the joint venture's Earl Grey hard rock lithium deposit located at Mt Holland near Southern Cross in Western Australia. The concentrate will then be treated at the JV's purpose-built refinery located in the Kwinana Strategic Industrial Area south of Perth in Western Australia. The fully integrated operation is expected to produce approximately 45,000tpa of battery-grade lithium hydroxide. Studies on the mine, concentrator and refinery are well advanced. Kidman has entered into a 3-year fixed-price take-or-pay offtake agreement with Tesla Inc for a portion (<25%) of its initial production and is continuing discussions in relation to further offtake agreements with other high-quality counterparties.

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