



# ASX ANNOUNCEMENT

Tuesday, 20<sup>th</sup> September 2016

## **RESPONSE TO ANNOUNCEMENT BY PILBARA MINERALS LIMITED**

Mineral Resources Limited (**MRL**) responds to the announcement by Pilbara Minerals Limited (**PLS**) of 19 September 2016 concerning PLS's conduct pursuant to the Pilgangoora Asset Sale Agreement (**Agreement**).

PLS' announcement claims that it 'took considerable effort to ensure the Sale Notice was validly issued and compliant'.

The Agreement requires that before PLS enters into any agreement to sell Lithium products to a third party it must first offer MRL the right to refuse to purchase those Lithium products on the identical terms and conditions that PLS will otherwise sell to the third party (**First Right of Refusal**).

MRL notes the following:

- 1 On 4 July 2016 PLS announced that it entered into a transaction with General Lithium.
- 2 On 5 July 2016 PLS purported to issue a Sale Notice pursuant to the Agreement (**First Sale Notice**).
- 3 MRL and its subsidiary (A.C.N. 611 488 932 Pty Ltd) commenced proceedings against PLS for a declaration that the First Sale Notice was invalid. In those proceedings, PLS asserted that the assignment of the First Right of Refusal to MRL was invalid.
- 4 On 27 July 2016 PLS withdrew its Sale Notice in the face of the legal proceedings commenced by MRL and its subsidiary (A.C.N. 611 488 932 Pty Ltd).
- 5 Thereafter, on 5 August 2016 PLS withdrew its assertion that MRL was not the valid assignee of the First Right of Refusal.
- 6 In hearing before the Supreme Court of Western Australia on both 17 August and 30 August 2016, PLS' solicitors informed the Court that a draft Sale Notice would be provided to MRL for consideration and to allow discussion between the parties of any concerns that MRL may hold over such draft notice.
- 7 Shortly after 5pm on 9 September 2016, PLS provided a draft Sale Notice to MRL and requested its written response. PLS also offered to meet to discuss MRL's concerns.

- 8 On the morning of 15 September 2016, MRL responded to PLS's request for comments on its draft notice and pointed out MRL's contentions as to the defects of PLS' draft Sale Notice.
- 9 Less than one hour after MRL provided its written response to PLS and without responding to MRL's letter or addressing any of MRL's stated concerns as to the defective nature of PLS' draft notice, PLS proceeded to sign and issue the purported Sale Notice (in the same terms as the draft) (**Second Sale Notice**).

MRL (and its subsidiary) regard its rights (being the First Right of Refusal and its right to royalties) under the Agreement as valuable. MRL requires PLS to treat them as such by acting strictly in accordance with its obligations under the Agreement.

The Second Sale Notice does not provide an offer for MRL to purchase Lithium products on the same terms and conditions as those offered by PLS to General Lithium Corp. For example, it:

1. purports to fix a price instead of offering the same pricing mechanism PLS has offered to General Lithium Corp which provides that the price payable by General Lithium Corp will fluctuate depending upon prevailing market conditions.
2. fails to include the right offered by PLS to General Lithium Corp to negotiate a revision to the pricing formula.

In this regard, the terms and conditions set out in the Second Sale Notice are far more financially onerous on MRL and fail to comply with the Agreement. MRL has served a default notice pursuant to the Pilgangoora Asset Sale Agreement requiring PLS to serve a valid notice.

For further information contact:

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#### **Mineral Resources Limited Company Profile**

Mineral Resources Limited is a leading, integrated, Australian based mining services and processing company with operations in contract crushing, general mine services, infrastructure provision and recovery of base metal concentrate for export. Operations are supplemented by rehabilitation and sale of heavy duty crushing and processing equipment, hire of engineering and crushing fleet plant and workshop manufacture of polyethylene pipe fittings and components.

Comprising long standing core businesses, PIHA Pty Ltd, Crushing Services International Pty Ltd Process Minerals International Pty Ltd, Polaris Metals Pty Ltd and Mesa Minerals Limited, Mineral Resources Limited has developed a strong reputation for the cost effective delivery of its services and products to the resources and infrastructure sectors.