



## MOU for Offtake Signed with LG Chem

### Highlights

- **LG Chem is seeking to purchase up to 10,000t of contained nickel and approximately 1,000t of contained cobalt from the TECH Project.**
- **LG Chem's demand exceeds the plant size in QPM's Pre-Feasibility Study. QPM will investigate with LG Chem the potential to increase the size of the TECH plant.**
- **PM1 and LG Chem agree to negotiate in good faith to enter into a binding offtake agreement for nickel and cobalt, with LG Chem giving due consideration to assist in financing by way of a prepayment.**
- **LG Chem is the largest Korean diversified chemical company and is a major manufacturer of lithium ion batteries for the electric vehicle and other markets.**

Pure Minerals Limited (ASX:PM1) ("**PM1**" or "**the Company**") is pleased to announce that it has entered into a non-binding Memorandum of Understanding ("**MOU**") with LG Chem, Ltd. ("**LG Chem**") for the supply of nickel and cobalt from the TECH Project, 100% owned by its wholly owned subsidiary, Queensland Pacific Metals Pty Ltd ("**QPM**").

### Details of the MOU

Under the MOU, LG Chem is seeking to purchase up to 10,000t of contained nickel and approximately 1,000t of contained cobalt from the TECH Project. LG Chem is seeking to purchase this in a combination of mixed hydroxide precipitate ("**MHP**") and final battery chemical sulfate forms.

The Pre-Feasibility Study ("**PFS**") for the TECH Project (refer to ASX announcement 7<sup>th</sup> April 2020<sup>1</sup>) considered a project that would produce ~6,000t contained nickel (~26,000t nickel sulfate) and ~650t contained cobalt (~3,000t cobalt sulfate). As part of the MOU, PM1 and LG Chem have agreed to work together to evaluate the potential to increase the scale of the TECH Project to meet the greater demand of LG Chem. This will include consideration of financial outcomes, funding potential and other key measures.

A larger scale TECH Project would offer a number of significant benefits including:

- Reduction in capital intensity for nickel production;
- Even more favourable project economics due to lower unit costs (economies of scale) and increased revenue;
- Increase QPM's presence as a potential supplier of battery chemicals; and
- More jobs and other benefits for Townsville and the greater community.

***1 – PM1 confirms that all material assumptions underpinning the production target in the PFS continue to apply and have not materially changed.***

To ensure PM1 is producing products that meet the requirements of LG Chem, the parties have agreed to work together. This includes provision of LG Chem specification requirements, and testing by LG Chem of product samples produced in QPM's upcoming pilot plant activities.

Ultimately, as part of the MOU, PM1 and LG Chem have agreed to negotiate in good faith to enter into a binding offtake agreement for the purchase of nickel and cobalt by LG Chem from the TECH Project. The initial term of the offtake agreement will be for 3 to 5 years. Pricing of the products will be linked to the underlying commodity prices of nickel and cobalt on the London Metals Exchange, or some other mutually agreeable index, with consideration given to purity and specification. LG Chem will also give due consideration to assist in financing of the TECH Project by way of a prepayment.

The term of the MOU is for 24 months, unless extended by mutual consent.

## About LG Chem

LG Chem is South Korea's largest diversified chemical company which operates four main business portfolios: Petrochemicals, Energy Solutions, Advanced Materials and Life Sciences. The chemical business manufactures a wide range of petrochemical products from high-value added to commodity goods. LG Chem also extends its chemical expertise into high-tech areas such as lithium-ion batteries, industrial & automotive materials, drugs & vaccines to deliver broad range of differentiated solutions for our customers. Throughout multiple production facilities and an extensive distribution network around worldwide, LG Chem employs approximately 40,000 people and generated sales of KRW 28.6 trillion in 2019. For more information, please visit LG Chem website.

Chief Executive Officer, Stephen Grocott commented,

*"We are delighted at the opportunity to work with a world class company such as LG Chem to become a potential customer and partner of the TECH Project. When originally sizing the TECH Project, our aim was to deliver the smallest commercially sized project that would be economically viable and fundable. With LG Chem's involvement, there is now potential to scale up the size of the TECH Project to one which offers even more attractive capital efficiency. We will immediately commence work on this. Once the plant size is finalised, we will be able to formally commence Bankable Feasibility Study and project approvals."*

***This announcement has been authorised for release by the Board.***

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