Kidman Resources Limited today announces that it has entered a non-binding Memorandum of Understanding with LG Chem in relation to the supply of lithium hydroxide.

The MOU contains commercial terms in relation to the supply of 12kt of lithium hydroxide per annum to LG Chem over a term of 10 years. Pricing is on arm's length terms set by reference to prevailing market prices, on a basis that will support the Company's proposed debt funding. The parties have agreed to work towards execution of a binding Strategic Supply Agreement by 31 July 2019. The other commercial terms of the MOU are confidential.

As previously announced, Kidman’s strategy is to secure offtake agreements with high quality counterparties for approximately 75% of its share of lithium hydroxide production for the initial years of the Mt Holland Lithium Project. The MOU with LG Chem represents approximately 50% of Kidman’s share of lithium hydroxide production of 22.6kt per annum. Together with the offtake agreement announced with Tesla, Inc. in May 2018, and the binding Heads of Agreement announced with Mitsui & Co. Ltd in November 2018, the Company now has arrangements in place that, once finalised, will cover the offtake volumes targeted by its strategy.

Kidman’s CEO and Managing Director, Martin Donohue, said: “Today’s announcement is a significant milestone towards Kidman’s objective of securing offtake arrangements over approximately 75% of our share of production in the initial years of the project. LG Chem is the world’s number one automotive battery supplier and will continue to be a major supplier to the rapidly growing electric vehicle segment. We are pleased to be announcing this MOU and look forward to further developing our relationship with them. Having such a high-quality offtake counterparty provides further support for our ongoing discussions in relation to the provision of debt facilities with prospective lenders.”

Kidman is being advised by Greenhill & Co. and Maddocks.

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ABOUT KIDMAN RESOURCES
Kidman Resources Limited (ASX:KDR) is developing the world class Mt Holland Lithium Project in a 50:50 joint venture, called Covalent Lithium, with Sociedad Quimica y Minera de Chile S.A., the world’s largest lithium producer. The Mt Holland Lithium Project comprises a Mine, Concentrator and Refinery and will be a globally significant, low cost, integrated producer of battery-grade lithium hydroxide meeting increased demand from the electric vehicle market.

ABOUT LG CHEM
LG Chem, Ltd. is Korea’s largest diversified chemical company which operates three main business units: Petrochemicals, IT & Electronic Materials and Energy Solution. The company was founded in 1947 and now employs over 29,000 staff globally. The chemical business manufactures a wide range of products, from petrochemical goods to high-value added plastics. It also extends its chemical expertise into high-tech areas such as electronic materials and lithium ion batteries. With over 20 years’ experience of development and production of these batteries, LG Chem has established themselves as one of the world’s leading lithium-ion manufacturers. The company is a primary supplier of lithium batteries throughout the world for the mobile phone and hybrid / electric vehicle industries and Energy Storage System (ESS).

For further information about LG Chem, visit http://www.lgchem.com/global/main