



ACN: 009 146 794

Lynas Find - \$8 million Sale Transaction

– For Immediate Release –

CORPORATE DIRECTORY

Non-Executive Chair
John Fitzgerald

Managing Director - CEO
David J Frances

Executive Technical Director
Dr. Francis Wedin

Non-Executive Director
Dudley J Kingsnorth

FAST FACTS

Issued Capital:	320.4m
Options Issued:	31.2m
Market Cap:	\$24.3
Cash:	\$13.5

CONTACT DETAILS

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Dakota Minerals Limited (“Dakota”, “DKO”, or “Company”) is pleased to announce that it has entered into a binding agreement (“Agreement”) with Pilbara Minerals Limited ASX:PLS (“Pilbara”) whereby Pilbara will acquire 100% of Dakota’s Lynas Find lithium project (“Project”).

The total consideration for the transaction is up to \$8.0 million which comprises a \$4.0 million cash payment on completion of the sale, a \$1.0 million cash payment on the grant of extension of term in respect of E45/3648 and further payments upon the grant of exploration licences in respect of certain applications of up to \$3.0 million in total over a period of up to 12 months after signing as either cash or Pilbara shares (30 day VWAP) at Pilbara’s election.

The transaction, and the proceeds raised through it, will now allow Dakota Minerals to accelerate the Company’s European-focused lithium strategy at a time when major industrial groups in the region are increasing their reliance on the commodity.

Under the terms of the Agreement, Dakota will sell to Pilbara all of Dakota’s interests in the Project, which comprise:

- Exploration Licence E45/3648, Prospecting Licence P45/2783 and Exploration Licence 45/4523; and
- subject to them being granted and transferred to Pilbara within 12 months, Exploration Licences E45/4624, E45/4633, E45/4640 and E45/4689.

The consideration for Pilbara’s acquisition of the Project is an amount of up to A\$8,000,000 to be paid in multiple tranches as follows:

- A\$4,000,000 to be paid in cash to Dakota upon completion of the sale;
- A\$1,000,000 to be paid in cash to Dakota upon the later of completion of the sale and the grant of an extension of term in respect of E45/3648; and
- for a period of 12 months from the execution of the Agreement, upon each of the four Exploration Licence applications being granted and transferred to Pilbara, an amount of A\$750,000 to be paid in cash to Dakota or, if Pilbara elects, by issuing to Dakota fully paid ordinary shares in Pilbara of equal value based on the 30 day volume weighted average price (VWAP) of Pilbara shares up until the day immediately prior to relevant tenement transfer.

Pilbara is responsible for pursuing the grant of each of the four Exploration Licence applications at its own expense.

If any of the applications have not been transferred to Pilbara within 12 months from the execution of the Agreement then, unless the parties otherwise agree, all rights and interests in the non-transferred tenements or applications will revert back to Dakota and Pilbara will have no further payment obligations under the Agreement.

Completion of the sale is conditional upon the satisfaction of various conditions on or before 30 November 2016 including:

- Dakota announcing to the ASX a JORC compliant Mineral Resource of greater than 5 million tonnes at greater than 1.2% Li₂O;
- due diligence being completed to Pilbara's satisfaction;
- Asgard Metals Pty Ltd and Slipstream Resources Investments Pty Ltd as trustee for Slipstream Capital, from which Dakota purchased most of its rights and interest in the Project tenements, waiving their respective rights to lodge a caveat over the Project tenements under their sale agreement with Dakota dated 16 December 2015;
- Dakota being registered as the 100% legal and beneficial holder of E45/4523, E45/3648 and P45/2783; and
- the parties obtaining Ministerial consent under the *Mining Act 1978* (WA) to the transfer of E45/4523 from Dakota to Pilbara.

Dakota has lodged transfer forms for E45/3648 and P45/2783 with the Department of Mines and Petroleum and is in the process of seeking Ministerial consent for the transfer of E45/4523 to Dakota. Dakota and Pilbara will now seek a further Ministerial consent for the subsequent transfer of E45/4523 to Pilbara pursuant to the Agreement.

Dakota Minerals' Lynas Find lithium project tenement portfolio covers the same lithium-rich pegmatite belt, Pilgangoora, as the 2014 Pilbara Minerals discovery, and is of strategic value to Pilbara.

Whereas Pilbara Minerals are focusing on Australia, Dakota's decision to sell the Project is based on the strength of Pilbara's offer as well as the Board's desire to generate capital in order to focus on the Company's stated priority of fast-tracking the Company's lithium projects in Portugal under its European lithium strategy.

Dakota Minerals CEO David Frances commented: *"The directors see this transaction as a win for Dakota shareholders. The transaction puts the Company in a very strong financial position to rapidly advance its strategy of becoming a globally significant lithium Company and leading supplier of lithium hydroxide and lithium carbonate to the rapidly developing European battery industry."*

About Dakota Minerals

Portugal: Lusidakota Lithium Project

Portugal, as the leading lithium producer in Europe¹, was identified by the Company to be a high priority jurisdiction for lithium. Many countries in Europe are leading the world in uptake of electric vehicles (EVs) using lithium-ion batteries, with EVs already totalling 22% of all new vehicle sales in Norway. Lithium-ion batteries are already being produced in Europe to meet this increasing demand, and production capacity in car-producing countries such as Germany is growing dramatically to keep up with Daimler recently announcing a new 500 million Euro battery factory², and Volkswagen to follow suit with an 8 billion Euro “giga-factory”³. Battery producers will need more lithium supply from safe, nearby jurisdictions. Sourcing lithium from Europe would also reduce the carbon footprint of the car production supply chain. Portugal has public policies deemed to be highly supportive of mining: it ranked in the global Top 10 of all countries in the Fraser Institute 2015 Survey of Mining Companies for Policy Perception Index, an assessment of the attractiveness of mining policies⁴. For these reasons, the Company has been pursuing projects in areas most prospective for lithium-bearing minerals Petalite and Spodumene in Portugal.

Dakota’s Lusidakota lithium projects in Northern Portugal, to which Dakota has 100% rights through its binding agreement with Lusorecursos LDA, are located over three broad districts of pegmatitic dyke swarms, which contain petalite and spodumene-bearing pegmatites. The three main districts are the Serra de Arga, Barroso-Alvão and Barca de Alva pegmatite fields, all three of which are highly prospective for lithium mineralisation. The Lusidakota tenement package consists of eight exploration licences (one granted and seven under application). After encountering encouraging surface sampling results of up to 2.8% Li₂O, exploration at the Sepeda Lithium Project within the Barroso-Alvão district has accelerated, with first pass drilling recently completed with initial results expected later this week.

-ENDS-

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Michael Cairnduff

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¹ USGS Mineral Commodity Summaries, 2016

² <http://media.daimler.com/deeplink?cci=2734603>

³ <http://www.telegraph.co.uk/business/2016/05/27/vw-to-invest-8bn-in-battery-factory-as-it-tries-to-reinvent-itse/>

⁴ Fraser Institute Survey of Mining Companies 2015