

# Silver Peak, Nevada Lithium Operations

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May 20, 2016

LANDS  
May 20, 2016  
Agenda Item XI

 ALBEMARLE<sup>®</sup>

Proprietary Information of Albemarle Corporation

# Albemarle – A Premier Specialty Chemical Company

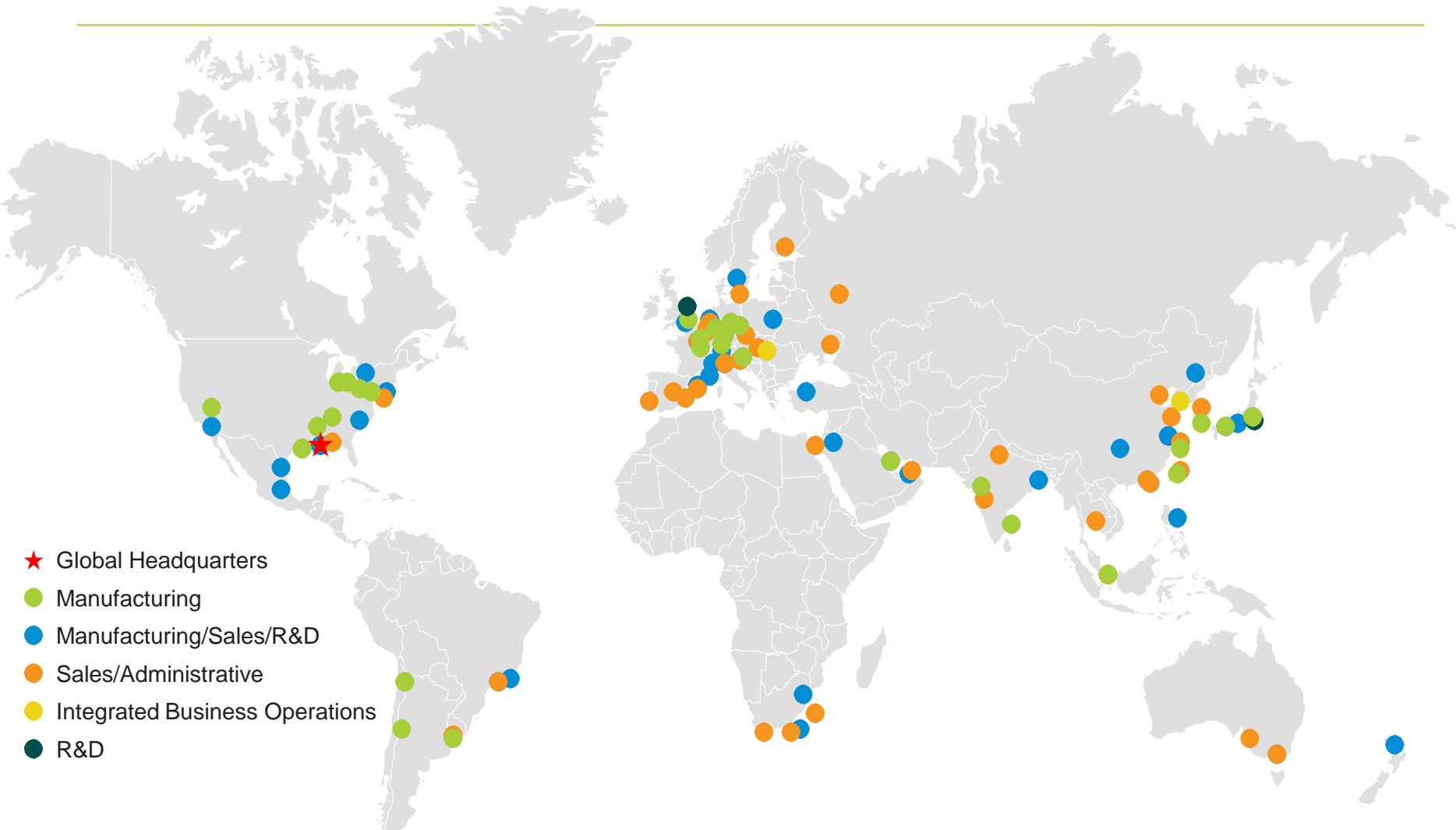
	Performance Chemicals			Refining Solutions	Chemetall Surface Treatment
	Lithium	Bromine	PCS <sup>2</sup>		
<b>Global Ranking</b>	#1	#1/2	#1/2	#1/2	#2
<b>TTM 2Q 2015</b>					
Sales	\$483	\$824	\$326	\$797	\$816
Adj. EBITDA <sup>(1)</sup>	\$200	\$238	\$93	\$219	\$193
% Margin <sup>(1)</sup>	41%	29%	29%	28%	24%
<b>Growth</b>	2.0x – 3.0x GDP	~1.0x GDP	1.0x – 1.5x GDP	1.0x – 2.0x GDP	1.0x – 2.0x GDP
<b>Characteristics</b>	<ul style="list-style-type: none"> <li>• Mineral extraction and processing businesses</li> <li>• Low cost position on global cost curve</li> <li>• Vertically integrated</li> <li>• High demand growth</li> </ul>			<ul style="list-style-type: none"> <li>• Technology and applications driven</li> <li>• Critical customer service</li> <li>• Ability to differentiate offering</li> <li>• Strong free cash flow</li> </ul>	
<b>Key Competitors</b>	 	 	 	 	 

Source: Company information.

(1) Non-GAAP measure. See non-GAAP reconciliations in Appendix.

(2) PCS segment also includes Curatives. Note: PCS is considered by management estimates to have leading positions in organometallics, MAO, and custom single site catalysts/metallocenes

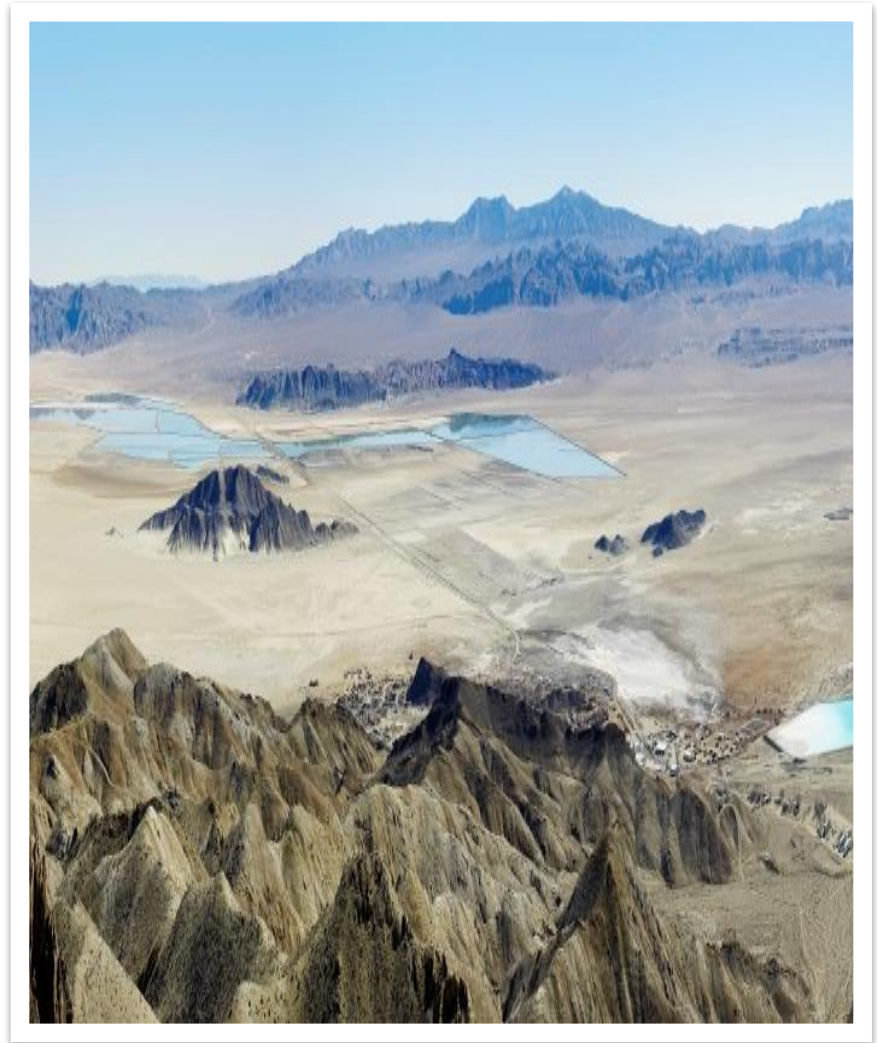
# Global Footprint is a Competitive Advantage



**Albemarle employs approximately 6,900 people  
and serves customers in approximately 100 countries**

# Silver Peak, Nevada Lithium Operations

- Albemarle acquired Rockwood Holdings, Inc. in January 2015, and is the successor in interest to Rockwood Lithium's operations in Silver Peak, NV (formerly Chemetall Foote Corporation/Cyprus Foote Mineral Company/Foote Mineral Company).
- First operational brine resource globally – active mining operation since 1966.
- Only U.S. operational lithium brine source, with favorable brine chemistry and an established infrastructure.



# Silver Peak, Nevada Lithium Operations

**Employees: 71**

**Major Production Units:**

- Lithium Chloride Brine
- Lithium Carbonate (TG)
- Anhydrous Lithium Hydroxide
- Lithium Hydroxide Oil Coat

**LiCl Brine Expansion:**

- Up to 6,000 MT LCE



# Lithium Extraction Process Generates Sylvinite Salt

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- Rockwood manages a stockpile of over 5,500,000 metric tons (and growing) of salt containing approximately 19% potassium chloride and 70% sodium chloride, as well as economic quantities of lithium.
- Salts cover approximately 340 acres of Rockwood property and federal land
- Salt stockpiles are owned by the U.S. Government as a result of reservation in Rockwood's mining patent and 1991 Settlement Agreement.
- Rockwood has worked with BLM for over 6 years to get rights to process the salts to extract lithium (owned by Rockwood), potassium and sodium chloride for economic benefit of the U.S.
- Rockwood seeks to enter into a non-competitive material sales agreement with the U.S. government on an expedited time line.

# Economic Benefit To U.S., Nevada, Esmerelda County

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- Approximate \$35 - 70 million capital investment in a potash and sodium chloride production facility, and related infrastructure, to produce up to 50,000 MT/year of potash/high purity potash and 50,000 MT/year of technical grade NaCl salt.
- Production facility would operate for more than 20 years to process current stockpile of 5,500,000 MT of salts.
- Creation of approximately 100 construction jobs and 45 operational jobs
  - » Average annual compensation (salary/benefits) for current 71 employees is \$91,333
- Near term cash flow stream for U.S. owned materials that are not currently accessible can be monetized
  - » Rockwood previously offered a royalty of 5% - 6% on revenue from sales of potash/sodium chloride – potential royalty of \$1.1 - \$1.56 million/year at current mineral prices

# Economic Development of Silver Peak Tailings

## US Owned Salt Tailings Stockpiles



RL pays fees to US BLM for stockpiles

**Rockwood**  
**Lithium**

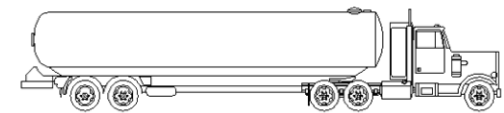


The North Pile is 1,107,199 sq. ft.  
The South Pile is 1,326,078 sq. ft.

## Rockwood Salts Production Plant



## Rockwood Sales & Distribution





# What we need to proceed:

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- Begin negotiations with BLM on the terms of a material sales agreement for the orderly and economic development of the public's mineral resources
  - » Non-competitive basis and on expedited time line
  - » Congressional policy and BLM's regulations require the agency to derive maximum recovery of minerals resources and avoid natural resource waste
  - » Continued accumulation of salts presents a potential environmental and safety hazard on both Rockwood's and the public's land
  - » Competitive bid process is impracticable; Rockwood is uniquely capable to process the minerals and no other party formally expressed an interest in the stockpiled salts during the BLM's October 2014 public notice period
- 1991 Settlement Agreement – waiver or amendment to allow U.S. government to enter into material sale agreement with Rockwood.

# BLM Issue

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- BLM has rejected our request to begin negotiations on the sale pending an appeal before the IBLA filed by Mr. Paul Barnes over BLM's rescission of his prospecting permits.
- Years ago, Mr. Paul T. Barnes Jr. filed several applications with BLM seeking rights to prospect for potassium on the land at Silver Peak. BLM's Nevada Field Office in Tonopah properly rejected those applications on October 29, 2014, because the lands at issue are "known to contain valuable deposits of potassium" since at least 1988, and thus not subject to prospecting.
- IBLA will likely affirm the BLM decision but a decision could take years to achieve.
- Key to Albemarle is the fact that the IBLA appeal is irrelevant: no rights to the Stockpiled Salts can be conferred by a prospecting permit, which can only confer rights to deposits (i.e., mineral in place in the ground). Even if Barnes' appeal were successful, Barnes would only have priority on the potassium in the brine and sediments after Rockwood ceases lithium operations.
- **Given that our position is that the Barnes appeal is unrelated to our efforts to achieve a sale agreement with BLM, we believe BLM can and should begin discussions with Albemarle on the terms of a material mineral sale agreement.**

## Conclusion:

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- This delay imposed by the BLM only delays Albemarle's ability to begin capitol investment in our Silver Peak site. Investment which only enhances Esmeralda County.
- Albemarle has made the case on the relevancy of the Barnes appeal to BLM State Director John Ruhs and others in Reno, the Battle Mountain office, the Tonapaugh office as well as with the BLM Solicitor General's office in Washington.
- We have yet to hear BLM's response on the merits of our argument on the IBLA appeal.
- Any assistance your good offices can provide in helping us remove this barrier to investment would be appreciated.
- Lithium is a critical element crucial to the development of battery manufacturing in Nevada.
- **Thank you for this opportunity to present our case to you today**