

**UPDATE 2-Australia's Mineral Resources says to sell minority stake in lithium project**

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* Says has received unsolicited interest in lithium project

* Wodgina project accounts for big chunk of firm's lithium output

* Says will only work with partners if "acceptable terms" secured

* Lithium used to churn out batteries for electric vehicles (Adds comment, detail)

By Melanie Burton

MELBOURNE May 1 (Reuters) - Mining services provider Mineral Resources Ltd on Tuesday said it was looking to sell a minority stake in its Wodgina Lithium mine in the west of Australia.

The Australian company said in a statement that it was seeking partners to take up to 49 percent of the project in the Pilbara region, after receiving a number of unsolicited approaches from parties interested in a stake or in offtake agreements.

Riding a wave of demand for the mineral used in electric vehicle batteries, the firm already has a joint venture with China's largest lithium producer, Jiangxi Ganfeng Lithium, to develop its Mount Marion lithium project in the same state.

"This minority sales process is in line with (our) strategy of investing in early-stage projects, adding significant value and then seeking equity partners to share in the value," Managing Director Chris Ellison said in the statement.

The Wodgina project produced about 1.16 million wet tonnes of lithium direct shipping ore (DSO) in the quarter that ended in March, accounting for a large portion of the company's overall production.

"(Mineral Resources) will only introduce project partners if acceptable terms can be secured. (The company) has the capability to finance and implement its downstream processing strategy at Wodgina on its own," Ellison added.

The stake sale comes amid burgeoning sector consolidation, with Australian lithium miner Galaxy Resources assessing options for its stake in a large lithium deposit in Argentina.

Mineral Resources said lithium processors, battery manufacturers, international trading companies and automakers had approached it over Wodgina.

"Min Res are used to putting together a joint venture on a project," said Canaccord Genuity analyst Larry Hill, adding that contenders would be companies that could process the mineral into a battery-ready form.

Mineral Resources may also consider selling its offtake from the project to partners as part of the transaction. Appetite for Australian hard rock deposits is increasing as manufacturers look to secure high-purity supply.

Wodgina is among the world's biggest hard rock deposits and is also located close to Port Hedland, a large bulk commodities port.

Investment bank Macquarie Capital (Australia) and Australian law firm Gilbert and Tobin have been appointed to assist with the sale. Mineral Resources said it was planning to announce a buyer in the second half of the year.

Shares in the firm were up about 0.6 percent, compared to a 0.5-percent rise in the broader market.

(Reporting by Melanie Burton in Melbourne; Additional reporting by Ambar Warrick in Bengaluru; Editing by Joseph Radford)

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