



ACN 112-425-788

ASX ANNOUNCEMENT

30th June, 2014

PILBARA ANNOUNCES CAPITAL RAISING TO COMMENCE TANTALUM PRODUCTION AND ACCELERATE STRATEGIC METALS GROWTH STRATEGY

PROCEEDS WILL SECURE THE START-UP OF PRODUCTION AT TABBA TABBA TANTALUM PROJECT AND UNDERPIN AGGRESSIVE DRILL PROGRAMS ON THREE FRONTS

HIGHLIGHTS:

- **\$920,000 share placement to strategic and sophisticated investors** comprising 61.3M shares at 1.5c per share, including \$500,000 injected by a substantial cornerstone investor.
- **Directors also intend to undertake a Share Purchase Plan (SPP)**, to enable all shareholders to participate in this landmark capital raising. Details will be announced shortly.
- Funds raised will enable Pilbara to **complete construction of the 120,000tpa processing plant for the Tabba Tabba Tantalum Project** (currently 95% complete).
- **Mining is scheduled to commence at Tabba Tabba** (50/50 JV with Nagrom Mining) in October 2014, underpinning Pilbara's imminent transition to production and cash flow.
- **Funds will also be used to accelerate drilling and resource development** on three fronts:
 - *Drilling outside of the current pit design at Tabba Tabba to extend the mine life beyond the initial 18 months outlined in the Definitive Feasibility Study;*
 - *Drilling to extend the known mineralisation at the Strelley Tantalum Project, where a maiden JORC Mineral Resource is imminent;*
 - *Drilling to further in-fill and expand the recently delineated JORC Mineral Resource at the newly acquired Pilgangoora Tantalum-Lithium Project.*

Pilbara Minerals Ltd (ASX: PLS) is pleased to announce a successful \$920,000 share placement, strongly supported by existing and new investors, to underpin its growth strategy as a strategic metals producer in the Pilbara region of WA including the imminent start-up of its first tantalum mine in joint venture with Nagrom.

The Company also intends to undertake a Share Purchase Plan (SPP) to enable existing shareholders to participate in this milestone capital raising. Details of the SPP will be announced shortly.

The proceeds will be used to complete construction of the processing facility for the Company's flagship Tabba Tabba Tantalum Project, located 75km from Port Hedland in WA's Pilbara region, and secure its transition to production during the fourth quarter of 2014 – enabling Pilbara to join the ranks of junior miners later this year.

In addition, the funds raised will be used to underpin an aggressive exploration and resource development push across Pilbara's portfolio of three high-quality strategic metals projects in the Pilbara region – creating a strong growth pipeline anchored by the potentially world-class Pilgangoora Tantalum-Lithium Project.

Share Placement

The Company has received firm commitments from professional and sophisticated investors to raise \$920,000 by way of a share placement comprising 61.3 million shares at an issue price of 1.5 cents per share, including a \$500,000 investment by a substantial cornerstone investor. The placement is being undertaken within the placement capacity obtained at the Company's General Meeting on 30 May 2014.

An Appendix 3B and Cleansing Notice will be lodged with the ASX upon the issue and allotment of the placement shares. Upon issue, the placement shares will rank equally alongside existing fully paid ordinary shares on issue. Pilbara will have approximately 391 million shares on issue following completion of the placement.

Use of Funds

The funds raised will be used for the following purposes:

- To complete construction and installation of the 120,000tpa processing plant for the Tabba Tabba Tantalum Project, which is being developed under a 50/50 joint venture between Pilbara and Nagrom Mining Pty Ltd;
- To provide working capital to fund the commencement of mining and commissioning of the Tabba Tabba Project, which is scheduled to commence in October 2014;
- To fund aggressive resource development programs at the Company's other strategic metals assets in the Pilbara region, including:
 - *Drilling to extend the mine life at Tabba Tabba beyond the current 18-month mine life defined by the Feasibility Study. The resource remains open in several directions;*
 - *Resource drilling at the Strelley Tantalum Project, which is expected to become the Company's second mining operation in the Pilbara. A maiden JORC compliant Mineral Resource will be completed for the Strelley Project within weeks; and*
 - *Drilling to grow the resource base at the recently acquired Pilgangoora Tantalum-Lithium Project, a potentially world-class tantalum-lithium resource located adjacent to Altura Mining's Pilgangoora lithium resource and where a maiden JORC compliant hard rock tantalum-lithium resource was recently announced by Pilbara.*

Pilbara Minerals Executive Director and CEO, Mr Neil Biddle, said the Company was pleased with the level of investor support both from existing and new investors to underpin the launch of its growth and development strategy to become a significant producer of tantalum and lithium in WA.

"The market outlook for tantalum is very strong due to its use in electronics, especially for capacitors used in tablets, smart-phones, laptops and other miniature electronics where long battery life is required – a market which continues to grow exponentially," Mr Biddle said.

"The global tantalum market is forecast to grow by up to 60% to ~2,000 tonnes by 2016, nearly double current levels," he said. "Tabba Tabba will be well placed to meet this demand, being capable of supplying up to 10 per cent of global consumption of tantalite with the potential for the operation to be extended significantly beyond the initial 18-month mine life defined in the Feasibility Study.

"Pilbara Minerals has also been able to secure some quality growth projects within a 100km radius of Port Hedland. These include the Strelley Project, which we believe has the potential to develop as a similar scale production opportunity to Tabba Tabba, both in 50/50 joint venture with Nagrom and the game-changer for us, which is the recently acquired Pilgangoora Tantalum-Lithium Project (100% Pilbara)."

“The recently announced resource for Pilgangoora adds significantly to our portfolio of strategic metal assets and provides an attractive future growth opportunity – located just 25km from the world-class Wodgina Tantalum Mine and immediately north of and along strike from Altura Mining’s Pilgangoora Lithium Resource,” Mr Biddle added.

ENDS

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What is Lithium?

Lithium (Li) is recovered from the mineral spodumene and lithium-rich brines. It is used in a range of products such as ceramics, glass, batteries and pharmaceuticals. Lithium use has expanded significantly in recent years due to increasing use in rechargeable batteries in portable electronic devices and in batteries and electric motors for hybrid and electric cars.

What is Tantalum?

The primary source of tantalum is from minerals such as tantalite, columbite, wodginite and microlite contained in pegmatite ore bodies. The largest deposits are located in Australia, Brazil and Africa. Tantalum’s **major use is** in the production of electronic components, **especially for capacitors**, with additional use in components for chemical plants, nuclear power plants, airplanes and missiles. It is also used as a substitute for platinum.

The tantalum market is boutique in size with around 1,300 tonnes required each year. However the market is rapidly growing due to capacitor use in wireless and handheld devices. PLS’s Tabba Tabba Joint Venture could supply approximately 7% of the annual market consumption over two years. Global Advanced Metals (Wodgina) Pty Ltd has a 5-year off-take agreement with Pilbara/Nagrom for all tantalite produced from Tabba Tabba and Strelley.

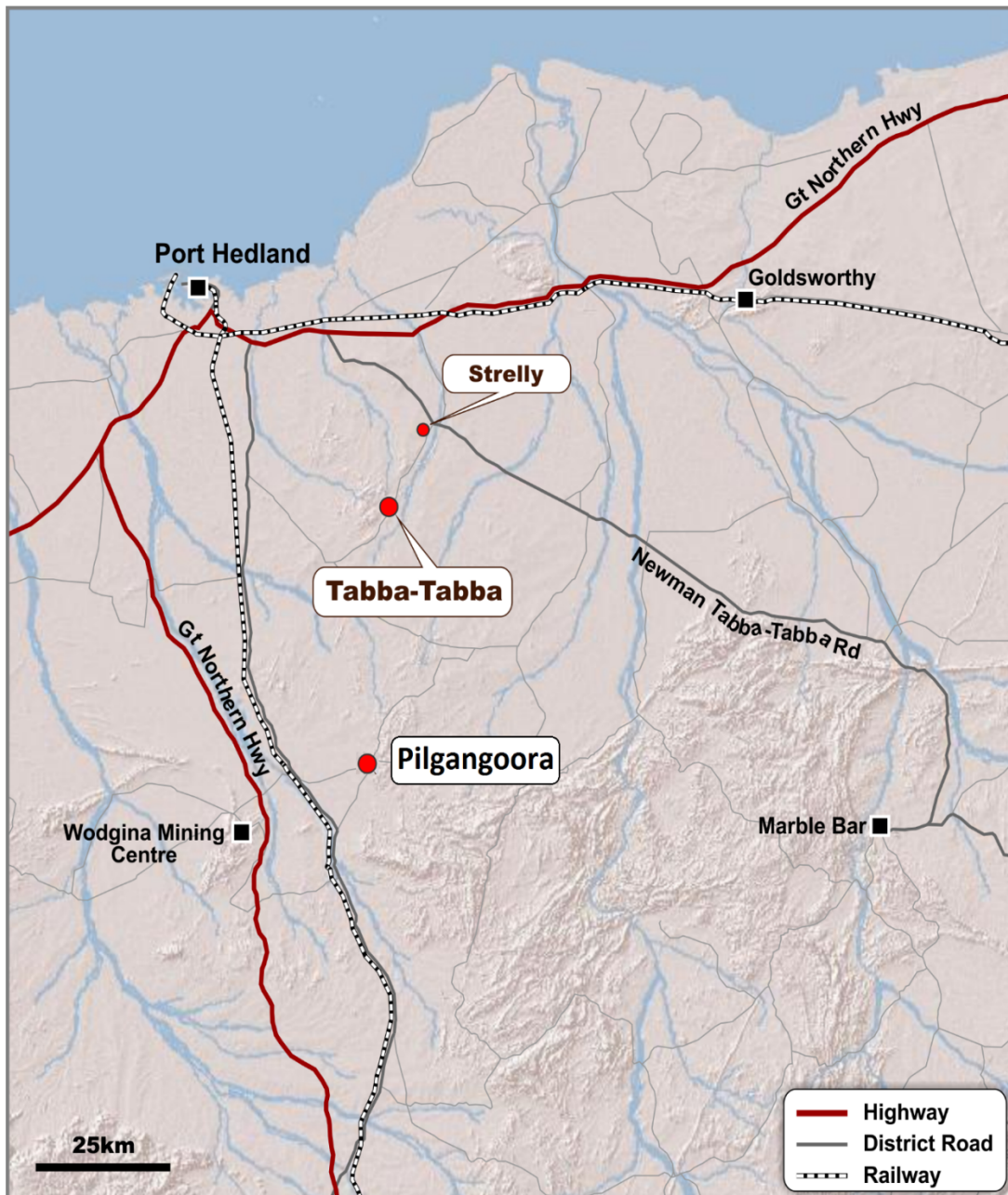


Figure 1 – Pilbara Minerals' WA strategic metals projects