2020 ANNUAL REPORT

ACN 112 425 788 I **ASX** PLS

Pilbara Minerals
...Powering a sustainable energy future

FY20 HIGHLIGHTS

Operations

Moderated production strategy conserves working capital

Material improvements in lithia recovery

Reduced operating costs

Production and sales

Spodumene concentrate

Produced -	Shipped -	Sales -
90,768 dmt	116,256 dmt	$84.15M

Tantalite concentrate

Produced -	Shipped -	Sales -
86,991 lbs	143,336 lbs	$7.46M

Strong balance sheet

$111.5M
equity raised

US$110M
senior debt facility secured
(following refinancing subsequent to FY20 year end)

$86.3M
in the bank
(as of 30 June 2020)

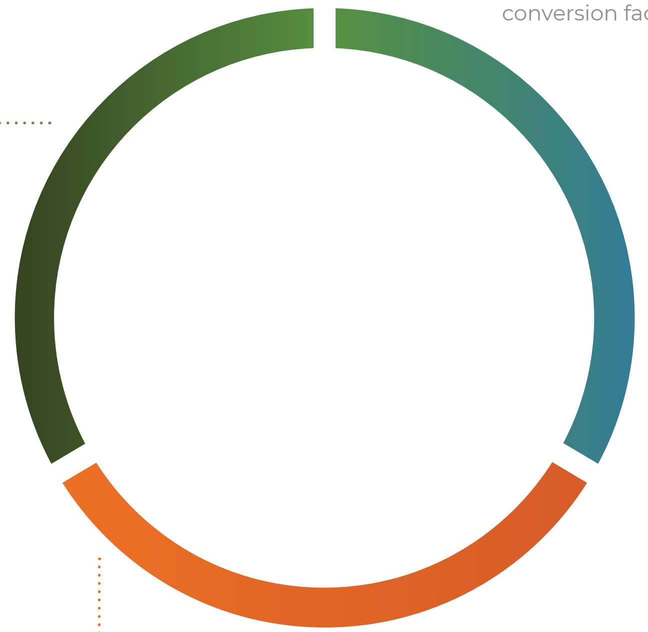
2021 PLAN

PRODUCTION

- Improve safety performance.
- Continue to align production with customer demand requirements, with the aim of securing sales to support name-plate production of ~330,000 dmt ~6% spodumene concentrate.
- Achieve target operating costs of US$320-350 /dmt CIF China (SC6.0 basis) once in steady state operations.

DIVERSIFY AND GROW

- Continue to expand and diversify our customer base.
- Secure funding and commence the incremental expansion of the Pilgangoora Project in alignment with customer demand.
- Evaluate downstream participation including a potential joint venture with POSCO to develop and operate a 40,000tpa downstream chemical conversion facility in South Korea.



FOUNDATION

- Preserve our licence to operate and expand our work in sustainability.
- Maintain and continue to build relationships with our shareholders, customers, community, government and industry.
- Build our company culture and develop our people.
- Continue our strong focus on compliance and financial performance.

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MESSAGE FROM THE CHAIRMAN

Anthony Kiernan

Dear Shareholders,

Despite several challenges, I am pleased to report that the 2020 Financial Year has been a period of prudent financial management and one in which the Company has continued with an operating strategy reflective of the market, while maintaining a laser like focus on operational improvement.

> **"Our strong financial position places us well for FY21."**

At the Pilgangoora Lithium-Tantalum operation, the moderated production strategy allowed us to meet our customers' requirements while conserving cash, complete important plant improvement works and reduce operating costs. These works have been highly effective, with a material increase in product recoveries and our unit operating costs now trending downwards towards targeted levels.

The importance of the $111.5M raising in October 2019 needs to be noted. It has given Pilbara Minerals' comfort and headroom to see us through not just the softness in the global lithium market, but also the challenges associated with the COVID-19 pandemic. While the ramifications of the pandemic continue to be felt globally, I am pleased to say that, as a business, we responded with professionalism and efficiency to maintain the health and wellbeing of our people and the continuity of our operations.

As one of the largest operating hard rock lithium assets globally, we continue to attract leading global partners to our business exemplified by a $55M investment from Contemporary Amperex Technology (Hong Kong) Limited (CATL) in the October 2019 capital raising. CATL is China's largest battery manufacturer for electric vehicles. This investment underpins an ongoing strategic relationship between our companies and has enabled a new offtake agreement with Yibin Tianyi (a key participant in CATL's lithium supply chain). During the year, our relationship with Great Wall Motor Company continued to grow through a Stage 1 offtake agreement.

Our strategic partnerships with major participants in the global lithium supply chain is a result of the quality and scale of the Pilgangoora Project and the important role this project will play in meeting future demand for lithium raw materials. With this bigger picture in mind, we continued to progress studies on the revised Stage 2, 5Mtpa expansion and our interests with POSCO on a downstream joint venture opportunity.

On the financial front, we recently secured a refinancing of the original US$100M project development debt facility with a new US$110M debt facility from international bank, BNP Paribas and Australia's specialist clean energy investor, the Clean Energy Finance Corporation (CEFC) with significantly improved terms. It is very pleasing to see the Australian Government and BNP Paribas continuing to support Pilbara Minerals and the strong alignment between our sustainability objectives.

This is the first time a lithium raw materials company of our size has attracted conventional, syndicated project finance at such a competitive cost, reflecting the Company's increased maturity and the quality and scale of the Pilgangoora Project. This is a significant achievement.

Reflecting on the importance of minimising our impact on climate change and aligning with our role in contributing to a sustainable energy future, in the 2021 Financial Year Pilbara Minerals will commence work on developing a pathway to net zero emissions (Scope 1 and 2) at our operations.

Pilbara Minerals enters the 2021 Financial Year in a sound position, with the operation performing well, backed by a high quality and engaged customer base and the strategy to continue to manage production and conserve cash in light of the current market. This strategy, coupled with our substantially improved debt terms and the positive signals of a rebound in global lithium markets, gives me confidence that the 2021 Financial Year will be a better year for our business.

As a result of our proactive response, hard work and prudent financial management over the past 18 months, Pilbara Minerals is well placed to thrive as the market turnaround gathers momentum.

In closing, I acknowledge the hard work and commitment of Managing Director, Ken Brinsden, my fellow Board members, senior management and our entire team of employees and contractors. In saying this, I pay particular attention to the contribution of all on-site personnel and thank them for this.

Anthony Kiernan
Chairman

MESSAGE FROM THE MANAGING DIRECTOR

Ken Brinsden

Dear Shareholders,

While the past year has presented its fair share of challenges, I think I can speak for everyone at Pilbara Minerals in saying that we are beginning to feel a growing sense of optimism and confidence in the application of lithium ion batteries and near and long-term growth in the lithium raw materials markets.

Key lithium market developments over the past 18 months are well documented in this report, so I will not go into detail here. However, I would like to highlight the rapid growth of the electric vehicle sector in Europe as a result of major subsidies from the French, German and UK Governments and big commitments from auto-makers. These subsidies, when combined with renewed efforts in the Chinese domestic market, is beginning to shift market sentiment.

This is good news for spodumene producers like us, given spodumene can be converted directly into lithium hydroxide and is fast becoming the preferred raw material as battery makers trend towards high-nickel cathode chemistries to produce longer-range, energy dense batteries.

I am extremely proud of the way we have responded to market challenges this year. The moderated production strategy deployed as a core element of our strategy to preserve working capital, has been extremely effective. By closely matching production to our customers' requirements, we have reduced costs, conserved cash and preserved the value of our Pilgangoora Project - all the while continuing to make sales, optimise our process plant and generate income.

Completion of improvements to the processing plant has delivered material improvements in lithia recoveries – even in a moderated production environment. As it stands today, lithia recovery is now largely in line with processing plant design specifications which is reducing unit operating costs.

As always, we were focused on health and safety to keep our team safe, particularly during COVID-19. During our response we worked closely with industry and government and I am pleased to say we have not experienced any significant impact from the virus and maintained business and operational continuity.

I would like to take this opportunity to pay tribute to Tobias Richter, an employee of our contracting partner Crushing Services International who died at our operation in November. I was truly humbled by the level of support extended to Tobias' family from the employees of Mineral Resources and Pilbara Minerals, and heartened by how our companies supported each other and those affected through the course of this tragic event. There was a level of professionalism and compassion shown across the board, that befits the extraordinary and difficult circumstances that arose.

We maintained our strong cash balance through the completion of a $111.5M equity raising last October and more recently, the US$110M refinancing of the Nordic bond that underpinned the initial development. Both initiatives were supported by long-term strategic players who support our growth ambitions and sustainability objectives.

On the marketing front, we welcomed Yibin Tianyi as a new offtake partner and expanded our existing agreement with Great Wall Motor Company. Yibin Tianyi is a key lithium chemical supplier to CATL, the world's largest electric vehicle battery manufacturer and now our largest shareholder.

> **"There's a growing sense of optimism and confidence in the lithium market."**

We also continued to progress our joint venture discussions with POSCO for a chemical conversion facility in South Korea, laying the foundation for an attractive long-term downstream growth and diversification opportunity for our shareholders.

Most importantly, we have achieved these operational milestones while also delivering on our sustainability objectives in a way that supports and enhances our objective of powering a sustainable energy future. To support our objective, in the 2021 Financial Year we will begin our journey to develop a pathway to net zero emissions in the decade commencing 2040.

In conclusion, I would like to sincerely thank the entire Pilbara Minerals' team, including the Board, and all of our great people and contractors, for their outstanding efforts, dedication, hard work and resilience over the course of the year. I would also like to thank our shareholders who have stood by and supported us during this time.

In the face of adversity, Pilbara Minerals has proven itself to be an adaptable and agile operator that is strongly positioned to leverage the inevitable upswing in the lithium market when it occurs.

I am excited by the opportunities in front of us and I look to the coming year with great enthusiasm.

Ken Brinsden
Managing Director & CEO

COMPANY AND PROJECT OVERVIEW

PILBARA MINERALS IS POSITIONED TO BECOME A LOW-COST, LONG-TERM, SUSTAINABLE PRODUCER OF HIGH QUALITY SPODUMENE CONCENTRATE THROUGH ITS WORLD-CLASS, PILGANGOORA LITHIUM-TANTALUM PROJECT

Pilbara Minerals Limited (Pilbara Minerals or the Company), is an Australian lithium-tantalum producer and a top-300 company on the Australian Securities Exchange (ASX: PLS).

Through the development of its 100% owned, Pilgangoora Lithium-Tantalum Project (Pilgangoora Project), Pilbara Minerals is pursuing a pathway to become a major player in the world's rapidly growing lithium supply chain, underpinned by the electric vehicle and energy storage markets.

The Pilgangoora Project is located in Western Australia's Pilbara region, approximately 120km from Port Hedland and close to key infrastructure such as road and port. Its significant scale and outstanding quality has resulted in a remarkable development timeline, with the Company having progressed it from first drill hole to production in under four years.

The Pilgangoora Project hosts one of the world's largest hard rock lithium-tantalum deposits and is recognised as one of the most important new sources of lithium raw materials globally, which has enabled it to attract a consortium of high quality global offtake partners including Ganfeng Lithium, General Lithium, Great Wall Motor Company, POSCO and Yibin Tianyi. In addition, Contemporary Amperex Technology (Hong Kong) Limited (CATL) China's largest battery manufacturer for electric vehicles is now one of Pilbara Minerals' largest shareholders.

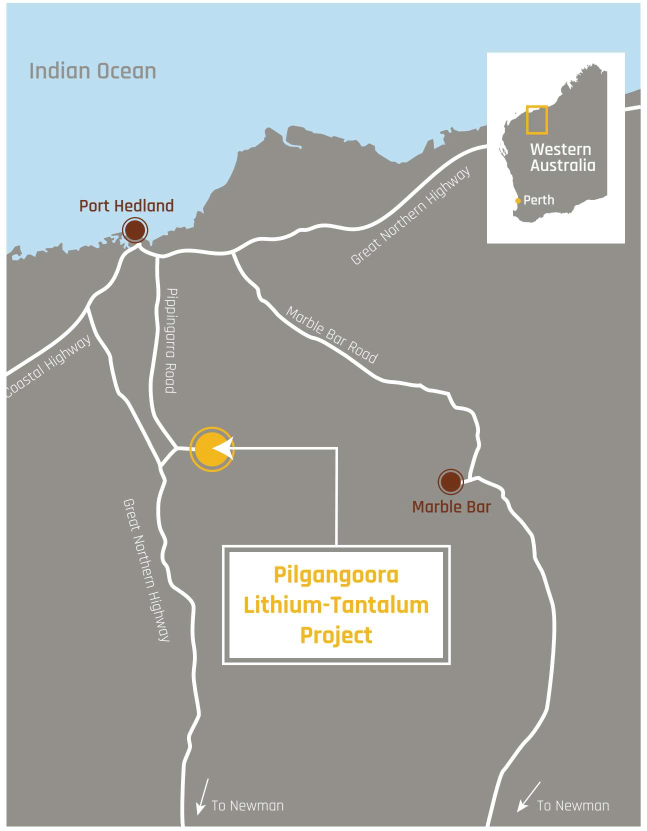
Now in production, Pilbara Minerals is pursuing a growth and diversification strategy to prepare for the future. This involves increasing production, extending mine life and securing a position in the downstream lithium chemical conversion supply chain.

Diversifying its business into lithium chemical conversion would enable Pilbara Minerals to further interconnect product produced at the Pilgangoora Project within this supply chain and capture value-add opportunities. Aligned with this strategy is a proposed joint development of a 40,000tpa LCE chemical conversion facility in South Korea with POSCO.

An expansion pathway has been mapped out for the current Stage 1, 2Mtpa operation to be increased to 5Mtpa under a Stage 2 incremental expansion program. Pilbara Minerals has also completed a Stage 3 scoping study for expansion to up to 7.5Mtpa, with both expansion plans to be considered as lithium raw material demand grows.

The Stage 2 expansion will see nameplate production grow from ~330,000tpa of ~6% spodumene concentrate to ~800-840,000tpa. Similarly, tantalite production will grow from 321,000lbspa of +5% tantalite concentrate to 800,000lbspa.

Pilbara Minerals is continuing to work closely with its network of offtake partners to ensure this staged production growth is carefully aligned with customer requirements to ensure the Company has a strong market for its products. This expansion and diversification pathway positions Pilbara Minerals to become one of the largest and lowest cost lithium producers and a fully integrated lithium raw materials and chemicals supplier in the years to come.



COMPANY OBJECTIVES

Create value through the sale of high-quality products derived from the conduct of safe mining and processing activities at Pilbara Minerals' 100% owned Pilgangoora Project.

Unlock the full value of the Pilgangoora Project by growing and diversifying operations through exploration, project expansion and downstream chemical processing to become a fully integrated lithium raw material and chemical supplier.

Contribute to a sustainable future through responsible operations and ethical business practices that deliver economic returns for shareholders and create shared value in communities.

PILBARA PURPOSE

MAKING THE WORLD A BETTER PLACE BY ENABLING THE GLOBAL ENERGY TRANSFORMATION

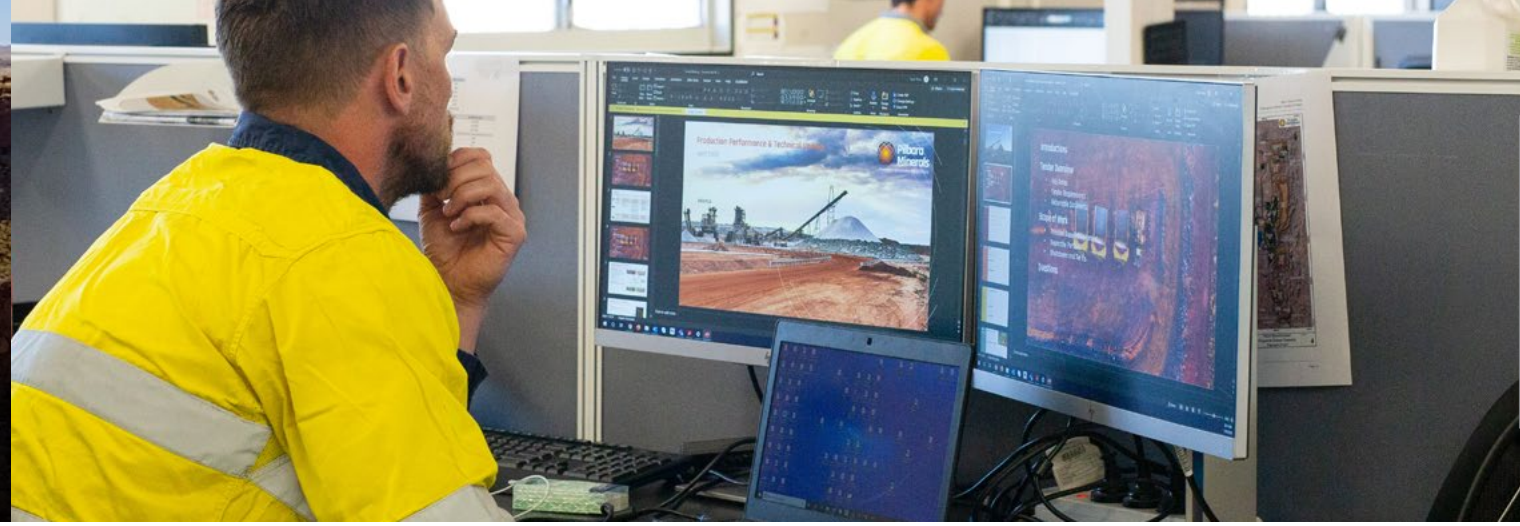
Through conversations with our people, the Pilbara Purpose was born. Our purpose is the reason we do what we do. It is the foundation of our being and what drives and inspires us in our work every day.

Our purpose is underpinned by 'what we stand for', six commitments that are the heart of our culture and how we work together to achieve our purpose.

WHAT WE STAND FOR

GREAT PEOPLE	We are a proud team of talented and grounded people who value diversity and have each other's back.
THINK, DO, ACHIEVE	We are innovative and resourceful when solving problems and we go the extra mile to get the job done.
SAFETY MATTERS	We take responsibility for maintaining a safe and healthy workplace so that everyone comes to work and goes home safely every day.
VALUING OUR PARTNERS	We know great things happen when we engage our broader team of contracting partners, customers and community.
QUALITY PRODUCTS	We produce and deliver a globally competitive, high quality product to our customers.
MAKING A DIFFERENCE IN THE WORLD	We are passionate about our contribution and strive to make a positive impact in our work and the communities we share.

PILGANGOORA LITHIUM-TANTALUM PROJECT



POSITIONED FOR THE FUTURE OF LITHIUM RAW MATERIAL SUPPLY

Pilbara Minerals continues to deliver on project execution of its Pilgangoora Project. The significant progress achieved in advancing the Pilgangoora Project from first exploration drill hole, through to product shipment in under four years, is testament to its scale and quality.

Located 120km from Port Hedland in Western Australia's Pilbara region, Pilbara Minerals' 100%-owned Pilgangoora Project is positioned in proximity to infrastructure and export markets.

The Pilgangoora Project's high-grade lithia, tantalite by product stream, resource size, outstanding scalability and expansion potential has laid the foundation for a long-life, low-cost operation.

EXPLORATION AND GEOLOGY

The Pilgangoora Project is located within an area known as the Pilbara Mineral Field in Western Australia's Pilbara region (Figure 1). The Pilgangoora Project comprises 20 granted tenements (excluding miscellaneous licences) covering an area of 677km^2.

The Pilbara Mineral Field is one of the world's major lithium-tantalum provinces with significant lithium-caesium-tantalum bearing pegmatites located at Pilgangoora, Mount Francisco, Wodgina, Tabba-Tabba and Strelley.

Figure 1: Pilgangoora Project

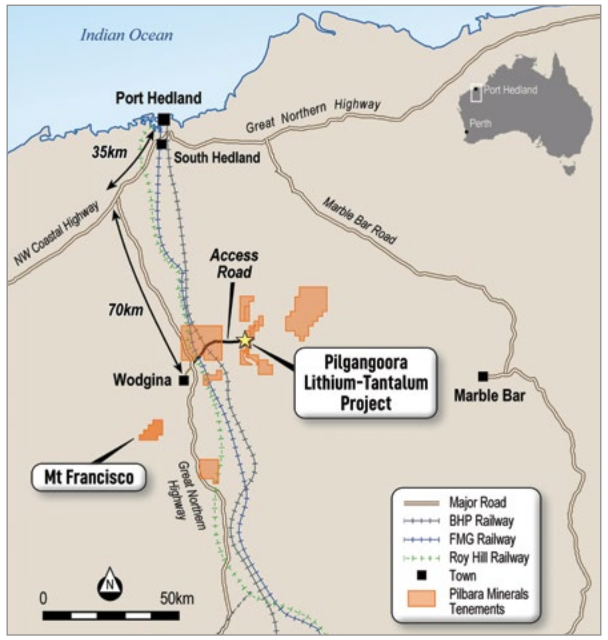
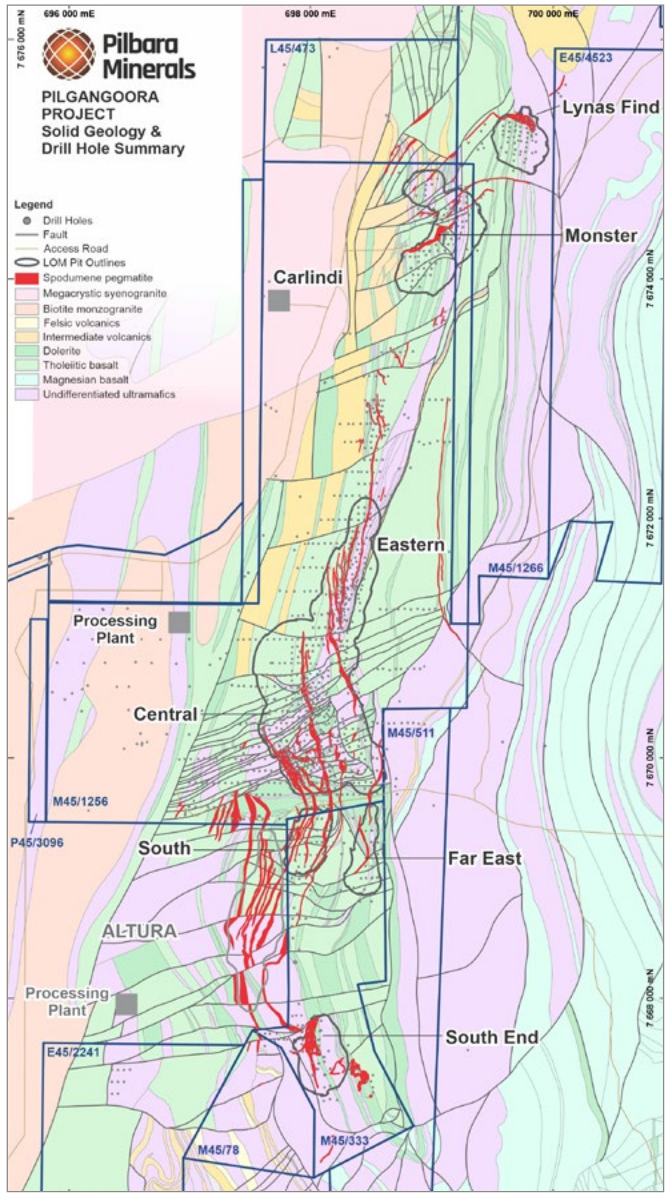


Figure 2: Geological map with pit locations



GEOLOGY

The Pilgangoora pegmatite deposit is one of the largest hard rock lithium deposits in the world. The prospective Pilgangoora pegmatites are located within the East Strelley greenstone belt, approximately 30km east of Wodgina. The pegmatites strike is subparallel to the dominant north-northwest trending fabric of the greenstone belt (Figure 2). The mineralisation at Pilgangoora is hosted within a fractionated pegmatite suite comprising a network of interconnected sheets and easterly dipping dykes.

Two principal pegmatite groups have been identified in the centre of the Pilgangoora Project area: Central and Eastern. Pegmatites within these domains have strike lengths of up to 1.4km and range in thickness to over 70m. Three outlying pegmatite groups including Lynas Find, Monster and Southern are also located within the project area.

In comparison to established classical models of mineralogical zonation around a quartz core, the Pilgangoora pegmatites are quasi-homogenous, characterised by anisotropic mineral assemblages including very coarse or mega-crystic spodumene, elongated sub-perpendicular to the wall rock contacts, aplitic layering and the development of narrow, locally distinct border units. The spodumene-bearing units comprise more than 85% of the volume of the Pilgangoora pegmatite dykes.

EXPLORATION

Exploration activities have been limited during the reporting year in support of the Company's efforts to preserve cash in current soft market conditions.

Work undertaken at Pilgangoora included pit mapping, PQ diamond drilling and geo-met sampling programs within the mining area. The PQ diamond drilling program focused on the Central, Eastern and Monster deposits and was undertaken by Mt Magnet Drilling Pty Ltd with a total of 11 holes drilled for an advance of 414m. The majority of drill core was retained for advanced metallurgical testwork as part of studies being undertaken to deliver the incremental Stage 2 (5Mtpa) expansion.

The Company has also made significant progress with an ore-type characterisation and geo-metallurgical test work program which has included whole-rock geochemistry, petrography and TIMA-X analysis. Results have provided geochemically based modelling criteria to further discriminate pegmatite ore types which will enable alternate ore blending strategies to further optimise lithia yield.

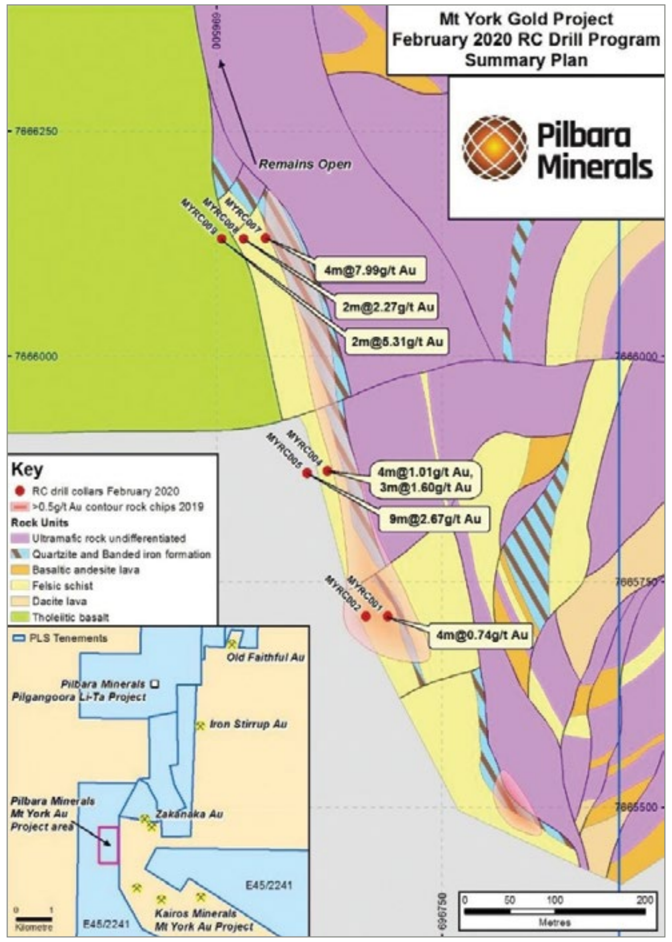


Figure 3: Mt York Project drilling summary plan

Geological mapping, surface geochemistry and a modest RC drilling program was also undertaken at the Mt York Gold Project located 5km to the south of the Pilgangoora Project. The inaugural drilling program which comprised seven holes for 582m, was designed to drill test a semicontiguous >0.5g/t Au surface gold anomaly extending over 700m with a peak assay of 7.4g/t Au. Best results from the drilling included 9m @ 2.67g/t Au (MYRC005 from 81m) and 4m @ 7.99g/t Au (MYRC007 from 22m), refer to Figure 3.

OPERATIONS

OVERVIEW

The focus of the 2020 Financial Year (FY20) has been on operational improvement and the lowering of operating costs through the deployment of a moderated production strategy in response to soft lithium market conditions. The moderated production strategy involved campaign operations of the mine and processing plant to match customer sales. This approach was a proactive response by the Company to preserve working capital and the full value of the Pilgangoora Project and support its customers in response to the challenging market conditions in the lithium supply chain.

MINING AND PROCESSING

Whilst the moderated production program equated to lower production, production performance during the periods of operation was highly successful in achieving a material improvement in lithia recoveries and a reduction in operating costs. This improved performance provides Pilbara Minerals with confidence that its operating cost base will be highly competitive when the operation returns to full throughput and steady-state operations.

The moderated production strategy involved mining and production activities being reduced to ensure production was aligned to customer sales each quarter. During the first quarter of FY20, Pilbara Minerals focused on drawing down existing run-of-mine ore, crushed ore and final product stocks on hand from production in the 2019 Financial Year (FY19) to meet customer sales requirements and reduce operating costs.

The total production for FY20 comprised 90,768 dry metric tonnes (dmt) of spodumene concentrate and 86,991 lbs of tantalite concentrate.

To support a moderated production strategy, mining activities were undertaken on a campaign basis to ensure material mined matched production requirements. This resulted in lower total ore mined of 812,142 wet metric tonnes (wmt) at 1.44% Li_2O and processing plant run-time of approximately 30% across FY20. Mining operations achieved an average strip ratio of 1.39, further supporting Pilbara Minerals' strategy to reduce operating costs and preserve working capital.

The completion of the process plant improvement projects enhanced operational performance and delivered a material improvement in lithia recovery rates in the second half of FY20. Lithia recoveries are now largely in line with plant design specification depending on ore type and consistent process plant run-time. Lithia recovery is key to reducing unit operating cost at the Pilgangoora Project and therefore this improvement has contributed to operating costs[1] now trending downwards towards the target cost of US$320-350/dmt CIF China (SC6.0 basis).

Importantly, during June 2020 when plant utilisation was approximately 65%, the monthly operating cost per tonne sold was approximately US$350/dmt CIF China (or ~US$295/wmt FOB Port Hedland, ex-royalties). This provides an indicative view of the low-cost outcomes that can be achieved at the Pilgangoora Project with higher plant utilisation as customer demand continues to increase.

The ability of the processing plant to deliver design lithia recovery results reflects the significant amount of optimisation and improvement works completed by Pilbara Minerals in FY20.

[1] Operating costs include mining, processing, transport, state and private royalties, native title costs, port, shipping/freight, and site based general and administration costs and are net of Ta_2O_5 by-product credits. Operating costs are calculated on an incurred basis (including accruals) and include inventory movements.

PROCESSING PLANT OPTIMISATION AND IMPROVEMENTS

During FY20, Pilbara Minerals completed several plant improvement works to enhance operational performance, particularly in respect of lithia recovery. This included works to aid iron removal, improve float performance and rectification of prior works completed by the EPC contractor.

The classification process for ore sizing (grind size) pre-flotation is an important contributor to float performance and overall fines spodumene recovery. Processing plant feed grind size is controlled within relatively tight parameters to maximise performance. To improve grind size control, improvement works were completed in respect of processing plant monitoring and sensing equipment, as well as optimisation of process controls.

A key rectification project in respect of works performed by the EPC contractor related to iron removal equipment. To assist in the removal of iron from the process prior to flotation, Pilbara Minerals completed the installation of additional low intensity magnetic separation drums (LIMS) to increase free-iron removal capacity, thereby improving flotation performance, lithia recovery and controls for improved operation of wet high intensity magnetic separation (WHIMS). Other rectification works included process control improvements, instrumentation upgrades and continued replacement of non-specification valves and piping.

With the operation's strong focus on continuous improvement, Pilbara Minerals also undertook work on the filter press, test work on ore type to optimise processing plant recoveries, run-of-mine (ROM) ore blending strategies and general optimisation during plant run-time. The summation of the rectification works, as well as the optimisation activities, have contributed to a material step change in lithia recovery. Lithia recoveries are now largely in line with plant design specifications depending on ore type and consistent process plant run-time.

Table 1: FY20 total ore mined and processed

	UNITS	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	TOTAL FY20
Ore mined	wmt	303,177	65,941	4,954	438,070	**812,142**
Waste mined	wmt	868,441	26,046	21,775	213,621	**1,129,883**
Total material mined	wmt	1,171,618	91,987	26,729	651,691	**1,942,025**
Ore processed	dmt	202,596	102,251	137,407	199,961	**642,215**

Figure 4: FY20 quarterly spodumene concentrate production and shipments (dmt)

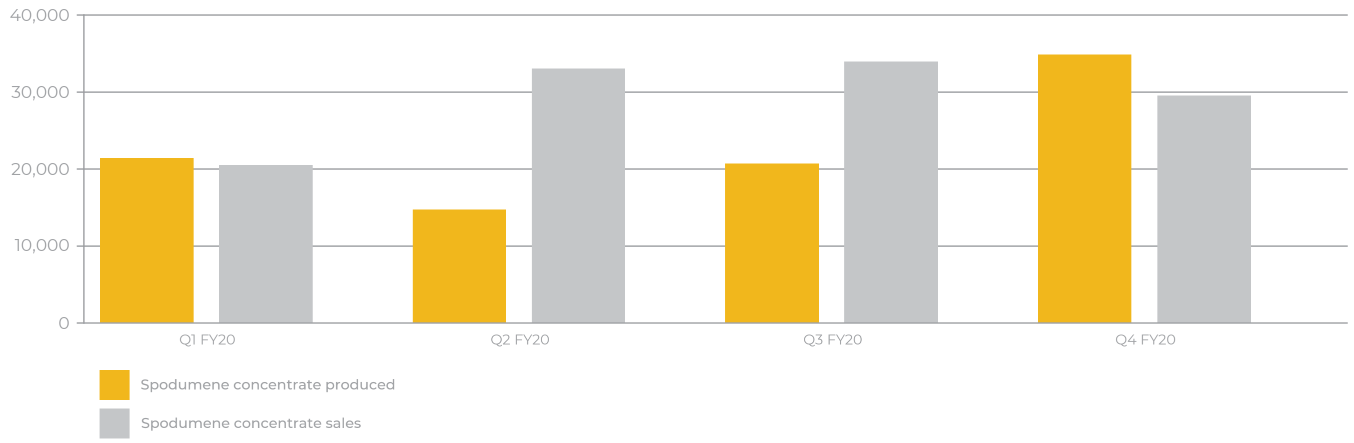


Table 2: FY20 production and shipments

	UNITS	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	TOTAL FY20
Spodumene concentrate produced	dmt	21,322	14,711	20,251	34,484	**90,768**
Spodumene concentrate shipped	dmt	20,044	33,171	33,729	29,312	**116,256**
Tantalite concentrate produced	lbs	48,825	11,162	3,600	23,404	**86,991**
Tantalite concentrate shipped	lbs	10,765	75,369	33,970	23,232	**143,336**

RESOURCES AND RESERVES

MINERAL RESOURCES

During FY20, mining activities continued on a moderated basis to align plant production with customer sales requirements. An annual review of the Mineral Resource was carried out by independent resource consultancy, Trepanier Pty Ltd. The 30 June 2020 Mineral Resource statement (including stockpiled material) comprises a total of 222.5 million tonnes grading 1.26% Li_2O (spodumene), 116ppm Ta_2O_5 and 0.61% Fe_2O_3, containing 2.81 million tonnes of Li_2O and 56.7 million pounds of Ta_2O_5 (Table 3).

Table 3: Pilgangoora Project – Mineral Resource Statement (30 June 2020) including stockpiled material

	MINERAL RESOURCES AS AT 30 JUNE 2020				MINERAL RESOURCES AS AT 30 JUNE 2019			
CATEGORY	TONNES M.dmt	Li_2O (%)	Ta_2O_5 (ppm)	Fe_2O_3 (%)	TONNES M.dmt	Li_2O (%)	Ta_2O_5 (ppm)	Fe_2O_3 (%)
Measured	18.3	1.38	151	0.45	20.1	1.37	147	0.50
Indicated	113.8	1.29	119	0.58	112.7	1.29	119	0.57
Inferred	90.4	1.21	105	0.67	90.4	1.21	105	0.67
Total	**222.5**	**1.26**	**116**	**0.61**	**223.2**	**1.27**	**116**	**0.60**

Note: Totals may not add up due to rounding

ORE RESERVES

Mining operations at the Pilgangoora Project in FY20 have resulted in a revised Ore Reserve estimate. The work undertaken to arrive at this revised Ore Reserve estimate comprised check pit optimisations, economic evaluation and depletion of the June 2019 Ore Reserve for production. There have been minor changes to input parameters but no material changes to the June 2019 Pilgangoora Project open-pit Ore Reserve. The Ore Reserve as at 30 June 2020, was 104.6 million tonnes at 1.26% Li_2O, 120ppm Ta_2O_5 and 1.17% Fe_2O_3 (Table 4).

Table 4: Pilgangoora Project Ore Reserve Statement (30 June 2020)

	ORE RESERVES AS AT 30 JUNE 2020				ORE RESERVES AS AT 30 JUNE 2019			
CATEGORY	TONNES M.dmt	Li_2O (%)	TA_2O_5 (ppm)	Fe_2O_3 (%)	TONNES M.dmt	Li_2O (%)	TA_2O_5 (ppm)	Fe_2O_3 (%)
Proved	18.1	1.31	140	1.15	19.6	1.30	137	1.15
Probable	86.5	1.24	116	1.18	86.4	1.24	116	1.18
Total	**104.6**	**1.26**	**120**	**1.17**	**106.0**	**1.25**	**120**	**1.18**

Notes:

1. Ore Reserves are based on an expected value calculation to report material above a zero $/t net expected value, excluding mining cost. The cut-off to define ore is, therefore, variable in metal grades, but equates to an average cut-off grade of approximately 0.35% Li_2O equivalent, taking the contributing tantalum grades into account.
2. Ore processing assumed that an ore sorting circuit would be used to process pegmatite ore contaminated with basalt, comprising approximately 12% of the Ore Reserve, resulting in average recoveries of 74.6% for Li_2O and 50% for Ta_2O_5.
3. Ore Reserves were estimated using projected concentrate prices of US$594/dmt for 6% Li_2O concentrate and US$65/lb 30% Ta_2O_5 concentrate.
4. Totals may not equal the sum of the component parts due to rounding adjustments.
5. The life-of-mine strip ratio is estimated to be 5.1 to 1 (t:t).
6. The 30 June 2020 Ore Reserve for the Pilgangoora Project comprised of 1.3Mt of contained Li_2O and 28Mlb of contained Ta_2O_5.
7. The Ore Reserve is the economically mineable part of the Measured and Indicated Resource. It includes allowance for ore losses and dilution during mining extraction.
8. Pilbara Minerals ensures that the Mineral Resource and Ore Reserve estimates quoted are subject to governance arrangements and internal controls at both a site level and at the corporate level. Mineral Resources and Ore Reserves are estimated in accordance with the 2012 JORC Code, using industry standard techniques and internal guidelines for the estimation and reporting of Ore Reserves and Mineral Resources. The Mineral Resources and Ore Reserve statements included in the Annual Report were reviewed by the Competent Persons prior to inclusion.
9. No material changes have occurred in the Mineral Resource and Ore Reserve since the June 2019 update within the 2019 Annual Report. Mining operations at the Pilgangoora Project resulted in depletion of the Mineral Resource and Ore Reserve.

PROJECT EXPANSION

During FY20, Pilbara Minerals announced a revised development strategy for the Stage 2 expansion in throughput from 2Mtpa to 5Mtpa. The revised strategy involves an optimised and incremental pathway that better positions the business by enabling expansion flexibility and reduced upfront capital for the first incremental concentrate production tonnage.

To evaluate the potential of this revised strategy several technical studies were undertaken throughout FY20. These studies concluded that a staged expansion to 5Mtpa can be delivered through three incremental phases outlined in Table 5.

Table 5: Indicative Stage 2 phased expansion volumes and capital

PHASE*	INCREMENTAL CONCENTRATE CAPACITY (kt)	CAPEX (+/- 30%) (A$M)
1	100	60-70
2	40-50	20-30
3	330-370	140-150
Total	470-520	220-250

* Timing is ultimately subject to customer and market requirements. A separate Final Investment Decision (FID) is expected to occur for each stage.

The study work undertaken during FY20 included further metallurgical testwork to validate mass-flow and process design assumptions for varying ore types and included:

- the use of mass-rejection to discard lower value ore early in the circuit, with the aim of both reducing production costs and increasing coarse-concentrate yield; and
- utilising latent equipment capacity in the existing circuit to increase production output, thereby lowering the overall capital cost of the expansion.

The results of this testwork concluded that an incremental expansion for Stage 2 can be achieved, thereby avoiding the need for a full duplication of a new circuit as originally contemplated by Pilbara Minerals.

A phased expansion provides several benefits including reduced upfront capital cost to deliver the first phase of incremental production tonnes to customers, with subsequent phases of the expansion to be aligned with customer requirements, ensuring maximum flexibility and reduced capital risk.

With lithium market conditions subdued, Pilbara Minerals is not pursuing further feasibility studies at this stage, but rather progressing work to a point that any expansion can be undertaken quickly and efficiently to meet timing requirements of its Stage 2 customers. When additional production is supported by the market and customers, the Company expects the first phase of the incremental Stage 2 expansion to be delivered within nine months following the Financial Investment Decision (FID).

Aligned with the above strategy, no further work on a possible Stage 3 expansion to up to 7.5Mtpa was undertaken during FY20.

MARKET UPDATE

Lithium raw material demand weakness persisted throughout FY20 with sustained low pricing and demand. This was particularly evident in the Chinese market due to further cuts to subsidy support from mid-2019 and for Pilbara Minerals as a result of delays experienced by its customers in the construction and commissioning of lithium chemical facilities. This was further exacerbated in the second half of FY20 by the impact of the COVID-19 pandemic.

Pilbara Minerals continued to moderate production throughout FY20 as part of its proactive response to preserving cash during these challenging market conditions.

While the COVID-19 pandemic resulted in the short-term suspension and/or curtailment of production at several major automotive OEMs and battery manufacturers, impacting demand for lithium raw materials in the second half of FY20, the industry is expected to be a key beneficiary of post-COVID-19 stimulus measures being progressively introduced.

Since March 2020, governments around the world have introduced new investments and incentives for the electric vehicle (EV) and renewable energy sectors as part of their post-COVID-19 stimulus packages.

Several of the key initiatives announced include:

- European Union – proposing a €20B purchasing facility for EVs and potential future exemption from VAT for EVs.
- France – plans to offer subsidies of up to €12,000, reducing EV prices by 40% in some cases.
- Germany – subsidies of up to €9,000, with vehicle tax exemption for pure EVs extended to 2050.
- England – subsidies of up to £3,000 for pure EVs, with a proposed increase to £6,000, plus a £1B investment in new charging points.
- China – central government policy maintaining (rather than reducing) new energy industry subsidy support and the implementation of further incentives at the provincial level.

As a result of these measures, Bloomberg New Energy Finance (BNEF) has revised its passenger EV sales outlook for 2020 upwards from its initial projection of 1.7M to 1.97M due to the strong growth from European EV sales.

Despite COVID-19, CO_2 regulations combined with more EV models and a strong green stimulus, should see 2020 sales of EVs in the European market increase 24% when compared to 2019.

With no material supply chain in support of battery raw materials into Europe, value-added chemicals required to support the European battery supply will likely be sourced from China in the short to medium term (whether the cathode materials or batteries are manufactured in Europe or North Asia). This means the European supply chain for lithium raw materials will rely on China, which is positive for spodumene demand growth, particularly in support of lithium hydroxide production.

Also encouraging was news that leading EV maker Tesla surpassed Toyota to become the world's most valuable car company. With the early introduction of the Model Y, it is possible that Tesla could achieve 2020 sales of 500,000. This would equate to Tesla achieving 25% market share based on BNEF global EV sales forecast of 2M. To support this growth, Tesla has commenced construction on its new Giga Texas plant, as well as progressing Giga Berlin and expanding Giga Shanghai as it starts to deliver on plans for a Gigafactory on every continent.

Pilbara Minerals is continuing to regularly engage with its global network of offtake partners, which includes both automotive OEMs and battery manufacturers, to meet this expected increase in lithium raw material demand.

CUSTOMERS AND SALES

OFFTAKE AGREEMENTS

STAGE 1

The 2Mtpa processing plant capacity for Stage 1 produces ~330,000tpa of 6% spodumene concentrate. This production is allocated under two long-term offtake agreements with Ganfeng Lithium (160,000tpa) for 10 years with the option to extend by 10 years and General Lithium (120,000tpa) for six years. During FY20, Pilbara Minerals diversified its Stage 1 offtake customer base through offtake agreements with Great Wall Motor Company for 20,000tpa for approximately six years and with Yibin Tianyi under a five-year agreement for up to 75,000tpa of spodumene concentrate.

> "High quality global offtake partners underpin Pilbara Minerals' customer base."

STAGE 2

The 5Mtpa designed plant capacity for the proposed Stage 2 expansion will deliver ~800-840,000tpa of 6% spodumene concentrate. The incremental production from the Stage 2 expansion has been allocated under three offtake agreements with Great Wall Motor Company (75,000tpa), Ganfeng Lithium (150,000tpa) and POSCO (80-315,000tpa). These offtake arrangements are conditional on and underpin the Stage 2 expansion.

POSCO DOWNSTREAM JV

In FY20, Pilbara Minerals and POSCO further progressed discussions in relation to a potential downstream joint venture (JV) opportunity. This led to the signing of a detailed term sheet for a proposed development of a 40,000tpa LCE (lithium carbonate equivalent) (previously 30,000tpa LCE) lithium chemical conversion facility in South Korea. It is proposed Pilbara Minerals will initially hold a 21% interest in the JV, with an option to increase to 30%.

The facility plans to use POSCO's patented PosLX purification process to produce industry leading, high-grade hydroxide and carbonate products from the Pilgangoora Project's spodumene concentrate. To support the increased production capacity of the 40,000tpa LCE facility, the JV contemplates Pilbara Minerals increasing the initial offtake agreement (signed with POSCO in 2018) from 240,000tpa to 315,000tpa of spodumene concentrate (dmt basis). This product would be supplied from the Company's proposed Stage 2 expansion. In return for the increased offtake, POSCO plans to commit to provide a US$25M prepayment to assist with funding Pilbara Minerals' Stage 2, 5Mtpa expansion.

This US$25M prepayment is in addition to the previously announced $79.6M unsecured convertible bond agreement with POSCO which will be used to largely fund Pilbara Minerals' initial 21% investment in the JV.

The offtake agreement with POSCO and its pricing is based on the strength of lithium chemicals pricing in South Korea, which is supported by growing demand for lithium chemicals among key Korean battery manufacturers, including LG Chem, Samsung SDI and SK Innovation. Should a JV with POSCO proceed, it will provide Pilbara Minerals with multiple benefits, including downstream vertical integration, geographic diversity with direct participation within a growing battery materials market in South Korea and partnership with a significant battery materials partner. If a JV does not proceed, then the offtake agreement with POSCO will reduce from 315,000tpa to 80,000tpa.

In light of market conditions and the need to undertake further technical evaluations on the design of the proposed chemical conversion facility, POSCO advised in the second half of FY20 that the JV project has been delayed. While the intention is to still continue with a JV, it's progression and timing is dependent on market conditions and POSCO concluding its technical evaluations currently being undertaken.

The JV remains conditional on conclusion of due diligence, formal documents and both companies making a final investment decision, including Pilbara Minerals' decision to proceed with the Stage 2 expansion which will support the JV.

SALES AND SHIPPING

SPODUMENE CONCENTRATE

Soft lithium market conditions, tempered customer demand from delays in the construction and commissioning of customer conversion facilities and disruption caused by the COVID-19 pandemic all contributed to lower product sales during FY20.

In total, spodumene concentrate product sales for FY20 were below Pilbara Minerals' customer commitments under its offtake agreements. Throughout the year, Pilbara Minerals worked constructively with its customers to ensure it could support them during this challenging time, with a focus on maintaining relationships and securing sales and shipments to support production and generate income during each quarter.

For FY20, Pilbara Minerals shipped a total of 12 cargoes over eight vessels which supported customer shipments of 116,256 dmt spodumene concentrate, realising sales of $84.15M. China was the primary destination market for the spodumene concentrate sold.

Four of these cargoes, representing 12% of total sales for FY20, were delivered to South Korea to support the operation of POSCO's PosLX downstream processing facility.

Pilbara Minerals continued to focus on diversifying its customer base and as a result of its strategic relationship with Contemporary Amperex Technology (CATL), the Company welcomed Yibin Tianyi as an offtake customer for Stage 1 in FY20. The addition of Yibin Tianyi complements the list of high quality global partners with which Pilbara Minerals already has offtake agreements with, including Ganfeng Lithium, General Lithium, Great Wall Motor Company and POSCO.

Yibin Tianyi is a key participant in CATL's lithium supply chain and is rapidly expanding its footprint in the new energy technology sector to become a leading lithium chemical and battery materials supplier. In March 2020, Yibin Tianyi took delivery of its first shipment containing 20,493 dmt of spodumene concentrate, which was Pilbara Minerals' largest shipment in FY20.

TANTALITE CONCENTRATE

In FY20, Pilbara Minerals shipped 143,336 lbs of 5% and 30% tantalite concentrate to Global Advanced Metals Greenbushes Pty Ltd, a wholly-owned subsidiary of Global Advanced Metals Pty Ltd and a vertically integrated provider of tantalum metallurgical products and tantalum powders for high-performance capacitors, with a total sales value of $7.46M.

CORPORATE

FINANCING

In FY20, Pilbara Minerals continued to strengthen its balance sheet and reduce its operating costs through a series of financial initiatives. This included a $111.5M equity raise, incorporating a strategic investment of $55M from China's largest electric vehicle battery manufacturer, Contemporary Amperex Technology (CATL), an institutional placement of $36.5M and a $20M Share Purchase Plan which was strongly supported by the Company's shareholders.

During FY20, Pilbara Minerals remained in full compliance with the financial convenants under the senior secured US$100M Nordic Bond and made its first principal repayment of US$6.25M in June 2020. The US$15M Working Capital Facility with BNP Paribas (which was executed in August 2018) remained undrawn at year end and in compliance with financial covenants.

Subsequent to the year end, Pilbara Minerals reached financial close for a US$110M senior secured debt facility (Finance Facility) from leading international bank BNP Paribas and Australia's specialist clean energy investor, the Clean Energy Finance Corporation. This facility has funded the early redemption of the existing US$100M Nordic Bond, along with the early redemption premium payable and related transaction costs.

Key terms of the Finance Facility include a five year tenor at an average interest cost of ~5%, quarterly interest only payments for the first two years, quarterly amortisation over years' three to five and a bullet repayment of US$36M on maturity. The establishment of this Finance Facility represents the culmination of the process outlined during the March 2020 quarter to evaluate funding options that could ultimately ease the cashflow impact of the Nordic Bond, including reducing the 12% cost of funding attached to the Nordic Bond. Drawdown of the Finance Facility and repayment of the Nordic Bond occurred during the September 2020 quarter.

During this process, Pilbara Minerals also secured a binding commitment from BNP Paribas to renew the existing US$15M Working Capital Facility.

Securing this long-term debt facility is an outstanding achievement for Pilbara Minerals, representing the first time that a lithium raw materials player of this size has attracted conventional, syndicated project financing on competitive terms.

FY20 concluded with a strong cash balance of $86.3M.

MAINTAINING A STRONG BALANCE SHEET

$111.5M
EQUITY RAISED

US$110M
DEBT FACILITY SECURED (FOLLOWING REFINANCING SUBSEQUENT TO FY20 YEAR END)

$86.3M
CASH BALANCE (AS OF 30 JUNE 2020)

SUSTAINABILITY REPORT

SUSTAINABILITY MISSION

CONTRIBUTE TO A SUSTAINABLE FUTURE THROUGH RESPONSIBLE OPERATIONS AND ETHICAL BUSINESS PRACTICES, THAT DELIVER ECONOMIC RETURNS TO OUR SHAREHOLDERS AND CREATE SHARED VALUE IN OUR COMMUNITIES

In the 2019 Financial Year (FY19), Pilbara Minerals commenced formal sustainability disclosure through the release of its first sustainability report. The FY19 report established a foundation for year on year reporting and a plan for full disclosure.

The 2020 Financial Year (FY20) has shown continuous improvement in respect of Pilbara Minerals' sustainability practices and performance which is outlined within the FY20 Sustainability Report.

Sustainability progress has been documented against the Company's material sustainability issues which were identified following consultation with key stakeholders in FY19 (see page 30).

FY20 presented direct challenges associated with soft lithium raw material demand, lower product pricing and downstream impacts due to the coronavirus (COVID-19) pandemic. Consequently, whilst the Company made tangible progress in some areas, it was not able to achieve all it intended.

FY20 culminated in the development of Pilbara Minerals' sustainability pillars, under which the Company has consolidated the material issues previously identified. The sustainability pillars will underpin strategy development and planning in the 2021 Financial Year (FY21) and assist in the communication of the Company's objectives.

Whilst the Pilgangoora Project's lithium raw material supply enables the manufacture of renewable energy applications and electrification of the transport sector, Pilbara Minerals' own efforts must align with the purpose of these applications in supporting the global imperative to reduce the reliance on fossil fuels. As such, Pilbara Minerals is revising its current sustainability plan through to 2025. The revised plan will be progressive, with further focus on climate change risks and opportunities.

PILBARA MINERALS' BOARD 2020

IN PRACTICE

SUSTAINABILITY GOVERNANCE

Pilbara Minerals' sustainability objectives are not only central to it being a responsible and ethical business, but also intrinsically linked to the Company's performance and ability to create value for shareholders and communities in the long-term.

The Board considers sustainability an integral part of the Company's strategy and has assumed responsibility for performance in this area by establishing a standalone Sustainability Committee. Under its charter, the Sustainability Committee must comprise at least three non-executive directors, the majority being independent directors, and is chaired by an independent director.

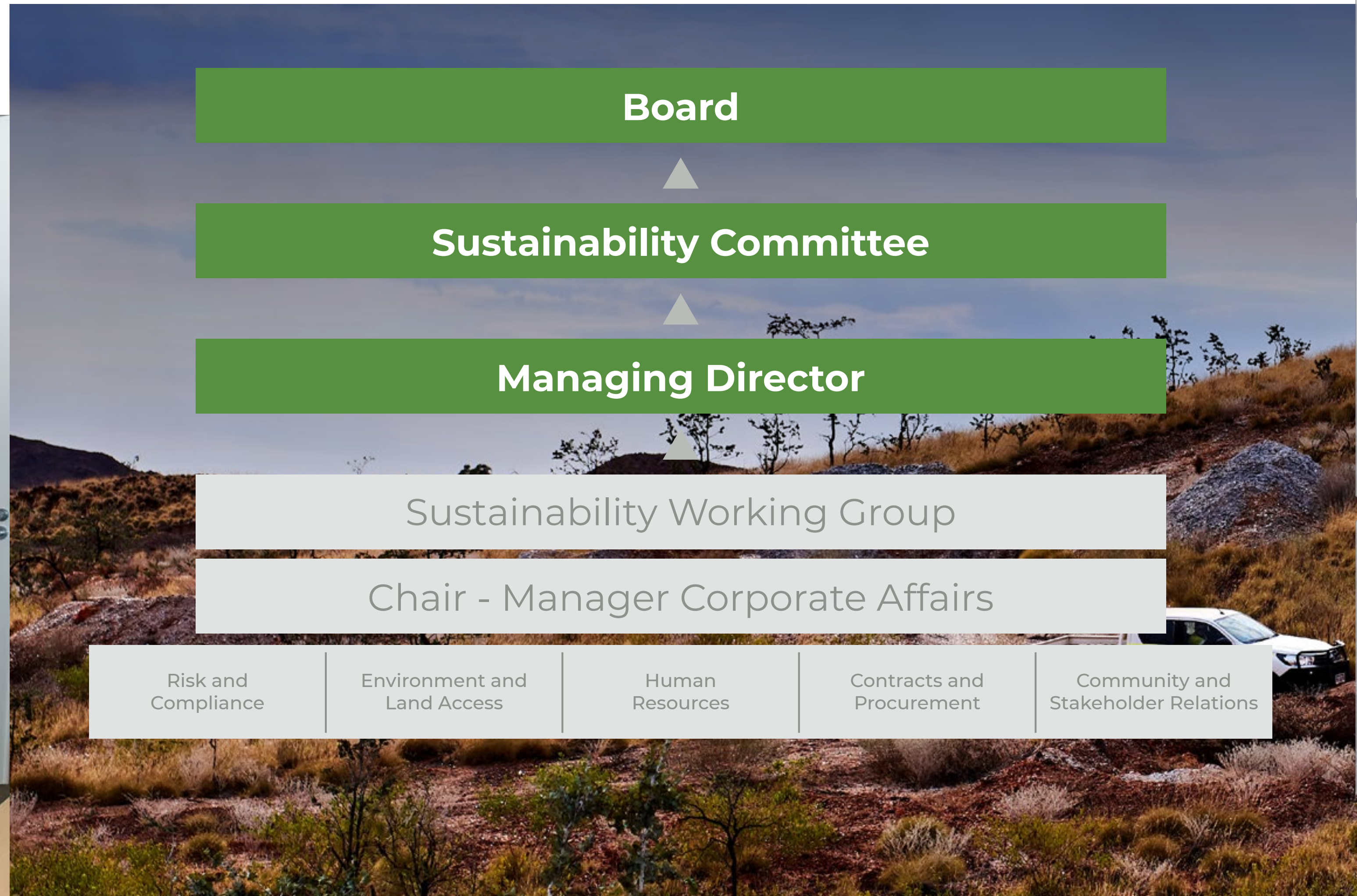
The role of the Sustainability Committee is to assist both the Board and broader business in respect of developing sustainability policy, assessing strategy and ensuring the delivery and maintenance of the sustainability plan. This includes monitoring progress against sustainability commitments, setting and measuring performance targets for senior executives and identifying sustainability risks and opportunities. The Sustainability Committee Charter and Sustainability Policy can be found at **pilbaraminerals.com.au**.

At an operational level, Pilbara Minerals has established an internal Sustainability Working Group which reports to the Managing Director.

In FY20, the Sustainability Working Group met quarterly to monitor and review sustainability performance in respect of FY19 sustainability commitments and consider future risks and opportunities.

Pilbara Minerals' sustainability governance structure is reflected in Figure 5 and was updated in FY20 to reflect the establishment of the Sustainability Committee.

Figure 5: Sustainability governance structure



SUSTAINABILITY STRATEGY PILLARS

Our purpose	Making the world a better place by enabling the global energy transformation
Our sustainability mission	Contribute to a sustainable future through responsible operations and ethical business practices that deliver economic returns to our shareholders and create shared value in our communities

Our sustainability pillars	RESPONSIBLE AND ETHICAL ACTIONS	VALUE OUR PEOPLE	SUSTAINABLE OPERATIONS
Where do we want to be	A responsible and ethical operation underpinning long-term success	Great people that go home safe and well each day proud of their contribution	Make a positive contribution, minimise our impacts and leverage opportunities
Material topics	Economic and financial Governance Risk and compliance Human rights	Health and safety Culture People	Environmental management Climate change Community and indigenous relations
Material issues	Economic and financial Governance Risk and compliance Human rights	Worker health safety and wellbeing Employee attraction / retention Diversity and inclusion Workplace culture / conditions Employee development	Environmental management Climate change Community and indigenous relations
Focus area over next 5-years	Regulatory compliance	Health and safety Culture and people	Climate change Indigenous relations and opportunities

Recognising that many of the material issues for sustainability are intrinsically linked, in FY20 Pilbara Minerals developed sustainability pillars to consolidate the Company's material issues into three overarching pillars. These sustainability pillars will form the foundation for the Company's sustainability strategy.

Through this work, Pilbara Minerals identified five key areas considered most important to the Company and its stakeholders, which will be the focus over the next five years. These five key materiality issues are:

- health and safety;
- culture and people;
- climate change;
- Indigenous relations and opportunities; and
- regulatory compliance.

In FY20, an assessment was undertaken to further understand what being a sustainable business and operation means to Pilbara Minerals and its stakeholders. Understanding 'why' sustainable outcomes are important provides purpose and clarity, further supporting the integration of sustainability into the Company's organisational culture.

Based on this, the following overarching goals were developed:

People – Attract and retain the best talent, make our people proud of their contribution and ensure everyone goes home safe and well every day.

Investors – Create value for our shareholders through investment attraction, improved performance and long-term sustainable growth.

Partners – Work with partners and suppliers throughout our entire supply chain that align with our values and commitment to operating responsibly and ethically.

Community – Being responsible in our communities by ensuring our operations create shared value, make a positive contribution and minimise impacts.

For the Company – We want to be here for the long-term as a good company, one that our families are proud of and whose operations are conducted responsibly and ethically, in line with and contributing to the world we are striving to create.

SUSTAINABILITY STRATEGY AND PLAN

Development of Pilbara Minerals' sustainability strategy and revised plan was impacted in FY20 by the challenging and changing business environment. It is now expected that the sustainability strategy and subsequent extended plan to 2025 will continue to be developed in FY21. This work will include the identification of specific sustainability metrics and targets.

INTERNATIONAL STANDARDS

Appropriate guidance has been taken from internationally recognised frameworks to lead Pilbara Minerals' reporting, including the Global Reporting Initiative (GRI) and the United Nations' Sustainable Development Goals (UNSDGs). To show how the Company is supporting the achievement of the UNSDGs it has aligned its material sustainability issues to each of them. The UNSDGs were adopted by the United Nations in 2015.

These goals were developed as part of the 2030 Agenda for Sustainable Development and provide a blueprint on how to achieve a better and more sustainable future for all. They address global challenges, including those related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice.

MATERIAL SUSTAINABILITY ISSUES

In FY19, a materiality assessment was undertaken to understand the key environmental, social and governance issues and areas most important to Pilbara Minerals' stakeholders. As part of this assessment, stakeholder interviews were conducted with groups including investors, brokers, financiers, community groups, Traditional Owners, Directors, management and suppliers. This process identified the sustainability issues below as being material for Pilbara Minerals. These material issues have been aligned to the UNSDGs which demonstrates the role of the business in supporting economic growth and sustainable development.

Other than the implementation of the moderated production strategy, Pilbara Minerals' business remained largely unchanged in FY20. Therefore, these material issues continued to be the focus of sustainability in FY20.

MATERIAL ISSUE	UNSDGs	PAGE NUMBER
RESPONSIBLE AND ETHICAL ACTIONS		
Economic performance	8, 16	34
Regulatory compliance	16	35
Anti-bribery and corruption	16	35
Human rights in supply chains	8, 12, 16	38
VALUE OUR PEOPLE		
Employee attraction/retention	8	40
Workplace culture/conditions	8	42
Diversity and inclusion	10, 5	45
Employee development	4	45
Worker health, safety and wellbeing	3, 8	47
SUSTAINABLE OPERATIONS		
Global energy transition	7	54
Land and resource use	12, 13, 15	56
Climate change management	7, 12, 13, 15	57
Regional economic impacts	1, 9, 17	60
Indigenous relations and opportunities	3, 4, 16	61

STAKEHOLDERS

Pilbara Minerals is committed to transparent, two-way communication and regular engagement with its stakeholders. This commitment supports Pilbara Minerals being both an ethical and responsible business and meeting its continuous and periodic disclosure requirements.

In FY20, a Stakeholder Grievance Procedure was implemented and is now publicly disclosed on the Company's website at **pilbaraminerals.com.au**.

Pilbara Minerals' stakeholders, their interests and how the Company engages with these groups is outlined in Table 6.

Table 6: Stakeholders, interests and engagement activities

STAKEHOLDER GROUP	INTEREST	ENGAGEMENT ACTIVITIES
Shareholders · Retail · Institutional · Customers · Strategic	Share price, economic, operational, sustainability and corporate governance performance, corporate strategy, risk management	ASX announcements, annual report, sustainability report, financial reporting, shareholder meetings, investor calls, roadshows, phone calls, website, meetings, media and correspondence
Offtake customers · Ganfeng Lithium · General Lithium · POSCO · Great Wall · Yibin Tianyi · GAM	Product supply and quality, sales/offtake contracts, security of supply, shipping, payments, financial position, sustainability performance	Meetings, phone calls, correspondence, site and facility visits
Financial institutions · Bond holders · Clean Energy Finance Corporation · BNP Paribas · Bankers	Share price, economic, operational, sustainability and corporate governance performance, corporate strategy, risk management, financial facilities	Meetings, phone calls, correspondence, site visits, website, media
Suppliers	Supply contracts, financial performance, bill payments, supply and purchasing	Meetings, phone calls, correspondence, site visits
Employees	Company performance and financial stability, job security, remuneration, professional development, career advancement, safety, culture, working conditions	Internal communications strategy: · meetings · engagement activities – two way and face to face · social events · correspondence · newsletters · intranet
Contracting partners	Company performance and financial stability, contract security, safety, culture, operational performance, working conditions	Meetings, forums, engagement, correspondence, phone calls, website, ASX announcements
Traditional Owners · Nyamal People · Kariyarra People	Agreement compliance, cultural heritage and land access management, environmental impact, jobs, training, social and economic contribution, safety	Quarterly Implementation Committee Meetings, Aboriginal Liaison Officer, meetings, calls, site and community visits, correspondence, website, cultural awareness training, Nyamal Aboriginal Corporation board meeting presentation

Table 6: Continued

STAKEHOLDER GROUP	INTEREST	ENGAGEMENT ACTIVITIES
Local and regional communities · Local individuals and groups residing in proximity or are impacted by operations	Employment and business opportunities, environmental, cultural heritage and land access management, economic and social contribution, contractor performance, safety, financial performance, corporate governance, risk management	Meetings, phone calls, correspondence, site and community visits, ASX announcements, events, website, media
Government and regulatory agencies · State, Federal and Local	Regulatory compliance, social and economic impacts, employment and training, project investment, environmental and land management, corporate governance, financial performance, community engagement, downstream processing, risk management, regulatory reform	Meetings, phone calls, correspondence, site visits and inspections, ASX announcements, events, website, media, compliance reporting
Media · Local, state, international – radio, print, social, TV	Current news and results, operational and financial performance, thought leadership	ASX announcements, events, meetings, phone calls, site visits
Industry · Associations · Industry groups	Membership, industry positioning, regulatory reform, government engagement and support, operational performance, industry engagement	Meetings, events, working groups, committees, correspondence, ASX announcements, phone calls, media, websites
Institutions · Training and education	Training programs, research and development, clean energy technologies, funding and program support, technical expertise and information	Meetings, calls, events and information sharing

COVID-19 RESPONSE

As with virtually all businesses, Pilbara Minerals was impacted by the COVID-19 pandemic in the second half of FY20 as the global lithium raw material supply chain slowed-down, over and above earlier demand weakness.

With current expansion plans on hold, there was no impact to project development activities.

The priority during COVID-19 has been to manage the risk to Pilbara Minerals' people and contractors and maintain their health and safety, while at the same time preserving business continuity. To achieve this, while ensuring government directives were followed, a comprehensive set of control measures were deployed to manage COVID-19 including:

- Review of business continuity plan.
- Activation of Infectious Diseases Management plan.
- Increased sanitation and cleaning procedures across operations.
- Communication and engagement with employees and contractors on personal hygiene, social distancing and personal health responsibilities.
- Sanction on non-essential travel.
- Reduction of people movements through the implementation of longer operational rosters and working from home arrangements for the Perth office.
- Increased information security and awareness to support working from home arrangements.
- Implementation of health checks and screening for the operational fly-in, fly-out workforce (including contractors).
- Initiatives around mental health and communication to support employees and contracting partners.
- Social distancing within company transportation and across site, including camp facilities.
- Engagement with government, industry and local community.
- Undertaking scenario planning and risk assessments.

An internal COVID-19 working group was also formed and supported via industry and government engagement through the Chamber of Minerals and Energy's COVID-19 Industry Response Working Group. Internal scenario planning was undertaken regularly to ensure Pilbara Minerals' response was relevant and the effective controls were in place to support the ever-changing environment.

During June 2020, the Company began to wind back some of the control measures put in place, including the extended fifteen days on, thirteen days off roster at the Pilgangoora Project site, to the eight days on, six days off roster. However, the Company still maintains a high level of diligence in respect of pre-flight health screening and sanitation.

RESPONSIBLE AND ETHICAL ACTIONS

A RESPONSIBLE AND ETHICAL OPERATION UNDERPINNING LONG TERM SUCCESS

ECONOMIC AND FINANCIAL

In FY20, Pilbara Minerals responded proactively to soft lithium market demand and pricing by deploying a production moderation strategy to align mining and processing activities with customer demand.

Processing plant improvement and optimisation works undertaken led to improved lithia recoveries, contributing to a reduction in unit operating costs during FY20. These strategies, along with a $111.5M equity raising and US$110M debt refinancing (post year-end), have maintained a strong balance sheet.

KEY FINANCIAL OUTCOMES FOR FY20

EQUITY RAISING -

$111.5M

ROYALTIES PAID - (GOVERNMENT AND NATIVE TITLE PARTIES)

$7M

RECEIPTS FROM CUSTOMERS -

$86.2M

(spodumene concentrate)

CASH BALANCE OF -

$86.3M

(as at 30 June 2020)

TAXES PAID (STATE AND FEDERAL) -

$1.3M

WORKING CAPITAL OF -

$91.6M

(as at 30 June 2020)

SALARIES PAID -

$22.3M

PAYMENT FOR GOODS AND SERVICES (OPERATING AND CAPITAL) -

$98.7M

(excludes salaries, royalties and taxes and net of tantalite receipts)

CORPORATE GOVERNANCE

Pilbara Minerals' record of strong corporate governance continued in FY20, with no reported breaches of relevant policies and maintaining full compliance with legal and regulatory obligations. The Corporate Governance Statement for FY20 can be found at **pilbaraminerals.com.au**.

Policies within the Company's corporate governance framework that support Pilbara Minerals to achieve this include the Code of Conduct, Board Charter, Board Committee Charters, Continuous Disclosure, Securities Trading, Whistleblower and Shareholder Communications and Investor Relations policies. All policies and practices are reviewed annually and updated to ensure they are supportive of the current business environment and any changes to ASX Listing Rules. As a result, in FY20 these were reviewed and updated in line with the 4th edition of the ASX Corporate Governance Principles and Recommendations. A full version of current Corporate Governance Policies can be found at **pilbaraminerals.com.au**.

The Code of Conduct sets out the behaviours that are expected from both employees and contractors in their dealings with each other, shareholders and the broader community. It also encourages people to report any suspected or known unethical practices. New employees are required to read the Code of Conduct and commit to conducting themselves accordingly. Formal training is also provided and in FY20 employees were trained in respect of the code. The Code of Conduct is also included as part of contractor obligations in contracts.

In line with Pilbara Minerals' FY19 commitment, an Anti-bribery and Corruption Policy was adopted. The Anti-bribery and Corruption Policy outlines a zero-tolerance approach in this area and sets out the Company's expectations that employees perform their work with honesty, integrity and in compliance with relevant laws. This includes when dealing with private individuals, third parties or public officers. This policy can be found at **pilbaraminerals.com.au**. Training was provided to employees across the business in respect of this policy in FY20, with further training planned for FY21.

FY20 COMMITMENTS

Continuation of strong corporate governance	✓ Achieved
Implementation of an Anti-Corruption and Bribery Policy in addition to the Code of Conduct	✓ Achieved
Preparing and updating relevant policies and procedures to align, where appropriate, with the 4th edition of the ASX Corporate Governance Principles and Recommendations	✓ Achieved

LOOKING AHEAD TO 2021

- While the Whistleblower Policy and reporting systems are already in place, a rollout of a Whistleblower software reporting tool is proposed which will improve ease-of-access and process controls
- Commencement of stand-alone Sustainability Committee meetings
- Implementation of the Minimum Holding Policy for the Company's securities for Non-executive Directors and executives

RISK AND COMPLIANCE

The ongoing identification and management of business risk is supported by a Risk Management Policy, a Risk Management Framework and a Risk Appetite Framework. Pilbara Minerals takes a proactive approach to identifying, assessing, evaluating and treating risks through structured and formal risk reviews and in alignment with AS ISO 31000:2018.

Pilbara Minerals' Board is responsible for overseeing risk and assigns accountabilities and responsibilities for risk management to the Audit and Risk Committee (ARC), the Managing Director and executive management. The Risk Management Framework provides the basis for implementing and managing industry standard risk management practices, as well as integrating risk management into corporate governance and business management processes. Internally, risk and controls are managed through quarterly reviews, risk audits, mandatory job-specific training and an online risk management system.

In FY20, an internal Risk Appetite Framework aligned to Pilbara Minerals' strategic, business and operational plans and risk management philosophy was adopted. It sets out a common vision of how different risks are viewed in pursuit of strategic objectives and serves as a key business decision-making tool. The following broad risk families have been identified to categorise risks:

- Strategic
- Environmental
- Operational
- Financial
- Compliance

The Company continued to investigate emerging risks during FY20, with several climate related risk workshops conducted as part of an initial identification process. In addition, training was provided to the Executive Leadership Team on the Task Force for Climate-related Financial Disclosure (TCFD) in preparation for ongoing reporting.

In FY20, Pilbara Minerals continued to put in place strategies to effectively manage its risk. The top six business risks and the Company's response is provided in Table 7.

Table 7: Top six risks and mitigation strategies

RISK	MITIGATION STRATEGY	RESULTS
Refinancing of US$100M Nordic Bond debt facility	• Assess various options to refinance or restructure facility	• US$110M debt facility secured to repay Nordic Bond and reduce funding costs (refer to ASX announcement 30 July 2020)
Lower offtake sales	• Diversify customer base and engagement with current offtake partners on product supply	• Sales were achieved each quarter, albeit lower • New offtake agreements secured with Yibin Tianyi and Great Wall Motor Company
Fluctuation in spodumene concentrate demand	• Moderated production strategy deployed to support reduced customer demand and lower operating costs • Maintain a strong balance sheet through financing initiatives • Diversify customer base and engagement with current offtake partners on product supply	• $111.5M equity raising (see ASX announcement 4 September 2019) • US$110M debit facility secured to repay Nordic Bond and reduce funding costs (refer to ASX announcement 30 July 2020) • New offtake agreements secured with Yibin Tianyi and Great Wall Motor Company • Strong balance sheet
Fluctuation in USD product price	• Lower operating cost and in particular as a function of higher lithia recoveries • Focus on continually meeting or exceeding customer requirements • Maintain a strong balance sheet through financing initiatives • Continue to achieve product sales	• Lower operating cost achieved through improved lithia recovery • $111.5M equity raising (see ASX announcement 4 September 2019) • US$110M debit facility secured to repay Nordic Bond and reduce funding costs (see ASX announcement 30 July 2020) • Strong balance sheet and working capital position
Non-compliance event under debt facility agreements	• Maintain a strong balance sheet through moderated production to reduce operating costs and financing initiatives • Assess various options to refinance or restructure facility • Quarterly compliance review process	• $111.5M equity raising (see ASX announcement 4 September 2019) • US$110M debit facility secured to repay Nordic Bond and reduce funding costs (see ASX announcement 30 July 2020) • Full compliance during FY20
Management of infectious disease (COVID-19)	• Deployment of Infectious Management Plan • Engage with industry and government • Operational changes, hygiene management, pre-travel testing and social distancing practices • Business continuity planning	• Measures deployed successful in preventing COVID-19 case presenting within operation in FY20 • Continual monitoring of situation and aligning with government directives • Business Continuity Plan revised

FY20 COMMITMENTS

Build upon the compliance and risk frameworks and associated obligations with a focus on continual improvement	✓ Achieved and continuously improving
Continue to foster a culture of compliance	✓ Achieved and continuously improving
Actively assess emerging risk trends, particularly around sustainability issues including climate change, meeting stakeholder expectations and social licence to operate	✓ Achieved and ongoing

LOOKING AHEAD TO 2021

- Continue to review risk and opportunity as it pertains to climate change in consideration of the TCFD
- Review and refine existing policies and introduce new controls with respects to cyber-security and information protection
- Introduce and formalise an internal audit framework and establish a structured plan

HUMAN RIGHTS IN THE SUPPLY CHAIN

With many people in various countries (including in Australia) enshrined in modern slavery involving a range of labour rights abuses (some of which are extreme), Pilbara Minerals has a part to play in exposing and eliminating such practices. Examples of modern slavery include slavery, servitude, human trafficking and forced or compulsory labour.

For Pilbara Minerals, procuring goods ethically is not only a socially responsible business practice, but also a regulatory requirement under the Commonwealth Modern Slavery Act 2018 (Act). This Act requires Australian companies with annual consolidated revenue of $100M or more to submit a modern slavery statement to the Australian Government from FY20 onwards.

With the Company's annual consolidated revenue below this threshold it is not required to submit a statement for FY20 but has opted to voluntarily do so in March 2021. This voluntary disclosure supports Pilbara Minerals' commitment to identifying and acting upon the potential occurrence of modern slavery within its supply chain and the associated risk of this practice when procuring goods and services.

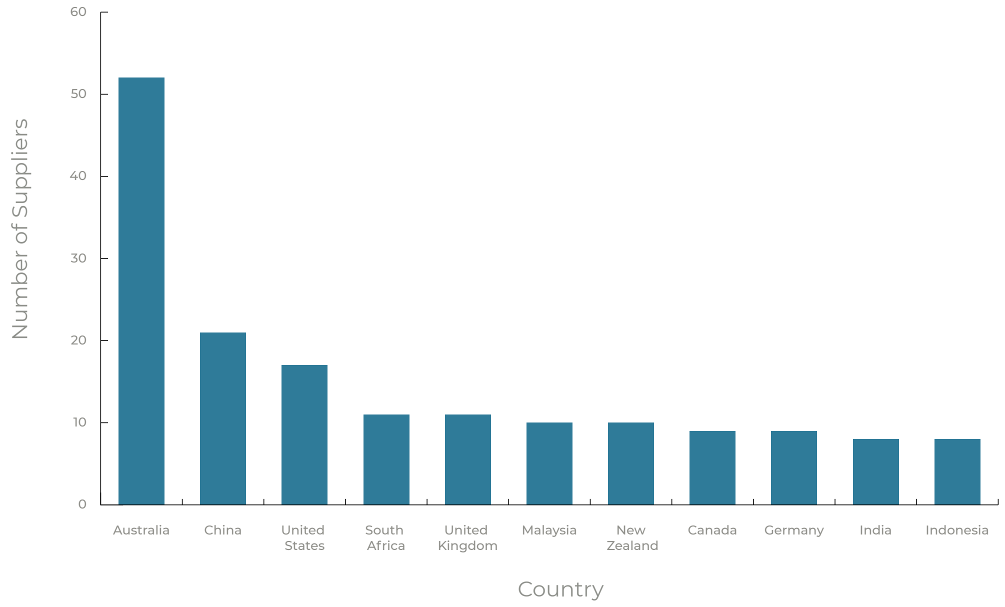
In preparation for this disclosure, during FY20 Pilbara Minerals progressed its due diligence (which commenced in FY19) to identify the risks of modern slavery within its supply chain. This process involved conducting a survey of 82 suppliers to understand more about their operations, supply chains and policies on modern slavery.

Only through this disclosure can the Company understand any risks associated with its supply chain and then take appropriate action. As of 30 June 2020, 68% of these suppliers had completed the survey. By comparing data as provided in the 2018 Global Slavery Index, it was noted that most suppliers were operating in areas that appear to have a low prevalence of modern slavery, however several higher risk areas were identified, specifically in Malaysia, India and Indonesia. A second round of enquiry will be undertaken during FY21, with additional queries for those identified suppliers who have highlighted operating in higher prevalence areas, in addition to reviewing the suppliers who have not provided a response to the survey instrument.

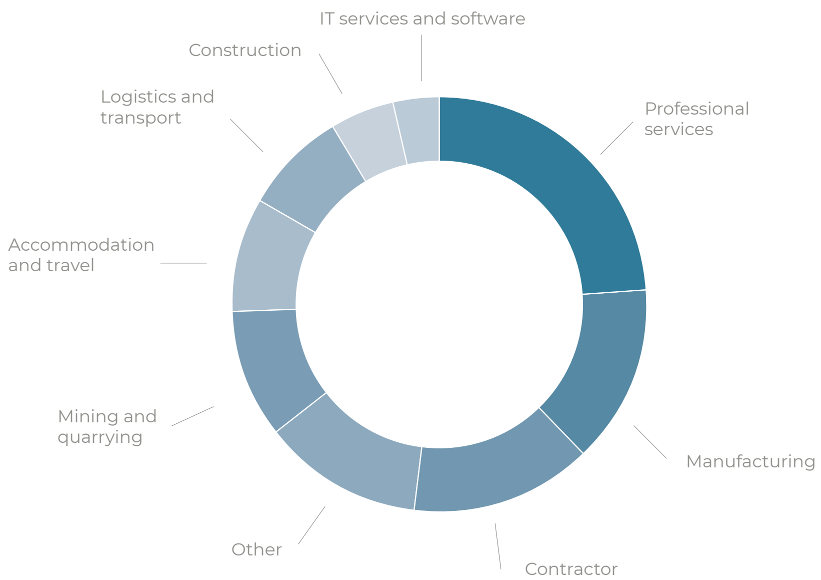
LOOKING AHEAD TO 2021

- Develop and roll out a Modern Slavery Policy
- Deliver Modern Slavery awareness training across organisation
- Further analysis of those suppliers that are sourcing goods in higher prevalence areas
- Voluntarily submit modern slavery statement

Most frequent countries where suppliers operate in / source from



Supplier responses by industry type



VALUE OUR PEOPLE

GREAT PEOPLE THAT GO HOME SAFE AND WELL EACH DAY PROUD OF THEIR CONTRIBUTION

GREAT PEOPLE AND COMPANY CULTURE

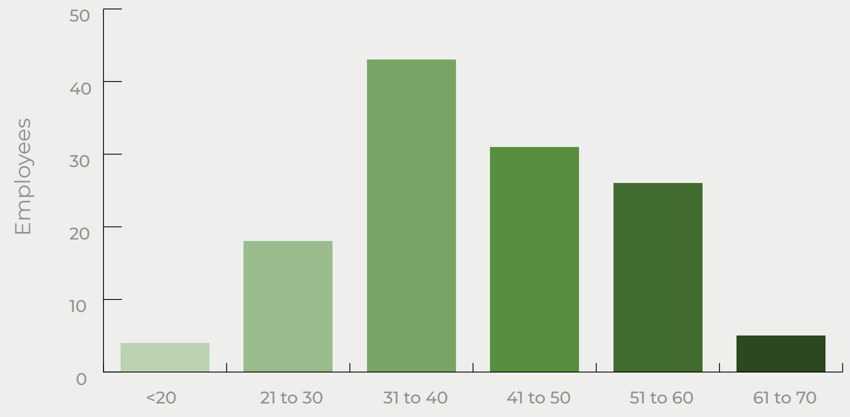
Pilbara Minerals strives to keep people safe and well, while creating an environment where everyone is valued, empowered and supported. Pilbara Minerals' Board and management proactively foster an organisational culture in which people can be innovative, take ownership of their work and achieve success as a team.

As with most businesses, the rapidly changing environment caused by the outbreak of COVID-19 resulted in changes to the logistics and support (including a ramp-up in hygiene initiatives) to operations during the second half of FY20. Pilbara Minerals was privileged that the government granted the resources industry a continued licence to operate, albeit under strict directives from April to June such as extended rosters, closure of gyms and wet messes amongst other controls. To comply with these directives, temporary changes were made to the Company's fly in, fly out (FIFO) workforce roster, which involved an extension from the normal sequence of eight days on, six days off to a fifteen days on, thirteen days off cycle.

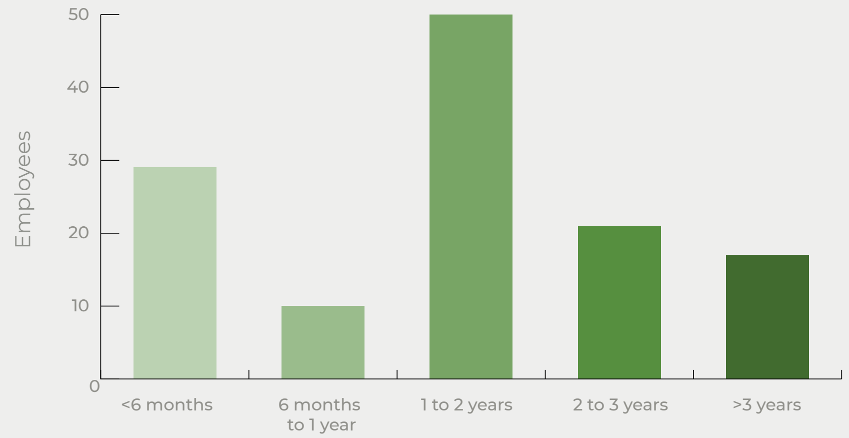
Recognising there was a lot of unease and uncertainty with the situation, communication activities were ramped up with a focus on employee wellbeing to ensure everyone was informed and felt supported.

WORKFORCE SNAPSHOT (AS AT 30 JUNE 2020)

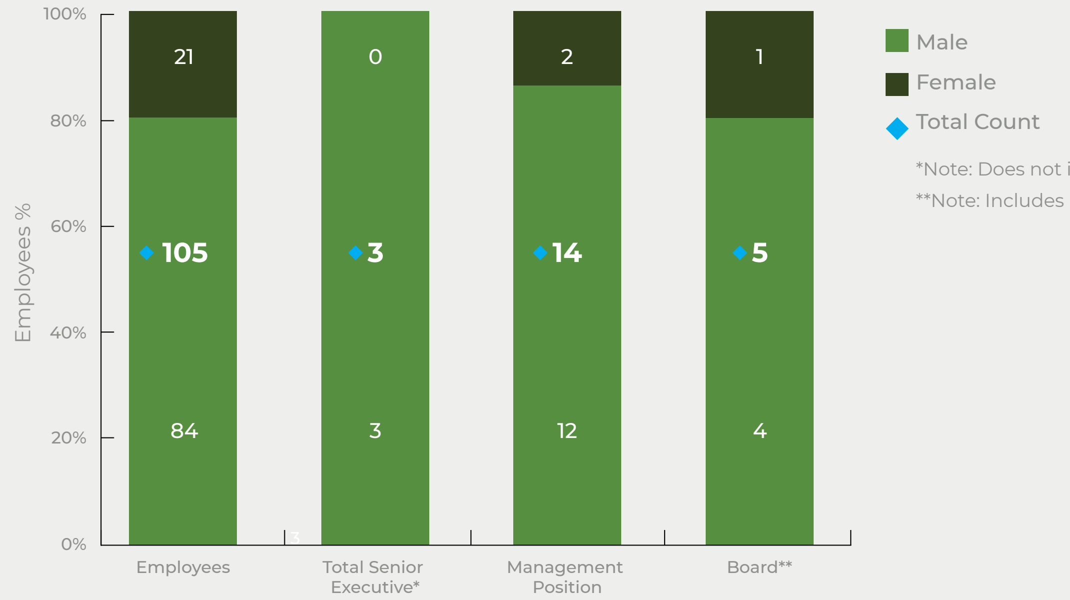
AGE



TENURE



DIVERSITY



*Note: Does not include Ken Brinsden

**Note: Includes Ken Brinsden

WORKPLACE CULTURE AND CONDITIONS

Pilbara Minerals' culture is underpinned by 'What We Stand For', six commitments that motivate behaviours and guide everyone's work towards achieving Pilbara Minerals' purpose. These commitments underpin all internal communications, as well as human resource and recruitment processes to ensure the right people are attracted to the business.

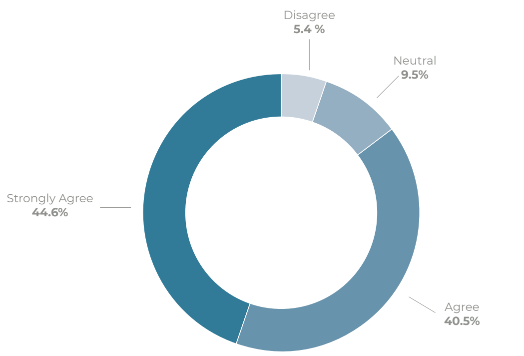
In recognition of the importance of organisational culture, in FY20 the Board's Remuneration Committee was changed to a People and Culture Committee which comprises of a minimum of three non-executive directors, all of whom are independent directors. The function of the People and Culture Committee is to assist Pilbara Minerals' Board in fulfilling its responsibility in terms of organisational culture, remuneration, diversity and the Board's skills matrix. Pilbara Minerals' Managing Director has operational responsibility for organisational culture.

In FY20, Pilbara Minerals transitioned the remainder of the Company's fly in, fly out (FIFO) workforce to eight days on, six days off roster sequence to better align with industry norms and achieve better wellbeing outcomes.

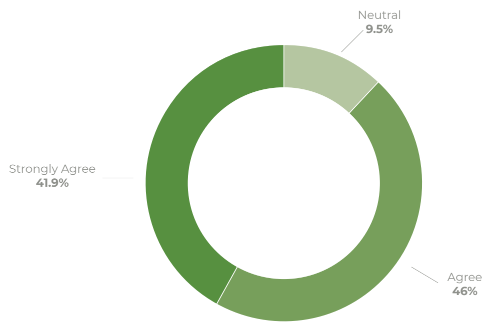
EMPLOYEE ENGAGEMENT

Employee engagement activities in FY20 focused on supporting employees through a period of market uncertainty, moderated production and COVID-19. Given the Company's senior leaders minimised their travel to and from the Pilgangoora Project during April to June, video briefings to engage face to face with employees on the ground were utilised. As well as additional tools provided to front-line leadership to conduct employee wellbeing check-ins.

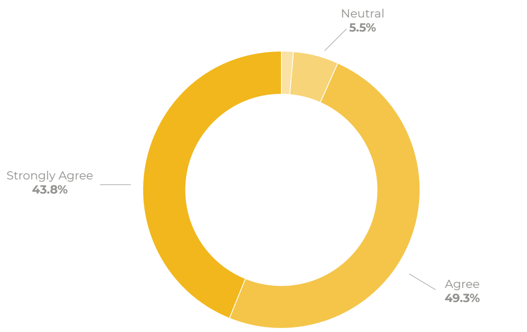
Figure 6: Employee wellbeing survey results



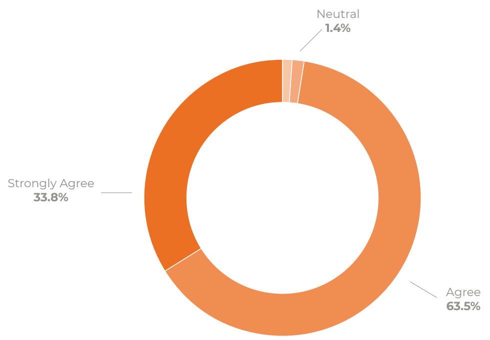
My leader demonstrates health and wellbeing are a top priority - **85% agreed**



I have confidence in Pilbara Minerals' response - **92% agreed**



I feel supported by my team mates **- 88% agreed**



If I need support I know who to talk to **- 93% agreed**

While health and wellbeing are always a priority, the increased pressure of COVID-19 placed on employees and their families (particularly given the temporary roster changes), the Company sought to ramp-up communications in this area. In May 2020, a staff wellbeing survey was conducted by an independent consultancy firm, FIFO Focus, with the aim of understanding whether the Company's response to the COVID-19 pandemic was effective and to pulse check employees' wellbeing.

The survey achieved a strong response rate of 74%. It informed the Company that whilst some people were feeling more stressed because of COVID-19, most felt they had what they needed to work effectively and safely during this time. Pilbara Minerals' culture of 'having each other's back' and 'looking out for one another' was demonstrated through the survey results, with 89% of respondents feeling connected as a team and 88% feeling supported by their team during this time (Figure 6).

WORKFORCE TURNOVER AND COMPOSITION

As a result of moving to eight days on, six days off roster sequence, organisational changes and employee engagement and retention schemes, the Company saw a positive improvement to employee turnover in FY20, achieving a rate of 19%, compared to 40% in FY19.

As of 30 June 2020, 109 permanent, 7 fixed term and 10 casuals were employed.

WOMEN IN MINING WA MENTORING PROGRAM 2020

"THE MENTOR PROGRAM WAS VALUABLE AS IT PROVIDED ME A BETTER APPRECIATION OF THE ROLE AND OPPORTUNITIES BOTH MEN AND WOMEN ALIKE HAVE IN SUPPORTING WOMEN AND ACHIEVING BETTER GENDER DIVERSITY WITHIN OUR INDUSTRY. IT ALSO PROVIDED ME AN IMPORTANT SOCIAL CONNECTION DURING COVID-19, ALONG WITH A DEVELOPMENT OPPORTUNITY."

Kathryn Forrest
Senior Environment and Tenements Advisor

"I GOT SO MUCH OUT OF THE MENTOR PROGRAM, THE OPPORTUNITY TO INTERACT AND CONNECT WITH WOMEN FROM DIFFERENT DISCIPLINES ACROSS THE INDUSTRY WAS HELPFUL AND ENCOURAGING, PARTICULARLY DURING COVID-19 ISOLATION. MY MENTOR IS A WONDERFUL, SUCCESSFUL AND LIKEMINDED WOMEN WHO I PLAN TO STAY IN CONTACT WITH - IT'S REASSURING TO HAVE SOMEONE WHO I CAN TURN TO FOR BOTH PROFESSIONAL AND PERSONAL ADVICE."

Casey Veale
Contracts Advisor

RECOGNISING THE NEED TO ENCOURAGE MORE PEOPLE INTO STEM CAREERS, IN 2019 PILBARA MINERALS SPONSORED THE WA MINING CLUB'S METALLURGY SCHOLARSHIP

"THANKS TO THE SCHOLARSHIP PILBARA MINERALS HAS GENEROUSLY PROVIDED, IT HAS GIVEN ME AS A STUDENT THE OPPORTUNITY TO BUILD MEANINGFUL CONNECTIONS WITH THOSE WHO ARE IN THE MINING AND METALLURGY FIELDS AND HEAR THEIR EXPERIENCES AND INSIGHTS. I AM ESPECIALLY GRATEFUL FOR MY MENTOR WHO HAS BEEN VERY KIND IN GIVING ME ADVICE AND GUIDANCE AS I APPROACH THE END OF MY STUDIES."

Abigail Amoah
2020 Metallurgy Scholarship Winner (middle)

EMPLOYEE DEVELOPMENT

Providing skill development and growth opportunities is an important part of retaining and engaging employees. In FY20, external training of 12 employees on business improvement was undertaken and a front-line leadership program was developed. Delivery of this front-line leadership program has been delayed until FY21 due to COVID-19.

Several growth opportunities were provided to employees within the business with seven internal promotions undertaken during FY20.

In recognition of the challenges regarding gender diversity in the mining industry, in FY20 three female employees completed the WA Women in Mining Mentoring Program. This program is designed to support women in the mining industry to navigate challenging environments and progress their careers, through individual support and guidance from some of the industry's most experienced leaders as mentors.

DIVERSITY AND INCLUSION

In FY20, Pilbara Minerals' workforce comprised of 19% of female employees, a slight decrease from 25% in FY19. In response to this, and in support of the Company's diversity objectives, recruitment processes in FY20 focused on increasing female representation. This resulted in the appointment of four females in operational roles and an internal transfer from administration to contracts and procurement for one female employee. An out-of-cycle review was also undertaken to ensure gender pay equity.

Pilbara Minerals continues to provide flexible work arrangements, including casual and part-time employment. In FY20, 22% of the workforce opted for flexible work arrangements to support family commitments. To encourage the uptake of paid primary parental leave to initial secondary carers the parental leave policy was revised to double the paid leave available to partners to 10 days.

Indigenous people made up 2.5% of Pilbara Minerals' workforce in FY20. The Company recognises this is low and is actively working to improve Indigenous participation within the workforce through initiatives such as engagement with Nyamal, targeted recruitment and a proposed Yandeyarra Community School Work Experience Program.

FY20 COMMITMENTS

Develop and implement a two-year human resources strategy with a focus on organisational culture	✓ Achieved
Develop and implement a company-wide employee performance feedback and development system	✓ Underway
Continue to review FIFO rosters	✓ Achieved

LOOKING AHEAD TO FY21

- Development of domestic and family violence policy
- Streamline employee onboarding and induction process and system
- Implementation of front-line leadership development program

WHAT WE STAND FOR

SAFETY MATTERS

WE TAKE RESPONSIBILITY FOR MAINTAINING A SAFE AND HEALTHY WORKPLACE SO THAT EVERYONE COMES TO WORK AND GOES HOME SAFELY EVERY DAY

HEALTH AND SAFETY

Safety encompasses both physical and mental wellbeing and Pilbara Minerals recognises that only by looking after the whole individual can it continue to operate safely and build a healthy, resilient workforce into the future.

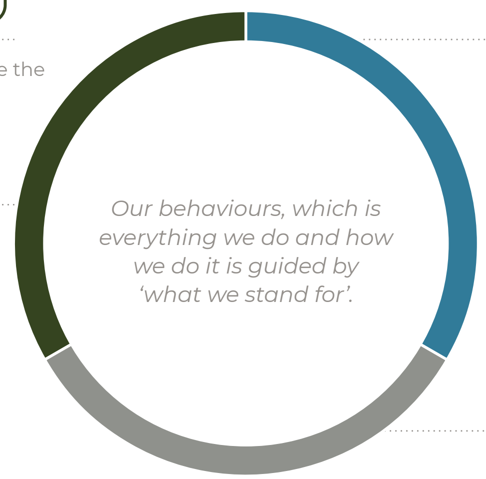
Pilbara Minerals' safety culture is founded upon empower, lead and support which recognises both the Company's responsibility to employees and the role employees and contractor partners play in maintaining a safe working environment.

EMPOWER

- Empower our team to make the right choices
- Do the right thing
- Speak up with confidence

LEAD

- Strong leadership
- Lead by example
- Safety first



SUPPORT

- Systems
- Procedures
- Tools

The responsibility to report on safety matters to Pilbara Minerals' Board rests with the Managing Director. The Company's Board has set a low risk appetite for health and safety.

Pilbara Minerals' Code of Conduct and Health and Safety Policy can be found at **pilbaraminerals.com.au**.

Pilbara Minerals' operating environment is governed by the following regulations:

- Mines Safety and Inspection Act (1984)
- Mines Safety and Inspection Regulations (1995)
- Occupational Safety and Health Act (1984)

A Safety Management Framework and supporting Workplace Health and Safety Performance Standards are in place, (Figure 7) which define the minimum requirements for maintaining a safe workplace.

The Safety Management Framework outlines how Pilbara Minerals' Health and Safety Management System (HSMS) is integrated within its operations and is consistent with the guiding principles and themes defined by AS/NZS 4804:2001, Occupational Health and Safety Management Systems, in the general guidelines on principles, systems and supporting techniques (Figure 8). The HSMS provides a systematic approach to ensure legal and compliance obligations are met, while providing a clear platform for continual improvement.

In FY20, the HSMS was updated following an internal review in consultation with employees. This involved simplification of the minimum safety standards as well as the development of a safety management framework (based on Figure 8).

Figure 7: Minimum Performance Standards

- **Occupational Health, Hygiene and Illness Management**
- **Working at Heights**
- **Guarding, Barricading and Demarcation**
- **Training and Competency**
- **Vehicle Operation**
- **Electrical Safety**
- **Classified Plant and Lifting**
- **Confined Spaces**
- **Isolation and Permitting**
- **Hazardous Substances and Dangerous Goods**
- **Incident Management**
- **PPE and Adornment**
- **Communication and Consultation**

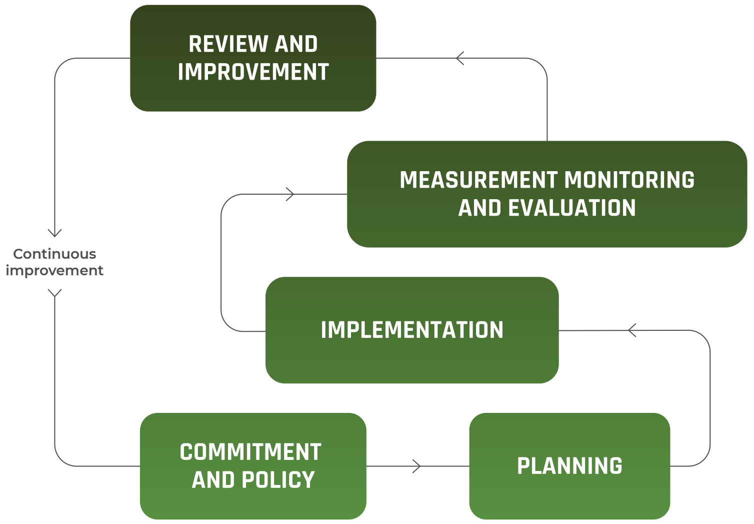
SAFETY CULTURE

In FY20, employee engagement sessions were undertaken to understand more about Pilbara Minerals' safety culture and areas for improvement.

These sessions demonstrated the high level of engagement and experience across the workforce, including amongst contracting partners. This, combined with the Company's incident and hazard reporting and identification systems and tools, has maintained a strong safety culture and enabled employees to carry out their jobs safely and effectively.

Identified areas of improvement included completing the transition to eight days on, six days off roster to improve health and wellbeing outcomes (fully implemented in FY20) and additional training and employee development.

Figure 8: Health and Safety Management System (AS/NZS 4804:2001 Occupational Health and Safety Management Systems)



SAFETY PERFORMANCE

Key indicators (both leading and lagging) are reported monthly to senior management and the Board as part of Pilbara Minerals' internal business performance reporting process.

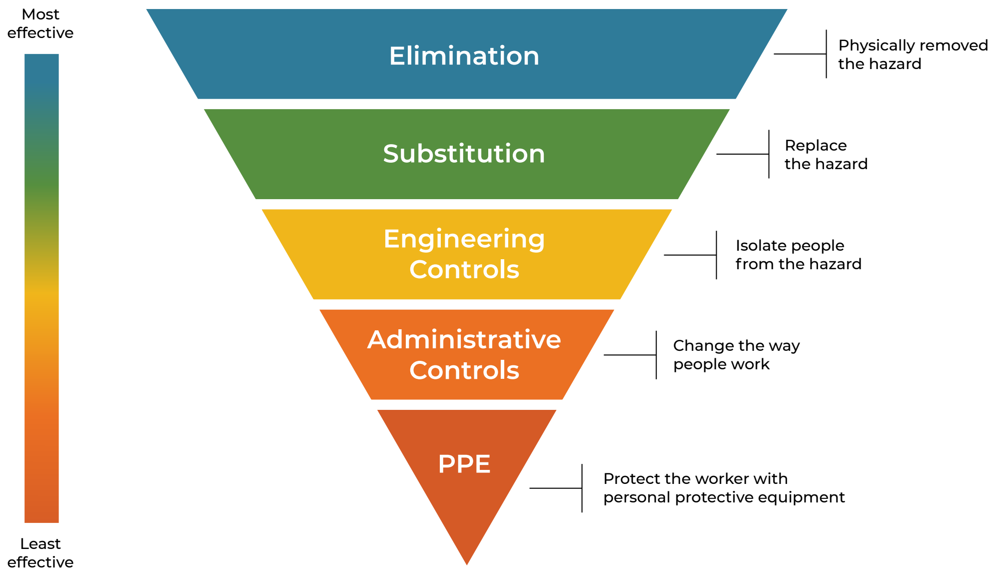
In FY20, there were no work-related fatalities or serious injuries or incidents at the Pilgangoora Project. The Lost Time Injury Frequency Rate (LTIFR) was 1.72 and there were three recordable injuries, resulting in a Total Recordable Injury Frequency Rate (TRIFR) of 5.15. A key contributor to the Frequency Rate increasing compared to FY19 was the significantly reduced working hours due to the moderated production environment. Total working hours in FY20 were 57% less than FY19. However, the total number of recordable injuries was less than FY19, with only three recordable injuries.

RISK AND HAZARDS

Early identification, assessment and management of risks ensures controls in place are effective in supporting a safe working environment. The Company's critical control effectiveness model involves regular identification and auditing of critical controls within CGR, an online risk software program.

Pilbara Minerals' Hazard Management Procedure outlines several tools and techniques to ensure workplace hazards are identified and captured. These include use of take five assessments, incident and event reporting, registers, job hazard analysis (JHA), a safety committee, pre-start/and or toolbox meetings, contractor safety forums, and site notices. When a hazard is identified, control measures are put in place in alignment with the hierarchy of controls, Figure 9.

Figure 9: Hierarchy of controls



WORKSHOPS ACROSS THE OPERATION HAVE BEEN HELD TO COMMUNICATE PILBARA MINERALS' LIFESAVING COMMITMENTS AND ENABLE ITS GREAT PEOPLE TO SIGN UP THEIR INDIVIDUAL COMMITMENT

During FY20, a key initiative was the review of Pilbara Minerals' Lifesaving Rules as part of the Safety Behavioural Leadership program. This review resulted in a change of these rules to commitments (Figure 10) with employees and contractors expected to commit to these when undertaking their work.

Pilbara Minerals' incident investigation procedure details the way incidents are classified, investigated, communicated and reported. All incidents are reported via the enterprise management system (INX InControl) a software system to support investigations and the allocation of actions and internal and external reporting as required.

An Emergency Management and Crisis Management Plan is in place, with regular reviews and training undertaken. In FY20, a mock crisis event was held with the Crisis Management Team, while Pilbara Minerals' Emergency Response Team conducted weekly emergency response exercises ranging from practicing CPR in a case of COVID-19, firefighting and patient rescue and retrieval.

Figure 10: Lifesaving Commitments

We expect every employee and contractor working within our operations to make the right choice and embrace our lifesaving commitments, so that we can all come to work and go home safely to our families and friends every day.

MENTAL HEALTH AND WELLBEING

In support of Pilbara Minerals' commitment to fostering a mentally healthy workplace, a risk-based assessment (consistent with the State Government's code of practice for mentally healthy workplaces for fly-in fly-out (FIFO) workers) was undertaken in FY20.

The following areas were considered as part of this assessment:

- Working away from home
- Personal issues
- Organisational culture
- Job and organisational design
- Fitness for work
- Physical working environment
- Traumatic event

Following this risk-based assessment, a Mental Health Strategy was developed to achieve the following objectives:

- Educate and train employees to build resilience and increase understanding of mental health and associated risk factors.
- Promote mental health to reduce stigma.
- Create a culture of shared responsibility through strong leadership and a commitment to mental health.
- Develop the capability of leaders to enable them to identify and support people with mental health conditions.
- Implement support systems and establish a procedure to respond effectively and early to mental health conditions.

EMERGENCY RESPONSE TEAM RECOVERY TRAINING FY20

Action items identified have been prioritised to underpin the development of an implementation plan in FY21. These areas include training to establish Mental Health First Aiders, development of a peer support program and conducting a review of camp facilities such as WIFI connectivity and accommodation.

While the implementation plan is still under development, two actions have already been progressed in FY20. Firstly, the final transition of the site-based workforce to shorter roster cycles of eight days on, six days off, which is believed to improve mental health and wellbeing outcomes. Secondly, 24 employees undertook training to become Mental Health First Aiders, subsequent to the FY20 year end.

A free, professional counselling service for employees and their families continues to be provided through Pilbara Minerals' Employee Assistance Program (EAP), PeopleSense. Utilising this service, a qualified and registered psychologist was made available in person on site (over several days) to support everyone during the serious incident at the Pilgangoora Project in November 2019. This face to face support will be provided on a regular basis going forward.

MOVEMBER 2019

MENTAL HEALTH FIRST AID TRAINING

FY20 COMMITMENTS

Safety behavioural leadership program development and training	✓ Achieved
Mental health strategy finalisation and implementation	✓ Achieved – to be fully implemented in FY21
Critical control effectiveness model development	✓ Achieved
Development of principle hazard program	✓ Achieved

LOOKING AHEAD TO 2021

- Complete the roll out of the Mental Health Strategy implementation plan
- Continue to drive continuous safety improvement

SUSTAINABLE OPERATIONS

MAKE A POSITIVE CONTRIBUTION, MINIMISE OUR IMPACTS AND LEVERAGE OPPORTUNITIES

GLOBAL ENERGY TRANSITION

Pilbara Minerals' role

Pilbara Minerals enables the global transition towards a clean energy future by mining and processing hard-rock lithium to produce lithium raw materials (spodumene concentrate). These materials are essential for lithium batteries, which power applications such as electric vehicles and energy storage systems and therefore aid in reducing the world's reliance on fossil fuels.

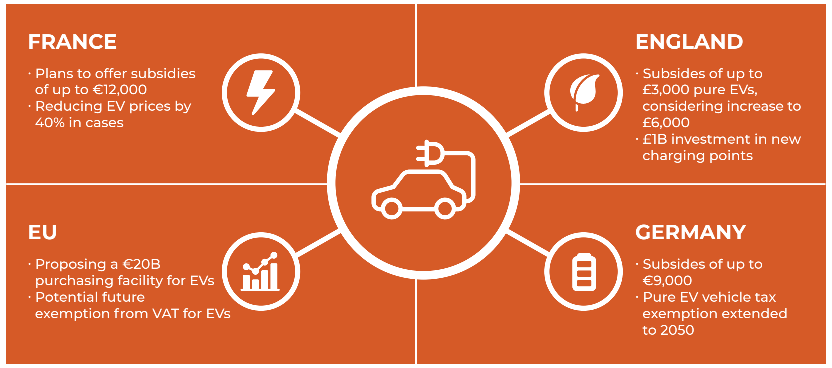
Pilbara Minerals' mining and processing activities are governed by a robust regulatory environment and comprehensive internal processes that focus on resource efficiency (including water and land), regulatory compliance, stakeholder consultation and continuous improvement to minimise impacts.

The impact of climate change has led to an unprecedented global push to reduce emissions and build climate resilience across the world. Acknowledging it is a shared global challenge, with emissions in one country impacting on others, international action is required to combat climate change and adapt to its effects.

The Pilgangoora Project is playing an important role in the global effort to address the issue of climate change through reducing emissions. Lithium raw material supply is crucial to manufacture batteries for today's clean energy technologies, which are key to meeting the commitments many nations have made to support the objectives of the Paris Agreement, to keep the global temperature rise this century well below two degrees Celsius above pre-industrial levels.

With transportation contributing to 24% of direct CO_2 emissions from fuel combustion, and power generation accounting for 41% of energy-related CO_2, the increased adoption of electric vehicles and energy storage (attached to renewable power generation) is critical in assisting countries deliver on these commitments. In support of this, government policy changes across the globe, to influence consumer take up of electric vehicles, have accelerated this year (Figure 11).

Figure 11: UK and European government environmental policy initiatives



ENVIRONMENTAL MANAGEMENT

Environmental management is integrated into operations through policies, procedures and standards, as well as an Environment Management System. Pilbara Minerals' Environmental Policy can be found at **pilbaraminerals.com.au**. During FY20, the Company continued to comply with the relevant environmental laws and the obligations under the Pilgangoora Project's operating licence.

An Environmental Management Plan (EMP) supports the Company in minimising and managing potential environmental impacts from the construction and now operation over the Pilgangoora Project's lifetime. The EMP sets out obligations, establishes roles and responsibilities both internally and for contractors and outlines training, monitoring and reporting processes. This supports Pilbara Minerals in meeting stakeholder expectations for environmental protection and remain compliant under associated licences.

Environmental management is governed by:

- Environmental Management Plan
- Cultural Heritage Management Plan
- Air Management Standard
- Approvals Management Standard
- Land Management Standard
- Waste Management Standard
- Water Management Standard

Environmental performance is assessed through conducting regular operational area inspections and internal and external audits. Pilbara Minerals' environmental targets and objectives are outlined in Table 8.

Table 8: Environmental targets and objectives

ENVIRONMENTAL OBJECTIVES	TARGETS
Environmental impacts are managed to legislative requirements, licences, approval conditions and community expectations	No environmental events occur which result in regulatory penalties, fines or prosecutions
Transparent reporting and management of all environmental impacts, hazards, near hits and complaints	An environmental reporting ratio greater than the corporate target
Minimise the generation of waste production and promote recycling and the use of recycled products	Identify additional waste streams for recycling and continue reporting of waste generated and products produced
Implement renewable energy technologies	Reduce Scope 1 emissions and diesel usage

In FY20, a Northern Quoll survey was undertaken to understand the prevalence of the species in the Pilgangoora Project area to manage any potential impacts on Northern Quolls that may arise. Northern Quolls are known to inhabit rocky ridgelines in the Pilbara and have been identified in these habitats on the operation's tenure, although outside of the existing operational footprint.

FY20 vegetation monitoring was undertaken to determine whether the anticipated reduction in surface water flow resulting from project infrastructure has had any adverse impacts on downstream vegetation health. This monitoring also provides baseline data to compare against species diversity, species density and weed presences on rehabilitated waste dumps.

LAND USE

The Pilgangoora Project comprises 20 granted tenements (excluding miscellaneous licences) covering an area of 677km^2. Of this, less than 1% is currently disturbed for operational and exploration activities. Land use management activities are guided by a Land Management Standard and a Land Use Certificate must be obtained prior to land clearing so impacts can be assessed through a formal risk process. A Cultural Heritage Management Plan is in place to ensure that cultural heritage sites are identified, managed and protected.

A Mine Closure Plan includes a strategy and targets for rehabilitation. In FY20, the remaining land impacted by exploration activities across the operational area was rehabilitated.

WATER USE

Groundwater reserves are relied upon for processing, civil construction, dust suppression and potable water. The operation has secured a 5.4 GL consolidated groundwater licence with additional water reserves identified for expansion.

Where possible, water is recycled throughout the operation, in particular through the processing plant. A Water Management Standard governs how water is taken and usage monitored. To ensure responsible management of water resources regular borefield monitoring and water sampling is undertaken to understand water quality and supply impacts, as well as consultation with external stakeholders. In FY20, Pilbara Minerals' groundwater operating strategy was updated in consultation with the Department of Water and Environmental Regulation.

In FY20, a Class A wastewater treatment plant was constructed at Carlindi Camp. This facility allows wastewater to be recycled and used for irrigation of camp grounds.

In FY20, a total of 815 ML of water was used.

WASTE GENERATION

In FY20, mining activities generated 1,095,987 dry tonnes of waste rock and the processing plant generated 552,332 tonnes of solid tailings.

In FY20, to reduce waste across facilities reusable cutlery, cooler bags, cups and containers were provided to operational employees.

IN FY20 WE RECYCLED:

WASTE OIL

135,800L

SCRAP METAL

53T

PRINTER INK CARTRIDGES

10 BAGS

BATTERIES (VEHICLE)

7 FULL PALLETS

DRILL RODS WERE ALSO DONATED LOCALLY FOR REUSE AS CATTLE YARDS

ENERGY USE

Pilbara Minerals' annual Scope 1 and 2 greenhouse gas emissions (GHG) are reported to the Australian Government's Clean Energy Regulator, via the National Greenhouse and Energy Reporting Scheme (NGERS). This information is publicly available at cleanenergyregulator.gov.au/NGER.

In FY20, Pilbara Minerals' estimated Scope 1 emissions were 29,378 CO_2-e tonnes and Scope 2 45 CO_2-e tonnes. Most of the Company's Scope 1 emissions are generated by the mining fleet and power generation. In FY20, these were significantly lower because of reduced activity on site.

During FY20, the 15.7 MW diesel fired power station at the Pilgangoora Project produced 29,527 MWh of electricity. The total amount of diesel used was 8.420 KL.

As detailed within the climate change section of this report, in FY21 Pilbara Minerals is working towards developing a pathway to net zero (Scope 1 and 2) emissions in the decade of 2040. This pathway will involve the construction of a renewable energy power source within the next 24 months.

FY20 COMMITMENTS

Develop and implement a land rehabilitation procedure	✓ Underway
Investigate alternative power solutions including interconnected grid power and/or the application of renewable sources	✓ Underway
Complete assessment and implement any opportunities associated with the reuse of water within the operation	✓ Achieved

LOOKING AHEAD TO 2021

- Implement renewable energy technologies
- Improve compliance through internal independent auditing
- Finalise development of ISO 14001 based Environmental Management System

CLIMATE CHANGE

Climate change presents challenges and opportunities for Pilbara Minerals. In FY20, a Climate Change Position Statement was developed and endorsed by Pilbara Minerals' Board. The Climate Change Position Statement outlines Pilbara Minerals' support for The Paris Agreement, as well as the recommendations of the Taskforce on Climate-related Financial Disclosure (TCFD).

The Climate Change Position Statement can be found at **pilbaraminerals.com.au**.

Achieving a carbon-neutral footprint cannot happen overnight. It requires ongoing commitment and action from everyone. To ensure Pilbara Minerals' support, the Company is developing a pathway to deliver net zero emissions (Scope 1 and 2) in the decade commencing 2040.

In FY20, Pilbara Minerals' estimated total carbon emissions (Scope 1 and 2) were 29,423 CO_2-e tonnes.

CLIMATE CHANGE IMPACTS

Climate change projections for the Pilbara region predict that extreme temperature and rainfall events will increase in both frequency and intensity, in addition to cyclones increasing in intensity. Such events could impact transportation, flood control infrastructure, water scarcity and rehabilitation success. These factors have been considered in the Company's long-term planning and emergency response plans.

RISK AND OPPORTUNITY ASSESSMENT

During FY20, an initial internal assessment was conducted in alignment with the Taskforce on Climate-related Financial Disclosures (TCFD) to understand the impact of climate-related risks on the business in relation to:

- Types of climate change risk
  - Physical risk (acute and chronic)
  - Transitional risk (policy, technology, market etc)
- Types of climate change opportunities
  - Resource efficiency
  - Energy source
  - Products and services
  - Markets

ABOUT THE TCFD

Founded by G20 Finance Ministers and the Financial Stability Board (FSB), the TCFD provides a set of recommendations for more effective climate-related disclosures to enable stakeholders to better understand a company's financial exposure to climate-related risks and make more informed investment decisions.

	GOVERNANCE The organisation's governance around climate-related risks and opportunities	STRATEGY The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses strategy, and financial planning	RISK MANAGEMENT The processes used by the organisation to identify, assess, and manage climate-related risks	METRICS AND TARGETS The metrics and targets used to assess and manage relevant climate-related risks and opportunities
2020	Establishment of Sustainability Committee		Initial workshops undertaken to identify risks and opportunities	Scope 1 and 2 emissions reported (page 57)
Short-term 2021 to 2025	Develop full governance structure	Undertake scenario analysis to understand strategic impacts of climate-related risks	Complete and disclose evaluation of exposure to climate-related risk	Identify additional metrics and set targets
Medium to long-term 2025 and beyond				Performance reporting against targets

GOVERNANCE STRUCTURE

Pilbara Minerals' Board holds ultimate responsibility for climate change risk and opportunity. In FY20, the Board established a standalone Sustainability Committee. A copy of the Sustainability Committee Charter can be found at **pilbaraminerals.com.au**.

TOP FIVE RISKS (SHORT-TERM)

TYPES	DESCRIPTION	IMPACTS
Policy and legal	GHG emissions costs	Financial – higher operating costs
	Increased insurance premiums to address climate risk	Financial – higher operating costs
Technology	Reliability issues arising from early adoption of new technology	Financial – increased unit cost of production (increased interruptions)
Market	Slow adoption of alternate energy solutions outside of fossil fuels	Market/Sales – decreased sales and lower revenue
Reputation	Ability to rapidly deploy climate change initiatives	Market/Sales – share price decline Financial – limitations on investment attraction
Chronic	Increased dust generation	Legal/Compliance – increased scrutiny from regulators on dust management and control Environment – increased water usage

TOP FIVE OPPORTUNITIES (SHORT-TERM)

TYPES	DESCRIPTION	IMPACTS
Resource efficiency	Reduced power/water use through initiatives such as ore sorting	Environmental – reduced environmental impacts Financial – lower costs
	Increased penetration of lithium based renewable energy over fossil fuels	Financial – lower energy costs
Energy source	Increased use of solar/battery technology solutions	Technology – energy security
Products and services	Increased spodumene raw material demand through global EV take up	Financial – increased revenue and investment attraction
Markets	Increased ability to attract low cost investment through climate change initiatives	Financial – lower financing costs than traditional methods
	Participation in downstream chemical conversion	Market – improved vertical integration and product and customer diversification Financial – increased revenue

FY20 COMMITMENTS

Undertake an assessment of climate-related risks and opportunities	✓ Achieved
Develop and implement a Climate Change Position Statement	✓ Achieved
Identify opportunities to reduce carbon footprint e.g. using renewable energy	✓ Underway

LOOKING AHEAD TO 2021

- Finalise gap analysis against TCFD framework (governance, strategy, risk management, metrics and targets) and timeline to deliver
- Undertake scenario analysis to understand strategic impacts of climate related risks
- Commence work on the development of a net zero (Scope 1 and 2) emissions pathway

PILBARA MINERALS' TEAM WITH NYAMAL TRADITIONAL OWNERS AT THE NYAMAL NATIVE TITLE DETERMINATION 2019

COMMUNITY AND INDIGENOUS RELATIONS

PILBARA MINERALS' APPROACH TO COMMUNITY ENGAGEMENT IS UNDERPINNED BY REGULAR TWO-WAY COMMUNICATION AND COLLABORATION ON ACTIVITIES THAT IMPACT LOCAL COMMUNITIES. THE COMPANY STRIVES TO BE HONEST AND OPEN IN ALL ENGAGEMENT ACTIVITIES

In FY20, a Stakeholder Grievance Procedure was developed to provide a transparent and accountable process for grievances to be lodged and addressed by the Company. This procedure can be found at **pilbaraminerals.com.au**.

Local communities in respect of the Pilgangoora Project include Traditional Owners, the Nyamal and Kariyarra People, pastoral station owners at Wallareenya and Strelley and the communities of Warralong and Yandeyarra, as well as across the region. In FY20, Pilbara Minerals continued to undertake community visits, meetings and phone calls, as well as facilitate site visits.

In FY20, Pilbara Minerals committed to supporting the Books in Schools program at the Yandeyarra Community School. This program, which runs over four terms, provides books for children to read each term and is supported by learning activities to build literacy skills. Approximately 22 children, ranging from Year One to Year Twelve, will participate in the program from term three of 2020.

With COVID-19 impacting community engagement activities during the second half of FY20, opportunities to participate in community development were limited. To support the Pilbara community during this time, Pilbara Minerals participated in response teams and working groups across the region.

The Company also provided financial support to the Western Australian Royal Flying Doctor Service for their Response Ready for WA appeal, as part of the Resources Sector COVID-19 Community Support Fund. As well as the donation of masks to a Perth-based aged care facility.

Due to these circumstances, the development of the proposed Yandeyarra Remote Community School Indigenous Student Work Experience Program was postponed until 2021.

The moderated production strategy deployed at the Pilgangoora Project during FY20 resulted in less overall spend as a result of reduced site activity and therefore a reduction in local contract opportunities. In FY20, $1.8M of local contracts were provided in the Pilbara region and a further $62M of contracts across Western Australia.

Through prior engagement, either directly through Pilbara Minerals' contracting partners, several Nyamal businesses have sought and secured contracting opportunities with other mining companies in the north Pilbara and broader region. As a result, the capabilities of these Nyamal business have continued to develop, with one contractor expanding its services to include large scale civil works at a neighbouring mine (in another commodity).

INDIGENOUS RELATIONS AND OPPORTUNITIES

Pilbara Minerals continues to collaborate with the Traditional Owners, the Nyamal and Kariyarra People on operations and opportunities for employment and enterprise development. To support this work, all employment opportunities and tenders are provided directly to the Nyamal Administration office in Port Hedland.

The Company continues to comply with (and strives to exceed) the commitments under the Native Title Agreement with the Nyamal People. To support the implementation of this agreement and provide a formal avenue for the Nyamal People to engage with Pilbara Minerals, three Implementation Meetings were held during FY20. Again, implementation meetings were impacted by the effect of community isolation arising from COVID-19.

In FY20, Nyamal representatives delivered cultural awareness training across the Company, with a total of 18 employees completing the training. These numbers were lower than last year due to COVID-19 restrictions and a reduced workforce on site. Celebrations to share knowledge were held to mark events such as Reconciliation Week, NAIDOC and Nyamal's Native Title Determination ceremony.

In the second half of FY20, challenges were presented in engaging with Traditional Owners following the restrictions imposed by the Federal and State Governments on movements to and from Aboriginal communities in response to COVID-19. These restrictions impacted the Company's community activities and cultural awareness training and for Nyamal, it resulted in the suspension of lore and culture activities. The suspension of lore and culture activities meant supplies donated by Pilbara Minerals in FY20 in support of these activities were distributed across Port Hedland to families in need.

During the restrictions Pilbara Minerals worked with the community to ensure that local Aboriginal people could continue to attend work while meeting all necessary COVID-19 precautions.

> **"Providing these supplies meant that many people were able to have access to critical items without having to travel unnecessarily, placing themselves or their families at risk."**

RODNEY MONAGHAN, DIRECTOR, NYAMAL ABORIGINAL CORPORATION

FROM LEFT TO RIGHT
DORIS EATON AND TROY EATON (NYAMAL TRADITIONAL OWNERS)
AT THE NYAMAL NATIVE TITLE DETERMINATION 2019

PROTECTION OF CULTURAL HERITAGE

Several agreements are in place to ensure the protection of significant cultural heritage sites across the Pilgangoora Project and supporting infrastructure. These include a Native Title Agreement and a Heritage Protection Agreement with Nyamal, as well as an Infrastructure Agreement and Heritage Protection Agreement with Kariyarra in respect of utilities and access roads.

Whilst negotiating (and now implementing these agreements), Pilbara Minerals considers not only the legal aspects but also other matters in support of Traditional Owners, including:

- preservation and protection of their way of life and Aboriginal traditions;
- their interests, proposals, opinions, aspirations and wishes;
- the growth and development of social, cultural and economic structures;
- access to country and the freedom to carry out rites, ceremonies and other activities in accordance with Aboriginal Tradition; and
- the preservation of the natural environment.

FY20 COMMITMENTS

Develop a community investment strategy	✓ Underway
Establish a formal grievance procedure	✓ Achieved

LOOKING AHEAD TO 2021

- Finalisation of community investment strategy
- Consider developing a Reconciliation Action Plan
- Expanded cultural awareness interaction through commencement of on country camps with Traditional Owner elders

STATEMENTS, ABBREVIATIONS AND DEFINITIONS

COMPETENT PERSONS' STATEMENT

The information in this report that relates to Exploration Results and Exploration Targets is based on and fairly represents information and supporting documentation prepared by Mr John Holmes (full-time Exploration and Geology Manager of Pilbara Minerals Limited). Mr Holmes is a shareholder of Pilbara Minerals. Mr Holmes is a member of the Australasian Institute of Geoscientists and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Holmes consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

The information in this report that relates to Mineral Resources (including the Mineral Resources Statement) is based on and fairly represents information and supporting documentation prepared by Mr Lauritz Barnes (Consultant with Trepanier Pty Ltd) and Mr John Holmes (full-time Exploration and Geology Manager of Pilbara Minerals Limited). The Mineral Resource Statement as a whole has been approved by Mr Barnes and Mr Holmes. Mr Holmes is a shareholder of Pilbara Minerals. Mr Barnes is a member of the Australasian Institute of Mining and Metallurgy and Mr Holmes is a member of the Australasian Institute of Geoscientists and both have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Barnes and Mr Holmes consent to the inclusion in this report of the matters based on their information in the form and context in which they appear.

The information in this report that relates to Ore Reserves (including the Ore Reserves Statement) is based on and fairly represents information and supporting documentation prepared by Mr John Paul Colliton (full-time Strategic Planning Engineer of Pilbara Minerals Limited) and Mr Glen Williamson (Principal Consultant of AMC). The Ore Reserve Statement as a whole has been approved by Mr Colliton and Mr Williamson. Mr Colliton is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Williamson is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Colliton and Mr Williamson consent to the inclusion in this report of the matters based on their information in the form and context in which they appear.

NO NEW INFORMATION STATEMENT

Information that relates to exploration results, production targets and forecast information derived from the production targets (including information relating to the proposed expansions of the Pilgangoora Project) is extracted from the ASX announcement dated 3 August 2018 entitled "Outstanding DFS Results Support Pilgangoora Expansion", the ASX announcement dated 26 March 2019 "Stage 3 Scoping Study Outcomes", the ASX announcement dated 27 August 2019 entitled "Update on Partnering Process and Revised Stage 2", the ASX announcement dated 30 January 2020 entitled "December 2019 Quarterly Activities Report" and the ASX announcement dated 28 April 2020 entitled "March 2020 Quarterly Activities Report".

Pilbara Minerals confirms that it is not aware of any new information or data that materially affects the information included in these announcements and that all material assumptions and technical parameters underpinning the exploration results, production targets and forecast financial information derived from the production targets in the announcements continue to apply and have not materially changed. Pilbara Minerals confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original market announcements.

The scoping and other technical studies referred to in this report in respect of the revised Stage 2 expansion and the Stage 3 expansion have been undertaken to determine the potential viability of those expansions and to reach a decision to proceed with more definitive studies. Each scoping study has been prepared to an accuracy level of ±30%. Each scoping and technical study is based on low-level technical and economic assessments and is insufficient to provide assurance of an economic development case at this stage or provide certainty that the conclusions of the studies will be realised. The results of the scoping and technical studies should not be considered a profit forecast or production forecast.

FORWARD LOOKING STATEMENT

This Annual Report may contain some references to forecasts, estimates, assumptions and other forward looking statements. Although the Company believes that its expectations, estimates and forecast outcomes are based on reasonable assumptions, it can give no assurance that they will be achieved. They may be affected by a variety of variables and changes in underlying assumptions that are subject to risk factors associated with the nature of the business, which could cause actual results to differ materially from those expressed herein. Investors should make and rely upon their own enquiries before deciding to acquire or deal in the Company's securities.

ASX RELEASE AUTHORISATION

The release of this Annual Report has been authorised by Ken Brinsden, Pilbara Minerals Limited's Managing Director.

All references to dollars ($) and cents in this report are to Australian currency, unless otherwise stated.

ABBREVIATIONS

B	Billion
CIF	Cost plus insurance and freight
CEO	Chief Executive Officer
CO_2	Carbon dioxide
CO_2-e	Carbon dioxide equivalent
dmt	Dry metric tonnes
EPC	Engineering/design, procurement and construction
EV	Electric vehicle
Fe_2O_3	Iron oxide
FIFO	Fly in, fly out
FID	Final Investment Decision
FOB	Free on board
FY	Financial Year
GHG	Greenhouse gas
GL	Gigalitres
JORC	Joint Ore Reserves Committee
JV	Joint venture
KL	Kilolitre
km	Kilometres
kt	Kilo tonnes
lbs	Pounds
lbspa	Pounds per annum
LCE	Lithium carbonate equivalent

Li_2O	Lithium oxide
LIMS	Low intensity magnetic separation
LTIFR	Lost time injury frequency rate
m	Metres
M	Million
MD	Managing Director
ML	Megalitre
Mlbs	Million pounds
Mt	Million tonnes
Mtpa	Million tonnes per annum
MW	Megawatt
MWh	Megawatt per hour
OEMs	Original equipment manufacturer
ppm	Parts per million
RC	Reverse circulation
ROM	Run-of-mine
t	Tonnes
Ta_2O_5	Tantalite
tpa	Tonnes per annum
TRIFR	Total recordable injury frequency rate
WHIMS	Wet high intensity magnetic separation
wmt	Wet metric tonnes
US$/USD	United States dollars

DEFINITIONS

Mineral Resources

Is a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such a form, quantity or quality that there are no reasonable prospects for eventual economic extraction. The location, quality, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.

Ore Reserves

Is the economically mineable part of a Measured and/or Indicated Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out that demonstrate at the time of reporting that extraction could be reasonably justified.

Pilbara Minerals
...Powering a sustainable energy future

FINANCIAL STATEMENTS CONTENTS

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial statements of the Group comprising of Pilbara Minerals Limited ("**Pilbara Minerals or the Company**") and its subsidiaries for the financial year ended 30 June 2020 and the auditor's report thereon. The Directors' report and consolidated financial statements are presented in Australian dollars, except where otherwise indicated.

DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Mr Anthony Kiernan LLB **Chairman and Independent Non-Executive Director** Appointed 1 July 2016	Mr Kiernan is a former solicitor with extensive experience gained over 35 years in the management and operation of listed public companies. As both a lawyer and general consultant, he has practiced and advised extensively in the fields of resources and business generally. Mr Kiernan is a member of the People and Culture Committee (formerly Remuneration and Nomination Committee). Mr Kiernan is also Chairman of the Fiona Wood Foundation which focuses on research into burns injuries. **Other current ASX directorships:** Saracen Mineral Holdings Limited (since September 2018) and Venturex Resources Limited (since 2010). **Former ASX directorships in the last three years:** Chalice Gold Mines Limited (2007 to September 2018) and Danakali Limited (2013 to February 2017).
Mr Ken Brinsden B. Eng (Mining), MAusIMM, MAICD **Chief Executive Officer and Managing Director** Appointed Managing Director 4 May 2016	Mr Brinsden is a mining engineer with over 25 years' experience in surface and underground mining operations, including roles in mine management, production, and brown-fields and green-fields development roles across a range of commodities. Mr Brinsden was appointed as Chief Executive Officer of the Company in January 2016. Mr Brinsden has led the development of the Pilgangoora Lithium-Tantalum project, which has progressed from first drill hole to production in under four years. This exponential growth has resulted in Pilbara Minerals now being one of the world's leading lithium raw materials suppliers with a portfolio of growth options to execute as battery raw material demand increases. **Former ASX directorships in the last three years:** None.

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Mr Steve Scudamore FCA, MA (Oxon), FAICD, SF Fin **Independent Non-Executive Director** Appointed 18 July 2016	Mr Scudamore is an experienced Australian company director. His distinguished career includes more than three decades with KPMG, including senior roles in Australia, London and PNG including Chairman of Partners WA, Head of Corporate Finance in WA and National Head of Valuations, KPMG Australia. Mr Scudamore is Chairman of the Audit and Risk Committee and is a member of the People and Culture Committee (formerly Remuneration and Nomination Committee) and a member of the new Sustainability Committee established in July 2020. Since 2012, he has been a Non-Executive Director and Chairman of MDA National Insurance Pty Ltd, the insurance arm of a mutual medical defence organisation founded in Perth in 1925. His involvement in community organisations includes his role as independent Vice-Chair of the Western Australian Museum. **Other current ASX directorships:** Regis Resources Ltd (since May 2019) and Australis Oil & Gas Limited (since November 2016). **Former ASX directorships in the last three years:** Altona Mining Limited (March 2013 to April 2018).
Mr Nicholas Cernotta B. Eng (Mining) **Independent Non-Executive Director** Appointed 6 February 2017	Mr Cernotta has more than 30 years' experience in the mining industry, spanning various commodities and operations in Australia, Africa, South East and Central Asia, Saudi Arabia and Papua New Guinea. He holds a Bachelor of Mining Engineering and has held senior executive roles with extensive operational experience in both the public and private sectors of the mineral resources industry. Previous roles held include Director of Operations at Fortescue Metals Group Ltd, Chief Operating Officer at MacMahon Contracting and Director of Operation at Barrick Gold Corporation. Mr Cernotta is a member of the Audit and Risk Committee and is Chairman of the People and Culture Committee (formerly Remuneration and Nomination Committee) and he has been appointed Chairman of the new Sustainability Committee in July 2020. **Other current ASX directorships**: Panoramic Resources Limited (since May 2018), New Century Resources Ltd (since March 2019) and Northern Star Resources Ltd (from July 2019). **Former ASX directorships in the last three years:** ServTech Global (October 2016 to November 2017).

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Ms Sally-Anne Layman B. Eng (Mining) Hon, B.Com, CPA, MAICD **Independent Non-Executive Director** Appointed 20 April 2018	Ms Layman is a mining professional, corporate financier and advisor with 25 years' of international and cross-commodity experience. Previously, Ms Layman held a range of senior positions with Macquarie Bank, including as Division Director and Joint Head of the Perth office of the Metals, Mining & Agriculture Division. More recently, Ms Layman has worked as a consultant providing financial consulting services to miners and explorers, including strategy and business development. Ms Layman is a member of the Audit and Risk Committee and a member of the new Sustainability Committee established in July 2020. **Other current ASX directorships**: Perseus Mining Limited (since September 2017), IMDEX Limited (since February 2017) and Beach Energy Limited (since February 2019). **Former ASX directorships in the last three years:** Gascoyne Resources Limited (June 2017 to May 2019).

COMPANY SECRETARY

Mr Alex Eastwood, B. Economics; LLB, AICD
Mr Eastwood was appointed Company Secretary on 1 September 2016 and has more than 25 years' experience as a corporate and commercial lawyer, company secretary and corporate finance executive. Mr Eastwood has previously held partnerships with two international law firms, Deacons (now Norton Rose) and K&L Gates in its Energy, Infrastructure and Resources division. He has extensive experience in the corporate finance area including as a director of Blackswan Equities and New Holland Capital and has held a number of senior positions including as General Counsel and Company Secretary for ASX listed companies in the mining and mining services sectors.

The Directors of the Company who held office during the year and up to the date of this report are stated below. Directors were in office for this entire year unless otherwise stated.

DIRECTORS MEETINGS

The number of board and committee meetings attended by each Director of the Company during the financial year are:

Number of Meetings	Board Meetings		Audit and Risk Committee		People and Culture Committee*	
	16		4		2	
Director	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend
Anthony Kiernan	16	16	-	-	2	2
Ken Brinsden	16	16	-	-	-	-
Steve Scudamore	16	16	4	4	2	2
Nicholas Cernotta	15	16	4	4	2	2
Sally-Anne Layman	16	16	4	4	-	-

* Formerly the Remuneration and Nomination Committee and renamed with effect 1 July 2020.

The Audit and Risk Committee and People and Culture Committee (formerly Remuneration and Nomination Committee) consist solely of non-executive directors.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were the exploration, development and operation of the Pilgangoora Lithium-Tantalum Project ("**Pilgangoora Project**").

Objectives

The Group's objectives are:

- to produce and sell high quality spodumene and tantalite concentrate products from the conduct of safe mining and processing activities at the 100% owned Pilgangoora Project located in the Pilbara region of Western Australia;
- to increase the existing JORC resource and reserve at the Pilgangoora Project, through undertaking further exploration and development activities; and
- to leverage the size and quality of the Pilgangoora Project by creating strategic growth opportunities through the establishment of deeper links with the global lithium raw materials supply chain, including participation in downstream chemical processing opportunities.

In order to meet these objectives, the following targets have been set for the 2021 financial year and beyond:

- Operation at Pilgangoora Stage 1 (**"Stage 1"**) being the existing 2 million tonne per annum ("**Mtpa**") operation:
  - subject to market conditions and customer demand, achieve nameplate production capacity of 330,000dmt per annum of ~6.0% spodumene concentrate and 300,000lbs per annum of tantalite concentrate, at a target unit cash operating cost[1] per tonne of US$320-350/dmt CIF China.
  - development of Pilgangoora Stage 2 (**"Stage 2"**) by way of an incremental expansion of the operation to up to 5 Mtpa to ultimately produce approximately 800,000 to 850,000dmt per annum of ~6.0% spodumene concentrate. Any Stage 2 expansion will be aligned with the demand requirements of the Company's Stage 2 offtake customers and be subject to supporting market conditions.
- Safety:
  - continued improvement in the Company's safety performance as measured by leading and lagging indicators.
- Sustainability:
  - continued improvement in the Company's sustainability practices including evaluation and monitoring of the Pilgangoora Project's exposure to climate-related risk and the determination of emission reduction targets and strategies.
- Diversification into downstream lithium chemical processing:
  - subject to respective party board final investment decisions to establish a joint venture with POSCO for Pilbara Minerals' participation in the development and operation of a 40,000tpa downstream chemical conversion facility in South Korea supported by a 315ktpa offtake agreement from Stage 2.

1. Cash operating costs include mining, processing, transport, state and private royalties, native title costs, port, shipping/freight and site based general and administration costs and are net of Ta_2O_5 by-product credits. Cash operating costs are calculated on an incurred basis (inclusive of accruals) and include inventory movements.

REVIEW OF OPERATIONS

FY2020 saw softer market conditions in China and weaker customer demand for lithium raw materials, impacting both spodumene exports from Western Australia and prices across the entire lithium raw materials and chemicals product suite. The Company responded proactively to these market conditions by moderating production at the Pilgangoora Lithium-Tantalum Project to better align with reduced customer requirements. Mining and processing activities were reduced, and existing stockpiles were drawn down, resulting in reduced processed tonnes and ultimately reduced shipped spodumene concentrate. In response to these market conditions, other Australian hard-rock producers also reduced their production or placed operations into care and maintenance.

Plant optimisation and improvement works were completed during the year resulting in materially improved lithia recovery rates, with the plant largely achieving plant design criteria by financial year end (being 72% to 78%, depending on the source(s) and/or blend of the ore being fed to the plant). These lithia recovery rates provide confidence that the Company will be able to continue to reduce cash operating costs towards its target of US$320-US$350/dmt CIF China, when combined with increased plant run-times.

During the first half of the financial year the Company completed a A$111.5M equity raising strengthening the Company's balance sheet and increasing working capital. The Company also implemented a range of strategies in response to soft market conditions to preserve working capital including moderated production, an operational restructure, targeted mining and the drawdown of existing stockpiles.

Subsequent to year end, in July 2020 the Company entered into binding credit approved commitments totalling US$110M with BNP Paribas and Australia's specialist clean energy investor, the Clean Energy Finance Corporation (CEFC) to refinance the existing US$100M Nordic Bond senior debt. The new facility is expected to be finalised in the first quarter of FY2021 and will provide a favourable cost of funding of ~5% (12% under the Nordic Bond facility) and improved terms.

Pilgangoora Lithium-Tantalum Project

During the year the Company moderated production in response to softer market conditions in China for lithium raw materials, which resulted in weaker customer demand. This strategy aligned production with customer requirements and market demand and included the drawdown of existing stockpiles to preserve working capital.

A positive and unintended consequence of the moderation strategy was the agility developed by the business that assisted the Company in responding to the COVID-19 pandemic. A significant focus during the March and June 2020 quarters was managing the risks introduced by COVID-19, while at the same time maintaining business continuity. The Pilgangoora Project did not experience any material disruption or operational impact as a result of COVID-19, with the Company continuing to secure sales and meet shipping schedules despite the China supply chain being disrupted.

The moderated production strategy meant mining activity was reduced with a commensurate reduction in tonnes processed, ultimately leading to lower tonnes being shipped during the year. A total of 90,768 dmt of spodumene concentrate was produced during the year, and when combined with the drawdown of inventory, resulted in 116,256 dmt of final product being shipped to customers. Tantalite shipments for the year totalled 143,336 lbs (pending final reconciliations and assays).

Mining activities were curtailed from the middle of the financial year with existing ROM stockpiles utilised by the processing plant to meet customer orders. Following the depletion of mining stocks, drill-and-blast activities resumed during the last quarter of the financial year.

The mine plan was modified in the second half of the financial year such that mine head-grades were slightly elevated in comparison to the average life-of-mine head grade (being 1.25% Li_2O). The result of these changes led to lower mining costs through the combination of reduced single shift mining to match plant ore feed and the mining of higher-grade ore to reduce the strip ratio.

During the year significant enhancements in plant performance were achieved through plant improvement and optimisation works delivering higher lithia recoveries thereby lowering unit cash operating costs when combined with more plant run-time. Key works included the completion of defect rectification works relating to the processing plant EPC contract. Specifically, the installation of additional LIMS (low intensity magnetic separation drums), iron removal equipment in the fines product circuit and improvements to WHIMS (wet high intensity magnetic separation) equipment. In addition, a series of other improvements were completed, including grind size control in the fines product circuit aiding flotation and improvement in overall plant control through controls system modifications.

By financial year end, the plant was achieving higher sustained lithia recoveries which were largely in line with plant design criteria (being 72% to 78% dependant of the blend/source of ore feed to the plant). These higher lithia recoveries when combined with longer plant run-times should deliver lower unit cash operating costs, with costs trending during the year towards the Company's target of US$320-350 dry metric tonne (dmt) CIF China.

The moderation strategy was also aided by an operational business restructure in the September quarter. This led to reduced costs and included the rationalisation of approximately 40 staff positions across the mining and processing areas and Perth-based support staff required to match operational requirements.

Table 1: Total ore mined and processed

	Units	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Total
Ore mined	*wmt*	303,177	65,941	4,954	438,070	812,142
Waste mined	*wmt*	868,441	26,046	21,775	213,621	1,129,883
Total material mined	*wmt*	1,171,618	91,987	26,729	651,691	1,942,025
Ore processed	*dmt*	202,596	102,251	137,407	199,961	642,215

For the financial year, total recordable injuries (**'TRI's'**) were three minor incidents (2019: five) and there were no recordable injuries in the nine months prior to June 2020. This was a pleasing result and a direct result of the Company's focus on safety culture. During the year, the Company commissioned an independent auditor to undertake a safety system audit against the statutory WorkSafe Plan with the audit delivering high scores. Additionally, safety standards were revised with training workshops rolled out to staff targeting the revised standards.

During the March Quarter 2020 the Company responded to the coronavirus pandemic (COVID-19) focusing on managing the health and safety of its people and contractors, while at the same time maintaining focus on business continuity. The Company's response to COVID-19 included measures of:

- Increased sanitation and cleaning procedures across site operations and head office.
- Engagement with employees and contractors on personal hygiene, social distancing and personal health responsibilities.
- Sanction on non-essential travel.
- Reduction of people movements through the implementation of extended operational rosters and working from home arrangements.

- Implementation of health check questionnaires and screening for the operational fly-in, fly-out workforce (including contractors).
- Mental health and communication initiatives, including an employee wellness survey, in support of employees and contracting partners.
- Social distancing within company transportation and across site, including camp facilities.
- Engagement with government and industry.
- Activation of response plans and procedures.
- Undertaking business continuity and scenario planning.

During the June quarter 2020 the Company continued with controls to ensure the safety of its people in line with government directives and, in-step with the Western Australian government, the Company commenced the wind back of some of the restrictions including the return to normal site based rosters and return from work-at-home arrangements for the Perth office staff. There remains a continued focus on maintaining pre-flight health screen and sanitation across the site. There were no reportable safety incidents during the pandemic in FY2020.

During the second half of FY2020, the Company secured a new long-term spodumene concentrate (SC6.0 basis) offtake partner. Through the Company's strategic relationship with global battery maker Contemporary Amperex Technology (CATL), Pilbara Minerals entered into a five-year offtake agreement with Yibin Tianyi Lithium Industry Co Ltd (Yibin Tianyi). The agreement is for 75,000tpa of spodumene concentrate, with an initial 60,000tpa to be supplied in the 2020 calendar year (of which ~36,000tpa had already been shipped during FY2020). Yibin Tianyi are constructing and commissioning a lithium chemical plant in the City of Yibin in the Sichuan province, China which will have an initial production capacity of 25,000tpa for lithium chemicals (including primary hydroxide production and facility for lithium carbonate production). Yibin Tianyi plans to increase capacity to 100,000tpa by 2022. Pilbara Minerals is pleased to have a supportive relationship with CATL as a major shareholder in the Company.

Table 2: Production and shipments

	Units	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Total
Spodumene concentrate produced	*dmt*	21,322	14,711	20,251	34,484	90,768
Spodumene concentrate shipped	*dmt*	20,044	33,171	33,729	29,312	116,256
Tantalite concentrate produced	*lb*	48,825	11,162	3,600	23,404	86,991
Tantalite concentrate shipped	*lb*	10,765	75,369	33,970	23,232[1]	143,336

1. Shipping estimates pending final reconciliation and assays results.

Project Development – Stage 2 Pilgangoora Lithium-Tantalum Project expansion

During the year, the Company undertook a number of technical studies to support the delivery of a phased incremental approach for the Stage 2, 5Mtpa expansion of the Pilgangoora Project, to better align any expansion with customer demand requirements.

This approach to the expansion provides for lower upfront capital costs by using latent capacity in the existing Stage 1 plant and improves timing of the plant's capacity to better align expanded production with customer demand.

The approach divides the expansion into three incremental phases, with technical studies progressed throughout the year to support this approach. These studies have highlighted the incorporation of mass-rejection in the dense media separation circuit as a key to facilitate this strategy.

Significant further development works on the expansion are not planned to commence whilst lithium market conditions remain soft, but studies will be progressed to a readiness stage such that works can be quickly and efficiently commenced when supported by customer demand requirements.

The Company is likely to complete a revised Stage 2 Definitive Feasibility Study (DFS), with the first phase of the expansion capable of being delivered within nine months following the initial financial investment decision (FID).

POSCO Joint Venture (JV)

The joint venture opportunity with POSCO to develop and operate a 40ktpa LCE lithium hydroxide and carbonate downstream chemical conversion facility in South Korea remains a key strategic objective for both companies. During the year, following several meetings, including a visit by Pilbara Minerals to the demonstration plant in Gwangyang, South Korea, POSCO announced further market and technical evaluations into the design of the facility. Timing remains dependent upon the outcome of these technical studies, market conditions and final investment decision.

Pilbara Mineral's participation in the downstream JV would include providing an expanded offtake agreement of up to 315ktpa of spodumene concentrate on commercial terms to support the downstream chemical conversion facility.

Exploration

During the year, exploration work was limited to geological mapping, PQ diamond drilling and geo-met sampling programs within the Pilgangoora Project's mining area. Geological mapping, surface geochemistry and a modest RC drilling program was also undertaken on one of the Company's regional tenements.

A PQ diamond drilling program including 11 holes at the Central, Eastern and Monster deposits at the Pilgangoora Project was undertaken. Drill core has been retained for advanced metallurgical test work as part of studies being undertaken to deliver the incremental Stage 2 (5Mtpa) expansion.

In addition, the Company has made significant progress with an ore-type characterisation and geo-metallurgical test work program which has included whole-rock geochemistry, petrography and QEMSCAN analysis. Preliminary findings have been encouraging and it is anticipated that the results will provide geochemically based modelling criteria to discriminate pegmatite ore types, thereby supporting alternate process plant blend feed strategies that may yield further improvements in lithia recovery.

Regional exploration including an RC drilling program at the Company's Mt York Gold Project was undertaken during the year. The inaugural drilling program comprised 7 holes for 582m and was designed to drill test a semicontiguous >0.5g/t Au surface gold anomaly extending over 700m with a peak assay of 7.4g/t Au. Best results from the drilling included 9m @ 2.67g/t Au (MYRC005 from 81m) and 4m @ 7.99 g/t Au (MYRC007 from 22m). This modest drill program was initiated to add value to Pilbara Minerals' exploration tenure base.

No exploration work was undertaken at Mt Francisco during the reporting year.

Corporate

During the first half of FY2020 the Company completed an A$111.5M equity raising to strengthen the Company's balance sheet and provide increased working capital.

The equity raising comprised a $36.5M institutional placement, a $55M placement to China's largest battery manufacturer Contemporary Amperex Technology (CATL), and a $20M Share Purchase Plan to existing shareholders.

Subsequent to year end, the Company entered into binding credit approved commitments in July 2020 to refinance the existing US$100M Nordic Bond senior debt facility, which was originally used to fund the Stage 1 development of the Pilgangoora Project. Binding commitments for a US$110M senior secured debt facility were received from leading international bank BNP Paribas and Australia's specialist clean energy investor the Clean Energy Finance Corporation (CEFC), who are both long term supporters of the Company.

The new arrangements will also include an extension by BNP Paribas of the existing undrawn US$15M working capital facility. Proceeds from the new US$110M facility will be used to repay the existing US$100M Nordic Bond facility (including the reimbursement of the June 2020 US$6.25M principal repayment and the June 2020 interest payment of US$3M), contribute towards the early redemption premium payable of US$4.5M under the Nordic Bond facility and related transaction costs. Under the arrangement BNP Paribas has committed to providing US$73.3M of the facility with the CEFC committing to the balance of US$36.7M. The new facility does not require quarterly principal repayments until September 2022. The facility also provides for an average cost of funding of ~5% (based on current market reference rates) compared to 12% under the existing Nordic Bond facility.

The Company is pleased to have the CEFC participate in the debt facility which in turn aligns with the Company's own sustainability objectives, including installation of renewable energy and other low emission related initiatives.

Operating Result

The following table provides additional information on the Company's result for the year and specifically reconciles the cash gross margin[1] to the statutory net loss for the year.

	1HY 2020	2HY 2020	Full-Year
Revenue from contracts with customers	37,768	46,379	84,147
Operating cost of sales	(39,603)	(32,630)	(72,233)
Cash gross margin [1,2]	**(1,835)**	**13,749**	**11,914**
Depreciation and amortisation	(6,520)	(9,251)	(15,771)
Inventory movement	(10,774)	(13,307)	(24,081)
Gross loss	**(19,129)**	**(8,809)**	**(27,938)**
Expenses			
Corporate general and administration expense	(6,874)	(5,963)	(12,837)
Exploration and feasibility costs expensed	(4,001)	(2,534)	(6,535)
Depreciation and amortisation expense	(319)	(321)	(640)
Inventory write down [3]	(21,155)	(170)	(21,325)
Share based payment expense	(568)	(1,773)	(2,341)
Operating loss	**(52,046)**	**(19,570)**	**(71,616)**
Finance income	488	363	851
Finance costs - interest	(11,563)	(12,145)	(23,708)
Finance costs - foreign exchange (loss)/gain	(266)	(4,523)	(4,789)
Net financing costs	**(11,341)**	**(16,305)**	**(27,646)**
Loss before income tax expense	**(63,387)**	**(35,875)**	**(99,262)**
Income tax expense	-	-	-
Net loss for the period	**(63,387)**	**(35,875)**	**(99,262)**

1. The cash gross margin is a non-IFRS measure that in the opinion of the Company's directors provides useful information to assess the financial performance of the Company over the reporting period. This non-IFRS measures is unaudited.
2. During the year softer market conditions in China and weaker customer demand for lithium raw materials, impacted spodumene concentrate sales. The Company responded proactively during the September quarter to reduced customer demand by moderating production at the Pilgangoora Lithium-Tantalum Project, with the financial benefit of this decision being realised from the December quarter onwards. The September quarter achieved a cash gross margin loss of $13.4M, with the moderation strategy improving the December quarter's cash gross margin to a profit of $11.5M. This was achieved through the draw-down of existing stockpiles and operating cost reductions and meant a 1HY2020 gross margin loss of $1.8M was achieved. Through continuing with the moderated production strategy and achieving improved plant performance through better lithia recoveries, the Company was able to improve the 2HY 2020 cash gross margin to a profit of $13.7M.
3. The combination of softer market conditions in China for lithium raw materials, lower selling prices for spodumene concentrate, elevated unit costs associated with operating in a moderated production environment and technical learnings gathered from operating the processing plant during the year contributed to an inventory write down of $21.3M. The inventory write-down includes $5.8M related to spodumene concentrate and coarse ore stockpiles and $15.5M for non-current ROM stockpiles.

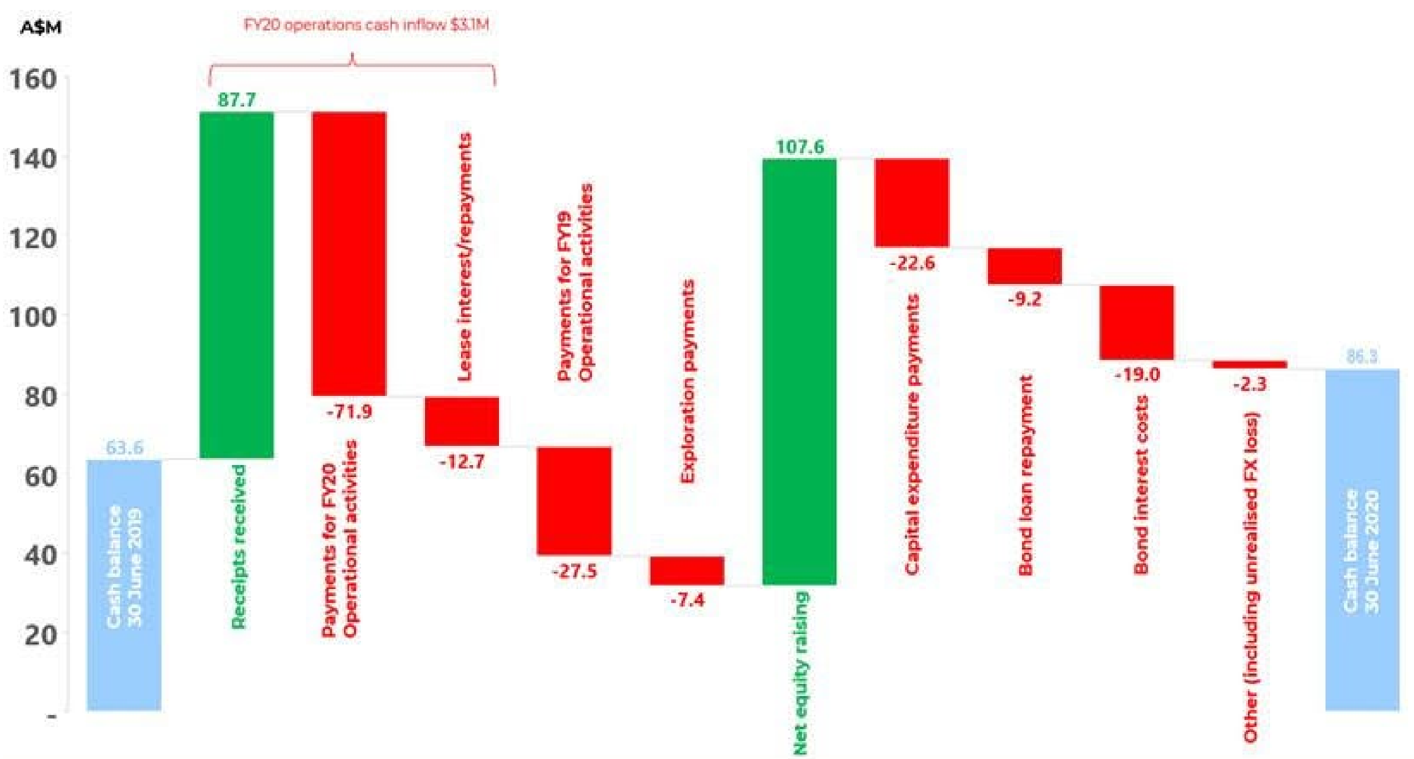
Liquidity

During the year the Company increased its cash balance by $22.7M to $86.3M at 30 June 2020 (30 June 2019: $63.6M). Significant cashflow movements are summarised in the graph below.

Major cash inflows and outflows during the year included:

- a net $15.8M inflow associated with operating activities conducted during the twelve months (being receipts of $87.7M and costs paid to suppliers and employees of $71.9M);
- lease payments and associated interest of $12.7M;
- a cash outflow of $27.5M for costs incurred on operating activities that took place during the previous financial year ended 30 June 2019;
- a net cash inflow of $107.6M, (net of fees) related to the successful equity raising completed during the period;
- payments of $30.0M on capital expenditure and exploration activities;
- interest payments of $19.0M associated primarily with the Company's secured Nordic bond facility; and
- principal debt repayment of US$6.3M on the Nordic bond facility.

Cash Flow Analysis – Year Ended 30 June 2020



Share Placements and Issues

During the financial year, the Company issued the following shares, excluding options that were exercised, or performance rights that vested before costs:

Date	No. of shares	Price per share ($)	Amount issued ($'000)
10-Sep-19	121,732,941	$0.30	36,520
11-Oct-19	66,666,667	$0.30	20,000
21-Oct-19	183,333,503	$0.30	55,000

Options Issued

During the financial year, the Company granted the following options:

Option	Grant date	Exercise price	Expiry date	Vested	Options unexercised at 30 June 2020
10,540,736	14-Nov-19	$0.415	31-Dec-22	- [a]	10,540,736
4,210,526	21-Nov-19	$0.415	31-Dec-22	- [a]	4,210,526
599,368	26-Nov-19	$0.415	31-Dec-22	- [a]	599,368
18,892,603	13-Dec-19	$0.375	01-May-23	- [b]	18,892,603
3,130,435	10-Mar-20	$0.375	01-May-23	- [b]	3,130,435
892,596	10-Mar-20	$0.415	31-Dec-22	- [a]	892,596
2,500,000	15-May-20	$0.500	30-Jun-22	2,500,000 [c]	2,500,000

[a] The vesting conditions attached are:
- 50% vest upon the Company achieving specified relative TSR targets (between the 50th to 85th percentile) against a defined peer group of companies measured over the 3 year vesting period; and
- 50% vest upon achievement of production and sales at a rate of 840,000 tonnes of spodumene concentrate per annum.

[b] The vesting conditions attached are:
- 40% vest on 31 October 2021, subject to the KMP or employee remaining in service at that date; and
- 60% vest on 31 October 2022, subject to the KMP or employee remaining in service at that date.

[c] There are no vesting conditions attached to these options.

Performance Rights Issued

During the financial year, the Company granted the following performance rights:

Performance Rights	Grant date [1]	Expiry date	Vested
780,906	01-Oct-19	30-Jun-22	- [a]
953,218	14-Nov-19	30-Jun-22	- [a]
578,452	21-Nov-19	30-Jun-22	- [a]
1,033,172	30-Apr-20	19-Jun-20	- [b]

1. This is the grant date used for valuation purposes and not the date the performance rights are issued.

[a] The performance vesting conditions attached are:
- 50% vest upon the Company achieving specified relative TSR targets (between the 50th to 85th percentile) against a defined peer group of companies measured over the 3 year vesting period; and
- 50% vest upon achievement of production and sales at a rate of 840,000 tonnes of spodumene concentrate per annum.

[b] These performance rights were issued under the 2020 Salary Sacrifice Offer instigated by the Company to preserve cash in response to the COVID-19 pandemic. The Offer allowed employees to sacrifice a component of their cash salary for performance rights that have no performance conditions attached to their vesting. As part of this Offer the Board received an application from Mr Brinsden. The issue of any performance rights to Mr Brinsden is subject to approval by shareholders before being granted.

DIVIDENDS

The Directors recommend that no dividend be declared or paid.

SIGNIFICANT CHANGES

There have been no changes in the state of affairs of the consolidated entity that occurred during the financial year under review not otherwise disclosed in this report.

EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to 30 June 2020, in late July 2020 the Company executed a binding commitment for a US$110 million senior secured debt facility which will replace the existing Nordic Bond US$100 million facility. The new facility funded by BNP Paribas (US$73.3 million) and Commonwealth of Australia's Clean Energy Finance Corporation (US$36.7 million) is expected to be drawn upon in the September quarter of FY21 following completion of final documentation and satisfaction of customary conditions precedent. Proceeds will be used to fund the early redemption of the Nordic Bond including the early redemption premium payable (US$4.5M) and related transaction costs. An additional binding commitment has also been received from BNP Paribas to renew the existing US$15 million Working Capital Facility. The new facility has first ranking security over the assets of the Pilgangoora Lithium-Tantalum Project.

Other than the disclosure above there has not been any matter or circumstance that has arisen since the end of the year which has significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in subsequent financial periods.

ENVIRONMENTAL REGULATION

The Group holds all approvals to undertake exploration, mining and construction and operation of the Pilgangoora Project and its associated activities. These approvals include conditions in relation to the protection of the environment through appropriate storage of dangerous substances, control of emissions, auditing and reporting obligations and the rehabilitation of disturbed land. The Group is committed to maintaining a high level of environmental performance and compliance with all regulations and obligations.

The Group reports emissions under the *National Greenhouse and Energy Reporting Act* and the *National Environmental Protection (National Pollutant Inventory) Measure*. The Group has developed data collection and management systems to support these reporting requirements. Water usage and efficiency is reported to State regulatory agencies, along with annual compliance reports for vegetation clearing, implementation of Mining Proposals and estimation of mine closure costs.

The Group has implemented additional environmental management systems including compliance-specific training programs and the adoption of compliance and environmental monitoring databases.

The Group actively monitors compliance with environmental approvals through the implementation of data management and compliance tracking databases which have been continuously developed and strengthened. Verification of compliance is independently assessed by external auditors on an annual basis. During the reporting period, the Group engaged with and submitted numerous reports and statements to the relevant regulatory authorities demonstrating compliance with all necessary licences and approval obligations. There have been no material breaches of the Group's licences during the reporting period and all mining, exploration and associated activities have been undertaken in accordance with the relevant environmental regulations.

DIRECTORS INTERESTS

The relevant interest of each Director in the shares, performance rights or options over such instruments issued by the companies within the Group and other related bodies corporate, as notified by the Directors to the ASX in accordance with S205G(1) of the *Corporations Act 2001*, at the date of this report is as follows:

Director	Pilbara Minerals Limited		
	Ordinary shares	Options over ordinary shares [2]	Performance Rights [2]
Anthony Kiernan	426,364	-	-
Steve Scudamore	142,850	-	-
Nicholas Cernotta	208,907	2,000,000	-
Sally-Anne Layman	88,600	2,000,000	-
Ken Brinsden [1]	7,916,671	8,662,061	849,945

1. The total number of performance rights excludes the application for acquisition of performance rights under the 2020 Salary Sacrifice Offer which is subject to approval by shareholders.
2. Vesting conditions attached to these options and performance rights are set out in the footnotes of Note 2.2.3 to the Financial Statements.

SHARE OPTIONS

At the date of this report, unissued shares of the Group under option are:

Expiry date [a]	Exercise price	Number of options
31 August 2020	$0.450	2,750,000
08 December 2020	$0.900	2,000,000
21 December 2021	$0.930	2,000,000
31 December 2021	$0.884	3,104,585
30 June 2022	$0.500	2,500,000
31 December 2022	$0.415	15,874,384
01 May 2023	$0.375	19,414,227

[a] Vesting conditions attached to these options are set out Note 2.2.3 of the Financial Statements.

PERFORMANCE RIGHTS

At the date of this report, unissued shares of the Group pursuant to performance rights granted under the Company's Employee Award Plan are:

Date performance rights granted [a,b]	Expiry date	Number of performance rights
28 November 2018	30 June 21	271,493
21 December 2018	30 June 21	751,836
01 October 2019	30 June 22	780,906
14 November 2019	30 June 22	953,218
21 November 2019	30 June 22	578,452

[a] This is the grant date used for valuation purposes and not the date the performance rights are issued.
[b] Vesting conditions attached to these performance rights are set out in Note 2.2.3 of the Financial Statements.

Unless stated there are no other vesting conditions on options or performance rights on issue.

INDEMNIFICATION OF OFFICERS AND AUDITORS

The Company has agreed to indemnify current and past directors and officers of the Company and its controlled entities against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has not, during or since the financial period, indemnified or agreed to indemnify the auditor of the Company against a liability incurred as an auditor.

INSURANCE PREMIUMS

Since the end of the previous financial year, the Company has paid insurance premiums in respect of directors' and officers' liability and legal expenses insurance contracts for current and former directors, officers, and senior executives of the Company and its controlled entities. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

NON-AUDIT SERVICES

KPMG did not provide any non-audit services in the financial year ended 30 June 2020. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The Directors are satisfied that the provision of non-audit services did not compromise the auditor independence requirements of the *Corporations Act 2001* because none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration is set out on page 108 and forms part of the Directors' Report for the financial year ended 30 June 2020.

ROUNDING OF AMOUNTS

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with the Instrument, amounts in the consolidated financial statements and the Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

AUDITED REMUNERATION REPORT

Dear Shareholder

On behalf of the Directors of Pilbara Minerals Limited, I am pleased to present the Remuneration Report for the year ended 30 June 2020.

The 2020 financial year has seen the continuation of challenging and changing global market conditions, impacted more recently by the uncertainty presented by COVID-19 and its associated risks. The Company responded to these difficult market conditions by adopting a moderated production strategy, matching production with customer demand, to manage working capital and preserve shareholder value.

In light of these market conditions, the Directors adopted what it considers to be a prudent and balanced approach to certain remuneration matters during FY2020, including adopting a clinical approach to measuring the achievement of certain Short-Term Incentive (**'STI'**) targets, which are discussed further below. These included:

- **No fixed remuneration increases for Key Management Personnel ('KMP') or the wider employee group.** Salary reviews have been deferred until business conditions improve. This is the second year that fixed remuneration for KMP has had a "wage freeze".

- **Implementation of a Salary Sacrifice Scheme.** To manage costs and cashflow and to improve alignment of the Company's employees with shareholders' interests, a salary sacrifice scheme was introduced in April 2020. Participants receive vested performance rights (with no performance conditions) in return for sacrificing a fixed percentage of their salary over an eight-month period (commencing April 2020), with those rights automatically vesting into shares under the Company's Employee Award Plan.

- **A clinical approach to vesting decisions for FY2020 STI's.** While the Directors recognised that the circumstances of COVID 19 were unforeseen and outside of the control of management, the continuation of the Company's moderated production strategy has adversely impacted the achievement of certain STI targets during FY2020. Acknowledging the difficult economic times being experienced by many, the Directors elected not to exercise discretion and resolved that a number of STI targets were simply not met and would not vest during FY2020. These included:
  - Total recordable injury frequency rate (**'TRIFR'**) targets – no awards vested, predominantly due to the moderated production response;
  - Sales volume and cashflow targets – no awards vested; and
  - Unit cost targets – no awards vested, largely a function of moderated production.

  The Board has however chosen to defer the vesting of certain STI targets (being those related to safety and unit costs curtailed by the moderated production strategy outside the control of management), for up to a further 12 months. The intent being to allow the market to recover to facilitate increased production and provide an opportunity for significant improvements and work performed in FY2020 by management, in respect of those STI targets, to be validated. This aligns with our strategy to build and reward a performance-based culture, which we believe will add significant shareholder value.

- **No Long-Term Incentive's ('LTIs') vested in FY2020.** The Company had no LTI's due for vesting during FY2020.

- **Retention Options issued to KMP.** In December 2019, the Company issued retention options to executive's as part of a 'once off' 2019 Pilbara Minerals Retention Awards Scheme. This was implemented as an important initiative by the Board to retain executives and other selected employees who are considered pivotal to the ongoing improvement and optimisation of the operations and the achievement of the Company strategic objectives over the short to medium term.
  Key details of this scheme were disclosed to shareholders in the Notice of General Meeting for a shareholders meeting held in March 2020, at which retention options issued to Mr Brinsden were approved.

In regard to the Company's FY2021 remuneration framework, our governing principle continues to be to seek to build and reward a performance-based culture that supports the strategic objectives of the Company and to attract, retain and motivate employees by offering market competitive remuneration and incentives. Underpinning this framework is the intent to align employee remuneration to both shareholder and stakeholder returns. Further details of the FY2021 remuneration framework are set out in the Remuneration Report.

The Company looks forward to discussing any aspect of the Remuneration Report with shareholders at the upcoming Annual General Meeting.

Yours faithfully,

Nicholas Cernotta
Chair, People and Culture Committee

Late in the 2020 financial year the Board resolved to rename the Remuneration and Nomination Committee the **'People and Culture Committee'**, (the **Committee**) effective 1 July 2020.

a. Introduction

This Remuneration Report for the year ended 30 June 2020 outlines the remuneration arrangements for Directors and other KMP of the Group who are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise).

The information provided in this Remuneration Report has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards, and the following sections have been audited in accordance with Section 308(3C) of the *Corporations Act 2001*.

The following were KMP of the Group during the financial year and unless otherwise indicated were KMP for the entire financial year:

Non-Executive Directors	Executive Directors	Other KMP
Anthony Kiernan Steve Scudamore Nicholas Cernotta Sally-Anne Layman	Ken Brinsden	Brian Lynn Alex Eastwood Dale Henderson

Within this Remuneration Report reference to 'executive(s)' includes Executive Directors and Other KMP. Reference to KMP includes Executive Directors and Other KMP.

b. Governance and role of remuneration and nomination committee

The Company's People and Culture Committee (the **Committee** and previously called the Remuneration and Nomination Committee) is established under a formal charter which is comprised of three independent Non-Executive Directors and is chaired by Non-Executive Director Nick Cernotta.

The Committee assists the Board in fulfilling its corporate governance responsibilities in relation to establishing and monitoring the effectiveness of the Company's executive remuneration practices. It also advises the Board in relation to the Company's diversity policies and practices and those related to nomination and appointment of directors.

The role of the Committee is to advise the Board on remuneration arrangements for Executive and Non-Executive Directors and Other KMP in accordance with the Group's Remuneration Policy approved by the Board. Each year the Committee makes recommendations to the Board on such remuneration arrangements, fixed remuneration for KMP and all awards and vesting of awards by way of the LTI's under the Company's Employee Award Plan and the STI's.

From time to time, the Committee engages independent external remuneration consultants to provide market related advice. In 2018, the Committee engaged Ernst Young as an external remuneration consultant to assist with setting the executive remuneration framework for FY19 and FY20. This included information on benchmarking executive remuneration against comparator groups and advice on the selection of a Total Shareholder Return (TSR) peer group in respect of the Company's LTI remuneration framework. In May 2020 the Committee engaged BDO Advisory to conduct a Board and Executive remuneration market benchmarking review for the setting of remuneration framework for FY21. The total fees paid to BDO Advisory during the year to perform this work was $17,875 including GST. No remuneration recommendations were provided by such consultants for the purposes of the Corporations Act 2001.

Further information relating to the role of the Committee can be found in its Charter on the Company's website.

c. Executive remuneration policy and framework

The Directors are responsible for ensuring that the remuneration arrangements of its executives are effective for the purposes of retention and reward and aligned with the Company's overall business strategy and shareholder interests.

In FY2020 the Board continued to determine through the Executive Remuneration Framework that remuneration packages included an appropriate balance of fixed remuneration and performance based variable remuneration. The Board considers reward for strong performance is market competitive and it is appropriate to align executive reward with the achievement of short-term and long-term objectives to create and drive shareholder value.

In setting the Executive Remuneration Framework the Board endeavours to ensure that it satisfies the following key criteria in line with appropriate corporate governance practices:

- attract, retain and reward key executives at important stages of the Company's development and operations linked to strategy, performance and shareholder return;
- reward executives against pre-determined performance targets which are aligned with the Company's short term and long-term strategy for growth and creation of shareholder value;
- ensure effective benchmarking for total annual remuneration in accordance with market practices and a clearly defined peer group of similar companies to ensure remuneration is fair and competitive;
- align executive interests with those of the Company's shareholders; and
- comply with applicable legal requirements and appropriate standards of governance.

Elements of Executive Remuneration

The Company's remuneration strategy seeks to build a performance based culture that supports the strategic objectives of the Company and to attract, retain and motivate employees by offering market competitive remuneration and incentives.

Executive remuneration packages for KMP each year comprise a mix of the following:

	Fixed Remuneration	Variable Remuneration Performance-based remuneration	
		Short-term Incentives (STIs)	**Long term Incentives (LTIs)**
Includes:	Base salary (including salary sacrifice), superannuation as guaranteed fixed element of remuneration	Cash bonuses or share rights (at Board discretion where considered appropriate to conserve cash) subject to achievement of annual STI performance targets.	The grant of options and/or performance rights issued under the shareholder approved Employee Award Plan which vest over a medium-long term vesting period subject to achievement of long term performance targets or service conditions.
Objective:	To attract and retain talent	Reward shorter term performance and conduct in relation to group performance measures as well as overall individual performance.	Reward longer term performance that drives long-term strategic growth of the Company and delivers shareholder return. Longer term retention of talent.
Purpose:	Provide competitive remuneration with benchmarking based on; • company size and industry • role complexity • individual responsibility • skills and experience	To reward and engage executives in achieving a set of pre-defined shorter term (12-month period) group and individual/role performance targets linked to short term Company objectives. Performance measures include both financial and non-financial measures aligned to safety, sustainability, production and cost as well as individual targets aligned to areas of business influence and critical deliverables. The STI is also a valuable tool to reward and re-position effort and performance annually (as required) to other shorter-term initiatives (supporting business agility) that may arise in volatile global economic markets.	Achievement of pre-defined longer-term performance targets linked to relative and/or absolute TSR and where considered appropriate strategic objectives or milestones aligned with the Company's sustainable development and growth.

Targeted remuneration mix

Market trends, strategic business objectives and shareholder interests as well as the experience, role and responsibilities of executives are considered each year by the Committee when determining and recommending the mix of maximum remuneration for executives and how each component would drive desired outcomes.

Based on these considerations, the target maximum remuneration components for executives remained the same as 2019 for the 2020 financial year and these were as follows:

Name	Fixed Remuneration	STI [1]	LTI [1]
Managing Director ("**MD**") and Chief Executive Officer ("**CEO**")	100%	100%	100%
Other KMP	100%	60%	60%

1. Calculated as a % of Fixed Remuneration comprising base salary and employer superannuation contributions.

The remuneration framework for KMP was positioned by the Committee in 2020 with the objective of embedding a performance based culture within the Company's executive team. Fixed remuneration for FY20 was unchanged since it was set in 2019. At the time fixed remuneration was set to target about the 50th percentile of the remuneration market for the resources sector with maximum total fixed and variable remuneration eligible to be received by executives targeted to align within the 50th to 75th percentile. Benchmarking was used by comparing executive remuneration to independent market surveys and comparator groups in the S&P/ASX 200 based on comparable industry and market capitalisation of the Company at that time. Market data is sourced from reputable remuneration consultancies with defined and consistent market data collection, analysis and distribution practices.

d. Executive Remuneration for FY2020 and year ahead

Overview

When considering the remuneration framework for FY2020 including its vesting outcomes at the end of FY2020, the Committee and Board recognised that the executives delivered a high level of performance during FY2020, whilst operating in challenging and changing global markets where influences largely were outside the control of management and the Company. In fact, the Board was of the view that without this level of high performance, the situation may have proven more challenging.

Whilst the Company's responses to difficult market conditions, including the adoption of a moderated production strategy prevented certain STI targets from being capable of vesting in FY20, the executives made significant overall contributions during the FY2020 year. These included:

- implementation of further improvements to the Company's safety management systems in line with ISO45001;
- overseeing significant restructures within the Pilgangoora Project operational team to improve costs including a 21% reduction in employment cost and a revised mine plan with minimal disruption;
- optimisation of the Pilgangoora Project processing plant with significant improvements in lithia recoveries and product yield which will result in continued reduced unit operating cost once the market supports a continuous and steady state of production;
- prudent working capital management with implementation of a moderated production strategy in July 2019 which is still in effect to successfully manage cash flow;
- a successful capital raising of $111.5 million to strengthen the Company's balance sheet and preserve equity value for shareholders;

- introducing the world's largest EV battery maker, Contemporary Amperex Technology Co Ltd (CATL) as a major shareholder in the Company which led to a new long term offtake for 75,000tpa being executed with Yibin Tianyi.

In setting the FY20 remuneration framework and determining its vesting outcomes, regard was had by the Committee and the Board to the ultimate objectives of the framework being:

- retention of executives;
- provide market competitive fixed and variable remuneration for a high level of performance;
- keep executive's highly motivated to continue to achieve outstanding performance and shareholder value;
- recognise the levels of responsibilities and accountabilities they assumed during the financial year;
- ensure continued growth in the Company; and
- be fit for purpose for a company in an early operational phase of its asset life cycle.

As noted above, when setting the framework for FY2020 the Committee and the Board endeavoured to remunerate executives for their fixed remuneration at or around the 50th percentile and their maximum total remuneration (inclusive of both fixed and variable performance based remuneration) within the 50-75th percentile. The rationale for this was to continue to promote a strong performance based culture within the executive. Fixed remuneration was reviewed and benchmarked in FY2019. In FY2020 it was determined that there would be no increases to fixed remuneration for executives, nor their maximum entitlements to STIs and LTIs as a percentage of fixed remuneration.

For FY2020, the STI remuneration framework, which has a short term focus over a 12 month performance period, adopted performance measures which were based on group targets concerning safety, product sales volumes and production unit costs outcomes. In addition, the executives had individual or role specific targets which were measured as part of the executives' overall annual performance evaluations. Vesting determinations were made in respect of those STI performance targets following the end of the FY2020 financial year which are detailed below.

The longer-term objectives and performance measures set for the LTI remuneration framework for FY20 continued to focus on strategic goals aligned to ongoing growth, production volumes as well as relative shareholder return measured over a 3 year performance period. There were however no LTI awards due for vesting during the FY2020 financial year.

During FY2020 and recognising no LTI awards were due for vesting in FY2020, the Company introduced a 'once off' option scheme for executives and key personnel which will continue through to vesting in late 2022 and expire in 2023. This measure was initiated during the year to retain personnel key to the achievement of short to medium term strategic objectives of the Company at an important stage in the Company's development and when market conditions are challenging in lithium raw materials. As approved by shareholders at the Company's General Meeting held on 10 March 2020, Mr Brinsden was a participant in this scheme.

Further details of the remuneration framework and vesting outcomes for executives for FY2020 including fixed remuneration paid and awarded STIs and LTIs inclusive of performance targets and vesting conditions are set out on the following pages.

Fixed Remuneration

Pilbara Minerals is committed to providing competitive remuneration packages to its executives and senior employees that is appropriately positioned to motivate, attract and retain key executives and senior employees through the commodity cycles to deliver on the current and long term strategic activities of the Company.

For the year ended 30 June 2020, the executives received fixed remuneration (net of the salary sacrifice scheme) in the form of a base cash salary plus superannuation.

Fixed remuneration is reviewed annually by the Committee for recommendation to the Board. The nature and amount of fixed remuneration for executives depends on the nature of the role and market rates for the position, which are determined with the assistance of external advisors (where necessary), surveys and reports, taking into account the experience and qualifications of each individual and their responsibilities. The Committee ensures that the remuneration paid to executives is consistent with market conditions and practices and demonstrates a correlation to performance and creation of value for shareholders. In FY2019, executive fixed salary was market reviewed to bring them in line with market based comparator groups and for FY2020 it was determined that there would be no changes to fixed remuneration for executives. For FY2021, fixed salaries have remained unchanged however will be subject to reviews which have been deferred until the second quarter of FY2021 and will be dependent on improvement in market and business conditions. Details of executives' fixed remuneration is outlined in section (g) executive contractual arrangements.

STI's (Short Term Incentives)

Subsequent to the year ended 30 June 2020, the Board determined to pay STI to the executives in recognition of achievements made against pre-defined performance targets set for the 2020 financial year. The STIs were assessed against the following performance criteria outlined in the FY2020 Executive Remuneration Framework:

- **30% weighting for Safety:**
  - 15% weighting for TRIFR target with a threshold target of 3.95 (50% payout), target of 3.36 (75% payout) and stretch target of 2.77 (100% payout).
  - 15% weighting to satisfactory results from an independent annual audit of the Company's safety management systems.
- **20% weighting for Sales Volume and Positive Cashflow:**
  - Achieved from sale of product meeting specification in line with FY Annual Budget with threshold target of 90% of Budget (40% payout), target of 100%-105% of Budget (60% to 80% payout) and stretch target of 115% of Budget (100% payout).
- **20% weighting for Unit Costs:**
  - Achieved from unit costs of production meeting FY20 Annual Budget with threshold target of 110% of Budget (40% payout), target of 100% of Budget (80% payout) and stretch of 90% of Budget (100% payout).
- **30% weighting for Individual and Role Specific Targets:**
  - A range of short term performance measures were set for executives within their line of sight which were aligned with important objectives of the Company including maintaining strong balance sheet, working capital and cash position; compliance with the senior secured bond; ongoing development of company culture, governance and risk and compliance systems.

For FY2020, a new safety target was introduced in relation to achieving satisfactory results from an independent audit of the Company's safety management systems. This was adopted as a proactive leading performance indicator (as opposed to TRIFR which is a lagging performance indicator) to assist the Company in managing safety and testing the effectiveness of its safety management systems.

Vested outcomes of the assessment of FY2020 STI's are as follows:

- **Safety:**
  - *No awards were vested for Safety TRIFR targets as the TRIFR was elevated due to significantly reduced production hours associated with the Company's moderated production strategy in FY2020.
  - 40% of safety targets were partially vested and awarded in relation to satisfactory audit of safety systems.
- **Sales Volume and Positive Cashflow:**
  - This target was forfeited and no STI's were awarded in relation to sales volume and positive cashflow targets which were impacted by challenging market conditions.
- **Unit Costs:**
  - *No STI's were awarded in relation to the unit costs performance measure which was adversely affected by reduced production volumes associated with the Company's moderated production strategy, in response to soft lithium market conditions.
- **Individual and Role Specific Targets:**
  - 80%-85% of individual role-based targets were assessed and awarded.

*** *Refer to Deferred STIs for FY2020 commentary.***

The maximum STI available to executives is in accordance with the targeted remuneration mix outline in section (c).

As a result of the assessment of each executive's performance against these outcomes, for FY2020 the Board approved payment of the following STIs which can be paid, at executive discretion, in a mix of cash and up to 70% in shares in the Company:

Name	Position	Maximum STI ($)	Achieved STI ($)	Achieved STI (%)[1]
Ken Brinsden	MD and CEO	600,000	216,000	36.0%
Brian Lynn	Chief Financial Officer	270,000	101,250	37.5%
Alex Eastwood	General Counsel and Company Secretary	270,000	101,250	37.5%
Dale Henderson	Chief Operating Officer	270,000	101,250	37.5%

1. % of STI achieved

The Board used its discretion to allow executives to take shares in lieu of the achieved STI cash bonus as a means of conserving cash and strengthening alignment between executives and shareholders through executives holding shares in the Company. If elected, shares will be issued to executives at $0.27 per share being a price calculated at the end of the relevant performance period as the lower of the closing price of the Company's shares on 1 July 2020 and a 5 trading day VWAP from 1 July 2020.

Any shares elected to be taken by the CEO will be subject to shareholder approvals.

At 30 June 2020, the 70% portion of the KMP STI that could be received in Company shares was required to be valued as a share-based payment under the Black Scholes option valuation methodology. This award will continue to be valued until grant date, when the KMP will elect the portion of cash and shares to be received and any premium or discount on the equity based STI will be settled at grant date. Detail of the STI valuation are as follows:

Name	Position	STI Cash[1] ($)	STI Shares[1] ($)	STI Share Valuation 30-Jun-20 ($)
Ken Brinsden	MD and CEO	64,800	151,200	181,440
Brian Lynn	Chief Financial Officer	30,375	70,875	79,380
Alex Eastwood	General Counsel and Company Secretary	30,375	70,875	79,380
Dale Henderson	Chief Operating Officer	30,375	70,875	79,380

1. Based on 30% cash and maximum 70% shares, subject to executive discretion.

Further details on the valuation are set out in Note 5.1.2 to the Financial Statements.

Deferred STI's for FY2020

FY20 was a period of intense market pressure as demand for lithium raw materials weakened, further complicated in the second half by the effect of the global COVID-19 pandemic and particularly its direct impacts on lithium raw materials in China being the Company's primary market.

55% of the available FY20 STI payment was forfeited due to the Company implementing a moderated production strategy in response to challenging and unforeseen market conditions beyond the control of the executives and the Company, which meant safety (TRIFR), sales volume and production unit cost performance targets could not meet the threshold targets set. As a result, the Board resolved to defer the vesting determinations for these FY2020 STI targets for further assessment during FY2021 (**Deferred STI**).

Instead of paying out a discretionary award this Deferred STI acknowledges the extraordinary personal contributions and divergent mitigation strategies that were implemented by the executives during the 12 month performance period (as noted in the overview section above) that have resulted in significant wealth preservation for the Company through maintaining balance sheet strength in what has been an extremely challenging commodity market for the Company. Each of these achievements contributed significantly to the relative health of the organisation (both in respect of safety, cost and balance sheet) which ensures the Company's operating platform remains sustainable for a turnaround in market conditions.

The Deferred STI will have a 20% weighting (reduced from the original 35% weighting) in respective total fixed remuneration and will be considered for further assessment by the Committee and Board during FY2021. It will be assessed against criteria that validates the actual achievements made by the executives in FY2020 and demonstrates ongoing performance in respect of safety and unit cost management as market conditions normalise post the initial COIVD-19 impact. As market conditions normalise this in-turn should allow for higher rates of working hours and production, thereby providing a more valid platform when making an assessment of the FY2020 STI targets.

Key tests to be considered during the deferred performance period in FY2021 for the Deferred STI include:

- two continuous quarters of safety performance at or below the FY20 TRIFR target of 3.36 (that has not been able to be demonstrated during FY20 due to the 'moderated production strategy') (**10% weighting**).
- two continuous months of performance at or below the publicly stated unit cash operating cost performance target of USD$320-350/dmt CFR China thereby demonstrating the prior work achieved in plant performance and cost improvement during FY2020 that were not capable of validation during FY20 because of the 'moderated production strategy' (**10% weighting**).

Should the Deferred STIs not vest in FY2021, then those awards will be forfeited.

LTI's (Long Term Incentives)

Vesting of LTIs in FY2020

No LTI's were due for vesting during the year ended 30 June 2020.

LTIs issued under FY2020 Executive Remuneration Framework

During FY2020 an annual grant of performance based LTIs were awarded to executives under the FY2020 Executive Remuneration Framework in the form of options and performance rights under the Company's shareholder approved Employee Awards Plan. An additional two tranches of once off non-performance LTI's in the form of retention options were also issued to executives as part of the 2019 Pilbara Minerals Retention Scheme under the approved Employee Awards Plan. These retention options were issued to executives to recognise there were no LTIs vesting in FY2020 and as an initiative to retain personnel key to the achievement of the Company's short to medium term strategic objectives at an important stage in the Company's development.

A total of 20,068,647 unlisted options/retention options and 1,359,358 performance rights over ordinary shares in the Company were granted to executives during the year as part of the FY2020 Executive Remuneration Scheme and Retention Scheme under the Company's Employee Award Plan.

Options and Performance Rights:

The annual performance based LTIs options and performance rights for FY2020 were issued to executives on the following basis:

- the maximum dollar value of LTIs awarded to KMP was determined to be 100% of total remuneration for the MD and CEO and up to 60% of total fixed remuneration for other KMP;
- the LTIs will vest subject to pre-determined and weighted performance conditions related to strategic targets aligned to growth and relative total shareholder return which are measured over a 3 year vesting period beginning 1 July 2019 and ending 30 June 2022; and
- subject to vesting, LTI payments to executives will comprise a mix of up to 60% options and the balance in performance rights.

A total of 9,894,734 unlisted options and 1,359,358 performance rights were issued to executive's subject to achievement of the following performance conditions to be measured over the 3 year vesting period:

- 50% weighting towards relative TSR targets (between the 50th to 85th percentile) against a defined peer group of companies; and
- 50% weighting on performance conditions aligned to longer term project and strategic objectives of the Company as follows;
  - ➢ Production and sales achieved at rate of 840,000 tonnes per annum of spodumene concentrate, or such other rate as approved by the Board, by 30 June 2022.

The number of performance rights and exercise price of the options was based on a face value of $0.4149. This represented the share price of the Company at the start of the relevant performance period and was calculated using a VWAP of the Company's shares for the quarter from 1 July 2019 to 30 September 2019. This ensures that movement in the share price over the performance period directly affects the value received by the executives and ensures full alignment with returns to shareholders over the course of the same period.

Retention Options:

In December 2019, 10,173,913 unlisted retention options were issued to executive's as part of the 'once off' 2019 Pilbara Minerals Retention Awards Scheme which was implemented as an important initiative by the Board to retain executives and other selected employees considered pivotal to the achievement of the Company strategic objectives over the short to medium term.

The options vest on the basis that the participants satisfy a service condition and remain employed with the Company during the applicable vesting period. The options have two vesting period tranches as follows:

- Tranche 1 – two year vesting period for 40% of the total award ending 31 October 2021 and expiring on 1 May 2023; and
- Tranche 2 – three year vesting period for 60% of the total award ending 31 October 2022 and expiring on 1 May 2023.

The retention options have an exercise price of $0.375 which was 43% premium to the Company's share price on the date of grant. The quantum of retention options issued to each executive was based on 60% of their fixed remuneration.

None of these options / retention options and performance rights issued during FY2020 were eligible for vesting in the 2020 financial year.

Salary Sacrifice Scheme

In April 2020, the Company launched the 2020 Salary Sacrifice Scheme whereby employees could elect to receive performance rights in lieu of a fixed percentage of their salary over an eight month period, with those rights having no performance conditions and automatically vesting into shares under the Employee Award Plan. The purpose of the scheme was to preserve working capital in a period of challenging market conditions further impacted by the COVID-19 pandemic and to increase employee commitment and alignment towards creation of shareholder value by providing an opportunity to take up ownership in the Company.

Employees were given the opportunity to elect at the beginning of the scheme to sacrifice a fixed percentage of their gross base salary over the eight month period in return for performance rights under the Company's Employee Award Plan, and to then receive Company shares issued in three separate tranches over the eight month period. The performance rights once allocated will automatically vest and convert into shares at the end of each tranche period.

The number of performance rights issued to employees is determined by dividing the employee's accrued salary sacrificed for the relevant period by the face value of the rights determined using the lower of the Company's closing share price or a 5-day VWAP on the last pay date of each tranche period and applying a 10% discount, but subject to a price ceiling set at the beginning of the scheme. The price ceiling is equal to $0.1924 which was calculated using a VWAP from 1 April 2020 to 20 April 2020 being the commencement date of the scheme.

The Executives have elected to salary sacrifice 25% of their gross base salary over the eight month period which is divided into three tranches. Tranche 1 vested and automatically exercised on 19 June 2020. Tranches 2 and 3 will vest and automatically exercise on or about 21 September 2020 and 21 December 2020 respectively.

A total of 278,715 performance rights over ordinary shares in the Company have been granted to executives during the FY2020 financial year as part of the first tranche the 2020 Salary Sacrifice Scheme.

The Managing Director, Ken Brinsden has also applied to participate in the Salary Sacrifice Scheme and has elected to sacrifice at a fixed rate of 25% of his salary. Whilst the sacrificing of salary has commenced for Mr Brinsden, his application to participate remains subject to approval by shareholders. No performance rights or shares will be issued until such approval is obtained. In the event that shareholders do not approve Mr Brinsden's participation in the Salary Sacrifice Scheme, his salary sacrifice component will be paid to Mr Brinsden in cash.

Further details of fixed remuneration paid, STI bonuses, options and performance rights are detailed in the Directors and Executive Officers Remuneration table in section (i) for the years ended 30 June 2019 and 30 June 2020.

FY2021 Remuneration Framework

Fixed Remuneration

In light of continuing uncertain market conditions which have been further impacted by COVID 19, fixed remuneration of executives and their maximum entitlements to STIs and LTIs as a percentage of fixed remuneration have continued to remain unchanged for FY2021. Salary reviews have been deferred for further consideration until the second quarter of FY2021 and will be subject to an improvement in market and business conditions.

STIs

The remuneration framework for FY2021 will continue to include a variable remuneration component with STI and LTI performance measures being set by the Committee for recommendation to the Board. In relation to STIs, continuing significant current market uncertainty caused by COVID 19 and soft market condition in the lithium raw material sector may adversely impact threshold performance measures, which may not be achieved for reasons outside of the control or influence of management.

As such, the Board has elected to defer setting any specific STI targets for FY2021 at the date of this report and have chosen to only confirm the maximum amount of the STI opportunity and the key focus areas and weightings in which targets will be further defined.

The key focus areas and associated weightings for the STI targets for FY2021 will be:

- Safety **(20% weighting**) – continued improvement in the Company's safety performance as measured by leading and lagging indicators;
- Sustainability (**10% weighting**) – continued improvement in the Company's sustainability practices including evaluation and monitoring of the Pilgangoora Project's exposure to climate-related risk, and the determination of emission reduction targets and strategies;
- Financial strength (**20% weighting**) - the strength of the Company's financial position as measured by management of the Company's cash, debt and working capital positions;
- Unit costs (**20% weighting**) – unit costs of production in relation to annual forecasts/budgets and/or adjusted unit costs of production for any required changes to production rates in response to market conditions; and
- Individual performance (**30% weighting**) – subject to satisfactory outcomes on individual performance evaluations and achieving short term objectives of the Group as considered appropriate by the Committee and/or Board.

The Company recognises the importance of further developing its sustainability practices over the next 12 months accordingly and has introduced a new STI target for FY2021 aligned with this objective.

Actual quantities, metrics or performance measure thresholds for these key focus areas will not be able to be meaningfully quantified until they can be recalibrated with a more reliable production forecast for FY2021 which will only be known once there is greater clarity in the market for the Board to make such determinations. In the present circumstances, this is considered a prudent and balanced approach in retaining and rewarding the executive as it recognises the Company is in a "wealth preservation" mode enabling management to focus on asset preservation, maintaining a strong balance sheet and being prepared for unforeseen circumstances arising from COVID 19 and subdued market conditions in the lithium sector. It is proposed that the Board will reconsider the STI targets and performance measure thresholds as soon as practicable during FY2021 and apply greater granularity in defining the quantum and thresholds of the STI targets once there is more certainty around market and business conditions.

LTIs

LTI performance measures for FY2021 will focus on a mix of absolute and relative total shareholder return as well as strategic goals linked to longer term growth and wealth preservation for the Company. Use of strategic targets for LTIs in addition to TSR is considered appropriate for the Company which remains in the early stages of its development with Stage 1 production yet to meet design capacity due to market conditions and the Company still having a number of longer term strategic growth objectives to be achieved. These include positioning the Company globally as a cost competitive producer, expanding production at the Pilgangoora Project for its Stage 2 offtake customers to generate long term shareholder return and achieving its strategic integration objective of moving into downstream chemical processing.

As the Company establishes a more mature profile consideration will be given for performance measures for LTIs that move away from strategic targets and focus on more traditional financial measures.

The LTI targets for FY2021 have been determined to be:

- 50% weighting towards relative TSR targets (between the 50th to 85th percentile) against a defined peer group of companies; and
- 50% strategic targets being:
  - customer diversification and strategic options for growth, including downstream opportunities in chemical processing (25% weighting); and
  - global cost competitiveness relative to its global peers (25% weighting).

The Board considered both wealth preservation and wealth creation objectives when setting LTI strategic targets for FY2021 and determined that a mix of both objectives was most appropriate for the Company for FY2021.

A dual approach of using both relative and absolute TSR (50/50) was considered appropriate for FY2021 with the intent of achieving a balance of aligning executive pay with creation of shareholder return benchmarked and measured relatively against the Company's peers (which are outlined in the table below), but importantly also ensuring an absolute return is delivered to the Company's shareholders. This is considered appropriate as it ensures shareholders receive an absolute return but at the same time using relative TSR ensures executives are not simply rewarded or penalised for a general rise or fall in the market for reasons outside of their influence.

The Company's FY2021 TSR comparative group, outlined below, was determined with the external remuneration consultant. The selection criteria factored in company sector, size and risk profile to establish a representative group that reflects peers which the Company may compete with for executive talent.

Company		Company	
1	Perenti Global Limited	10	MACA Limited
2	Base Resources Limited	11	Orocobre Limited
3	Champion Iron Limited	12	Perseus Mining Limited
4	Lynas Corporation Limited	13	Galaxy Resources Limited
5	Mount Gibson Iron Limited	14	Ramelius Resources Limited
6	Red 5 Limited	15	Resolute Mining Ltd
7	Dacian Gold Limited	16	Sandfire Resources
8	West Africa Resources Ltd	17	Western Areas Limited
9	Gold Road Resources Ltd	18	Westgold Resources Limited

e. Minimum holding policy

All directors, executives and employees are encouraged to own Pilbara Minerals shares and the Company enables executives and employees to participate as a shareholder through short term and long term incentives as well as through salary sacrifice.

In August of 2020, the Board implemented a minimum holding policy for KMP and the minimum holding requirements are as follows:

- **Non-executive directors**: equal to the value of annual base fees
- **MD and CEO:** equal to the value of annual fixed remuneration
- **Other executives**: equal to half of the value of annual fixed remuneration

Participants are encouraged to meet their minimum shareholding with a reasonable timeframe generally within 3 years by holding shares that vest under the STI, LTI and salary sacrifice schemes or through on-market acquisition (which is the way for non-executive directors to acquire shares). The minimum shareholding requirement combined with the structure of the Company's incentive plans ensures that KMP remuneration is directly aligned with shareholder returns.

Details of the minimum holding policy can be found on the Company's website.

f. Assessing performance and clawback of remuneration

The People and Culture Committee and Board is responsible for assessing executive's performance against vesting conditions and determining the STI and LTI components to be paid based upon reports from management, market conditions and Company performance.

In the event of serious misconduct or a material misstatement in the Company's financial statements, the Board may in its discretion cancel or defer performance-based remuneration and may also clawback performance-based remuneration paid in previous financial years.

g. Consequences of performance on shareholder wealth

Executive remuneration is aimed at aligning the strategic and business objectives with the creation of shareholder wealth and return. The table below shows measures of the Group's financial performance over the last five years as required by the *Corporations Act 2001*. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMP. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	2020	2019	2018	2017	2016
Profit/(loss) for the year attributable to owners of Pilbara Minerals Limited ($'000)	(99,262)	(28,932)	(19,415)	(25,954)	(55,607)
Basic earnings/(loss) per share (cents)	(4.67)	(1.63)	(1.19)	(2.11)	(6.76)
Dividend payments ($'000)	-	-	-	-	-
Share price - 30 June	$0.25	$0.55	$0.87	$0.38	$0.62
Increase/(decrease) in share price (%)	(54.1)	(37.4)	128.9	(38.7)	463.6

Executive contractual arrangements

The agreements relating to remuneration and other terms of employment for the executives are set out in the following table.

	K Brinsden Managing Director/ Chief Executive Officer	B Lynn Chief Financial Officer	A Eastwood Company Secretary & General Counsel	D Henderson Chief Operations Officer
Total fixed remuneration per annum inclusive of superannuation	$600,000	$450,000	$450,000	$450,000
Resignation notice	16 weeks	16 weeks	12 weeks	12 weeks
Termination notice for cause	None	None	None	None
Termination notice without cause	12 months	12 months	6 months	6 months
Termination in case of illness or injury or incapacity	Greater of 1 month or NES	Greater of 1 month or NES	Greater of 1 month or NES	Greater of 1 month or NES
Redundancy*	NES	NES	NES	NES

* Any payment made to the Executive in lieu of notice is set off against National Employment Standards (NES).

h. Non-executive director remuneration

Fees and payments to the Non-Executive Directors reflect the demands made, and the responsibilities placed on the Non-Executive Directors. Non-executive director fees and payments are reviewed annually by the People and Culture Committee and Board taking into account comparable roles and market data.

The maximum annual aggregate directors' fee pool limit is currently set at $750,000 and was approved by shareholders at the annual general meeting on 24 November 2016. In line with market benchmarking data obtained from independent remuneration consultant BDO the Chairman fees (which include all committee fees) were identified as being below market and increased from 1 July 2020 as outlined in the table below. There were no other changes to fees in FY20 and the FY21 fee review for other director roles has been deferred until later in the year due to the current economic climate.

In July 2020 a new Sustainability Committee was established which will be chaired by Mr Nicholas Cernotta.

The fees are reviewed annually by the Board with the last change to Chairman's fees taking effect from 1 July 2020.

	From 1 July 2020 $	From 1 July 2018 $
Base fees (annual)		
Non-Executive Chairman (including Committee's)	190,000	170,000
Other Non-Executive Directors	100,000	100,000
Committee Fees (annual)		
Chairperson of Committee	10,000	10,000
Member of Committee	7,500	7,500

Fees for Non-Executive Directors are not linked to performance of the Company.

There were no options or other equity-based instruments issued to Non-Executive Directors during the year.

i. Directors' and Executive Officers' Remuneration

Details of the remuneration of the KMP of the Group for the 2019 and 2020 financial years are set out in the following tables.

		Fixed Remuneration			Variable Remuneration				Total	Performance Related Remuneration
		Salary and fees	Annual and long service leave	Post-employment benefit	Non-performance shares[B]	Performance shares[C]	STI Payment[D]	LTI Cash Payment[E]		%
Non-Executive Directors										
Anthony Kiernan[F]	2020	155,251	-	14,749	-	-	-	-	170,000	0%
	2019	155,251	-	14,749	217,378	-	-	-	387,378	0%
Steve Scudamore[F]	2020	107,306	-	10,194	-	-	-	-	117,500	0%
	2019	107,306	-	10,194	54,344	-	-	-	171,844	0%
Nicholas Cernotta	2020	107,306	-	10,194	-	-	-	-	117,500	0%
	2019	107,306	-	10,194	175,458	-	-	-	292,958	0%
Sally-Anne Layman	2020	107,500	-	-	90,581	-	-	-	198,081	0%
	2019	107,607	-	-	451,419	-	-	-	559,026	0%
Executive Directors										
Ken Brinsden[A]	2020	566,935	(15,665)	21,003	72,090	277,287	246,240	-	1,167,890	45%
	2019	579,469	69,124	20,531	-	475,108	186,300	37,474	1,368,006	51%
Other KMP										
Brian Lynn	2020	411,122	18,097	21,003	95,802	99,459	109,755	-	755,238	28%
	2019	429,469	33,853	20,531	-	178,082	90,585	19,822	772,342	37%
Alex Eastwood	2020	411,122	18,112	21,003	95,802	99,459	109,755	-	755,253	28%
	2019	429,469	22,640	20,531	-	142,431	90,585	19,822	725,478	35%
Dale Henderson	2020	411,122	16,474	21,003	95,802	99,459	109,755	-	753,615	28%
	2019	429,469	22,794	20,531	-	105,359	90,585	19,049	687,787	31%
Total Directors and KMP remuneration										
	2020	**2,277,664**	**37,018**	**119,149**	**450,077**	**575,664**	**575,505**	**-**	**4,035,077**	**29%**
	2019	**2,345,346**	**148,411**	**117,261**	**898,599**	**900,980**	**458,055**	**96,167**	**4,964,819**	**29%**

[A] Non-performance shares include amounts that have been salary sacrificed under the 2020 Salary Sacrifice Offer. The application received is subject to approval by shareholders at the 2020 AGM. Should these amounts not be approved they will be returned as cash salaries.

[B] Non-performance shares issued to non-executive directors only have service based conditions. Non-performance shares issued to executives and other KMP are related to the 2020 Salary Sacrifice Offer and 2020 Retention Options. The amount disclosed in the table above relates to the non-cash value ascribed to share options under Australian Accounting Standards using the Black Scholes option valuation methodology.

[C] The amount disclosed in the table above relates to the non-cash value ascribed to share options and performance rights under Australian Accounting Standards using the Black Scholes and Monte Carlo valuation methodologies.

[D] 2020 STI's relate to those declared for FY2020 but paid in cash or up to 70% in shares, at the executive's discretion, subsequent to the year ended 30 June 2020. The 70% portion of the KMP STI that could be received in shares is valued at fair value as a share-based payment under the Black Scholes option valuation methodology. The fair value of the award will continue to be adjusted until grant date, when the KMP will elect the portion of cash and shares to be received.

[E] Relates to the 2018 LTI cash bonuses accrued and declared in FY2018 and FY2019 and paid in FY2020.

[F] Options related to these non-performance shares amounts disclosed in 2019 lapsed in 2020.

j. Equity Instruments

Share Based Payment Expense

Details of the performance rights and options share based payment expense for the KMP of the Group for the year ending 30 June 2020 is shown in the table below:

	Year of Grant	Equity Options Granted	Performance Rights Granted	Non-performance		Performance		Total
				Equity Options	Rights [1]	Equity Options	Rights	
		No.	No.	($)	($)	($)	($)	($)
Sally-Anne Layman	2019	2,000,000	-	90,581	-	-	-	90,581
Ken Brinsden	2019	1,321,100	271,493	-	-	85,135	43,739	128,874
	2020	7,340,961	578,452	51,626	20,464	106,667	41,746	220,503
								349,377
Brian Lynn	2019	594,495	122,171	-	-	17,188	11,863	29,051
	2020	4,242,562	353,207	49,961	45,841	50,842	19,566	166,210
								195,261
Alex Eastwood	2019	594,495	122,171	-	-	17,188	11,863	29,051
	2020	4,242,562	353,207	49,961	45,841	50,842	19,566	166,210
								195,261
Dale Henderson	2019	594,495	122,171	-	-	17,188	11,863	29,051
	2020	4,242,562	353,207	49,961	45,841	50,842	19,566	166,210
								195,261
Total		**25,173,232**	**2,276,079**	**292,090**	**157,987**	**395,892**	**179,772**	**1,025,741**

Vesting conditions attached to these options and performance rights are set out Note 2.2.3 of the Financial Statements.
1. Tranches 2 and 3 of the 2020 salary sacrifice offer are deemed as granted for accounting purposes only and have been expensed in this table above.

Options over Equity Instruments granted as Compensation Instruments

All options refer to unlisted options over ordinary shares in the Company, which are exercisable on a one-for-one basis under the Employee Award Plan which was approved by shareholders on 21 November 2019.

Details on unlisted options over ordinary shares in the Company that were granted as compensation to each KMP during the financial year are as follows:

	No. of options granted during the year	Grant date	Fair value per option at grant date	Exercise price per option	Expiry date	No. of options vested during the year
Ken Brinsden[1]	2,105,263	21-Nov-19	$0.070	$0.415	31-Dec-22	-
Ken Brinsden[1]	2,105,263	21-Nov-19	$0.082	$0.415	31-Dec-22	-
Ken Brinsden[2]	3,130,435	10-Mar-20	$0.062	$0.375	01-May-23	-
Brian Lynn[1]	947,368	14-Nov-19	$0.073	$0.415	31-Dec-22	-
Brian Lynn[1]	947,368	14-Nov-19	$0.088	$0.415	31-Dec-22	-
Brian Lynn[2]	2,347,826	13-Dec-19	$0.080	$0.375	01-May-23	-
Alex Eastwood[1]	947,368	14-Nov-19	$0.073	$0.415	31-Dec-22	-
Alex Eastwood[1]	947,368	14-Nov-19	$0.088	$0.415	31-Dec-22	-
Alex Eastwood[2]	2,347,826	13-Dec-19	$0.080	$0.375	01-May-23	-
Dale Henderson[1]	947,368	14-Nov-19	$0.073	$0.415	31-Dec-22	-
Dale Henderson[1]	947,368	14-Nov-19	$0.088	$0.415	31-Dec-22	-
Dale Henderson[2]	2,347,826	13-Dec-19	$0.080	$0.375	01-May-23	-

1. The vesting conditions attached are:
   - 50% vest upon the Company achieving specified relative TSR targets (between the 50th to 85th percentile) against a defined peer group of companies measured over the 3 year vesting period; and
   - 50% vest upon achievement of production and sales at a rate of 840,000 tonnes of spodumene concentrate per annum.
2. The vesting conditions attached are:
   - 40% vest on 31 October 2021, subject to the KMP or employee remaining in service at that date; and
   - 60% vest on 31 October 2022, subject to the KMP or employee remaining in service at that date.

Options issued with an exercise price of 41.5 cents were determined using the VWAP for the 1st quarter of FY2020 being the period from 1 July 2019 to 30 September 2019. Options issued with an exercise price of 37.5 cents were determined using the 5-day VWAP from the 9th to 13th December 2019.

Fair value of options granted

All options issued as compensation to KMPs are non-cash in nature. They are valued using the Black Scholes option valuation methodology which calculates an implied value for each option based on the Company's share price volatility, the risk-free rate of return, the life of the option, the Company's share price at the grant date and the option exercise price. The model inputs for the options granted during the year include:

	Options expiring 31 December 2022	Options expiring 31 December 2022	Options expiring 01 May 2023	Options expiring 01 May 2023
Exercise price	$0.415	$0.415	$0.375	$0.375
Grant date	14-Nov-19	21-Nov-19	13-Dec-19	10-Mar-20
Expiry date	31-Dec-22	31-Dec-22	01-May-23	01-May-23
Share price at grant date	$0.305	$0.295	$0.27	$0.23
Expected volatility of the Company's shares	55%	55%	55%	60%
Expected dividend yield	0%	0%	0%	0%
Risk-free interest rate	0.74%	0.72%	0.79%	0.48%

Exercise of Options granted as Compensation Instruments

During the year no ordinary shares were issued on the exercise of unlisted options previously granted as compensation.

Performance Rights over Equity Instruments granted as Compensation Instruments

Details on performance rights over ordinary shares in the Company that were granted as compensation to each KMP and details on performance rights that vested during the reporting period are shown in the following table:

	No. of performance rights granted	Grant date[1]	Fair value per performance right at grant date	Expiry date	No. of performance rights vested
Ken Brinsden [2]	289,226	21-Nov-19	$0.138	30-Jun-22	-
Ken Brinsden [2]	289,226	21-Nov-19	$0.295	30-Jun-22	-
Brian Lynn [2]	130,151	01-Oct-19	$0.146	30-Jun-22	-
Brian Lynn [2]	130,151	01-Oct-19	$0.305	30-Jun-22	-
Brian Lynn [3]	92,905	30-Apr-20	$0.241	19-Jun-20	92,905
Alex Eastwood [2]	130,151	01-Oct-19	$0.146	30-Jun-22	-
Alex Eastwood [2]	130,151	01-Oct-19	$0.305	30-Jun-22	-
Alex Eastwood [3]	92,905	30-Apr-20	$0.241	19-Jun-20	92,905
Dale Henderson [2]	130,151	01-Oct-19	$0.146	30-Jun-22	-
Dale Henderson [2]	130,151	01-Oct-19	$0.305	30-Jun-22	-
Dale Henderson [3]	92,905	30-Apr-20	$0.241	19-Jun-20	92,905

1. In relation to Mr Brinsden, performance rights were approved by shareholders on 21 November 2019.
2. The performance vesting conditions attached are:
   - 50% vest upon the Company achieving specified relative TSR targets (between the 50th to 85th percentile) against a defined peer group of companies measured over the 3 year vesting period; and
   - 50% vest upon achievement of production and sales at a rate of 840,000 tonnes of spodumene concentrate per annum, or such other rate as approved by the Board at 30 June 2022.
3. These performance rights are issued under the 2020 Salary Sacrifice Offer (tranche 1) and have no performance conditions attached to vesting. The Board has also received an application for performance rights from Mr Brinsden, pursuant to the 2020 Salary Sacrifice Offer which are subject to approval by shareholders at the 2020 AGM and excluded from the table above. It is estimated that Other KMP will each be granted 139,358 tranche 2 performance rights in September 2020 and 139,358 tranche 3 performance rights in December 2020 in relation to the 2020 Salary Sacrifice Offer, subject to each Other KMP salary sacrificing cash in lieu of performance rights during these periods.

Except for performance rights issued under the 2020 Salary Sacrifice Offer which are issued in exchange for salary sacrifice, the performance rights have been provided at no cost and expire on the earlier of the expiry date or termination of the KMP's employment.

Fair value of performance rights granted

Except for performance rights issued under the 2020 Salary Sacrifice Offer, performance rights issued as compensation to KMPs are non-cash in nature. They are valued using the Monte Carlo simulation model (market based conditions) and the Black Scholes option valuation methodology (non-market based conditions) that takes into account the term of performance rights, the share price at grant date and expected volatility of the underlying right, the expected dividend yield, the risk free rate for the term of the right and the correlations and volatilities of the peer companies.

The model inputs for the performance rights granted during the year include:

	Executive Director Performance Rights granted	Other KMP Performance Rights granted	Other KMP Performance Rights granted [1]
Exercise price	-	-	-
Grant date	21-Nov-19	01-Oct-19	30-Apr-20
Expiry date	30-Jun-22	30-Jun-22	17-Jun-20, 17-Sep-20 and 17 Dec-20 [2]
Share price at grant date	$0.295	$0.305	$0.22
Expected volatility of the Company's shares	55%	55%	80%
Expected dividend yield	0%	0%	0%
Risk-free interest rate	0.72%	0.74%	0.22%

1. Grant date for accounting purposes only. Tranches 2 and 3 will be issued on/about 17 September 2020 and 17 December 2020
2. Tranches 2 and 3 will expire on/about 17 September 2020 and 17 December 2020.

Details of Equity Incentives affecting Current and Future Remuneration

Details of vesting profiles of the unlisted options and performance rights held by each KMP of the Group during the year ended 30 June 2020 are detailed below.

	Instrument	No. of instruments	Grant date	% vested in year	% forfeited in year [1]	Financial year in which grant vests
Anthony Kiernan	Options	8,000,000	24-Nov-16	0%	100%	2017 to 2019
Steve Scudamore	Options	1,333,334	24-Nov-16	0%	100%	2018 and 2019
Nicholas Cernotta	Options	2,000,000	23-Nov-17	0%	0%	2018 and 2019
Sally-Anne Layman	Options	2,000,000	28-Nov-18	33.33%	0%	2019 and 2020
Ken Brinsden	Options	1,321,100	28-Nov-18	0%	0%	2021
	Options	4,210,526	21-Nov-19	0%	0%	2022
	Options	3,130,435	10-Mar-20	0%	0%	2022 and 2023
	Performance Rights	271,493	28-Nov-18	0%	0%	2021
	Performance Rights	578,452	21-Nov-19	0%	0%	2022
Brian Lynn	Options	375,000	06-Sep-17	0%	0%	2019
	Options	594,495	21-Dec-18	0%	0%	2021
	Options	1,894,736	14-Nov-19	0%	0%	2022
	Options	2,347,826	13-Dec-19	0%	0%	2022 and 2023
	Performance Rights	122,171	21-Dec-18	0%	0%	2021
	Performance Rights	260,302	01-Oct-19	0%	0%	2022
	Performance Rights [2]	92,905	30-Apr-20	100%	0%	2020
Alex Eastwood	Options	375,000	06-Sep-17	0%	0%	2019
	Options	594,495	21-Dec-18	0%	0%	2021
	Options	1,894,736	14-Nov-19	0%	0%	2022
	Options	2,347,826	13-Dec-19	0%	0%	2022 and 2023
	Performance Rights	122,171	21-Dec-18	0%	0%	2021
	Performance Rights	260,302	01-Oct-19	0%	0%	2022
	Performance Rights [2]	92,905	30-Apr-20	100%	0%	2020
Dale Henderson	Options	2,000,000	06-Sep-17	0%	0%	2019
	Options	594,495	21-Dec-18	0%	0%	2021
	Options	1,894,736	14-Nov-19	0%	0%	2022
	Options	2,347,826	13-Dec-19	0%	0%	2022 and 2023
	Performance Rights	122,171	21-Dec-18	0%	0%	2021
	Performance Rights	260,302	01-Oct-19	0%	0%	2022
	Performance Rights [2]	92,905	30-Apr-20	100%	0%	2020

1. The percentage forfeited in the year represents the reduction from the maximum number of instruments available to vest due the exercise price being higher than the share price.
2. Performance rights granted 30 April 2020 and issued on 19 June 2020 pursuant to 2020 Salary Sacrifice Scheme.

Analysis of Movements in Equity Instruments

The number and total fair value of unlisted options and performance rights over ordinary shares in the Company granted during the reporting period is detailed below.

	Options		Performance Rights	
	Options granted in the year	Fair value of options granted in year[1] ($)	Performance rights granted in year	Fair value of performance rights granted in the year[1] ($)
Ken Brinsden	7,340,961	514,086	578,452	125,236
Brian Lynn	4,242,562	340,352	353,207	81,089
Alex Eastwood	4,242,562	340,352	353,207	81,089
Dale Henderson	4,242,562	340,352	353,207	81,089

1. The value of awards and maximum value granted during the year is the fair value of the unlisted options and performance rights calculated at grant date. These amounts are allocated to remuneration over their applicable vesting periods.

Unlisted Options and Performance Rights over Equity Instruments

The movement during the current financial year, by number of unlisted options over ordinary shares in the Company held, directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

	Held at 1-Jul-19	Granted	Exercised/ forfeited	Held at 30-Jun-20	Vested during the year	Vested and Exercisable
Anthony Kiernan	8,000,000	-	(8,000,000)	-	-	-
Steve Scudamore	1,333,334	-	(1,333,334)	-	-	-
Nicholas Cernotta	2,000,000	-	-	2,000,000	-	2,000,000
Sally-Anne Layman	2,000,000	-	-	2,000,000	666,667	2,000,000
Ken Brinsden	1,321,100	7,340,961	-	8,662,061	-	-
Brian Lynn	969,495	4,242,562	-	5,212,057	-	375,000
Alex Eastwood	969,495	4,242,562	-	5,212,057	-	375,000
Dale Henderson	2,594,495	4,242,562	-	6,837,057	-	2,000,000

The movement during the current financial year, by number of performance rights over ordinary shares in the Company held, directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

	Held at 1-Jul-19	Granted	Exercised/ forfeited	Held at 30-Jun-20	Vested during the year	Vested and Exercisable
Ken Brinsden	588,415	578,452	(316,922)	849,945	316,922	-
Brian Lynn	274,763	353,207	(152,592)	475,378	152,592	-
Alex Eastwood	274,763	353,207	(152,592)	475,378	152,592	-
Dale Henderson	268,813	353,207	(146,642)	475,378	146,642	-

Key Management Personnel Transactions

Movements in Shares

The movement during the current financial year in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

	Held at 1 July 2019	Received on exercise of options/rights	Other changes[1]	Held at 30 June 2020
Anthony Kiernan	287,858	-	138,506	426,364
Steve Scudamore	142,850	-	-	142,850
Nicholas Cernotta	156,570	-	52,337	208,907
Sally-Anne Layman	88,600	-	-	88,600
Ken Brinsden	7,615,000	223,165	78,506	7,916,671
Brian Lynn	1,032,140	204,174	-	1,236,314
Alex Eastwood	490,213	204,174	-	694,387
Dale Henderson	-	198,000	-	198,000

1. Other changes represent shares that were purchased or sold (including via the Share Purchase Plan) during the year or shares held by KMP who resigned in the year.

End of Audited Remuneration Report.

NO NEW INFORMATION STATEMENT

Information in this report relating to exploration results is extracted from the ASX Announcement dated 28 April 2020 entitled “March 2020 Quarterly Activities Report”. Pilbara Minerals confirms that it is not aware of any new information or data that materially affects the information included in these announcements and that all material assumptions and technical parameters underpinning the exploration results in the announcement continue to apply and have not materially changed. Pilbara Minerals confirms that the form and context in which the Competent Persons’ findings are presented have not been materially modified from the original market announcements.

This Directors’ Report is made out in accordance with a resolution of the directors:

Anthony Kiernan
Chairman

Dated this 27th day of August 2020

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Pilbara Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Pilbara Minerals Limited for the financial year ended 30 June 2020 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

R Gambitta
Partner

Perth

27 August 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Notes	2020 $'000	2019 $'000
Revenue from contracts with customers	2.1.1	84,147	42,785
Operating costs	2.1.2	(112,085)	(34,899)
Gross (loss)/profit		**(27,938)**	**7,886**
Other income		-	570
Expenses			
General and administration expense		(12,837)	(14,906)
Exploration and feasibility costs expensed	2.2.1	(6,535)	(8,000)
Inventory write-down	2.2.2	(21,325)	(1,682)
Depreciation and amortisation expense		(640)	(179)
Share based payment expense	2.2.3	(2,341)	(2,229)
Operating loss		**(71,616)**	**(18,540)**
Finance income		851	1,586
Finance costs		(28,497)	(11,978)
Net financing costs	2.3	**(27,646)**	**(10,392)**
Loss before income tax expense		**(99,262)**	**(28,932)**
Income tax expense	2.6	-	-
Net loss for the period		**(99,262)**	**(28,932)**
Other comprehensive income			
Changes in the fair value of other financial assets		-	-
		-	-
Total comprehensive loss for the period		**(99,262)**	**(28,932)**
Basic and diluted loss per share for the period (cents per share)	2.7	(4.67)	(1.63)

The notes on pages 113 to 154 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	2020 $'000	2019 $'000
Assets			
Current assets			
Cash and cash equivalents	4.1.1	86,250	63,576
Trade and other receivables	4.2	4,127	11,087
Inventories	4.3	23,268	51,197
Total current assets		**113,645**	**125,860**
Non-current assets			
Property, plant, equipment and mine properties	3.1	482,418	433,948
Deferred exploration and evaluation expenditure	3.2	6,401	6,401
Inventories	4.3	-	16,062
Total non-current assets		**488,819**	**456,411**
Total assets		**602,464**	**582,271**
Liabilities			
Current liabilities			
Trade and other payables	4.4	20,601	48,146
Provisions	3.3	1,468	1,953
Borrowings	5.2	53,334	8,912
Total current liabilities		**75,403**	**59,011**
Non-current liabilities			
Provisions	3.3	16,971	16,523
Borrowings	5.2	123,116	130,087
Total non-current liabilities		**140,087**	**146,610**
Total liabilities		**215,490**	**205,621**
Net assets		**386,974**	**376,650**
Equity			
Issued capital	5.1	587,329	479,720
Reserves	5.1	3,850	9,216
Retained earnings		(204,205)	(112,286)
Total equity		**386,974**	**376,650**

The notes on pages 113 to 154 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

	Notes	Issued Capital $'000	Share-based payment reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2018		419,610	18,924	(95,291)	343,243
Loss for the period		-	-	(28,932)	(28,932)
Total comprehensive income/(loss) for the period		-	-	(28,932)	(28,932)
Issue of ordinary shares	5.1.1	50,000	-	-	50,000
Share issue costs	5.1.1	(586)	-	-	(586)
Option conversions	5.1.1	10,696	-	-	10,696
Issue of options and performance rights	5.1.2	-	2,229	-	2,229
Transfer - exercised/forfeited awards	5.1.2	-	(11,937)	11,937	-
Balance at 30 June 2019		**479,720**	**9,216**	**(112,286)**	**376,650**
Balance at 1 July 2019		479,720	9,216	(112,286)	376,650
Loss for the period		-	-	(99,262)	(99,262)
Total comprehensive income/(loss) for the period		-	-	(99,262)	(99,262)
Issue of ordinary shares	5.1.1	111,519	-	-	111,519
Share issue costs	5.1.1	(3,910)	-	-	(3,910)
Issue of options and performance rights	5.1.2	-	1,977	-	1,977
Transfer - exercised/forfeited awards	5.1.2	-	(7,343)	7,343	-
Balance at 30 June 2020		**587,329**	**3,850**	**(204,205)**	**386,974**

The notes on pages 113 to 154 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2020

	Notes	2020 $'000	2019 $'000
Cash flows from operating activities			
Receipts from customers		86,183	47,735
Cash paid to suppliers and employees		(99,341)	(54,182)
Payments for exploration and evaluation expenditure		(7,371)	(7,569)
Interest received		989	1,961
Other receipts		574	1,614
Net cash outflow from operating activities	4.1.2	**(18,966)**	**(10,441)**
Cash flows from investing activities			
Sales proceeds from commercial pre-production activities		-	83,837
Payments for property, plant, equipment and mine properties[1]		(22,612)	(178,216)
Payments for acquired exploration and evaluation expenditure		-	(40)
Net cash outflow from investing activities		**(22,612)**	**(94,419)**
Cash flows from financing activities			
Proceeds from the issue of shares and exercise of options		111,519	60,697
Capital raising costs		(3,910)	(586)
Transaction costs related to borrowings		(621)	(1,526)
Transfer from restricted cash		-	12,308
Repayment of borrowings[2]		(19,128)	(4,800)
Interest and other costs of finance paid		(22,017)	(17,110)
Net cash inflow from financing activities		**65,843**	**48,983**
Net increase/(decrease) in cash held		24,265	(55,877)
Cash and cash equivalents at the beginning of the period		63,576	119,978
Effect of exchange rate fluctuations on cash held		(1,591)	(525)
Cash and cash equivalents at the end of the period	4.1.1	**86,250**	**63,576**

1. The prior year balance includes Stage 1 pre-production commissioning and ramp-up costs, and costs associated with the development and construction of both Stage 1 and Stage 2 of the Pilgangoora Project. The Company declared commercial production effective 1 April 2019, with the Pilgangoora Project considered to have been in the commissioning and ramp-up phase until this date. Prior to the declaration of commercial production, all commissioning and pre-production ramp-up costs incurred at the Pilgangoora Project during FY2019 (net of revenue derived from the sale of spodumene concentrate) were capitalised against project development costs. Similarly, cash flows associated with commissioning and pre-production ramp-up activities during FY2019 were classified as cash flows from investing activities until such time as commercial production was declared.
2. The current year includes the apportioned lease repayments following the implementation of *AASB 16 Leases* on 1 July 2019 and repayment of borrowings under the US$ denominated debt facility. Refer Note 5.2.

The notes on pages 113 to 154 are an integral part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

Note 1 - BASIS OF PREPARATION

In preparing the 2020 financial statements, Pilbara Minerals Limited ("**the Company**") has grouped notes into sections under six key categories:

1. Basis of Preparation
2. Results for the Year
3. Assets, Liabilities and Provisions supporting Exploration, Evaluation, Development and Mining
4. Working Capital
5. Equity and Funding
6. Other Disclosures

Significant accounting policies specific to each note are included within that note. Accounting policies that are determined to be non-significant are not included in the financial statements.

The financial report is presented in Australian dollars, except where otherwise stated.

All amounts have been rounded to the nearest thousand, unless otherwise stated in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*.

1.1 Reporting Entity

Pilbara Minerals Limited is a listed public company incorporated and domiciled in Australia. The Company's registered office is at Level 2, 88 Colin Street, West Perth, WA 6005. These consolidated financial statements comprise the Company and its subsidiaries together referred to as the "**Group**". The Group is a for-profit entity and is primarily involved in the exploration, development and mining of minerals.

1.2 Basis of Accounting

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards ("**AAS**") adopted by the Australian Accounting Standards Board ("**AASB**") and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards ("**IFRS**") adopted by the International Accounting Standards Board ("**IASB**"). They were authorised for issue by the Board of Directors on 27 August 2020.

The financial report is prepared on a going concern basis, which contemplates continuity of normal business activities including the realisation of assets and settlement of liabilities in the ordinary course of business.

Throughout the COVID-19 pandemic, the Group's focus has been on the reliable operation of the Pilgangoora operation and the well-being of its people. The Group has successfully deployed a number of control measures designed to ensure the safety of its people and contractors whilst at the same time maintaining business continuity. As a result, there was no significant impact on production during the financial year as a result of the COVID-19 pandemic.

At 30 June 2020, following a $111.5 million equity raising in October 2019, the Company had cash and cash equivalents of $86.3 million, a net current asset position of $38.2 million and an undrawn working capital facility of $21.9 million (US$15 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

Softer market conditions in China and weaker customer demand continued throughout the year ended 30 June 2020. In response the Group continued to moderate production at the Pilgangoora Lithium-Tantalum Project to better align production with customer requirements, thereby preserving working capital, maintaining business continuity and to preserve shareholder value. The Group has considered the impact of COVID-19 on the areas of significant judgements and estimates. Key estimates and judgements include impairment testing for non-financial assets (refer Note 3.1) and estimation of selling prices and cost to completion for any net realisable value calculations of inventory.

Subsequent to 30 June 2020 the Group entered into binding commitments for a new US$110 million senior secured debt facility. The completion is subject to finalisation of documentation and satisfaction of customary conditions precedent. Proceeds from the new facility will be used to repay the US$100 million Nordic Bond facility. Refer Note 6.5.

1.3 New and Amended Accounting Standards

New and Amended Standards Adopted by the Group

AASB 16 *Leases*

The Group has applied the provisions of AASB 16 from 1 July 2019 in accordance with the standard. Changes to the accounting policy are described in Note 3.1.

1.4 Basis of Consolidation

1.4.1 Business Combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

1.4.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

1.4.3 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

1.5 Foreign Currency Translation

1.5.1 Functional and Presentational Currency

These consolidated financial statements are presented in Australian dollars, which is the Group's functional currency.

1.5.2 Transactions and balances

Foreign currency transactions are translated into foreign currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are generally recognised in profit or loss.

1.6 Use of Judgements and Estimates

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Judgements and estimates which are material to the financial report are found in the following sections:

- Note 2.1.1 – measurement of provisional pricing for sales revenue
- Note 2.2.3 – measurement of share-based payment transactions
- Note 3.1 – estimation of ore resources and reserves and deferred stripping costs
- Note 3.1 – impairment testing for non-financial assets
- Note 3.1 – judgements relating to lease extension options
- Note 3.3 – measurement of mine rehabilitation provision
- Note 4.3 – estimation of selling prices and cost to completion for any net realisable value calculations of inventory

1.7 Measurement of Fair Values

The consolidated financial statements have been prepared on the historical cost basis. The Group does not have any assets or liabilities measured at fair value at the reporting date.

Financial assets measured at amortised cost are assessed at each reporting date to determine whether they require impairment by way of a forward looking expected credit loss (ECL) review. In accordance with AASB9 *Financial Instruments* the Group applies the simplified approach for lease, trade and other receivables and the general approach for all other financial assets. The general approach incorporates a review for any significant increase in counterparty credit risk.

Under the simplified approach ECL are based on lifetime ECL based on the Group's historical credit loss experience adjusted for other debtors, specific and economic environment factors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

NOTE 2 – RESULTS FOR THE YEAR

During the year the Company operated under a moderate production strategy in response to soft global lithium raw material markets. This initiative better aligned production to customer demand, utilising existing stockpiles to preserve working capital.

Mining activities were reduced during the year through to early 2020, with processing activities relying upon the drawdown of existing mining ROM stocks. Drill and blast activities resumed during the March 2020 quarter.

During the year the processing plant processed ore to produce spodumene concentrate and tantalite concentrate to fulfil customer sales orders. Processing plant optimisation and improvement works during the year resulted in improved lithia recoveries, which when combined with longer plant run times, have delivered a reduction in unit cash operating costs.

In October 2019, the Company completed a $111.5 million equity raising to strengthen its balance sheet in response to weaker market conditions. The Company had a cash balance of $86.3 million at 30 June 2020.

2.1.1 Revenue from contracts with customers

Accounting policy

Revenue from contracts with customers

The Group primarily generates revenue from the sales of spodumene concentrate to customers. The Group also sells tantalum with the revenue from the sale of this by-product credited to the costs of producing spodumene concentrate.

Product Sales

Revenue is recognised when control of the product has passed to the customer based upon the agreed cost, insurance and freight (CIF) terms. For spodumene concentrate there are three performance obligations with the first recognised when the product is loaded onto the ship and revenue from shipping and insurance recognised over the period of the journey. Tantalum sales have only one performance obligation as the material is collected from the minesite and revenue is recognised at the time of collection.

Customer sales contracts can contain provisional pricing at the time the product is delivered to the vessel, with the final pricing to be determined at a later time when the relevant pricing information is available. The provisional pricing related to quality and quantity of the product is included in sales to customers under contracts. Provisional pricing related to market-based pricing indices are accounted for as an embedded derivative in accordance with AASB 9 *Financial Instruments* and disclosed separately as other revenue.

Revenue is measured at the fair value of the consideration received or receivable. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities. The amount of revenue is not considered to be reliably measurable until all material contingencies relating to the sale have been resolved.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

	2020 $'000	2019 $'000
Sales to customers under contracts	85,391	42,205
Other revenue - provisional pricing adjustments	(1,194)	-
Recovery of royalties under contracts with customers	(50)	580
	84,147	42,785

2.1.2 Operating costs

	2020 $'000	2019 $'000
Mining and processing costs	74,569	49,623
Royalty expenses	5,248	4,540
Depreciation and amortisation	15,771	4,081
Inventory movement	24,081	(21,019)
By-product revenue	(7,463)	(2,293)
Foreign exchange (gain)/loss	(121)	(33)
	112,085	34,899

2.2 Expenses

2.2.1 Exploration, evaluation and feasibility expenditure

Accounting policy

Exploration for and evaluation of mineral resources is the search for mineral resources after the entity has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resource. Accordingly, exploration and evaluation expenditures are those expenditures incurred in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Accounting for exploration and evaluation expenditures is assessed separately for each "area of interest". Each "area of interest" is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

Exploration and evaluation costs are expensed in the year they are incurred, apart from acquisition costs which are carried forward where right of tenure of the area of interest is current, and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

Accounting policy

Where an area of interest is abandoned, or the Directors decide that it is not commercially viable, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs are written off to the extent that they will not be recoverable in the future.

Exploration and evaluation assets are transferred to Mine Properties in Development once technical feasibility and commercial viability of an area of interest is demonstrable. Exploration and evaluation assets are included in testing for impairment, and any impairment loss is recognised, prior to being reclassified.

Feasibility, development and research costs are expensed as incurred except where it is demonstrated that there is a clearly defined and separately identifiable asset which is commercially and technically feasible with recognisable future economic benefits.

	2020 $'000	2019 $'000
Exploration and evaluation costs	1,738	4,666
Feasibility and development study costs	4,797	3,334
	6,535	8,000

2.2.2 Inventory write-down

	2020 $'000	2019 $'000
Inventory write-down	21,325	1,682

During the year the Group recognised inventory write downs to net realisable value of $5.4 million for spodumene concentrate (2019: $1.7 million) and $0.4 million for coarse ore stockpiles (2019: Nil), as well as an inventory write-down of $15.5 million for non-current ROM stockpiles.

2.2.3 Share-based payment expense

Accounting policy

Share-based payment arrangements

The grant-date fair value of equity-settled share-based payment arrangements granted to holders of equity-based instruments (including employees) are generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-market conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

Accounting policy

In determining the fair value of share-based payments granted, a key estimate and judgement is the volatility input assumed within the pricing model. The Group uses historical volatility of the Group to determine an appropriate level of volatility expected, commensurate with the expected instrument's life.

The share-based payment expense included within the Statement of Profit or Loss can be broken down as follows:

	2020 $'000	2019 $'000
Share options expense	1,113	1,883
Performance rights expense	1,228	346
	2,341	2,229

Share options

The following table shows options issued during the year ended 30 June 2020 and the value attributed to each option granted, by the category holder:

Holder	No. of options	Exercise Price	Expiry Date	Fair Value ($/option)	Total Value ($'000)
Executive Director	2,105,263	$0.415	31-Dec-22	$0.070	147
Executive Director	2,105,263	$0.415	31-Dec-22	$0.082	173
Executive Director	3,130,435	$0.375	01-May-23	$0.062	194
Other KMP	2,842,104	$0.415	31-Dec-22	$0.073	207
Other KMP	2,842,104	$0.415	31-Dec-22	$0.088	250
Other KMP	7,043,478	$0.375	01-May-23	$0.080	563
Other employees	2,428,264	$0.415	31-Dec-22	$0.073	177
Other employees	2,428,264	$0.415	31-Dec-22	$0.088	214
Other employees	299,684	$0.415	31-Dec-22	$0.073	22
Other employees	299,684	$0.415	31-Dec-22	$0.087	26
Other employees	11,849,125	$0.375	01-May-23	$0.080	948
Other employees	446,298	$0.415	31-Dec-22	$0.044	20
Other employees	446,298	$0.415	31-Dec-22	$0.051	23
Other	2,500,000	$0.500	30-Jun-22	$0.041	103

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

The number and weighted average exercise prices of unlisted share options are as follows:

	2020		2019	
	Weighted average exercise price	No. of options	Weighted average exercise price	No. of options
Outstanding at 1 July	$0.69	21,687,919	$0.52	55,083,334
Exercised during the period *	$ -	-	$0.47	(38,242,000)
Forfeited during the period	$0.57	(14,810,987)	$0.40	(258,000)
Granted during the period	$0.40	40,766,264	$0.90	5,104,585
Outstanding at 30 June	$0.48	47,643,196	$0.69	21,687,919
Exercisable at 30 June		9,250,000		17,916,667

* 2019 included 11,500,000 cashless options exercised and subsequently converted to 2,501,123 ordinary shares.

The classes of the unlisted options on issue as at 30 June 2020 are as follows:

Expiry date	Options issued	Exercise price	Number of options not yet exercised
31 August 2020[a]	2,000,000	$0.450	2,000,000
31 August 2020[b]	750,000	$0.450	750,000
08 December 2020[c]	2,000,000	$0.900	2,000,000
21 December 2021[d]	2,000,000	$0.930	2,000,000
31 December 2021[e]	3,104,585	$0.884	3,104,585
30 June 2022[f]	2,500,000	$0.500	2,500,000
31 December 2022[g]	15,874,384	$0.415	15,874,384
01 May 2023[h]	19,414,227	$0.375	19,414,227

[a] The vesting conditions attached are:
- 6 months service condition;
- a Board determination in respect of the Pilgangoora Project mine development and plant construction being largely complete (both for civil works and mine establishment) and the process plant having achieved a nominal 85% of its design throughput capacity during production runs, at a saleable product specification; and
- A continuing employment service condition at the time the above performance milestone is achieved.

[b] The vesting conditions attached are:
- 50% vest upon the Pilgangoora Project mine development and plant construction being largely complete (both for civil works and mine establishment) and the process plant having achieved a nominal 85% of its design throughput capacity during production runs, at a saleable product specification; and
- 50% vest immediately on the date of allotment.
- A continuing employment service condition at the time each milestone is achieved.

[c] The vesting conditions attached are:
- 33.33% vest on the date of allotment;
- 33.33% vest on 30 June 2018, subject to the Director remaining in service at that date; and
- 33.33% vest on 30 June 2019, subject to the Director remaining in service at that date.

[d] The vesting conditions attached are:
- 33.33% vest on the date of allotment;
- 33.33% vest on 30 June 2019, subject to the Director remaining in service at that date; and
- 33.33% vest on 30 June 2020, subject to the Director remaining in service at that date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

[e] The vesting conditions attached are:
- 50% vest upon the Company achieving specified relative TSR targets (between the 50th to 85th percentile) against a defined peer group of companies measured over the 3 year vesting period;
- 30% vest upon achievement of sustainable production of at least 840,000 tonnes of spodumene concentrate per annum at an appropriate cost structure;
- 20% vest upon participation in a downstream processing opportunity at a level satisfactory to the Board.

[f] There are no vesting conditions attached to these options.

[g] The vesting conditions attached are:
- 50% vest upon the Company achieving specified relative TSR targets (between the 50th to 85th percentile) against a defined peer group of companies measured over the 3 year vesting period; and
- 50% vest upon achievement of production and sales at a rate of 840,000 tonnes of spodumene concentrate per annum.

[h] The vesting conditions attached are:
- 40% vest on 31 October 2021, subject to the KMP or employee remaining in service at that date; and
- 60% vest on 31 October 2022, subject to the KMP or employee remaining in service at that date.

Unless stated, there are no other vesting conditions on options on issue.

Performance Rights

The following table shows performance rights granted during the year ended 30 June 2020 and the value attributed to each right granted, by the category holder:

Holder	No of performance rights	Expiry Date	Fair value ($/Right)	Total Value ($'000)
Executive Director	289,226	30-Jun-22	$0.138	40
Executive Director	289,226	30-Jun-22	$0.295	85
Other KMP	390,453	30-Jun-22	$0.146	57
Other KMP	390,453	30-Jun-22	$0.305	119
Other KMP	278,715	19-Jun-20	$0.241	67
Other employees	359,240	30-Jun-22	$0.146	52
Other employees	400,411	30-Jun-22	$0.305	122
Other employees	41,171	30-Jun-22	$0.140	6
Other employees	76,198	30-Jun-22	$0.102	8
Other employees	76,198	30-Jun-22	$0.230	18
Other employees	754,457	19-Jun-20	$0.241	182

The performance rights granted and on issue as at 30 June 2020 are as follows:

Date performance rights granted [1]	Expiry date	Number of performance rights
28 November 2018 [a]	30 June 21	271,493
21 December 2018 [a]	30 June 21	751,836
01 October 2019 [b]	30 June 22	780,906
14 November 2019 [b]	30 June 22	953,218
21 November 2019 [b]	30 June 22	578,452

1. This is the grant date used for valuation purposes and not the date the performance rights are issued.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

[a] The performance vesting conditions attached are:
- 50% vest upon the Company achieving specified relative TSR targets (between the 50th to 85th percentile) against a defined peer group of companies measured over a 3 year vesting period;
- 30% vest upon achievement of sustainable production of at least 840,000 tonnes of spodumene concentrate per annum at an appropriate cost structure; and
- 20% vest upon participation in a downstream processing opportunity at a level satisfactory to the Board.

[b] The performance vesting conditions attached are:
- 50% vest upon the Company achieving specified relative TSR targets (between the 50th to 85th percentile) against a defined peer group of companies measured over the 3 year vesting period; and
- 50% vest upon achievement of production and sales at a rate of 840,000 tonnes of spodumene concentrate per annum.

Equity settled – Short Term Incentives (STI's)
STI's awarded for the year ended 30 June 2020 will be satisfied in cash after year end except for the STI's payable to KMP, with each executive able to nominate to receive up to 70% of the STI in Company shares. At 30 June 2020 the 70% equity portion of the STI awarded to KMP was valued at fair value using the Black Scholes option valuation methodology. The fair value of the awards will continue to be adjusted until grant date when the KMP will elect the portion of cash and shares to be received.

	Valuation 30-Jun-20
Total STI - KMP	$ 519,750
Maximum award that can be received in shares	70%
Total equity settled STI - KMP	$ 363,825
Black Scholes Valuation - 30 June 2020	$ 419,580

2.3 Net Financing Costs

Accounting policy

The Group's finance income and finance costs include:
- interest income;
- interest expense;
- foreign exchange gains and losses;
- income from sale of financial investments; and
- gains and losses on derivatives related to financing activities.

Interest income or expense is recognised using the effective interest method.

In addition to contracts with customers, the Group receives interest income from monies held in its bank accounts. Interest revenue is recognised on an accruals basis based on the interest rate, deposited amount and time which lapses before the reporting period end date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

Net financing costs can be analysed as follows:

	2020 $'000	2019 $'000
Interest income on bank accounts	851	1,586
Finance income	851	1,586
Interest expense - leases [1]	(2,815)	-
Interest expense - borrowings	(19,795)	(5,470)
Finance expenses for financial liabilities	(776)	-
Unwind of discount on site rehabilitation provision	(322)	-
Net foreign exchange loss [2]	(4,789)	(6,508)
Finance costs	(28,497)	(11,978)
Net finance costs recognised in profit or loss	(27,646)	(10,392)

1. Lease interest following the implementation of *AASB 16 Leases* on 1 July 2019. Refer Note 3.1.
2. Unrealised foreign exchange loss relates to the revaluation of the US$100 million denominated bond, cash held in US$ denominated bank accounts and US$ denominated debtors.

In FY2019 interest costs of $12.62 million incurred prior to the declaration of commercial production and directly attributable to the US$ secured bond debt facility were capitalised as part of the cost of the Pilgangoora Project, as a result of it being considered a qualifying development asset.

2.4 Operating Segments

The Group has one reportable operating segment which is exploration, development and mining of minerals in Australia. The Group has five major spodumene concentrate customers with no single reliance upon any one of these customers.

The Group's operating segment has been determined with reference to the information and reports the Chief Operating Decision Makers use to make strategic decisions regarding Company resources.

Due to the size and nature of the Group, the Managing Director is considered to be the Chief Operating Decision Maker. Financial information is reported to the Managing Director and Board as a single segment and all significant operating decisions are based upon analysis of the Group as one segment. The financial results of this segment are equivalent to the financial statements of the Group as a whole.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

2.5 Personnel Expenses

Accounting policy

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

The table below sets out personnel costs expensed during the year:

	2020	2019
	$'000	$'000
Wages and salaries (including superannuation)	18,495	20,984

2.6 Income Tax Expenses

Accounting policy

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

Accounting policy

- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that future taxable profits will be available (convincing evidence is required) against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Tax consolidation legislation

Pilbara Minerals and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation. Current and deferred tax amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer on its own.

Pilbara Minerals recognises its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated Group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts payable or receivable from or payable to other entities in the Group. Any difference between the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) controlled entities in the tax consolidated Group.

2.6.1 Income tax expense

	2020	2019
	$'000	$'000
Current income tax expense	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

2.6.2 Reconciliation of income tax expense

	2020 $'000	2019 $'000
Loss before tax from continuing operations	(99,262)	(28,932)
Income tax benefit at the Australian tax rate of 30% (2019: 30%)	(29,778)	(8,680)
Tax effect of items which are not deductible in calculating taxable income:		
Non-deductible expenses		
Share based payment expense	593	670
Research and development offset	-	(122)
Unrealised foreign currency translation	1,437	2,188
Other	(120)	38
Tax losses not recognised	36,911	19,669
Temporary differences not brought to account	(9,043)	(13,763)
Income tax expense reported in the consolidated statement of profit or loss	-	-

Potential deferred tax assets have not been recognised at 30 June 2020 for deductible temporary differences and tax losses because, at the time, there is not convincing evidence to support the position that sufficient future taxable profits will be available against which the Group can use the benefits. The net deferred tax asset not recognised at 30 June 2020 have a tax effected value of $49.5 million (2019: $21.6 million) which includes the tax effect of carried forward losses $85.6 million (2019: $48.7 million).

2.7 Loss per share

	2020	2019
Basic loss per share		
Net loss attributable to ordinary shareholders ($'000)	(99,262)	(28,932)
Issued ordinary shares at 1 July ('000)	1,851,420	1,744,513
Effect of shares issued ('000)	272,925	27,322
Weighted average number of ordinary shares at 30 June ('000)	2,124,345	1,771,835
Basic and diluted loss per share (cents)*	(4.67)	(1.63)

* Due to the fact that the Group made a loss, potential ordinary shares from the exercise of options have been excluded due to their anti-dilutive effect.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

NOTE 3 - ASSETS, LIABILITIES AND PROVISIONS SUPPORTING EXPLORATION, EVALUATION, DEVELOPMENT AND MINING

This section focuses on the exploration, evaluation, development, mining and processing assets which form the core of the Group's business, including those assets and liabilities that support those activities.

3.1 Property, Plant, Equipment and Mine Properties

Accounting policy

Property, Plant and Equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as a separate item of property, plant and equipment.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual value using an appropriate method (either straight line, diminishing value or units of production basis) over either the estimated useful life or the estimated resource. Depreciation is recognised in profit or loss.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- Office equipment — 2 to 20 years
- Plant and equipment — 2 to 20 years
- Motor vehicles — 3 to 5 years
- Mine properties — Units of production basis over the life of mine
- Deferred stripping — Units of ore extracted basis over the life of mine
- Leased equipment — Over the shorter of the lease term and the life of the asset

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted appropriately.

Leased Assets

The Group recognises all right of use assets and liabilities, except for leases that are short-term (12 months or less) and low value leases at the lease commencement date. The lease liability is measured at the present value of the future lease payments and includes lease extension options when the Group is reasonably certain that it will exercise the option.

The present value of future lease payments is determined by discounting future lease payments using the interest rate implicit in the lease or, if that rate cannot be determined then the Group's borrowing rate, which is generally the case.

The right of use asset, at initial recognition, reflects the lease liability and is depreciated over the term of the lease. The present value of the lease liability is increased by the interest cost and decreased by the lease payment each period over the life of the lease.

The Group includes right of use leased assets separately in Property, Plant, Equipment and Mine Properties disclosures.

All new contracts of the Group are assessed on an ongoing basis to determine if a right of use asset exists and if they require recognition under the requirements of the lease standard.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

Accounting policy

Mine Properties

Mine Properties in Development

Development expenditure relates to costs incurred to access a mineral resource, the determination of technical feasibilities and conducting market and finance studies. It represents those costs incurred after the technical and commercial viability of the identified project has been demonstrated and an identified mineral reserve or project is being prepared for production (but is not yet in production).

Development expenditure is capitalised as either a tangible or intangible asset depending on the nature of the costs incurred. Capitalisation of development expenditure ceases once the mining project is capable of commercial production, at which point it is transferred into the relevant category of Property, Plant and Equipment depending on the nature of the asset and depreciated over the useful life of the asset.

Development expenditure includes the direct costs of construction, pre-production costs, borrowing costs incurred during the construction phase, reclassified feasibility, exploration and evaluation assets (acquisition costs) and subsequent development expenditure on the reclassified project.

These costs are not amortised, the carrying value is assessed for impairment whenever the facts and circumstances suggest that the carrying amount of the asset may exceed the recoverable amount.

Mine Properties in Production

All development expenditure incurred once a mine property is in commercial production is immediately expensed to the Statement of Profit or Loss except where it is probable that future economic benefits will flow to the Group, in which case it is capitalised as Mine Properties in Production.

Amortisation is provided on a unit of production basis which results in an amortisation charge proportional to the depletion of the economically recoverable mineral resources (comprising proven and probable mineral reserves).

A regular review is undertaken to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. An impairment exists when the carrying value of mine properties exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount and the impairment losses are recognised in profit or loss.

Deferred Stripping

Stripping activity costs incurred are assessed as to whether the benefit accruing from that activity is to provide access to ore than can be used to produce ore inventory, or whether it in addition provides improved access to ore that will be mined in future periods.

To the extent that the benefit from the stripping activity is realised in the form of inventory produced, the Group accounts for the costs of that stripping activity in accordance with the principles of AASB 102 *Inventories.* A stripping activity asset is brought to account if it is probable that future economic benefit (improved access to the ore body) will flow to the Group, the component of the ore body for which access has been improved can be identified and costs relating to the stripping activity can be measured reliably.

The amount of stripping costs that are capitalised is determined based on a comparison of the stripping ratio in the relevant period with the life of mine stripping ratio. To the extent that there is a period of sustained stripping that exceeds the average life of mine stripping ratio, mine waste stripping costs are capitalised to the stripping activity asset and presented within mine properties in production. Such capitalised costs are amortised over the life of that mine on a units of production basis. The life of mine ratio is based on ore reserves of the mine. Changes to the life of mine are accounted for prospectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

Accounting policy

Impairment of Non-financial Assets

The Group assesses, at each reporting date, whether there are indications that an asset may be impaired. If impairment indicators or triggers exist, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU's) fair value less costs of disposal and its value in use. It is not always necessary to determine both an asset's fair value less costs to sell and its value in use. If either of these amounts exceeds the asset's carrying amount, the asset is not impaired, and it is not necessary to estimate the other amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Mineral Rights

Mineral Rights are capitalised exploration and evaluation acquisition costs transferred from Deferred Exploration and Evaluation Expenditure upon a decision to mine, as well as other intangible assets that are transferred from Mine Properties in Development upon completion of development and commencement of commercial production.

Key Estimates and Judgements

i) Resources

Resources are estimates of the amount of saleable product that can be economically extracted from the Group's mine properties. In order to calculate resources, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, future capital requirements, short and long-term commodity prices and exchange rates.

Estimating the quantity and/or grade of resources requires the size, shape and depth of orebodies to be determined by analysing geological data. This process may require complex and difficult geological judgements and calculations to interpret the data.

The Group determines and reports ore resources under the Australian Code of Reporting for Mineral Resource and Ore Reserves (2012), known as the JORC Code. The JORC Code requires the use of reasonable assumptions to calculate resources. Due to the fact that economic assumptions used to estimate resources may change from period to period, and geological data is generated during the course of operations, estimates of resources may change from period to period. Changes in reported resources may affect the Group's financial results and financial position in a number of ways, including:

- Asset carrying values may be impacted due to changes in estimates of future cash flows;
- Amortisation charged in the profit and loss statement may change where such charges are calculated using the units of production basis;
- Decommissioning, site restoration and environmental provisions may change due to changes in the estimated resources after expectations about the timing or costs of the activities change; and
- Recognition of deferred tax assets, including tax losses.

ii) Deferred Stripping

The Group defers advanced stripping costs incurred during the production stage of its operations. This calculation requires the use of judgements and estimates such as estimates of tonnes of waste to be removed over the life of the mining area and economically recoverable reserves extracted as a result. Changes in a mine's life and design may result in changes to the expected stripping ratio (waste to mineral reserves ratio). Any resulting changes are accounted for prospectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

Assessment of Impairment

The Group assesses whether there are indicators that assets or groups of assets, may be impaired at each reporting period. Since the last impairment assessment in December 2019 the Group has determined that there is evidence that impairment indicators are present due to the impact of COVID-19 on global market conditions and some further deterioration in spodumene concentrate prices. With the existence of impairment triggers the Group has undertaken an impairment test to estimate the recoverable amount of the Pilgangoora Mine CGU.

The recoverable amount of the current 2Mtpa capacity Pilgangoora Mine was determined using a life-of-mine (LOM) value in use calculation using cash flow projections based on current reserves. These cashflows were discounted to their present value using a post-tax discount rate that reflects the time value of money and risks associated with the asset.

The CGU for the Pilgangoora Mine includes all the property, plant and equipment of the Group along with closing inventory balances and working capital. Key assumptions around spodumene and tantalum pricing and foreign currency rates were referenced to available market data. As the recoverable amount is sensitive to key inputs the Group also considered a number of sensitivities to these assumptions in assessing the recoverable value.

Based on the recoverable value assessment undertaken, no impairment was required to be recognised for the Pilgangoora Mine CGU at 30 June 2020.

New accounting standards – AASB 16 - Leases

The Group has applied the provisions of *AASB 16 Leases* from 1 July 2019 in accordance with the standard and the Group's accounting policies outlined above. The Group did not restate comparatives for the 2019 reporting period as permitted under the transitional provisions of the standard by using the modified retrospective method of transition. The changes arising from the new standard have been recognised on and from 1 July 2019.

The new standard principally removes the distinction between finance and operating leases with all leases brought onto the balance sheet. Previously payments made for operating leases were expensed to the profit or loss whereas those payments are now allocated between repayment of borrowings and finance costs.

The impact on the Group at inception on 1 July 2019 was the recognition of $39.3 million right of use assets and a $39.3 million lease liability on the balance sheet. $8.3 million of the lease liability was recognised as a current liability and $31.0 million as a non-current liability as outlined below:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

	1 July 2019 $'000
Finance and operating lease liabilities recognised at 30 June 2019	Nil
Lease liability recognised on adoption of AASB16	39,307
	39,307
Lease liability recognised at 1 July 2019:	
Current liability	8,309
Non-current liability	30,998
	39,307
Right of use asset recognised:	
Property, plant, equipment and mine properties	39,307

The incremental borrowing rate applied to lease liabilities on transition is 7.66%.

	2020 $'000
Movement during the year:	
Initial lease liability	39,307
Subsequent lease recognition/modification [1]	12,954
Closing lease liability	(42,231)
Reduction in lease liability	10,030
Lease interest expense (Note 2.3)	2,815
Total lease payments	12,845

1. Leased asset increased by $12.9 million during the period related predominately to the Company's mining contractor agreement.

During the year $2.2 million of lease payments were expensed as operating costs as they related to leases that the Company had defined as short-term and are therefore not reflected on the balance sheet in accordance with the Standard. No low value leases were unrecognised during the financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

3.1.1 Property, plant, equipment and mine properties

	Property, plant and equipment $'000	Leased assets [4] $'000	Mine properties in production $'000	Mine properties in development $'000	Mineral rights $'000	Mine rehabilitation $'000	Total $'000
At 30 June 2019							
Opening net book value	501	640	8,526	301,516	54,804	6,998	372,985
Additions [1]	368	4,496	5,742	33,121	-	9,525	53,252
Capitalised interest	-	-	-	12,623	-	-	12,623
Disposals	(12)	(640)	-	-	-	-	(652)
Transfers [2,3]	-	(4,496)	333,325	(328,829)	-	-	-
Depreciation charge	(179)	-	(1,718)	(2,119)	(207)	(37)	(4,260)
Net book value	678	-	345,875	16,312	54,597	16,486	433,948
At 30 June 2020							
Opening net book value	678	-	345,875	16,312	54,597	16,486	433,948
Additions	78	53,163	7,513	5,040	-	-	65,794
Disposals	(2)	(911)	-	-	-	-	(913)
Transfers [3]	-	-	5,435	(5,435)	-	-	-
Depreciation charge	(317)	(11,594)	(4,106)	-	(303)	(91)	(16,411)
Net book value	437	40,658	354,717	15,917	54,294	16,395	482,418

1. Additions, net of commercial pre-production sales revenue.
2. Mine development and infrastructure assets attributable to the mining of material under the DSO minegate sale agreement were transferred to mine properties in development following the suspension of the DSO program during 1HY of FY2019, as they formed part of the overall Pilgangoora Project.
3. Following the declaration of commercial production on 1 April 2019, all identified Stage 1 Pilgangoora assets in use were transferred to mine properties in production.
4. Leased assets predominately relate Pilgangoora Lithium-Tantalum Project contracts or Mine Properties in Production.

As at 30 June 2020 the Group had outstanding contractual capital commitments of $0.5 million (2019: $7.8million) which are expected to be settled prior to 30 June 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

3.2 Exploration and Evaluation Expenditure

Accounting policy
Refer to Note 2.2.1 for the Group's exploration and evaluation expenditure policy.

3.2.1 Exploration and evaluation assets

	2020 $'000	2019 $'000
Costs carried forward in relation to areas of interest in the exploration and evaluation phase	6,401	6,401
Reconciliations: Exploration and evaluation phase		
Carrying amount at the beginning of the year	6,401	6,361
Acquisitions	-	40
Carrying amount at the end of the year	6,401	6,401

3.2.2 Exploration licence expenditure commitments

The Group has minimum exploration licence commitments as follows:

	2020 $'000	2019 $'000
Within one year	631	501
Later than one year but less than five years	1,464	1,258
Greater than five years	2,752	2,788

3.3 Provisions

Accounting policy

Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Mine Rehabilitation

In accordance with the applicable legal requirements, a provision for site rehabilitation in respect of returning the land to its original state is recognised when land is disturbed.

At each reporting date, the site rehabilitation provision is remeasured to reflect any changes in discount rates and timing or amounts of the costs to be incurred. Such changes in the estimated liability are accounted for prospectively from the date of the change and added to, or deducted from, the related asset, subject to recoverability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

Accounting policy

Key estimates and judgements

Significant judgement is required in determining the provision for mine rehabilitation and closure as there are many factors that will affect the ultimate liability payable to rehabilitate mine sites, including future disturbances caused by further development, changes in technology, changes in regulations, price increases, changes in timing of cash flows which are based on life of mine plans and changes in discount rates. When the factors become known in the future, such differences will impact the mine rehabilitation provision in the period in which the changes become known.

Employee leave benefits

The current provision for employee benefits includes accrued annual leave. The entire amount of the annual leave provision is recognised as current, since the Group does not have the unconditional right to defer settlement for any of the obligations.

The non-current provision for employee benefits includes the liability for long service leave that is not expected to be settled within 12 months from reporting date. The liability for long service leave is measured at the present value of expected future payments for employees predicted to qualify under the minimum service period requirement taking into account future salary levels. Long term benefits not expected to be settled within 12 months are discounted using market yields at the reporting date based on high quality corporate bonds with terms to maturity that match, as closely as possible, the estimated future cash outflow.

	2020 $'000	2019 $'000
Current – Provisions		
Employee leave benefits	1,468	1,953
	1,468	1,953
Non-Current – Provisions		
Employee leave benefits	125	-
Mine rehabilitation provision [1]	16,846	16,523
	16,971	16,523

1. The $0.30 million movement in the provision represents the unwinding of the rehabilitation discount which has been calculated using a rate of 1.95% representing the 10 year government bond rate at time of establishment.

NOTE 4 - WORKING CAPITAL

4.1 Cash and Cash Equivalents

Accounting policy

Cash and cash equivalents comprise cash balances and call deposits with a maturity of less than or equal to three months from the date of acquisition. The carrying value of cash and cash equivalents is considered to approximate fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

4.1.1 Cash and cash equivalents

	2020 $'000	2019 $'000
Bank balances	49,559	13,623
Call / term deposits	36,691	49,953
	86,250	63,576

4.1.2 Reconciliation of cash flows from operating activities

	2020 $'000	2019 $'000
Cash flows from operating activities		
Loss for the period	(99,262)	(28,932)
Adjustments for:		
- Depreciation and amortisation expense	16,411	4,260
- Loss on sale of property, plant and equipment	9	12
- Net financing costs	24,528	5,470
- Inventory write down	21,325	1,682
- Unrealised foreign currency	5,487	7,142
- Share based payment expense	1,977	2,229
- Capitalised R&D claim	-	1,039
Operating loss before changes in working capital and provisions	(29,525)	(7,098)
Change in trade and other receivables	3,371	5,226
Change in trade payables	(15,181)	15,289
Change in provisions	(297)	-
Change in inventories	22,666	(23,858)
Net cash used in operating activities	(18,966)	(10,441)

4.2 Trade and Other Receivables

Accounting policy

Trade and other receivables are recognised initially at fair value which is usually the value of the invoice sent to the counterparty and subsequently at the amounts considered recoverable.

The Group undertakes expenditure on activities that are categorised as "eligible expenditure" under the Research and Development Tax Incentive which, dependent upon certain criteria, may be subject to a tax offset. Where a tax offset has been received or is receivable in cash, the Group accounts for the tax offset as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

Accounting policy
• Where a grant is received or receivable in relation to research and development costs which have been capitalised, the tax offset is deducted from the carrying amount of the asset; or • Where a grant is received or receivable in relation to research and development costs which have been charged to profit or loss during this or a prior financial year, the tax offset shall be credited to the Statement of Profit or Loss.

	2020 $'000	2019 $'000
Current		
Trade debtors	1,061	2,497
Goods and services tax receivable	917	2,271
Security deposits	135	673
Prepayments	1,091	2,159
Other receivables	923	3,487
	4,127	11,087

4.3 Inventories

Accounting policy
Finished goods and work in progress ore stockpiles are surveyed and valued at the lower of cost and net realisable value. Cost represents the weighted average cost and includes direct materials, direct labour, depreciation and an appropriate portion of fixed and variable production overhead expenditure, the latter being allocated on the basis of normal operating capacity. Tantalum inventory is treated as a by-product and valued at net realisable value (NRV). Consumables are valued at the lower of cost and net realisable value. Costs are assigned to individual items of stock on the basis of weighted average cost. Any allowance for obsolescence is determined by reference to specific stock items identified. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Finished goods and work in progress ore stockpiles which are not expected to be processed or sold in the 12 months after the reporting date are classified as non-current inventory.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

	2020 $'000	2019 $'000
Current		
Finished goods	6,933	34,691
Work-in-progress[1]	4,884	6,326
Consumables	11,451	10,180
	23,268	51,197
Non-Current		
Finished goods (carried at NRV)	-	1,734
Work-in-progress[1]	-	14,328
	-	16,062

1. Work-in-progress includes run of mine (ROM) and coarse ore stockpiles.

During the December 2019 half-year, the Group recognised a total inventory write-down of $21.3 million in response to softer market conditions in China for lithium raw materials, lower selling prices for spodumene concentrate and elevated unit costs associated with operating in a moderated production environment. The carrying value of spodumene concentrate and coarse ore stockpiles were revalued to net realisable value (NRV) as at 31 December 2019, resulting in write downs in spodumene concentrate of $5.4 million and coarse ore stockpiles of $0.4 million. Non-current ROM stockpiles were written down by $15.5 million.

4.4 Trade and Other Payables

Accounting policy
Trade payables These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured, and the majority of suppliers are usually payable within 30-60 days' net of recognition. Trade payables are recognised initially at the value of the invoice received from a supplier.

	2020 $'000	2019 $'000
Current – Trade and other payables		
Trade payables	11,851	23,122
Accruals	8,213	23,561
Interest payable	410	432
Unearned revenue	35	1,016
Other payables	92	15
	20,601	48,146

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

NOTE 5 – EQUITY AND FUNDING

5.1 Capital and Reserves

Accounting policy
Ordinary shares are classified as equity. Costs directly attributable to the issue of new ordinary shares are recognised as a deduction from equity, net of any tax effects.

5.1.1 Ordinary shares

	2020		2019	
	$'000	Number ('000)	$'000	Number ('000)
Fully paid ordinary shares	587,329	2,224,737	479,720	1,851,420
Total share capital on issue at 30 June	587,329	2,224,737	479,720	1,851,420
Movements in ordinary shares on issue:				
On issue at 1 July	479,720	1,851,420	419,610	1,744,513
Shares issued during the period:				
Issued for cash	111,519	371,733	50,000	77,664
Exercise of options/vesting of performance rights	-	1,584	10,696	29,243
Share issue costs	(3,910)	-	(586)	-
On issue at 30 June	587,329	2,224,737	479,720	1,851,420

In October 2019 the Group completed a $111.5 million equity raising. This equity raising comprised a $55.0 million placement to a leading Chinese battery manufacturer for electric vehicles, Contemporary Amperex Technology (CATL), an institutional placement of $36.5 million and a $20.0 million Share Purchase Plan. The equity raising resulted in the issue of 371.7 million Pilbara Minerals' ordinary shares at an issue price of A$0.30 per ordinary share.

Terms and conditions of ordinary shares

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors with respect to any proceeds of liquidations.

5.1.2 Reserves

	2020 $'000	2019 $'000
Share-based payment reserve	3,850	9,216

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

	2020 $'000	2019 $'000
Movements in share-based payment reserve:		
Balance at 1 July	9,216	18,924
Share based payment expense following issue of options and performance rights	1,977	2,229
Options/performance rights exercised and forfeited transferred to accumulated losses [1]	(7,343)	(11,937)
Balance at reporting date	3,850	9,216

1. Represents $3.8 million of options forfeited and $3.5 million options and performance rights exercised during the FY2020

The share-based payment reserve is used to record the fair value of options and performance rights issued.

Options issued to directors and employees during the year and their associated impact on the share-based payment reserve are as follows:

Option **	Grant date (valuation purposes)*	Share price on date of grant	Exercise price	Expiry date	Valuation (cents per option)
10,540,736	14-Nov-19	$0.305	$0.415	31-Dec-22	8.80/7.30
4,210,526	21-Nov-19	$0.295	$0.415	31-Dec-22	8.20/7.00
599,368	26-Nov-19	$0.305	$0.415	31-Dec-22	8.70/7.30
18,892,603	13-Dec-19	$0.270	$0.375	1-May-23	8.00
3,130,435	10-Mar-20	$0.230	$0.375	1-May-23	6.20
892,596	10-Mar-20	$0.230	$0.415	31-Dec-22	5.10/4.40
2,500,000	15-May-20	$0.245	$0.500	30-Jun-22	4.10

* This is the grant date used for valuation purposes and represents the date options were awarded to employees or directors, it is not the date the options were issued.

** The vesting conditions attached to these unlisted options are detailed in Note 2.2.3

All option valuations during the period were performed by an independent third-party valuer. They are valued using the Monte Carlo simulation model (market based conditions) and the Black Scholes option valuation methodology (non-market based conditions). Inputs to the option valuation model included the Company's share price volatility, risk free rates, option life, the option exercise price and the correlations and volatilities of peer companies. Option volatility was calculated using the share price movement of the Company over the past 12 months up until the date the options were granted. The key inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows:

	2020	2019
Expected volatility (weighted average)	55%	50%
Expected life (weighted average)	3.0 years	3.0 years
Risk free interest rate (based on government bonds) (weighted average)	0.72% to 0.79%	1.90% and 2.09%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

Performance rights issued to directors and employees during the year and their associated fair value are as follows:

Performance Rights	Grant date (valuation purposes)*	Share price on date of grant	Expiry date	Valuation (cents per right)
1,734,124	14-Nov-19	$0.305	30-Jun-22	14.6/30.5
578,452	21-Nov-19	$0.295	30-Jun-22	13.8/29.5
1,033,172	30-Apr-20	$0.220	19-Jun-20	24.1

* This is the grant date used for valuation purposes and represents the date performance rights were awarded to employees or directors, it is not the date the performance rights were issued.

All performance rights valuations during the period were performed by an independent third-party valuer. They are valued using the Monte Carlo simulation model (market based conditions) and the Black Scholes option valuation methodology (non-market based conditions) that takes into account the term of performance rights, the share price at grant date and expected volatility of the underlying share, the expected dividend yield, the risk free rate for the term of the right and the correlations and volatilities of the peer companies.

The key inputs used in the measurement of the fair values at grant date of the performance rights were as follows:

	2020	2020	2019
	Apr-20	Nov-19	
Expected volatility (weighted average)	80%	55%	50%
Expected life (weighted average)	n/a	2.6 years	2.5 years
Risk free interest rate (based on government bonds) (weighted average)	0.22%	0.72% and 0.74%	1.90% and 2.09%

Short term incentives (STI's) awarded for the year ended 30 June 2020 will be paid in cash except for the STI payable to the KMP, who can elect to receive up to 70% of the STI in Company shares. The 70% portion of the STI has been valued at fair value using the Black Scholes option valuation methodology. The fair value of the awards will continue to be adjusted until grant date in early FY21 when the KMP will elect the exact portion of cash and shares to be received. Key inputs used for the measurement of the fair value at 30 June 2020 were as follows:

	2020
	Jun-20
Expected volatility (weighted average)	80%
Expected life (weighted average)	0.17 years
Risk free interest rate (based on government bonds) p.a.	0.275%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

Employee share trust

On 24 May 2019 the Company initiated the Pilbara Minerals Employee Award Plan Trust ('the Trust') for the purpose of acquiring fully paid ordinary shares in the Company to satisfy performance rights and options that vest and are exercisable under the Company's Employee Award Plan. As at 30 June 2020 the Trust held nil shares in the Company.

5.2 Loans and Borrowings

Accounting policy

Borrowings

Borrowings are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest rate method.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate risk, see Note 6.1.

	2020 $'000	2019 $'000
Current		
Lease liability	16,907	-
Secured debt (US$ denominated bond)	36,427	8,912
Total borrowings - current	53,334	8,912
Non-Current		
Lease liability	25,324	-
Secured debt (US$ denominated bond)	97,792	130,087
Total borrowings - non-current	123,116	130,087

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

5.2.1 Terms and repayment schedule

The terms and conditions of outstanding loans are as follows:

	Currency	Nominal interest rate	Year of maturity	2020 Face value $'000	2020 Carrying amount $'000	2019 Face value $'000	2019 Carrying amount $'000
Leases	AU$	3.50% - 7.66%	2022-2025	42,231	42,231	-	-
Secured bond	US$	12.0%	2022	136,602	134,219	142,592	138,999

5.2.2 Changes in liabilities arising from financing activities

$'000	1 July 2019	AASB16 - lease transition	Repayment of borrowings	Amortisation and foreign exchange movement	Net lease additions and remeasure	30 June 2020
Secured debt	138,999	-	(9,098)	4,318	-	134,219
Lease liabilities	-	39,307	(10,030)	-	12,954	42,231
	138,999	39,307	(19,128)	4,318	12,954	176,450

5.2.3 US$ Secured Bond

In June 2017, the Group completed settlement of a US$100 million senior secured bond facility as part of the funding package for the development of the Pilgangoora Project. The bonds were issued by the Company's wholly owned subsidiary, Pilgangoora Operations Pty Limited and are administered by the bond trustee, Nordic Trustee ASA. The coupon rate is 12% per annum with interest payable quarterly in arrears. The bond facility is secured against the assets of the Pilgangoora Project. The first scheduled principal repayment of US$6.25 million was paid in June 2020, with quarterly repayments of US$6.25 million scheduled until March 2022 followed by a final bullet repayment of US$50.0 million in June 2022.

The carrying amount of the US$ secured bond is made up as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

	2020 $'000	2019 $'000
Bond proceeds at inception	132,310	132,310
Principal repayment	(9,098)	-
Unrealised foreign exchange loss/(gain)[1]	13,390	10,282
Bond proceeds at 30 June	136,602	142,592
Directly attributable transaction costs	(6,036)	(6,036)
Amortisation of transaction costs	3,653	2,443
Carrying amount at 30 June	134,219	138,999

[1] The value of the US$ secured bond is required to be re-stated at the end of each financial period utilising the closing AUD:USD foreign exchange rate (30 June 2020: 0.6863, 30 June 2019: 0.7013).

On 30 July 2020, the Company announced a binding commitment for a new US$110 million senior secured debt facility which will replace the Nordic Bond US$100 million facility. Details of the refinancing are in the Subsequent Events Note 6.5 of this report.

5.2.4 Compliance with loan covenants

The Group has complied with the financial covenants of its existing borrowing facilities during the year. Under the terms of the US$ bond borrowing facilities, the Group is required to comply with the following financial covenants:

- book to equity ratio must not be less than 50%;
- liquidity of at least A$15 million; and
- current ratio of a minimum of 1:1.

5.2.5 Working capital facility

In August 2018, the Company executed a US$15 million working capital facility with BNP Paribas. At 30 June 2020 and during the financial year this working facility remained undrawn. The facility has a maturity date of 31 July 2020. Pursuant to the refinancing announcement on 30 July 2020, a replacement working capital facility has been offered by BNP Paribas and the existing facility should be replaced by the new financing facility. Refer to Subsequent Events Note 6.5 of this report.

5.3 Deed of Cross Guarantee

Pilbara Minerals Limited and certain of its wholly owned subsidiaries (refer Note 6.3.2) became parties to a deed of cross guarantee, on the 17th September 2018, under which each company guarantees the debts of the other. By entering into the deed, the wholly owned entities have been relieved from the requirements to prepare a financial report and directors' report under ASIC Corporations (Wholly owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The companies represent a 'closed group' for the purposes of the class order.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

5.3.1 Consolidated statement of profit and loss

	2020 $'000	2019 $'000
Income		
Revenue from contracts with customers	84,147	42,785
Cost of sales	(112,085)	(34,899)
Gross profit	(27,938)	7,886
Other income	-	570
Expenses		
General and administration expense	(12,837)	(14,890)
Exploration and feasibility costs expensed	(6,535)	(8,000)
Inventory write-down	(21,325)	(1,682)
Depreciation and amortisation expense	(640)	(179)
Share based payment expense	(2,341)	(2,229)
Operating loss	**(71,616)**	**(18,524)**
Finance income	815	1,586
Finance costs	(28,497)	(11,978)
Net financing costs	**(27,682)**	**(10,392)**
Loss before income tax expense	**(99,298)**	**(28,916)**
Income tax expense	-	-
Net loss for the period	**(99,298)**	**(28,916)**
Total comprehensive loss for the period	**(99,298)**	**(28,916)**

5.3.2 Summary of movements in consolidated retained profits

	2020	2019
Retained loss at the beginning of the financial year	112,935	95,956
Transfer from share based payments reserve	(7,343)	(11,937)
Net loss for the year	99,298	28,916
Retained loss at the end of the financial year	**204,890**	**112,935**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

5.3.3 Consolidated balance sheet

	2020 $'000	2019 $'000
Assets		
Current assets		
Cash and cash equivalents	86,247	63,576
Trade and other receivables	3,992	10,414
Inventories	23,268	51,197
Total current assets	**113,507**	**125,187**
Non-current assets		
Receivables	-	27
Property, plant, equipment and mine properties	482,418	433,948
Deferred exploration and evaluation expenditure	6,401	6,401
Inventories	-	16,062
Total non-current assets	**488,819**	**456,438**
Total assets	**602,326**	**581,625**
Liabilities		
Current liabilities		
Trade and other payables	20,601	48,149
Provisions	1,468	1,953
Borrowings	53,334	8,912
Total current liabilities	**75,403**	**59,014**
Non-current liabilities		
Trade and other payables	546	-
Provisions	16,971	16,523
Borrowings	123,116	130,087
Total non-current liabilities	**140,633**	**146,610**
Total liabilities	**216,036**	**205,624**
Net assets	**386,290**	**376,001**
Equity		
Issued capital	587,329	479,720
Reserves	3,850	9,216
Retained earnings	(204,890)	(112,935)
Total equity	**386,290**	**376,001**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

5.4 Capital Management

Capital consists of ordinary share capital, retained earnings, reserves and net debt. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern so as to maintain a strong capital base sufficient to maintain future exploration, development and operating activities.

There were no changes to the Group's approach to capital management during the year.

NOTE 6 - OTHER DISCLOSURES

6.1 Financial Risk Management

Accounting policy

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue.

A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

Accounting policy

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Impairment of financial assets

The Group recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost. The loss allowances is measured at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

Set out below are details of the Group's financial assets and liabilities at the end of the reporting period.

	2020 $'000	2019 $'000
Financial assets		
Cash and cash equivalents	86,250	63,576
Trade and other receivables	4,127	11,087
Total financial assets	90,377	74,663
Financial liabilities		
Trade and other payables	20,601	48,146
Borrowings	176,450	138,999
Total financial liabilities	197,051	187,145

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

6.1.1 Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Interest risk

The Company's Board of Directors has ultimate responsibility for setting the Company's risk appetite, for overseeing the risk management framework designed and implemented by management and for satisfying itself that the risk management framework is sound. The Board is also responsible for monitoring and reviewing the Company's risk profile. The Board has established a separate Audit and Risk Committee whose role is set out in the Company's Audit and Risk Committee Charter. The Audit and Risk Committee is responsible for governance of risk management across the Company, leading the strategic direction regarding the management of material business risks and reviewing the effectiveness of the risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's management of financial risk is aimed at ensuring net cash flows are sufficient to meet all of its financial commitments and maintain the capacity to fund the exploration, evaluation, development and operation of the Pilgangoora Project and ancillary exploration activities.

The principal financial instruments as at the reporting date include cash, receivables, payables and loan and finance agreements.

Set out below is information about exposures to the above risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

6.1.2 Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's cash at bank, term deposits as well as credit exposure to trade customers, including outstanding receivables and committed transactions. Credit risk represents the potential financial loss if companies fail to perform as contracted.

The carrying amount of financial assets represents the maximum credit exposure.

The Group limits its exposure to credit risk by only transacting with high credit quality financial institutions. During the year the Group maintained all cash and cash equivalents balances with banks and financial institutions holding a AA- rating based on S&P Global ratings.

Credit risk arising from sales of spodumene concentrate to customers is managed by contracts that require a provisional payment of typically 100 per cent of the value of the sale which is payable by letter of credit when the vessel is loaded. Customer contracts specify the Standard and Poor's rating required by financial institutions providing the letters of credit.

The trade and other receivables balance consist of 26% of trade receivables (2019: 29%) and 22% of receivables from the Australian Tax Office for goods and services tax refund (2019: 20%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

6.1.3 Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group also manages liquidity risk by producing cash flow forecasts to ensure that there is a clear and up-to-date view of the short to medium term funding requirements and the possible sources of those funds. The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements:

	Carrying amount	Contractual cashflows				
		Total	Six months or less	Six to 12 months	One to two years	Two to five years
	$'000	$'000	$'000	$'000	$'000	$'000
30 June 2020						
Non-derivative financial liabilities						
Lease liability	42,231	46,846	9,428	9,896	14,279	13,243
Secured debt	134,219	161,738	26,137	25,044	110,557	-
Trade and other payables	20,601	20,601	20,601	-	-	-
	197,051	229,185	56,166	34,940	124,836	13,243
30 June 2019						
Non-derivative financial liabilities						
Secured debt	138,999	184,302	8,556	17,468	50,086	108,192
Trade and other payables	48,146	48,146	48,146	-	-	-
	187,145	232,448	56,702	17,468	50,086	108,192

The secured debt has certain financial covenants that if breached could cause early repayment. The Group is not anticipating any breach of covenants.

6.1.4 Market risk

Market risk is the risk that changes in market prices (such as commodity price, foreign exchange rates and interest rates) will affect the Group's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

During the year the Company continued to sell spodumene and tantalum concentrate to offshore customers with the sales proceeds denominated in US dollars.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

a) Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions and recognised financial assets and financial liabilities are denominated in a currency that is not the Group's functional currency. The Group manages its foreign exchange risk exposure arising from future commercial transactions through sensitivity analysis, cash flow management and forecasting.

The Group is exposed to foreign exchange risk principally through holding US$ denominated cash, borrowings and trade receivables.

The Group's exposure to foreign currency risk at balance date was as follows:

	2020 US$'000	2019 US$'000
Cash and cash equivalents	30,443	9,323
Borrowings	93,750	100,000
Trade receivables	727	1,357

The year-end exchange rate used to recalculate the US$ dominated balances on 30 June 2020 was 0.6863 (2019 exchange rate of 0.7013).

Group sensitivity

Based on financial instruments held at 30 June 2020, had the Australian dollar strengthened/weakened by 10% against the US dollar, with all other variables held constant, the Group's loss for the year would have been $8.29 million higher/$10.13 million lower (2019: $12.91 million higher/$15.78 million lower), as a result of foreign exchange gains/losses on translation of US dollar denominated cash, receivables and borrowings.

b) Interest Rate Risk

Interest rate risk arises from the Group's cash and cash equivalents earning interest at variable rates.

The significance and management of the risks to the Group are dependent on several factors including:

- Interest rates;
- Level of cash, liquid investments and borrowings and their term; and
- Maturing dates of investments.

The Group's US$100 million senior secured bond facility has a fixed coupon rate of 12% per annum resulting in a $nil interest rate sensitivity.

At the end of the Reporting Period, the Group's exposure to interest rate risk and effective weighted average interest rate for classes of financial assets and financial liabilities are set out below:

	2020 Weighted average interest rate	2020 Balance $'000	2019 Weighted average interest rate	2019 Balance $'000
Cash and cash equivalents	0.26%	86,250	1.42%	63,576

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

The risk is managed by the Group maintaining an appropriate mix between short-term and floating rate cash and cash equivalents.

Group sensitivity

Based on the financial instruments at 30 June 2020, if interest rates had changed by +/-25 basis points from the year end rates, with all other variables held constant, loss and equity for the year would have been $216,000 lower/$216,000 higher (2019: $317,000 lower/$317,000 higher based on a 50 basis point change to the year-end rates).

6.1.5 Interest risk

The Company and the Group are exposed to interest rate risk as entities in the Group borrow funds at fixed interest rates. The Group's exposure to interest rate on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

6.1.6 Fair values

The carrying value of cash and cash equivalents, other receivables, trade creditors, other creditors and accruals are considered to be a reasonable approximation of fair value.

The fair value of the future contractual principal and interest cashflows associated with the bond is $138.64 million (2019 $155.48 million). Fair value was determined with reference to price quotations in an active market at 30 June 2020.

6.2 Related Parties

6.2.1 Key management personnel

The following people were considered as key management personnel during the financial year:

Name	Position	Appointed
Ken Brinsden	Managing Director and CEO	18 January 2016
Anthony Kiernan	Non-executive Chairman	1 July 2016
Steve Scudamore	Non-executive Director	18 July 2016
Nicholas Cernotta	Non-executive Director	6 February 2017
Sally-Anne Layman	Non-executive Director	20 April 2018
Alex Eastwood	Company Secretary and General Counsel	1 September 2016
Brian Lynn	Chief Financial Officer	22 June 2016
Dale Henderson	Project Director Chief Operating Officer	4 September 2017 5 March 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

Key management personnel compensation comprised the following:

	2020 $	2019 $
Short term employee benefits	2,314,682	2,951,812
Post-employment benefits	119,149	117,261
Other long-term employee benefits	-	96,167
Share-based payments (non-cash)	1,601,246	1,799,579
	4,035,077	4,964,819

Compensation of the Group's key management personnel includes salaries, and contributions to a post-employment defined contribution plan. Information regarding individual directors and executive's compensation and some equity instruments are required to be disclosed by s300A of the Corporations Act and Corporations Regulations 2M.3.03 and are provided in the Remuneration Report section of the Directors' Report.

6.3 Group Entities

6.3.1 Parent entity

Pilbara Minerals Limited

The consolidated financial statements include the financial statements of Pilbara Minerals Limited and the subsidiaries listed in the following table.

6.3.2 Significant Subsidiaries

	Country of incorporation	2020	2019	Party to Deed of Cross Guarantee
Tabba Tabba Tantalum Pty Ltd	Australia	100%	100%	No
Pilbara Lithium Pty Ltd	Australia	100%	100%	No
Pilgangoora Holdings Pty Ltd	Australia	100%	100%	Yes
Pilgangoora Operations Pty Ltd	Australia	100%	100%	Yes
Pippingarra Road Logistics Pty Ltd	Australia	100%	100%	No
Mt Francisco Operations Pty Ltd	Australia	100%	100%	No

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

6.4 Parent Entity Disclosures

As at, and throughout the financial year ending 30 June 2020, the parent company of the Group was Pilbara Minerals Limited. The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements.

	2020 $'000	2019 $'000
Results of the parent entity		
Loss for the period	(14,873)	(16,279)
Total comprehensive loss for the period	(14,873)	(16,279)
Financial position of the parent entity at year end		
Current assets	82,433	65,570
Total assets	490,697	396,394
Current liabilities	4,086	5,458
Total liabilities	5,046	5,458
Total equity of the parent comprising of:		
Share capital	587,329	479,720
Share-based payment reserve	3,850	9,216
Accumulated losses	(105,528)	(98,000)
Total equity	485,651	390,936

6.5 Subsequent Events

Subsequent to 30 June 2020 the Company announced on 30 July 2020 a binding commitment for a new US$110 million senior secured debt facility which will replace the Nordic Bond US$100 million facility. The new facility funded by BNP Paribas (US$73.3 million) and Australia's specialist clean energy investor the Clean Energy Finance Corporation (US$36.7 million) is expected to be completed and drawn down during the September 2020 quarter following finalisation of documentation and satisfaction of customary conditions precedent. Proceeds will be used to fund the early redemption of the Nordic Bond including the early redemption premium payable (US$4.5M) and related transaction costs. An additional binding commitment has also been received from BNP Paribas to renew the existing US$15 million Working Capital Facility. The new facility has first ranking security over the assets of the Pilgangoora Lithium-Tantalum Project.

Other than the disclosure above, there has not been any matter or circumstance that has arisen since the end of the year which has significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in subsequent financial periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

6.6 Auditor's Remuneration

During the year, the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2020 $	2019 $
Audit services – KPMG	175,000	168,000
Advisory service – KPMG	-	363
Total auditor's remuneration – KPMG	175,000	168,363

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Pilbara Minerals Limited ('the Company'):

   (a) the consolidated financial statements and notes thereto, as set out on pages 109 to 154 and the Remuneration Report contained within the Directors' Report are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standard, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   (ii) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and.

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

   (c) there are reasonable grounds to believe that the members of the extended closed group identified in Note 5.3 will be able to meet any obligations or liabilities to which they are, or may become, liable by virtue of the deed of cross guarantee described in Note 5.3.

   (d) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2020.

This declaration is made in accordance with a resolution of the Directors.

Anthony Kiernan
Chairman

27th August 2020

Independent Auditor's Report

To the shareholders of Pilbara Minerals Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Pilbara Minerals Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2020
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Group*** consists of Pilbara Minerals Limited (the Company) and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with *the Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code)* that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Valuation of property, plant, equipment and mine properties
- Valuation of work in progress and finished goods inventory.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of property, plant, equipment and mine properties ($482.4 million)

Refer to Note 3.1 *Property, Plant, Equipment and Mine Properties*

The key audit matter	How the matter was addressed in our audit
The carrying value of the Pilgangoora project assets including property, plant, equipment and mine properties was considered a key audit matter due to: • The size of the property, plant, equipment, and mine properties balance (being collectively $482.4 million, which represents 80% of the total assets); • The level of judgement required by us in evaluating the Group's assessment of impairment; and • The challenging market conditions and moderated production environment within the financial year, increasing the risk of the carrying value not being recoverable. the impairment assessment requires the Group to apply significant judgements through the use of assumptions in a value-in-use discounted cash flow (DCF) model. The key assumptions include: • Forecast commodity prices for spodumene concentrate. The Group has used external experts to assist them in forming a view of the forecast commodity price for spodumene concentrate; • Forecast production levels, production costs and plant recovery – the timeframe for plant recovery and ramp up increases the range of possible outcomes; and • Forecast exchange rate between USD and AUD – current volatility in exchange rates increases the range of possible outcomes. In assessing this key audit matter, we involved senior team members and valuation specialists.	Our procedures included: • Evaluated the Group's assessment of impairment indicators against accounting standard requirements; • Evaluated the value-in-use methods used by the Group against accounting standard requirements; • Assessed the integrity of the value-in-use DCF model used, including mathematical accuracy of the underlying calculation formulas; • Evaluated the key underlying data used to generate the value-in-use DCF model for consistency with the Group's intention and other information. This includes Board approved cash flow forecasts and other information such as the Group's external expert reports and publicly available documentation; • Assessed the accuracy of previous Group's forecasts to inform our evaluation of forecasts incorporated in the model. • Considered the sensitivity of the model by varying key assumptions, such as forecast spodumene concentrate prices, forecast exchange rates, production costs, and plant recovery. We did this to assess those assumptions with a potential higher risk of bias or inconsistency in application against observable data; • Evaluated the scope, competence and objectivity of the Group's external experts; • Compared forecast commodity prices for spodumene concentrate, and forecast exchange rates, to published views of market commentators on future trends seeking authoritative and credible sources; • Challenged the Group's assumptions on forecast production costs, production levels and plant recovery in light of the expected continuation of challenging market conditions against the Group's past performance, Board approved budgets and definitive feasibility study outcomes. We used our knowledge of the Group, business and customers, and our industry experience; and • Assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.

Valuation of work in progress and finished goods inventory ($11.8 million)	
Refer to note 4.3 *Inventories*	
The key audit matter	**How the matter was addressed in our audit**
Judgement is required by the Group in assessing the value of inventory which consists of work in progress and finished goods ("inventory"), which will be used to produce spodumene concentrate in the future. The valuation of inventory is a key audit matter because: • In the current year there was an inventory write-down of $21.3 million increasing our focus in this area; • Market conditions for the Group's lithium products is currently challenging; • There are elevated unit costs associated with operating in a moderated production environment increasing the risk of further inventory write-downs; • The allocation of cost to inventory is a complex calculation increasing the risk of error; and • Significant judgement is required by us in evaluating and challenging the Group's assessment of the inventory being recorded at the lower of cost and net realisable value (NRV). The Group's NRV assessment is based on modelling which estimates future revenue expected to be derived from spodumene concentrate, less selling costs and forecast processing costs to convert work in progress to spodumene concentrate. We placed particular focus on those judgements listed below which impact the valuation of inventory: • Forecast processing costs; • Forecast quantity of lithium contained within the lower grade ore stockpiles; and • Future commodity prices expected to prevail when the inventory is processed and sold. Assumptions are forward looking and / or not based on observable data and are therefore inherently judgmental to audit.	Our procedures included: • Tested the Group's key controls around preparation and review of inventory reconciliations which utilise underlying data such as production and processing costs, geological survey reports, mill production reports and metallurgical survey reports. • Tested the Group's inventory costing model by checking the quantities and costs on a sample basis, to underlying data such as production reports, survey reports and production and processing costs; • Assessed the integrity of the allocation of cost to inventory calculation including mathematical accuracy of the underlying calculation formulas; • Attended the Group's year end survey counts; • Evaluated the Group's NRV assessment against accounting standard requirements; • Assessed the methodology and key assumptions in the Group's model used to determine the NRV of the stockpiles by: – Inquiring with management to understand events resulting in the inventory write-down; – Recalculating the inventory write-down and comparing it to the amount recorded by the Group; – Assessing the relevance of historical and current unit costs for future production taking into consideration the Group's planned changes in operations. – comparing forecast unit costs to previous actual costs in a moderated production environment, and for consistency with the Group's latest life of mine plan; – comparing forecast quantity of spodumene concentrate from stockpiles to the Group's internal geological survey results; – assessing the scope, competence and objectivity of the Group's internal experts responsible for the preparation of the geological survey results; – comparing commodity prices to published views of market commentators on future trends seeking authoritative and credible sources; and • Assessed the disclosures in the financial report using information obtained from our testing and against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in Pilbara Minerals Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report. The Chairman's Report, Managing Director's Report, ASX additional information, Sustainability Report and other operational update reports are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error;
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Pilbara Minerals Limited for the year ended 30 June 2020, complies with *Section 300A of the Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A of the Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2020.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

R Gambitta
Partner

Perth

27 August 2020

ADDITIONAL SHAREHOLDER INFORMATION

As at 16 September 2020

In accordance with Listing Rule 4.10 the following information is provided.

CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Statement is available on the Company's website at: **pilbaraminerals.com.au**

SECURITY HOLDERS

SUBSTANTIAL SHAREHOLDERS

The Company has the following substantial shareholders as at 16 September 2020:

- Contemporary Amperex Technology (Hong Kong) Limited – 183,333,334 ordinary shares
- GFL International Co Limited – 152,605,323 ordinary shares
- Mineral Resources Limited – 137,980,413 ordinary shares

NUMBER OF HOLDERS IN EACH CLASS OF EQUITY SECURITIES AND THE VOTING RIGHTS ATTACHED (AS AT 16 SEPTEMBER 2020)

ORDINARY SHARES

There are 33,691 holders of ordinary shares. Each shareholder is entitled to one vote per share.

In accordance with the Company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

OPTIONS

There are 35 holders of unlisted options. There are no voting rights attaching to the options.

A total of 44,893,196 options are on issue. The 44,893,196 options, if exercised, will convert into 44,893,196 ordinary shares.

The options have the following exercise prices and expiry dates:

No. of holders	No. of options	Exercise price	Expiry date
1	2,000,000	$0.90	8 December 2020
1	2,000,000	$0.93	21 December 2021
4	3,104,585	$0.884	31 December 2021
1	2,500,000	$0.50	30 June 2022
16	15,874,384	$0.4149	31 December 2022
12	19,414,227	$0.375	1 May 2023

PERFORMANCE RIGHTS

There are 25 holders of unlisted performance rights. There are no voting rights attaching to the performance rights.

A total of 3,399,659 performance rights are on issue. The 3,399,659 performance rights, if vested, will automatically convert into 3,399,659 ordinary shares.

The performance rights have the following expiry date and exercise price:

No. of holders	No. of performance rights	Exercise price	Expiry date
9	1,070,691	Nil	30 June 2021
16	2,328,968	Nil	30 June 2022

DISTRIBUTION SCHEDULE OF THE NUMBER OF HOLDERS IN EACH CLASS OF EQUITY SECURITY AS AT 16 SEPTEMBER 2020

Ordinary Shares

Spread of holdings	Holders	Units	Percentage of issued capital
1 to 1,000	4,007	2,775,896	0.12
1,001 to 5,000	11,424	31,685,942	1.42
5,001 to 10,000	5,432	43,169,654	1.94
10,001 to 100,000	10,914	364,655,765	16.39
100,001 and over	1,914	1,783,237,723	80.13
Total	**33,691**	**2,225,524,980**	**100.00**

Unlisted Options expiry date 08/12/2020, exercise price $0.90

Spread of holdings	Holders	Units	Percentage of options on issue
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	-	-	-
100,001 and over	1	2,000,000	100.00
Total	**1**	**2,000,000**	**100.00**

Unlisted Options expiry date 21/12/2021, exercise price $0.93

Spread of holdings	Holders	Units	Percentage of options on issue
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	-	-	-
100,001 and over	1	2,000,000	100.00
Total	**1**	**2,000,000**	**100.00**

Unlisted Options expiry date 31/12/2021, exercise price $0.884

Spread of holdings	Holders	Units	Percentage of options on issue
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	-	-	-
100,001 and over	4	3,104,585	100.00
Total	**4**	**3,104,585**	**100.00**

Unlisted Options expiry date 30/06/2022, exercise price $0.50

Spread of holdings	Holders	Units	Percentage of options on issue
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	-	-	-
100,001 and over	1	2,500,000	100.00
Total	**1**	**2,500,000**	**100.00**

Unlisted Options expiry date 31/12/2022, exercise price $0.4149

Spread of holdings	Holders	Units	Percentage of options on issue
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	-	-	-
100,001 and over	16	15,874,384	100.00
Total	**16**	**15,874,384**	**100.00**

Unlisted Options expiry date 01/05/2023, exercise price $0.375

Spread of holdings	Holders	Units	Percentage of options on issue
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	-	-	-
100,001 and over	12	19,414,227	100.00
Total	**12**	**19,414,227**	**100.00**

Unlisted Performance Rights expiry date 30/06/2021, nil exercise price

Spread of holdings	Holders	Units	Percentage of options on issue
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	3	211,912	19.79
100,001 and over	6	858,779	80.21
Total	**9**	**1,070,691**	**100.00**

Unlisted Performance Rights expiry date 30/06/2022, nil exercise price

Spread of holdings	Holders	Units	Percentage of options on issue
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	11	817,446	35.10
100,001 and over	5	1,511,522	64.90
Total	**16**	**2,328,968**	**100.00**

MARKETABLE PARCEL

There are 5,425 shareholders with less than a marketable parcel, based on the closing price of $0.365 on 16 September 2020.

TWENTY LARGEST HOLDERS OF EACH CLASS OF QUOTED SECURITY

The names of the 20 largest registered holders of each class of quoted security, the number of equity securities each holds and the percentage of issued capital each holds (as at 16 September 2020) are set out below:

Name		Ordinary shares	
		Number	Percentage
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	224,541,539	10.09
2	CONTEMPORARY AMPEREX TECHNOLOGY (HONG KONG) LIMITED	183,333,334	8.24
3	MINERAL RESOURCES LIMITED	137,980,413	6.20
4	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	125,733,420	5.65
5	POS-LT PTY LTD	82,065,000	3.69
6	GFL INTERNATIONAL CO LTD	77,663,871	3.49
7	GFL INTERNATIONAL CO LTD	74,941,452	3.37
8	CITICORP NOMINEES PTY LIMITED	59,189,504	2.66
9	NATIONAL NOMINEES LIMITED	43,904,604	1.97
10	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	23,226,224	1.04
11	XUE INVESTMENTS PTY LIMITED <XUE FAMILY A/C>	19,839,123	0.89
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	14,743,119	0.66
13	BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	13,408,709	0.60
14	HUICEN CAPITAL PTY LIMITED	12,563,250	0.56
15	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	11,383,770	0.51
16	HAVELOCK MINING INVESTMENT LTD	9,255,112	0.42
17	NOHUNI PTY LTD <SUPER FUND A/C>	9,126,190	0.41
18	MR JOHN ALEXANDER YOUNG + MRS CHERYL KAYE YOUNG <THE FOREVER YOUNG S/F A/C>	7,750,000	0.35
19	MR PETER BARRETT CAPP <CAPP FAMILY A/C>	7,000,000	0.31
20	BRINSDEN HOLDINGS PTY LTD <BRINSDEN INVESTMENT A/C>	6,693,506	0.30
Top Twenty Shareholders		**1,144,342,140**	**51.42**
Total Remaining Shareholders		**1,081,182,840**	**48.58**
TOTAL SHAREHOLDERS		**2,225,524,980**	**100**

HOLDERS OF 20% OR MORE OF UNQUOTED EQUITY SECURITIES

The names of holders and number of unquoted equity securities held for each class of unquoted equity securities (but excluding securities held under an employee incentive scheme) where the holding was 20% or more of each class of security as at 16 September 2020 are set out below:

Name	Option class			% of class
	Number	Exercise price	Expiry date	
MJBJ (WA) Pty Ltd	2,000,000	$0.90	08/12/2020	100
Envision Capital Management Pty Ltd <ET Account>	2,000,000	$0.93	21/12/2021	100
Shree Samarth Super Fund A/C	2,500,000	$0.50	30/06/2022	100

COMPANY SECRETARY

The name of the Company Secretary is Alex Eastwood.

ADDRESS AND DETAILS OF THE GROUP'S REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Level 2, 88 Colin Street, West Perth, WA, 6005

Telephone: +61 8 6266 6266

Fax: +61 8 6266 6288

ADDRESS AND TELEPHONE DETAILS OF THE OFFICE AT WHICH A REGISTER OF SECURITIES IS KEPT

Computershare Investor Services Pty Limited

Level 11, 172 St Georges Terrace

Perth WA 6000

Telephone: 1300 850 505

Website: **computershare.com**

STOCK EXCHANGE ON WHICH THE COMPANY'S SECURITIES ARE QUOTED

The Company's listed equity securities are quoted on the Australian Securities Exchange – Code: PLS.

RESTRICTED SECURITIES

There are no restricted ordinary shares or securities that are subject to voluntary escrow on issue as at 16 September 2020.

ON-MARKET BUY-BACK

There is no current on-market buy-back of securities.

CORPORATE DIRECTORY

PILBARA MINERALS LIMITED

ABN 95 112 425 788
Incorporated in Australia

BOARD OF DIRECTORS

Anthony Kiernan	Executive Chairman
Ken Brinsden	Managing Director & Chief Executive Officer
Steve Scudamore	Director (Non-Executive)
Sally-Anne Layman	Director (Non-Executive)
Nicholas Cernotta	Director (Non-Executive)

COMPANY SECRETARY

Alex Eastwood

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

Level 2, 88 Colin Street

West Perth WA 6005

Tel: +61 8 6266 6266

Fax: +61 8 6266 6288

Website: **pilbaraminerals.com.au**

ACN AND ABN

ACN: 112 425 788

ABN: 95 112 425 788

ASX CODE

PLS

SHARE REGISTER

Computershare Investor Services Pty Limited

Level 11, 172 St Georges Terrace

Perth WA 6000

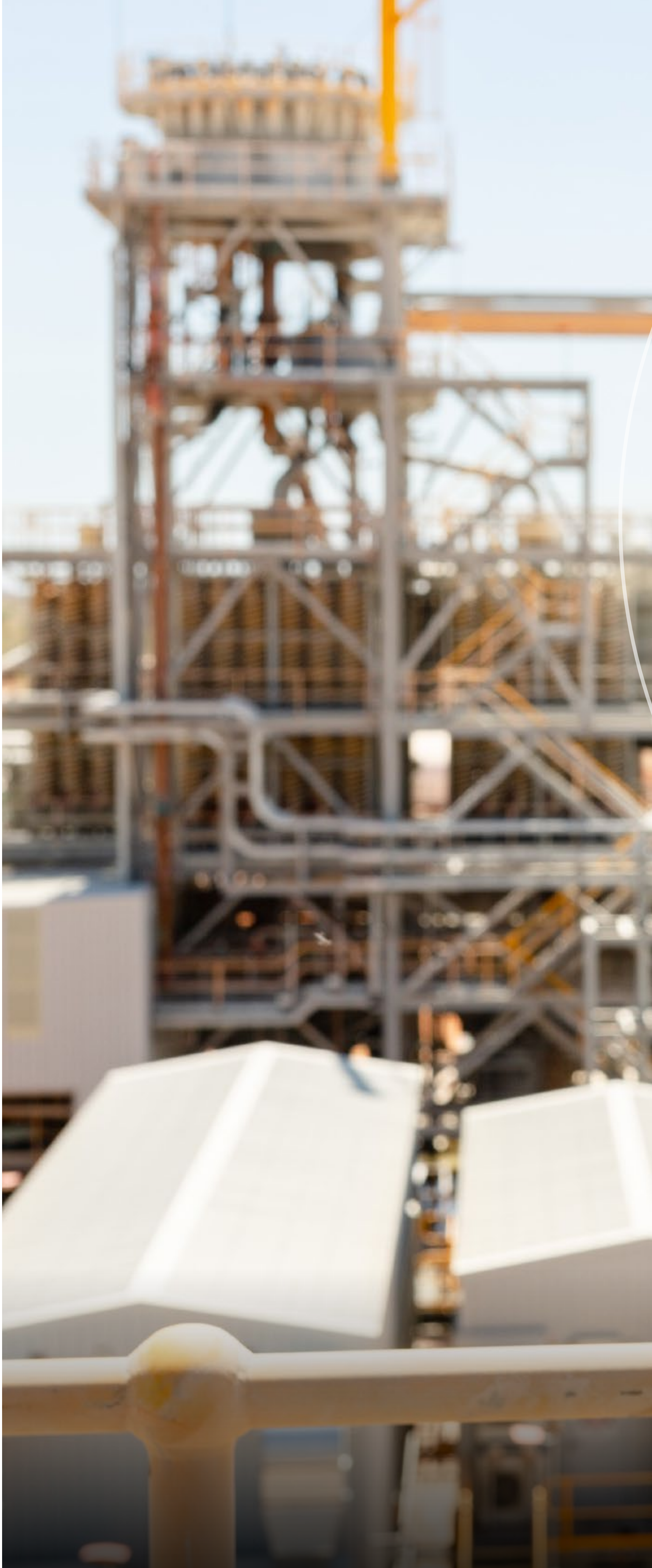
Tel: 1300 850 505

AUDITORS

KPMG

235 St Georges Terrace

Perth WA 6000, Australia



Pilbara Minerals
...Powering a sustainable energy future

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