

Pilgangoora Production, Shipping and Cash Update

54% INCREASE IN JUNE QUARTER PRODUCTION DRIVES SIGNIFICANT INCREASE IN CASH BALANCE

KEY POINTS

- Significant increase in estimated June Quarterly production to 123-127,000 dry metric tonnes (**dmt**) of spodumene concentrate (~54% increase from the March Quarter: 81,431dmt).
- FY22 annualised production now expected to be in the range of 373-377,000 dmt (~33% increase from FY21: 281,098dmt), and at the upper end of the previous guidance range of 340-380,000dmt.
- Estimated shipments for the June Quarter of ~127-132,000dmt (~118% increase from the March Quarter: 58,383dmt).
- Total shipments for FY22 expected to be in the range of 355-360,000dmt (~26% increase from FY21: 281,440dmt).
- 30 June 2022 cash balance expected to be in the range of ~A\$850-855M, inclusive of ~A\$269M of irrevocable bank letters of credit (March Quarter: A\$284.9M, inclusive of A\$75.2m of LOC's).

Pilbara Minerals Limited (**ASX: "PLS"**) ("**Pilbara Minerals**" or the "**Company**") provides the following update on June Quarter production and shipment activities at its 100%-owned Pilgangoora Project in Western Australia.

The Pilgangoora Operation is set to achieve a significant increase in spodumene concentrate production for the June Quarter of 123-127,000dmt (March Quarter 81,431dmt). This will result in FY22 annual production of 373-377,000dmt, which is at the upper end of the previous guidance range of 340-380,000dmt.

Despite various operational challenges during the year, including impacts from COVID-19 and labour shortages, the Company is pleased to have finished FY22 strongly to achieve the higher end of production guidance. After overcoming production challenges early in the June Quarter, Pilbara Minerals is closing the June Quarter with a strong operational performance that demonstrates the Company's ability to achieve annualised production targets previously announced.

On the back of these production outcomes, the Company is likely to achieve June Quarter shipments of 127-132,000/dmt (March Quarter: 58,383dmt), with annual sales for FY22 likely to be ~355-360,000dmt (FY21: 281,440dmt). Shipments for the June Quarter included a cargo of 20,000dmt that was delayed as a result of berth access constraints at the end of the March Quarter. This vessel subsequently sailed from Port Hedland on the 7th of April 2022.

The Company has seen further improvements in pricing outcomes during the June Quarter, reflecting strong demand conditions. Further details on selling price outcomes will be included in the Company's upcoming June Quarterly Report, to be released on 28 July 2022.

Production from the Ngungaju Plant's coarse concentrate circuit during the June Quarter was consistent with plan, with wet commissioning (introduction of ore) to the fines flotation circuit commencing in early April, followed by optimisation work during the remainder of the Quarter. The Company expects the Ngungaju Plant to achieve nameplate capacity of 180-200ktpa during the September 2022 Quarter. Further optimisation work of the Ngungaju Plant planned during the September Quarter is expected to support the consistent achievement of name-plate production metrics.

Following the successful commissioning of the Pilgan Plant Improvements Project, production capacity at this facility is now re-rated from 330ktpa to 360-380ktpa of spodumene concentrate.

The combined production capacity of the entire Pilgangoora Operation will therefore achieve a run rate of 540-580,000tpa by the end of the September Quarter 2022. The combined production from both plants for the month of June to date supports the Company's ability to achieve this production run-rate.

Pilbara Minerals is targeting its next BMX auction for the second week of July 2022. Further auctions are anticipated in the near term as the ramp-up of the Company's Pilgangoora Operations to full nameplate capacity continues, resulting in more uncontracted tonnes being sold on a spot basis via the BMX platform.

Strong market pricing conditions have been experienced during the June Quarter which, when combined with the increased shipment volumes achieved, will lead to a substantial increase of ~A\$565M in the Company's estimated 30 June 2022 cash position to ~A\$850-\$855M, including ~A\$269M of irrevocable bank letters of credit (31 March 2022: A\$284.9M including A\$75.2M of LOC's) and after payment of capital, finance and corporate costs.

Unit cost (FOB Port Hedland excluding royalties)¹ guidance for concentrate shipped from the Pilgan operation during the June Quarter is now expected to be in the range of A\$650-A\$680/dmt (March Quarter: A\$632/dmt FOB Port Hedland excluding royalties). This compares to the guidance released to the market on 28 April 2022 of A\$490-A\$530/dmt (FOB Port Hedland excluding royalties).

Costs for the Quarter include substantial investment in mining activities and people to support the planned expanded operation for both the Ngungaju ramp-up and associated increase in production capacity from the P680 Project. Inflationary pressures have been encountered by the Company during the Quarter, with a 40% increase in net diesel fuel prices compared to the March Quarter (and negatively impacted by the short term 50% reduction in the fuel tax rebate).

In addition, higher reagent costs (including related logistics) and labour costs associated with the buoyant labour market for the WA mining industry (inclusive of bonus structures to attract and retain employees) also contributed to cost increases.

The impact of COVID-19 affected the number of personnel on site and, ultimately, impacted operational performance. Unit costs were also impacted by the absence of tantalum production during the Quarter, as the operations deliberately targeted ore feed from the South Pit to maximise lithia units to take full advantage of favourable market conditions.

Release authorised by Dale Henderson, Pilbara Minerals Limited's CEO.

¹ Unit operating costs (FOB Port Hedland excluding royalties) include mining, processing, transport, native title costs, port charges, and site based general and administration costs and are net of Ta2O5 by-product credits. It is calculated on an incurred basis (including accruals), and includes inventory movements, and credits for capitalised deferred mine waste development costs.

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IMPORTANT INFORMATION

The production, sales and cost guidance in this announcement is indicative only, based on the Company's revised budgetary forecasts and other estimates. It is developed in the context of an uncertain operating environment including in respect of COVID-19 related risks (community distribution and supply chain disruption) and the commissioning and ramp of both the Pilgan Plant Improvement Projects and the re-start and commissioning of the Ngungaju Plant which may impact production and costs and have a flow on effect on sales volumes. Actual results may therefore vary significantly depending on these issues and the timing required to address certain short term operational challenges previously advised to the market which include reduced concentrate production, lower lithia recoveries, mining constraints affecting optimal ore feed blend and industry wide labour shortages for mining, maintenance and processing personnel. The information is therefore provided as an indicative guide to assist sophisticated investors with modelling of the Company. It should not be relied upon as a predictor of future performance.

This announcement 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.

ABOUT PILBARA MINERALS

Pilbara Minerals is the leading ASX-listed pure-play lithium company, owning 100% of the world's largest, independent hard-rock lithium operation. Located in Western Australia's resource-rich Pilbara region, the Pilgangoora Operation produces a spodumene and tantalite concentrate. The significant scale and quality of the operation has attracted a consortium of high quality, global partners including Ganfeng Lithium, General Lithium, Great Wall Motor Company, POSCO, CATL and Yibin Tianyi.

While it continues to deliver a low-cost, quality spodumene to market, Pilbara Minerals is pursuing a growth and diversification strategy to become a sustainable, low-cost lithium producer and fully integrated lithium raw materials and chemicals supplier in the years to come.

Through execution of this strategy, Pilbara Minerals is positioned to become a major player in the rapidly growing lithium supply chain, underpinned by increasing demand for clean energy technologies such as electric vehicles and energy storage as the world pursues a sustainable energy future.

ONLINE COMMUNICATIONS

Pilbara Minerals encourages investors to be paperless and receive Company communications, notices and reports by email. This will help further reduce our environmental footprint and costs while also ensuring efficient and timely communication during COVID-19.

Shareholder communications available online include the Annual Report, Voting Forms, Notice of Meeting, Issuer Sponsored Holding Statements and other company related information. You can view, download or print your shareholding information as you choose.

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