29 January 2025

# DECEMBER QUARTERLY ACTIVITIES REPORT

## Summary Operational and Financial Metrics[1]

| | Units | Quarter on Quarter | | | Half on Half | | |
|---|---|---|---|---|---|---|---|
| | | Dec Q FY25 | Sep Q FY25 | (%) | H1 FY25 | H1 FY24 | (%) |
| **Production** | k dmt | **188.2** | 220.1 | (14) | **408.3** | 320.2 | 28 |
| **Sales** | k dmt | **204.1** | 214.5 | (5) | **418.6** | 306.3 | 37 |
| **Realised price** | US$/t ~SC5.3 | **700**[2] | 682 | 3 | **688**[2] | 1,645 | (58) |
| | US$/t SC6 | **796** | 771 | 3 | **780** | 1,880 | (59) |
| **Revenue** | A$M | **216** | 210 | 3 | **426** | 757 | (44) |
| **Unit operating cost (FOB)**[3] | A$/t | **621** | 606 | 2 | **614** | 691 | (11) |
| | US$/t | 406 | 406 | (0) | 406 | 451 | (10) |
| **Unit operating cost (CIF)**[4] | A$/t | **731** | 717 | 2 | **724** | 900 | (20) |
| | US$/t | 478 | 480 | (0) | 479 | 587 | (18) |
| **Cash balance** | A$B | **1.2** | 1.4 | (13) | **1.2** | 2.1 | (45) |

## KEY OUTCOMES

- Continued delivery of strong operational performance with production volume of 188.2 thousand (**k**) dry metric tonnes (**dmt**) of spodumene concentrate in the three-month period ended 31 December 2024 (**December Quarter**).
- Reduction in production volume compared to September Quarter 2024 (**prior Quarter**) due to the successful transition to the P850 operating model with the Ngungaju plant being placed into care and maintenance (**C&M**) and planned downtime for the ramp-up of P680 Crushing and Sorting.
- Relative to the prior Quarter, prices increased by 3% to an average estimated realised price of US$700/dmt[2] (CIF China) on a ~SC5.3 basis with sales of 204.1k dmt.
- Revenue increased by 3% to $216M compared to the prior Quarter, reflecting the increase in price, partially offset by the lower sales volume.
- Unit operating cost (FOB) of $621/dmt was 2% higher than the prior Quarter, in line with the new P850 operating model and driven by lower sales volume and operating costs.
- Strong balance sheet position with December Quarter ending cash balance of $1.2B. Cash reduced by $182M from the prior Quarter, with the key driver being ongoing growth capital expenditure for the P1000 Project which is now largely spent, and infrastructure and projects.
- P1000 Project is on schedule and on budget with wet commissioning currently being undertaken post the planned January tie in shutdown.
- Subsequent to the December Quarter, both Latin Resources shareholders[5] and the Court[6] approved the acquisition of the company by Pilbara Minerals[7] by way of schemes of arrangement with implementation date for the schemes expected to occur on 4 February 2025.



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## 1. SUSTAINABILITY

### 1.1 Health and Safety

Pilbara Minerals (**Pilbara Minerals** or the **Group**) reported no recordable injuries in the December Quarter, achieving a milestone of three months injury free, the best Quarterly safety performance over the last three calendar years. As such, the rolling 12-month Total Recordable Injury Frequency Rate (**TRIFR**) has decreased to 3.58[8] from 4.03 in the prior Quarter.

As of 31 December 2024, the Group's Serious Injury Frequency rate[9] was 2.39 on a 12-month rolling basis, trending below the reported peer group average in surface mining operations of 6.0[10]. Quality safety interactions[11] achieved for the December Quarter equated to 2.65 completed per 1,000 hours worked, an increase from 2.09 in the prior Quarter.

### 1.2 Power Strategy

Pilbara Minerals received the first delivery of liquefied natural gas (**LNG**) to the Pilgangoora Operation during the December Quarter marking a major milestone in the Group's Power Strategy[12]. The delivery follows the expansion of the existing power station on site, including the installation of gas generators and a trucked LNG storage facility. The final step of the power station expansion will be the construction of a lithium-ion battery energy storage system and step-up transformers, scheduled for completion in the March Quarter 2025.

### 1.3 ESG Credentials

In 2024, Pilbara Minerals maintained a leading 'AA' rating (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment[13]. This demonstrates continued strong commitment to long-term sustainability and resilience against material ESG risks.

## 2. OPERATIONS AND SALES

### 2.1 Production

The P850 operating model[14] was successfully implemented during the period with the Ngungaju Plant being placed into C&M late in the December Quarter to support cost and cash flow improvements over FY25 and beyond.

December Quarter spodumene concentrate production volume decreased by 14% to 188.2k dmt compared to 220.1k dmt in the prior Quarter primarily due to the implementation of the P850 operating model and planned downtime for ramp-up activities associated with the P680 Crushing and Sorting facility.

<u>Mining</u>

Consistent with the P850 operating model, mining requirements and costs reduced in the period. Total material mined (**TMM**) was 6.9M wet metric tonnes (**wmt**) compared to 9.5M wmt in the prior Quarter. Total ore mined was 1.2M wmt compared with 1.4M wmt in the prior Quarter.

The Group also continued its staged strategy to transition to an owner-operator mining model to realise improved operating efficiencies and cost improvements. In the December Quarter, the Group progressed the migration to owner managed drilling and blasting, including the commissioning of eight new drill rigs.

Processing

In the December Quarter, Lithium recovery exceeded internal forecasts with an average recovery of 72.1%. However, in line with plan, lithium recovery for the Pilgan processing plant was impacted during the period due to P680 Crushing and Sorting ramp-up and optimisation. These impacts were partially offset by a series of processing improvements including further optimisation of the P680 Primary Rejection facility.

The new Crushing and Sorting facility enabled the commencement of demobilisation of the crushing services contractor who had supported the operation since inception. Commencement of minor tie-ins and commissioning works associated with the P1000 circuit expansion of the Pilgan Plant also commenced in the December Quarter.

The P1000 expansion is targeting completion of ramp up by the end of FY25 providing the benefit of higher production volume and lower unit costs anticipated in FY26. As previously announced, the second half of FY25 production volume and unit cost performance will be affected by tie-ins, commissioning and process optimisation for this project.

## 2.2 Sales

Sales volume totalled 204.1k dmt of spodumene concentrate in the December Quarter with the average grade of product shipped being ~SC5.3% $Li_2O$.

Sales of tantalite concentrate in the December Quarter totalled ~15,787 lbs[15].

## 2.3 Unit Operating Costs

Unit operating costs on a FOB basis (excluding freight and royalties) increased marginally by 2% to $621/dmt compared to the prior Quarter. In line with the P850 operating model, operating costs began to decline in the December Quarter due to placing the Ngungaju plant into C&M with lower mining and processing costs, but were offset by lower sales volume. December Quarter was a transitional period for lowering operating costs and optimising production volume.

Unit operating costs on a CIF basis were also 2% higher than the prior Quarter at $731/dmt, with increased royalty payments as a result of the increase in average realised price offsetting lower shipping costs.

## 2.4 Pricing

The estimated average realised sales price for spodumene concentrate in the December Quarter was US$700/dmt[2] (CIF China and based on ~SC5.3% product grade). On a SC6.0 equivalent basis, the average estimated sales price for spodumene concentrate was US$796/dmt (CIF China).

One offtake agreement concluded in the December Quarter, retiring a pricing mechanism that had recently been underperforming against the market average. Additionally, another customer offtake pricing mechanism was renegotiated to better align with the market average, effective from the commencement of calendar year 2025 (**CY25**). This combination of changes will ensure that the average realised price across the Group's offtake agreements will better align with the market.

The Group will continue to respond to prevailing market price reference changes to achieve market pricing by utilising review mechanisms contemplated within the offtake agreements.

## 3. PROJECT DEVELOPMENT

### 3.1 P1000 Project

The P1000 Project (an expansion of the Pilgan plant), continues to progress to schedule and budget.

Project highlights for the December Quarter include:

- ~95% complete at the end of the December Quarter;
- greenfield construction works completed with only brownfield tie-ins remaining in the planned January shutdown;
- commissioning works commenced ahead of schedule, with good progress being made; and
- all major equipment installed.

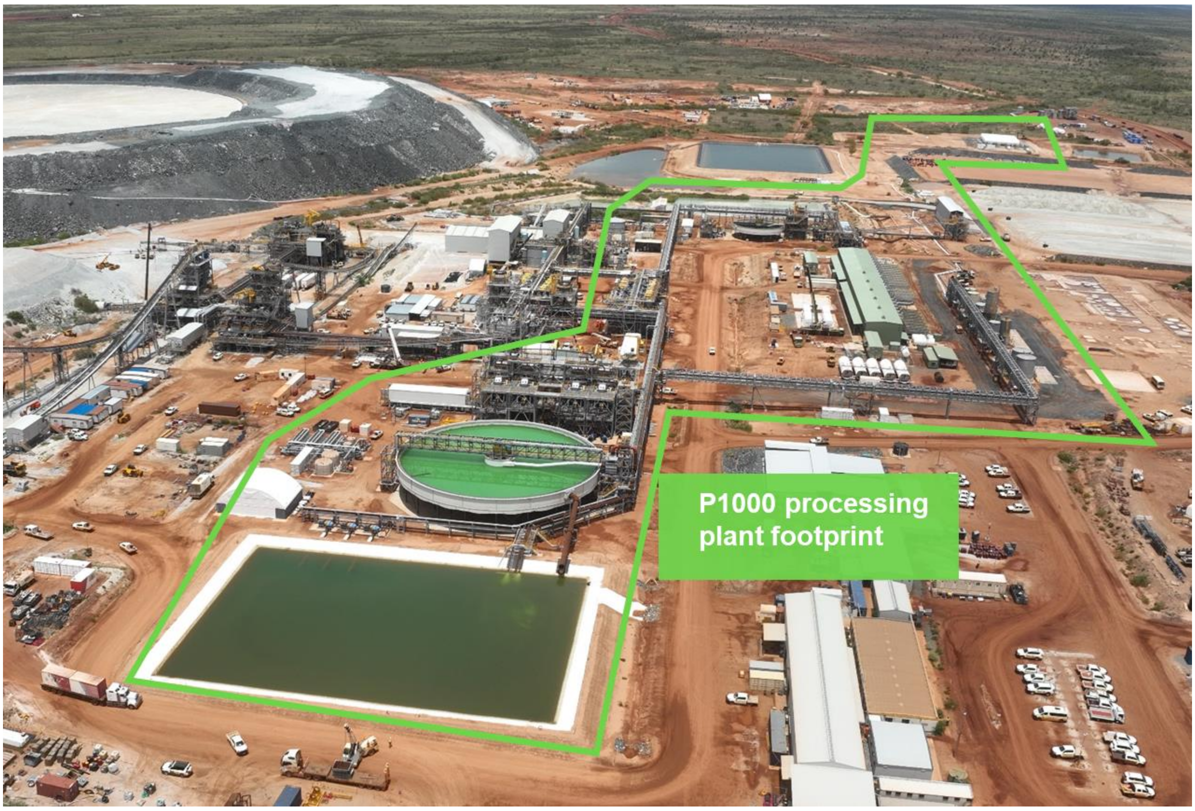


Figure 1: The P1000 Project as at 16 January 2025.

### 3.2 Downstream Joint Venture with POSCO

During the December Quarter, ramp up for Train 1 continued, and commissioning of Train 2 was completed at the POSCO Pilbara Lithium Solution Co. Ltd (**PPLS**) Lithium Hydroxide Monohydrate (**LHM**) Chemical Facility in Gwangyang, South Korea.

Train 1 produced 2,418 tonnes of LHM during the December Quarter. It operated at 75% of nameplate capacity (1,350 tonnes) in October, with 99.8% of the output meeting battery-grade quality. Operations were paused at the end of October 2024 and resumed at the end of November 2024, following the receipt of the first product certification from a South Korean cell manufacturer.

Battery chemicals produced by chemical converters typically require certification from cell and cathode manufacturers, a process that usually takes up to 12 months. The certification process for Train 1 battery-grade LHM continued with a second existing customer and was initiated with new customers during the December Quarter.

The ramp-up of Train 2 commenced during the Quarter, following a completion ceremony at the PPLS Chemical Facility on 29 November 2024. Train 2 produced 404 tonnes of LHM during the December Quarter and produced battery-grade product within the first month of ramp-up. Full ramp-up is anticipated within 12–18 months, with the customer certification process expected to commence in the first half of CY25.

As PPLS secures customer certifications during the ramp-up phases, it will transition from selling technical-grade and uncertified battery-grade LHM, to selling certified battery-grade LHM. While the first product certification is expected to improve PPLS's cash flow position from sales of Train 1 product, additional funding for PPLS may be required in CY25 due to current low market pricing, depending on ramp-up progress, sales performance, and prevailing market conditions.

### 3.3 P2000 Feasibility Study[16]

As previously announced, Pilbara Minerals has commenced a feasibility study to assess the potential expansion of Pilgangoora Operation production capacity to more than 2.0M tpa (**P2000**) with work continuing in the December Quarter. Study outcomes are expected in the December Quarter 2025.

### 3.4 Joint Downstream Partnering Study

Pilbara Minerals and Ganfeng signed a binding term sheet in the March Quarter 2024, agreeing to complete a joint feasibility study (**FS**) for a potential downstream conversion facility to produce lithium chemicals.

The joint Pilbara Minerals and Ganfeng study team continued to progress the FS during the December Quarter. FS activities focused on jurisdictional shortlisting, flowsheet assessments and cost analysis in various regions. Given the ongoing work being completed on the FS and the current lithium market conditions, Pilbara Minerals anticipates the FS will now be finalised towards the end of CY25.

Pilbara Minerals will consider next steps upon completion of the FS.

## 4. EXPLORATION AND GEOLOGY

### 4.1 Pilgangoora

Resource development drilling targeting the depth extensions of pegmatite domains within the Pilgangoora Operation continued during the December Quarter. A total of 33 holes were completed for an advance of 15,125m which included 2,765m of HQ diamond drill core. In addition, the Group has commenced a geotechnical diamond drilling program as part of ongoing expanded pit studies for the P2000 Project. The combined drilling program will now continue through to the end of the March Quarter 2025 with a resource update expected in the June Quarter 2025. The Group has also been successful with its submission for a WA Government co-funded deep diamond drill hole to test the northern extension of the Pilgangoora pegmatite system.

Water exploration and production bore drilling to meet future expansion water requirements continued in the December Quarter with a total of 13 holes drilled for 1,216m.

## CORPORATE

### 5.1 Cash

The Group retains a strong balance sheet position with an ending cash balance of $1.2B as at 31 December 2024. Cash reduced by $182M in the December Quarter with the key driver being capital expenditure including growth capex for the P1000 Project, and infrastructure and projects.

Cash margin from operations (defined as receipts from customers less payments for operating costs) was -$8M in the December Quarter. Cash margin from operations in the Quarter was impacted by $40M of final price adjustments on shipments made prior to the December Quarter due to declining market prices. Adjusting for this impact, cash margin from operations would have been positive $32M. Cash margin from operations less capitalised mine development costs and sustaining capex was -$59M.

Investing activities saw total capex spend of $222M in the December Quarter on a cash basis and $149M on an accrual basis.

Capex of $149M included growth capex related to the P1000 Project of ~$60M, infrastructure and projects of ~$38M, mine development costs of ~$40M and sustaining capex of ~$11M. Finally, the December Quarter saw cash outflows from financing activities and foreign exchange impacts of $20M. Capex on an accrual basis was lower than as measured on a cash basis largely due to the timing of cash payments for P1000 which were made in the December Quarter but accrued for in the prior Quarters.

During the December Quarter, $375M of debt was drawn from the Group's A$1B Revolving Credit Facility (**RCF**) to refinance the Group's previous loan facilities.

### 5.2 Proposed acquisition of Latin Resources[7]

In August 2024, Pilbara Minerals announced that it had entered into a binding Scheme Implementation Agreement (**SIA**) with Latin Resources Limited (**Latin Resources**), under which it was proposed that Pilbara Minerals will acquire 100% of the issued capital in Latin Resources by way of a Court-approved share scheme of arrangement (**Share Scheme**) and option scheme of arrangement (**Option Scheme**) under Part 5.1 of the Corporations Act 2001 (Cth) (together, the **Schemes**).

On 16 January 2025, relevant Latin Resources securityholders approved the Share Scheme and the Option Scheme. All remaining conditions precedent to implementation of the Schemes were subsequently satisfied. Implementation of the Schemes is expected to occur on 4 February 2025.

The acquisition of Latin Resources, and with it the Salinas Project, is consistent with Pilbara Minerals' strategy to diversify revenue beyond Pilgangoora. The Salinas Project has potential to become a top 10 hard rock lithium operation by production globally (excluding Africa), located in the world class mining jurisdiction of Minas Gerais, Brazil, with development flexibility (subject to market conditions) to supply new markets.

Upon implementation of the Schemes, Pilbara Minerals will continue to progress and optimise Salinas Project development studies (**Optimised Development Studies**). Based on due diligence completed, Pilbara Minerals plans to further optimise the mine plan, project flowsheet and design incorporating learnings from Pilgangoora and other producers in the region, using a combination of Pilbara Minerals' engineering team and the Latin Resources in-country team. In parallel, Pilbara Minerals is planning further exploration at the Salinas Project with the objective of expanding the resource base, testing new prospects and infilling the existing Mineral Resource.

Upon completion of the further exploration, Optimised Development Studies and permitting for the Salinas Project, Pilbara Minerals will consider a final investment decision having regard to the prevailing lithium market conditions and customer requirements at the time, consistent with previous Pilbara Minerals' production expansions.

## 5.3 Branding

Upon completion of the Latin Resources acquisition on 4 February 2025, Pilbara Minerals will evolve its external facing brand to better support the future direction of the Group and establish a naming approach that can accommodate future growth. The brand update aims to improve alignment with the Group's evolution into a multi-asset global lithium producer.

Going forward, Pilbara Minerals' external brand positioning and logo will transition to "**PLS**" which aligns with the existing ASX code and established market use. The planned transition will be incremental and focused on digital changes to minimise cost.

## 6. QUARTERLY INVESTOR WEBCAST

Access the quarterly investor webcast today at 8.00am (AWST) / 11.00am (AEDT):

- Retail shareholders and investors – https://edge.media-server.com/mmc/p/4ej9m8h5
- Professional investors – https://register.vevent.com/register/BI30a3e2b935894de5beecaf1a0b7489cb

*Release authorised by Dale Henderson, Pilbara Minerals Limited's Managing Director and CEO.*

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### About Pilbara Minerals

Pilbara Minerals is a leading ASX-listed 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 spodumene and tantalite concentrates. The significant scale and quality of the operation has attracted a consortium of high quality, global partners including POSCO, Ganfeng, Chengxin, Yahua and General Lithium.

### Important Information

This announcement may contain some references to forecasts, estimates, assumptions and other forward-looking statements. Although the Group 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.

Information in this announcement regarding production targets and expansions in nameplate capacity of the Pilgan Plant in respect of the P1000 (and P850 operating model) and P2000 projects are underpinned by the Group's existing Ore Reserves that have been prepared by a Competent Person (Mr Ross Jaine) in accordance with the JORC Code (2012 Edition) and were released by the Group to ASX on 24 August 2023 in its release entitled "55Mt increase in Ore Reserves to 214Mt" (August 2023 Release) and the 2024 Annual Report, dated 23 August 2024, which sets out the adjustment for depletion. The relevant proportions of proved Ore Reserves and probable Ore Reserves underpinning the production targets are 7% proved Ore Reserves and 93% probable Ore Reserves.

The Group confirms it is not aware of any new information or data that materially affects the information included in the August 2023 Release or the 2024 Annual Report and that all material assumptions and technical parameters underpinning the Ore Reserves estimates continue to apply and have not materially changed. The Group confirms that the form and context in which the Competent Persons findings are presented have not been materially modified from the original market announcements.

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

## Appendix

## Physicals summary

| Total Ore Mined and Processed | Units | Dec Q FY24 | Mar Q FY24 | Jun Q FY24 | Sep Q FY25 | Dec Q FY25 | H1 FY24 | H1 FY25 |
|---|---|---|---|---|---|---|---|---|
| Ore mined | wmt | 1,618,748 | 1,535,521 | 1,841,748 | 1,388,698 | **1,191,453** | 3,029,765 | **2,580,151** |
| Waste material | wmt | 7,965,907 | 7,761,304 | 7,407,146 | 8,078,567 | **5,728,569** | 15,706,969 | **13,807,137** |
| Total material mined | wmt | 9,584,655 | 9,296,825 | 9,248,895 | 9,467,266 | **6,920,022** | 18,736,733 | **16,387,288** |
| Average $Li_2O$ grade mined | % | 1.4% | 1.4% | 1.5% | 1.5% | **1.5%** | 1.3% | **1.5%** |
| Ore processed | dmt | 982,028 | 995,326 | 1,127,924 | 1,046,328 | **915,367** | 1,834,176 | **1,961,695** |

| Total Production and Shipments | Units | Dec Q FY24 | Mar Q FY24 | Jun Q FY24 | Sep Q FY25 | Dec Q FY25 | H1 FY24 | H1 FY25 |
|---|---|---|---|---|---|---|---|---|
| Spodumene concentrate produced | dmt | 175,969 | 179,006 | 226,169 | 220,120 | **188,214** | 320,153 | **408,334** |
| Spodumene concentrate shipped | dmt | 159,897 | 165,121 | 235,762 | 214,513 | **204,125** | 306,250 | **418,637** |
| Tantalite concentrate produced | lb | 15,392 | 48,292 | 48,975 | 33,113 | **30,938** | 23,888 | **64,051** |
| Tantalite concentrate shipped | lb | 19,128 | 12,327 | 31,252 | 51,270 | **15,787**[15] | 19,128 | **67,057** |
| Spodumene concentrate grade produced | % | 5.2% | 5.2% | 5.2% | 5.3% | **5.2%** | 5.2% | **5.2%** |
| Lithia recovery | % | 65.9% | 65.3% | 72.2% | 75.3% | **72.1%** | 66.2% | **73.8%** |

## End notes

[1] Throughout this document, amounts may not add due to rounding.
[2] Average estimated realised price for ~5.3% $Li_2O$ grade (SC5.3 CIF China) as at 20 January 2025. The final adjusted price may be higher or lower than the estimated realised price.
[3] Unit operating cost (FOB Port Hedland excluding freight and royalties) includes mining, processing, transport, port charges, and site based general and administration costs and is net of any tantalite 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, and it excludes depreciation of fixed assets and right of use leases, and amortisation of deferred stripping.
[4] Unit operating cost (CIF China) includes the unit operating costs (FOB Port Hedland excluding freight and royalties) plus freight and royalty costs. Royalty costs include a 5% state government royalty on the FOB selling price, a 1% native title royalty on the FOB selling price, and a 5% private royalty on the FOB selling price which is only applied to the part of the resource/reserve acquired following the Altura Lithium Operation acquisition.
[5] For more information, refer to the Latin Resources ASX release titled "Results of Scheme Meetings and Demerger Meeting" dated 16 January 2025.
[6] For more information, refer to the Latin Resources ASX release titled "Court Approval of Schemes" dated 21 January 2025.
[7] For more information, refer to ASX release titled "Pilbara Minerals to acquire Latin Resources" released jointly on 15 August 2024.
[8] Total Recordable Injury Frequency Rate measured on 12 month moving average as at 31st December 2024 (12MMA).
[9] Serious Injury Frequency Rate is the number of significant injuries per million hours worked on a 12 month moving average as at 31 December 2024. Serious Injury means lost time injuries and restricted work injuries in alignment with DEMIRS quarterly performance snapshot.
[10] External Reporting Criteria: Refer to DEMIRS release "Quarterly Performance Snapshot" for the three-month period 1 January – 31 March 2024 for further details.
[11] Quality safety interactions are a measure of leadership safety conversations measured for the quarter and provide a lead indicator for the promotion of a strong safety culture
[12] For more information, refer to ASX release "Pilbara Minerals' power strategy to reduce emissions intensity and costs" dated 21 December 2023.
[13] The use by Pilbara Minerals of any MSCI ESG research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Pilbara Minerals by MSCI. MSCI services and data are the property of MSCI or its information providers and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.
[14] For more information, refer to ASX release "September Quarterly Activities Report" dated 30 October 2024.
[15] Tantalite sales volume include adjustments relating to the September Quarter and are subject to final adjustment.
[16] For more information, refer to ASX release "Study Delivers 2MTPA Expansion Option – Highly Accretive" dated 21 June 2024.