



ASX/Media Announcement

18 June 2018

FIRST SHIPMENT OF DIRECT SHIPPING ORE FROM PILGANGOORA

Atlas sends first DSO shipment from Port Hedland bound for China under DSO Sale Agreement, generating near-term revenue and cash-flow for Pilbara Minerals

- 85,000 wet metric tonnes of Pilgangoora DSO acquired by Atlas Iron from Pilbara Minerals under a mine gate DSO Sale Agreement has successfully departed Port Hedland on a ship bound for China.
- Pilbara Minerals and Atlas remain on track to ship ~ 100,000 wet metric tonnes of DSO per month under the DSO Sale Agreement for a total of up to 1.5Mt.
- The DSO Sale Agreement will generate early cash-flow and revenue for Pilbara as it progresses the commissioning and subsequent ramp-up of the Pilgangoora Concentrator (see ASX Release, 13 June).

Australian lithium developer Pilbara Minerals Limited (ASX: PLS) (“Pilbara” or “the Company”) is pleased to announce that the first shipment of Direct Shipping Ore (“DSO”) from the Company’s 100%-owned **Pilgangoora Lithium-Tantalum Project** in WA set sail from Port Hedland on Saturday 16 June 2018. The Medi Serapo sailed with 85,000 tonnes of DSO bound for China.

The DSO has been shipped by Atlas Iron Limited (ASX: AGO; “Atlas”) under the terms of a mine gate DSO Sale Agreement between Atlas and Pilbara Minerals (“Agreement”) announced in December 2017. The shipment was acquired by Sinosteel under a separate off-take agreement between Atlas and Sinosteel Australia Pty Ltd, for the export of lithium DSO purchased from the Pilgangoora Lithium Project.

Pilbara has also received payment from Atlas for the first DSO material sold during May 2018 under the Agreement. This is in addition to the US\$3 million pre-payment received from Atlas in April 2018.

Ken Brinsden, Managing Director and CEO of Pilbara said: “This marks another exciting step in the emergence of Pilgangoora on the world stage as a major new supplier of lithium raw materials. This first DSO shipment represents the first product sold from our new world-class mine that has left Australian shores bound for customers in China.

“The start of DSO shipments under our DSO Sale Agreement with Atlas comes just days after Pilbara Minerals started commissioning the Pilgangoora Concentrator and prepare to produce our first-ever batch of spodumene concentrate. The DSO operation will generate valuable early revenue and cash-flow for the Company while we progress the commissioning and ramp-up of the main long-term concentrate operation.”



Photo 1: The Medi Serapo berthed at Utah Point, Port Hedland

Under the Agreement with Atlas, Pilbara will deliver a minimum of 1.0 million tonnes of unprocessed run-of-mine lithium-tantalum material from the Pilgangoora mine to Atlas on a mine gate sale basis, based on a delivery schedule which is designed to allow Atlas to ship ~100,000 tonnes of DSO per month to Sino Steel and potentially other off-take customers. Atlas will utilise its existing processing and logistics infrastructure in the Pilbara to crush the material and ship the DSO to China through its Utah Port shipping facilities in Port Hedland.

The Agreement is expected to deliver a healthy operating cash margin for Pilbara Minerals underpinned by an attractive fixed US\$ base price per wet metric tonne of mine gate material sold, subject to adjustments in respect of the final product specifications shipped and the actual realised shipping costs.



Photo 2: DSO Shipment Loading in Progress

Additional Information:

ABOUT PILBARA MINERALS LIMITED

Pilbara Minerals Limited (“Pilbara” – ASX: PLS) is a mining and exploration company listed on the ASX, specialising in the exploration, development and production of concentrates supporting the production of the specialty metals lithium and tantalum. Pilbara owns 100% of the world class Pilgangoora Lithium-Tantalum Project which is among the largest Spodumene (Lithium Aluminium Silicate) projects in the world. Pilgangoora is also one of the largest pegmatite hosted tantalite resources in the world and Pilbara proposes to produce tantalite as a by-product of its spodumene production.

ABOUT LITHIUM

Lithium is a soft silvery white metal which is highly reactive and does not occur in nature in its elemental form. It has the highest electrochemical potential of all metals, a key property in its role in Lithium-ion batteries. In nature, it occurs as compounds within hard rock deposits and salt brines. Lithium and its chemical compounds have a wide range of industrial applications resulting in numerous chemical and technical uses. A key growth area is its use in lithium batteries as a power source for a wide range of applications including consumer electronics, power station-domestic-industrial storage, electric vehicles, power tools and almost every application where electricity is currently supplied by fossil fuels.

ABOUT TANTALUM

The tantalum market is boutique in size with around 1,300 tonnes required each year. Its primary use is in capacitors for consumer electronics, super alloys as in aircraft engines, flat panel displays, surgical instruments and particularly where high melting point, strength, ductility and anti-corrosive performance is required.

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

Investors should make and rely upon their own enquiries before deciding to acquire or deal in the Company's securities.