



**Pilbara
Minerals**

...Powering a sustainable energy future

ASX / MEDIA ANNOUNCEMENT

1st April 2020

MARCH QUARTER OPERATIONS UPDATE

Moderated production strategy continues with plant recovery improvements and unit cost reductions contributing to strengthened quarter-end cash position

HIGHLIGHTS

- Moderated production strategy continued during the March Quarter:
 - 33,893 dry metric tonnes (dmt) of spodumene concentrate product (SC6.0) shipped (provisional)
 - 33,998 lbs of tantalite concentrate sold (provisional)
 - Strong improvement in product recovery trend contributes to lower operating cost
- The Company has closed the March Quarter with A\$108.2M in cash and irrevocable bank letters of credit for shipments completed during the quarter (December Quarter: A\$105.5M).

Pilbara Minerals Limited (ASX: PLS) (**Pilbara Minerals or the Company**) is pleased to provide an update on operations, production and shipments from the Pilgangoora Lithium-Tantalum Project in Western Australia during the March Quarter.

The Company has continued to deploy its production moderation strategy, focusing on delivering plant recovery improvements and matching site production and available stocks to customer demand, with a view to minimising investment in working capital. Success in all of these areas has allowed the Company to further strengthen its balance sheet during the quarter.

Final tonnes shipped for the March Quarter 2020, were 33,893dmt of spodumene concentrate product, consistent with the lower end of the previously announced sales guidance of 35kt – 50kt. Provisional final finished spodumene concentrate stocks of 10,150dmt exist at the mine and port at the end of the March Quarter.

As outlined in the Company's announcement on 25th March 2020 and its corporate presentation dated 24th February, Pilbara Minerals has been encouraged by the strong progress of recovery improvements arising from the plant modifications undertaken during the past six months. The Company considers that the plant's recovery performance is now largely in line with its design specifications (being 72% to 78% lithia recovery), depending on the source(s) and/or blend of ore fed to the plant.

Improved recovery of spodumene to product is a key driver of achieving unit cost reductions while the plant is operating.

The Company has closed the quarter with A\$108.2 million in cash and irrevocable bank letters of credit for shipments completed within the quarter, after paying all operating costs, capital expenditure, corporate costs and interest expense. This represents an increase of A\$2.7 million compared to the end of the December Quarter, 2019.

Ken Brinsden, Pilbara Mineral's Managing Director and CEO, said:

"The solid operational and financial performance of the Pilgangoora Project during the March quarter shows that our moderated production strategy continues to defend the business despite the relatively weak backdrop of demand both before and during the COVID-19 impact in China."

"A combination of improved product recoveries from the plant, lower unit operating costs and the ability to continue to ship product to our customers despite the current disruptions being

experienced globally as a result of COVID-19, has enabled us to strengthen our balance sheet during the quarter.

“The Company continues to closely monitor the situation both within China and elsewhere to determine the potential impact of COVID-19 on the lithium market and will continue to engage with existing customers and potential customers on future spodumene concentrate sales and shipments. As the market situation remains uncertain, further commentary in respect of sales conditions and the market outlook will be provided as conditions change and/or within the March Quarterly Report, which will be released later this month.”

Pilbara Minerals completed a successful US\$100 million senior secured Bond issue in June 2017 (the “Bond”), to assist with funding the construction of Stage 1 of the Pilgangoora Project.

The Company continues to be in full compliance with the terms of the Bond, including financial covenants which are reported to the Nordic Trustee on a quarterly basis.

With its strong balance sheet and A\$108.2 million in cash and bank letters of credit at 31 March 2020 (inclusive of A\$7.0 million of bank letters of credit for shipments completed in late March 2020), Pilbara can continue to readily meet all its debt service requirements (principal repayments and interest) under the Bond.

Key terms of the Bond include:

- term of 5 years, with a maturity date of June 2022;
- 8 equal quarterly principal repayments of US\$6.25 million commencing from June 2020, with a final repayment of US\$50 million at maturity in June 2022;
- coupon rate of 12%;
- call premia payable 104.8% reducing to 102.4% in the event the Bond is redeemed before December 2021; and
- a “Make Whole” amount payable in the event the Company wishes to redeem the Bonds prior to June 2020.

The expiry of the “Make Whole” payment period in June 2020 removes a significant financial impediment attached to the Bond and enables the Company to evaluate various options to reduce the cashflow impact of the Bond, should favourable proposals emerge. The Company believes that any such review forms part of its continued prudent approach to evaluating and managing its capital and cash-flows.

Available options to Pilbara Minerals may include restructuring the terms of the existing Bond (for example, extending the maturity date and/or delaying the start of the amortisation period and/or changing the dates for call option premia) or refinancing the Bond with a different debt instrument, including through the participation of its customers or strategic partners in an alternate financing instrument, or a combination thereof.

The Company will keep the market updated in relation to such initiatives, should a material change to the Company’s financing emerge.

Release authorised by Ken Brinsden, Pilbara Minerals Limited’s Managing Director.

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MORE INFORMATION

ABOUT PILBARA MINERALS

Pilbara Minerals Limited (Pilbara Minerals – ASX: PLS) is a mining company listed on the ASX, specialising in the exploration and development of the specialty metals lithium and tantalum. Pilbara Minerals owns 100% of the world class Pilgangoora Lithium-Tantalum project which is one of the world's premier lithium development projects. Pilgangoora is also one of the largest pegmatite hosted tantalite resources in the world and Pilbara Minerals produces a tantalite 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 total global demand of approximately 1,700 tonnes of tantalum metal per year. Tantalum is primarily used in the electronics industry in the manufacture of capacitors for high-end applications like telecommunications and data storage. It is also used in semiconductors, engine turbine blades and medical implants. As well as providing ductility, toughness, corrosion resistance, thermal conductivity and heat resistance to various other applications.

FORWARD LOOKING STATEMENTS AND IMPORTANT NOTICE

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. 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.