PILBARA MINERALS
LIMITED
ABN 95 112 425 788

10 June 2015

Mr. Jeremy Newman
Adviser, Listing Compliance (Perth)
ASX Compliance Pty Ltd
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

Dear Jeremy,

**Pilbara Minerals Limited (Entity) – Response to ASX aware query**

We refer to your letter of 5 June 2015 and respond as follows. We have used the same defined terms as you have used in your letter.

**1. Does the Entity consider the Information disclosed in the Resource Upgrade to be information that a reasonable person would expect to have a material effect on the price or value of its securities?**

No.

**2. If the answer to question 1 is "no", please advise the basis for that view.**

By way of background, the Entity has historically as a matter of course, and for the purposes of ensuring that the Entity's reporting on its exploration and mining activities complies with the JORC Code, followed the following procedure before releasing any resource data or results to the market:

(a) after the Entity receives initial data/results from its external consultants, the Entity's competent persons committee (**Committee**), which consists of Mr. John Young and Mr. Neil Biddle, will review, assess and analyse the data for the purposes of confirming the validity and materiality of the data/results;

(b) subject to the Committee approving the data/results (i.e. being satisfied that the relevant inputs are satisfactory, have been interpreted correctly and meet the relevant project's objectives and specifications), the data/results will be circulated to the Entity's board members for review and comment; and

(c) if the data/results are deemed to constitute matters that require disclosure under Listing Rule 3.1 and/or Chapter 5 of the Listing Rules, a draft announcement will be prepared and circulated to the Entity's board members for review, comment and approval for immediate release.

The above procedure is not an instantaneous event. Rather, it is a cumulative process which requires the compilation and assessment of information that the Entity receives in instalments to ensure that the data is reported and released in accordance with the JORC Code, the Listing Rules and the Entity's Corporate Governance Policies.

In late April / early May 2015, the Committee commissioned an external consultant, Trepanier Pty Ltd (**Trepanier**), to review recent drilling results so as to determine whether such results may form the basis of a revised resource estimate for the Pilgangoora Tantalum-Lithium Project. The Committee received preliminary revised resource estimates on or about 12 May 2015, upon receipt of which the Committee reviewed those preliminary revised estimates and then instructed Trepanier to cease work on the basis that the Committee did not consider those preliminary estimates to be significant and it was not satisfied that it had sufficient information to assess those estimates.

The Committee subsequently discussed at length the resource model utilised by Trepanier (in particular whether there was sufficient drilling data to substantiate the preliminary revised estimates) and reviewed and assessed the revised estimates in light of the historical drilling results and the current and proposed drilling programs for the Pilgangoora Tantalum-Lithium Project. The Committee's (and the Entity's) view was that the revised estimates were insignificant and the Committee did not consider the revised estimates (being the Information disclosed in the Resource Upgrade) to be information that a reasonable person would expect to have a material effect on the price of value of its securities for the following reasons:

(a) the resource model utilised by Trepanier was based on mineralised pegmatite, not the individual minerals;

(b) there was no lower cut-off for the lithium which in the Committee's view was artificially or statistically lowering the global resource grade;

(c) the Entity's drill assay data base was still heavily biased towards tantalite data - the Committee determined that the Entity did not have enough drill hole data to model the lithium in its own right because the historical drill hole data base of over 100 drill holes contained many drill holes that were not assayed for lithium; and

(d) the Committee would not be able to properly account for the heavy bias towards the tantalite data until the Entity completed the infill drilling program (currently scheduled to commence in July 2015).

As part of a wider investor roadshow, Mr Neil Biddle was scheduled to present at Resources Rising Stars luncheon series commencing in Melbourne on the afternoon of Tuesday 2 June 2015, followed by presentations in the following two days in Sydney and Brisbane, in which the presentation would incorporate a power point presentation in respect to, amongst other things, the Pilgangoora Tantalum-Lithium Project (**Investor Presentation**) (refer to the Entity's announcement on 2 June 2015). Notwithstanding that the Committee was of the view that the revised estimates were insignificant, the Entity decided to include the Information in the Investor Presentation and on this basis,

instructed Trepanier to recommence and complete their review of the recent drilling results for the Pilgangoora Tantalum-Lithium Project for the purposes of providing updated resource data and to include a 1% Li20 statistical lower cut-off for the lithium for the Committee's edification.

The Committee subsequently incorporated the updated resource data and Information into a report that complied with Chapter 5 of the Listing Rules. The Committee finalised the report late afternoon on Monday, 1 June 2015.

Given that the Entity had decided to include the Information in the Investor Presentation, the Board considered that, notwithstanding its view that the Information did not constitute information that a reasonable person would expect to have a material effect on the price of value of its securities, it would be prudent to release the Information contained in the Resource Upgrade to the market.

For completeness, we also note the following:

(a) based on discussions with various market participants / investors and a review of online share market chat forums, the fall in the trading price of the Entity's securities from $0.053 to $0.048 on Monday, 1 June 2015 may have been the result of the market discounting the price of the Entity's securities in light of the Capital Raising Announcement;

(b) the Entity received a positive response at the Investor Presentation and was aware that following the presentation in Melbourne, attendees had indicated that they were buying the Entity's securities.

(c) on 1 June 2015 an article titled "The disruptive power of batteries" by Alan Kohler was published in the Business Spectator (which covered the use of lithium and emphasised the rapid development of battery technology and its disruption to several industries); and

(d) on 2 June 2015, the Entity's securities returned to their trading price prior to the date of the trading halt (Thursday 28 May 2015) and the release of the Capital Raising Announcement and closed above that price ($0.053) at $0.055. For the month of May 2015, the Entity's securities traded in a daily vwap range of $0.0478 to $0.0566 with a vwap for the month of $0.0522.

The post 2 June 2015 trading performance of the Entity's securities may have been the result of the matters in (b) and (c) above in addition to the market having time to process the Capital Raising Announcement in the above context.

**3. If the answer to question 1 is "yes", when did the Entity first become aware of the Information?**

Not applicable.

**4. If the answer to question 1 is "yes" and the Entity first became aware of the Information before the release of the Capital Raising Announcement, did the Entity make any announcement prior to the relevant date which disclosed the**

**information? If so, please provide details. If not, please explain why the Information was not released to the market at an earlier time, commenting specifically on when you believe the entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the Information was release promptly without delay.**

Not applicable.

**5. If the answer to question 1 is "yes" and the Entity first became aware of the Information before the release of the Capital Raising Announcement, did the Entity consider that the Information was information that may be material to subscribers of the Placement Shares and Convertible Notes?**

Not applicable.

**6. Could you please confirm what steps, if any, the Company has taken to ensure that secondary trading in the Placement Shares does not occur?**

The Entity has not taken any steps to ensure that secondary trading in the Placement Shares does not occur. The Entity did not issue the Placement Shares until Friday, 5 June 2015 (refer to the Entity's Appendix 3B lodged with ASX on 1 June 2015) and holding statements would only be dispatched on or after that date.

**7. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.**

The Entity confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

Yours sincerely,
**Pilbara Minerals Limited**

**Alan Boys**
**Company Secretary**

5 June 2015

Mr Alan Boys
Company Secretary
Pilbara Minerals Limited

*By Email: aboys@duboisgroup.com.au*

Dear Alan

**Pilbara Minerals Limited (the "Entity") - ASX aware query**

ASX Limited ("ASX") refers to the following:

1. The Entity's request for a trading halt lodged sent to ASX Limited ("ASX") and released at 9:34 am (EST) on 28 May 2015 ("Trading Halt").

2. The Entity's announcement titled "Pilbara Undertaking $6.465m Capital Raising" and Appendix 3B (the "Capital Raising Announcement") lodged with the ASX Market Announcements Platform and released at 8:51 am (EST) on Monday, 1 June 2015, which set out that the Entity had undertaken two capital raising initiatives and had received applications to raise a total amount of $6,465,000 (before costs) from professional and sophisticated investors, being:

    a) a placement of 17,000,000 fully paid ordinary securities at $0.045 per share to raise $765,000 ("Placement Shares"); and

    b) a secured convertible note issue to raise $5,700,000 ("Convertible Note").

3. The Entity's announcement titled "Further increase in high grade lithium resource" lodged with ASX Market Announcements Platform and released at 8:58 am (EST) on Wednesday, 2 June 2015 ("Resource Upgrade"), which disclosed, in particular, that the Company's interim resource upgrade delivered a 23% increase in contained lithium oxide (the "Information").

4. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

5. The definition of "aware" in Chapter 19 of the Listing Rules. This definition states that:

    "*an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity.*"

    Additionally, you should refer to section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information"*.

6. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

    *"3.1A Listing rule 3.1 does not apply to particular information while each of the following requirements is satisfied in relation to the information:*

    *3.1A.1 One or more of the following applies:*

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

*3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

*3.1A.3 A reasonable person would not expect the information to be disclosed."*

7. ASX's policy position on the concept of *"confidentiality"* which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B "Listing Rule 3.1A.2 – the requirement for information to be confidential"*. In particular, the Guidance Note states that:

> *"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."*

Having regard to the above, we ask that you answer the following questions in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Does the Entity consider the Information disclosed in the Resource Upgrade to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no", please advise the basis for that view.
3. If the answer to question 1 is "yes", when did the Entity first become aware of the Information?
4. If the answer to question 1 is "yes" and the Entity first became aware of the Information before the release of the Capital Raising Announcement, did the Entity make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why the Information was not released to the market at an earlier time, commenting specifically on when you believe the entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the Information was released promptly and without delay.
5. If the answer to question 1 is "yes" and the Entity first became aware of the Information before the release of the Capital Raising Announcement, did the Entity consider that the Information was information that may be material to subscribers of the Placement Shares and Convertible Notes?
6. Could you please confirm what steps, if any, the Company has taken to ensure that secondary trading in the Placement Shares does not occur?
7. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

**When and where to send your response**

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **9.00 am (WST) on Wednesday, 10 June 2015** If we do not

have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at **jeremy.newman@asx.com.au** and **tradinghaltsperth@asx.com.au.** It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

**Listing Rule 3.1**

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

**Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

*[Sent electronically without signature]*

Jeremy Newman
**Adviser, Listings Compliance (Perth)**