



## **PILGANGOORA PROJECT – UPDATE ON PRODUCT OFF-TAKE**

*Relationship with General Lithium continues to grow, as joint team visits Malaysia to progress downstream processing facility; Right of First Refusal review period underway*

### **HIGHLIGHTS:**

- **Representatives of Pilbara Minerals, General Lithium and their engineers visit Malaysia to evaluate further potential plant sites for the proposed Lithium Chemicals Plant, including high-level meetings with Government representatives.**
- **Chemical Plant Scoping Study now underway and due for completion prior to the end of August, 2016.**
- **Following successful completion of the Scoping Study, the Pilbara/General Lithium joint project will initiate a full Feasibility Study based on the General Lithium's existing technology and designs from their current and expanded Carbonate and Hydroxide capacity under construction in China.**
- **Notice of the 45 day Right of First Refusal (ROFR) was provided to Global Advanced Metals (GAM) on 5<sup>th</sup> July, 2016. Review Period currently underway and due for completion by 19<sup>th</sup> August, 2016.**

Australian lithium developer Pilbara Minerals Limited (ASX: PLS) is pleased to advise that it has made significant progress in its developing relationship with General Lithium Corporation after recently signing its first binding off-take agreement with the Chinese-based lithium chemicals company (see ASX Announcement – 4 July).

The off-take agreement, which is for the supply of 140,000tpa of 6% chemical grade spodumene concentrate over a six-year period from Q1 2018, also included a share subscription agreement and binding MOU to progress the development of a downstream processing joint venture.

Representatives of Pilbara, General Lithium and their engineers have recently visited Malaysia to evaluate potential plant sites for the proposed Lithium Chemicals Plant. This visit included high-level meetings with Malaysian Government officials to evaluate the best plant location and integration with existing chemical precincts.

Under the MOU, Pilbara and General Lithium have agreed to evaluate the potential to establish a downstream processing joint venture to produce lithium carbonate and hydroxide products. A desktop Scoping Study has already commenced on this project which is scheduled for completion by the end of August. If this study is positive, the Joint Venture will immediately proceed to a Definitive Feasibility Study applying General Lithium's technology and operating expertise, facilitating feasibility completion during the second quarter of 2017. Access to General Lithium's existing technology, intellectual property and operating expertise provides a fast-track to Pilbara's future participation in downstream lithium markets.

### **Right of First Refusal**

On 5 July 2016, Pilbara provided a sale notice to Global Advanced Metals Wodgina ("GAMW") under the terms of the Pilgangoora Asset Sale Agreement, in relation to GAMW's Right of First Refusal (ROFR, i.e. a right to match) over any sale, assignment or transfer by Pilbara of any lithium (in the Pilgangoora tenements) to a third party.

Under the ROFR, GAMW has a right to match the sale price offered to Pilbara by electing to purchase lithium from Pilbara on terms no less favourable than those offered by the third party purchaser. In the event that GAMW does

not exercise that right within 45 days, Pilbara is then free to sell its Lithium to the 3<sup>rd</sup> party and is obliged to pay GAMW a quarterly Net Smelter Royalty equal to 2.5% of production. In the event of exercising the ROFR, no royalty is payable.

The ROFR review period commenced on 5 July and will expire on 19 August, 2016.

On the evening of 22 July 2016, Pilbara received notification from Mineral Resources Limited (ASX: MIN) (“MRL”) that it had that day purportedly been partially assigned the ROFR as part of the acquisition of Global Advanced Metals Pty Ltd’s Wodgina mine assets. The conditional purchase of these assets was announced to the market by MRL on 28 June 2016. Pilbara understands that the purported assignment relates only to Lithium, with GAMW retaining its ROFR and Royalty with respect to Tantalum.

MRL is now claiming it has the right to exercise the matching rights of GAMW and has initiated court proceedings to challenge the sale notice issued by Pilbara and to gain access to confidential and commercially sensitive information.

Pilbara has significant concerns and reservations with regard to the handling of confidential and commercially sensitive information provided to GAMW (and its purported assignee MRL) under the sale notice issued by Pilbara. The Company has taken legal advice and has reserved its rights in this regard.

Pilbara and its legal advisors are confident that it has complied with its obligations under the Pilgangoora Asset Sale Agreement and that all relevant information required to be provided, has been validly provided. The Company intends to defend the proceedings brought by MRL.

“Given the outstanding pricing outcome negotiated with General Lithium, its funding support for Pilbara Minerals and the additional commercial benefits which will flow from progressing the Lithium Chemicals Joint Venture, we would be surprised if the terms were matched by another party,” said Pilbara’s Managing Director and CEO Mr Ken Brinsden.

“To be clear, the ROFR is at best only a right to match the price and terms which have been successfully negotiated by Pilbara. It does not give the right to GAMW, nor rights now apparently claimed by MRL, to object to those terms. In any case, the additional interest shown demonstrates how valuable Pilgangoora Lithium off-take is, given the commodity’s significant demand growth profile.”

**ENDS**

## **More Information:**

### **ABOUT PILBARA MINERALS**

Pilbara Minerals (“Pilbara” – ASX: PLS) is a mining and exploration company listed on the ASX, specialising in the exploration and development of the specialty metals Lithium and Tantalum. Pilbara owns 100% of the world class Pilgangoora Lithium-Tantalum project which is the second largest Spodumene (Lithium Aluminium Silicate) project 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, particularly where long battery life and high performance is required such in electronics, automotive, aerospace, chemical manufacturing and other industries.



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