

ASX/Media Announcement

20 December 2017

PILBARA SIGNS OFF-TAKE AGREEMENT WITH GLOBAL ADVANCED METALS FOR TANTALUM CONCENTRATES

Two-year off-take agreement finalised with leading vertically integrated global tantalum products provider for 100,000 lbs of contained Ta₂O₅ from the Pilgangoora Lithium-Tantalum Project

- Concentrates sale agreement (“Off-take Agreement”) executed with Global Advanced Metals Greenbushes Pty Ltd (“GAMG”), a wholly-owned subsidiary of Global Advanced Metals Pty Ltd (“Global Advanced Metals”), the leading vertically integrated provider of tantalum metallurgical products and tantalum powders for high performance capacitors.
- The Off-take Agreement comprises 100,000 lbs of contained Ta₂O₅ as Primary 4-5% concentrates, over a two-year term.
- The Off-take Agreement covers a portion of the forecast annual Pilgangoora Stage 1 production of 321,000 lbs per annum of tantalite at a targeted Primary (lower grade) concentrate, providing flexibility for production and sales arrangements during the period the Pilgangoora plant is being commissioned, ramped-up and optimised.
- Strong demand and customer engagement for the balance of the tantalite concentrate production continue, which Pilbara expects to be at the higher-grade specification of 25-30% tantalite concentrate.
- Tantalite markets remain strong, with pricing outcomes increasing year-to-date and well above the life-of-mine estimates in Pilbara’s feasibility studies.
- Pilbara Minerals set to become one of the major producers and suppliers to the global tantalum industry.

Australian lithium developer, Pilbara Minerals Limited (ASX: PLS) (“Pilbara” or “the Company”), is pleased to announce that it has entered into an Off-take Agreement with GAMG for the sale of 100,000 pounds of contained Ta₂O₅-in-concentrates from its 100%-owned Pilgangoora Lithium-Tantalum Project in WA (“Pilgangoora Project”) over a two-year term.

The Off-take Agreement covers a portion of the forecast tantalite production from Stage 1 of the Pilgangoora Project in a lower grade concentrate category, providing Pilbara with greater flexibility to sell this key by-product during the commissioning and ramp-up phase of the Pilgangoora Project.

Global Advanced Metals is one of the world’s leading suppliers of tantalum products, committed to the responsible supply of tantalum in all its forms. Global Advanced Metals also trades tantalum on international markets, produces and supplies tin and manufactures niobium metal products.

Pilbara’s Managing Director, Ken Brinsden, said the Company was pleased to have finalised a foundation sales agreement for its tantalite concentrate with one of the world’s leading suppliers and traders of tantalum products.

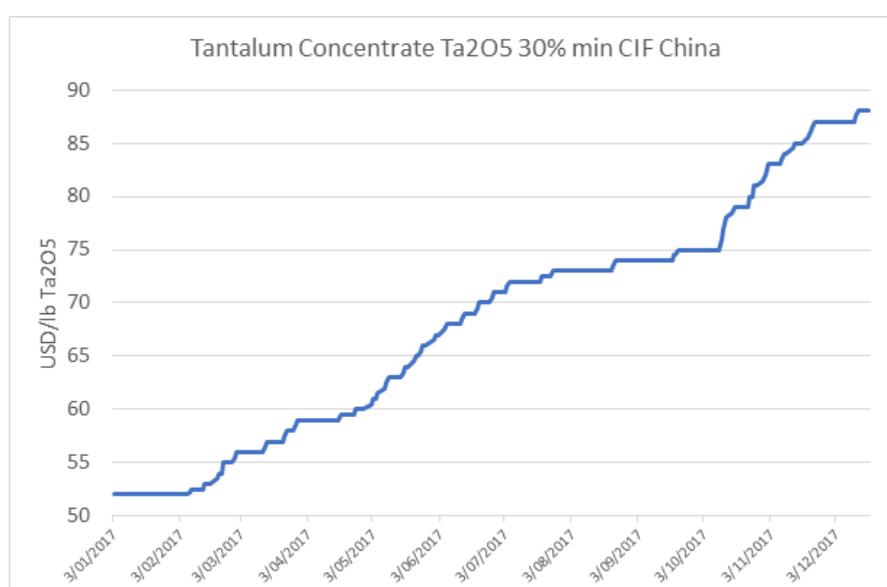
“The Pilgangoora Project is differentiated from many other lithium projects in Western Australia and globally as a result of its significant tantalite by-product credit, enhancing project economics and significantly reducing the cost of spodumene concentrate deliveries. We will potentially become an important and major producer to the global tantalum market” Mr Brinsden said.



“We are pleased to have Global Advanced Metals as a foundation customer at Pilgangoora and we look forward to working with them as we complete construction, commence commissioning and ramp-up production to deliver high-quality spodumene and tantalite concentrates to market as quickly as possible.”

Pilbara remains engaged with buyers in the tantalum market for the balance of its tantalite production, and is encouraged by the strength of demand evident for stable western sources of high quality concentrate. As a result, the Company will continue to engage with the market and in particular with buyers of Secondary (higher-grade) tantalite concentrates in the 25-30% Ta₂O₅ category, which has been readily achieved in Pilbara’s pilot scale test work. Tantalite sales from the Pilgangoora Project remain subject to Global Advanced Metals’ right-of-first-refusal, facilitating Global Advanced Metals’ right to match the sales price achieved by the Company and take the product, should Global Advanced Metals choose to.

Tantalite pricing has continued to improve during the course of 2017 and is now well above the pricing assumptions applied in Pilbara’s feasibility studies on the Pilgangoora Project (being approximately USD\$73/lb real over the life of the mine). Please see the graph of year-to-date pricing outcomes below.



Source: Asian Metals

Key Terms of Off-take Agreement

The key terms of the Off-take Agreement may be summarised as follows:

- Pilbara to supply 100,000 lbs of contained Ta₂O₅ (Primary 4-5% concentrate) over a two-year period, with a supply target date from the second half of 2018.
- If Pilbara has not supplied 100,000 lbs of contained Ta₂O₅ by the end of the two-year period, the supply term will be extended until Pilbara has supplied 100,000 lbs of contained Ta₂O₅ or GAMG terminates the Off-take Agreement.
- The Off-take Agreement and the obligation to deliver product is subject to Pilbara completing construction of the Pilgangoora mine and associated infrastructure, and commencement of operation of the Pilgangoora mine.
- Delivery terms are on an EX-WORKS mine basis, which means that Pilbara is only required to deliver product at the Pilgangoora mine gate.
- Pricing is based on a reference to the market price and is paid in US\$/lb of contained Ta₂O₅.
- Delivery and payment obligations are suspended for typical force majeure events which are outside the control of the parties.



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 and development 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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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 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.