

# Equity raising presentation

4 September 2019

ASX: PLS



# Pilbara Minerals

...Powering a Sustainable Energy Future

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All references to future production made in relation to Pilbara Minerals are subject to the completion of all necessary feasibility studies, permit applications and approvals, construction, financing arrangements and access to the necessary infrastructure. Where such a reference is made, it should be read subject to this disclaimer and in conjunction with further information about the production target, mineral resources and ore reserves included in periodic and continuous disclosure announcements released to the ASX.

Forward looking statements in this document only apply at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information Pilbara Minerals does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

# Important Notices

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## Risks

There are a number of risks specific to Pilbara Minerals and of a general nature which may affect the future operating and financial performance of Pilbara Minerals and the value of an investment in Pilbara Minerals including but not limited to economic conditions, stock market fluctuations, commodity demand and price movements, access to infrastructure, regulatory and operational risks, reliance on key personnel, reserve and resource estimations, native title and title risks, currency fluctuations and mining development, construction, and commissioning risk. These risks are further detailed later in this document. The production guidance contained in this document is subject to risks specific to Pilbara Minerals and of a general nature which may affect the future operating and financial performance of Pilbara Minerals.

## Information regarding the Pilgangoora Project

Information relating to the current mineral resource and ore reserve estimates, production targets and forecast information derived from the production targets (including information relating to the proposed expansions of the Pilgangoora Project, each in respect of the Pilgangoora Project, is extracted from the ASX announcement dated 3 August 2018 entitled "Outstanding DFS Results Support Pilgangoora Expansion", the ASX announcement dated 17 September 2018 entitled "Pilgangoora Reserve and Resource Upgrade", the ASX announcement dated 26 March 2019 "Stage 3 Scoping Study Outcomes", the ASX announcement dated 25 July 2019 entitled "Quarterly Activities Report", and the ASX announcement dated 27 August 2019 entitled "Update on Partnering Process and Revised Stage 2". Information relating to the current exploration target in respect of the Pilgangoora Project is extracted from the September 2018 Quarterly Activates Report dated 16 October 2018.

Pilbara Minerals confirms that it is not aware of any new information or data that materially affects the information included in these announcements and that all material assumptions and technical parameters underpinning the exploration target, estimates, production target and forecast financial information derived from the production target in the announcements continue to apply and have not materially changed. The potential quantities and grades of the exploration target are conceptual in nature, there has been insufficient exploration to date to define a mineral resource and it is not certain that further exploration will result in the estimation of a mineral resource.

The scoping studies referred to in this presentation in respect of the Revised Stage 2 expansion and the Stage 3 expansion have been undertaken to determine the potential viability of those expansions and to reach a decision to proceed with more definitive studies. Each scoping study has been prepared to an accuracy level of  $\pm 30\%$ . Each scoping study is based on low-level technical and economic assessments and is insufficient to provide assurance of an economic development case at this stage or provide certainty that the conclusions of the scoping study will be realised. The results of the scoping studies should not be considered a profit forecast or production forecast.

Recipients of this document outside Australia should note that it is a requirement of the ASX Listing Rules that the reporting of ore reserves and mineral resources in Australia comply with the Australasian Joint Ore Reserves Committee Code for Reporting of Mineral Resources and Ore Reserves (JORC Code), whereas mining companies in other countries may be required to report their ore reserves and/or mineral resources in accordance with other guidelines (for example, SEC Industry Guide 7 in the United States). Recipients should note that while Pilbara Minerals' mineral resource and ore reserve estimates comply with the JORC Code, they may not comply with the relevant guidelines in other countries, and do not comply with SEC Industry Guide 7. In particular, SEC Industry Guide 7 does not recognise classifications other than proven and probable reserves and, as a result, the SEC generally does not permit mining companies to disclose their mineral resources, including indicated and inferred resources, in SEC filings. Accordingly, if Pilbara Minerals were reporting in accordance with SEC Industry Guide 7, it would not be permitted to report any mineral resources, including indicated and inferred resources, and the amount of reserves reported by Pilbara Minerals may be lower than its estimates. You should not assume that quantities reported as "resources" will be converted to reserves under the JORC Code or any other reporting regime or that Pilbara Minerals will be able to legally and economically extract them. In addition, investors should note that under SEC Industry Guide 7, mine life may only be reported based on ore reserves. Mine life estimates in this document assume that a portion of non-reserve resources will be converted to ore reserves, which would not be permitted under SEC Industry Guide 7.

## Acceptance

By accepting, accessing or reviewing this document you acknowledge, accept and agree to the matters set out above.

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# 1. Offer overview

# Introduction

Pilbara Minerals is raising A\$91.5 million via an institutional and strategic placement

## Equity raising

- Institutional and strategic placement together expected to raise approximately A\$91.5 million ("**Placement**")
- A\$36.5 million institutional placement ("**Institutional Placement**") and separate A\$55.0 million conditional strategic placement to Contemporary Amperex Technology ("**CATL**") ("**CATL Placement**")
- Share Purchase Plan will also be offered following completion of the Placement to raise up to A\$20.0m ("**SPP**") (together the "**Equity Raising**")
- **China's largest EV battery manufacturer, CATL**, to emerge with 8.5%<sup>1</sup> stake and a strategic relationship following A\$55.0 million placement, representing a strong vote of confidence in the future of the Pilgangoora Project and its role as an important supplier in the global lithium-ion supply chain

## Use of proceeds

- **Strengthen Pilbara Minerals' balance sheet** to provide enhanced financial flexibility as the Pilgangoora Lithium Tantalum Project ("**Pilgangoora**") continues ramp-up to Stage 1 spodumene concentrate nameplate capacity
- **Stage 1 plant rectification and improvement works** to support the attainment of designed lithia recoveries and nameplate production capacity at Pilgangoora
- Fund feasibility study to develop a plan that incrementally develops Stage 2 expansion over time to better align production with customer requirements ("**Revised Stage 2**") as announced 27 August 2019
- Funding Pilbara Minerals' **initial 21% investment in the POSCO lithium chemicals joint venture ("POSCO JV")**<sup>2</sup>

## Investment highlights

- Pilgangoora is one of the **premier hard-rock lithium-tantalum resources globally**<sup>3</sup> providing long term exposure to the battery materials thematic
- **Long-term offtake** with **quality customers** which underpin the Stage 1 operation and the anticipated Stage 2 expansion
- Pilgangoora is placed **favourably on the cost curve** with forecast LOM cash cost of US\$312/t<sup>4</sup>, which benefits from a high quality ore body, scalable mining operations, low strip ratio and tantalum by-products
- **Prudent capital management** via Revised Stage 2 plans to align with customer demand and decrease the upfront capital expenditure to A\$60-70m for 100ktpa spodumene concentrate capacity
- **POSCO JV** provides Pilbara Minerals with an initial 21%<sup>5</sup> interest in a 40ktpa lithium chemicals facility in South Korea, further integrating the Company into the value-add downstream supply chain

1. Subject to CATL Placement conditions being satisfied. Percentage holding excludes those shares issued under the SPP which may reduce CATL's holding to approximately 8.2%; 2. Refer to ASX release on 27 August 2019. Equity proceeds to be used, together with subscription monies of A\$79.6 million from the POSCO convertible bond, to fund Pilbara Minerals' 21% participation in the POSCO JV (assuming the POSCO JV is funded 50:50 external debt and equity). POSCO JV also subject to respective board approvals of the parties and final cost estimates agreed in a JV budget; 3. Based on Pilbara Minerals' Reserve and Resource Report as released to the ASX on 17 September 2018; 4. LOM operating cash cost estimate is net of tantalum by-product credits for Stage 2 development, updated to reflect impact of revised 108Mt Reserve published on 17 September 2018; 5. Pilbara Minerals has the option for 6 months post the JV commencing production to increase its POSCO JV position to 30% at its initial cost of entry.

# Strategic relationship with CATL

New strategic relationship with China's largest battery manufacturer for EVs who is supportive of Pilgangoora's phased Stage 2 expansion strategy and has indicated a willingness to support Pilbara Minerals with future offtake

## CATL strategic relationship overview

- CATL is listed on the Shenzhen stock exchange with a **market capitalisation of approximately US\$22bn<sup>1</sup> and available cash of US\$4.7bn<sup>2</sup>**
- CATL has three battery manufacturing facilities in China, two main R&D centres in China and Germany and 24,000 staff globally
- CATL's annual battery cell production capacity reached **23.4GWh at the end of 2018 which accounted for 41% of China's total<sup>3</sup>**
- CATL has **strategic agreements with various carmakers**, including Toyota, BMW, Volkswagen, and Honda, among others
- The strategic relationship follows CATL conducting a 5 month period of thorough technical and commercial due diligence on the Pilgangoora Project, including a site visit
- CATL has indicated its willingness to provide **commercial support to the Company by purchasing Pilbara Minerals' spodumene concentrate product which may become available under its existing offtake agreements or otherwise<sup>4</sup>**
- CATL has been granted certain rights and obligations under the Share Subscription Agreement, including: **Board representation, anti-dilution rights<sup>5</sup> and securities dealing restrictions and standstill** above 14.9% for 18 months, among others (refer to pp. 19 for further details)

## Key strategic benefits



Combines **CATL's expertise in downstream processing** with Pilbara's expertise in upstream lithium mining operations



**Further diversifies Pilbara Minerals' strategic shareholder base**, adding a battery manufacturer to the existing core strategic shareholders



CATL is a key player in the battery market with a **strong balance sheet (US\$4.7bn in cash)**



**Connects Pilbara Minerals to one of the world's largest battery companies**, further progressing Pilbara Minerals' downstream integration strategy



**CATL is supportive of Pilgangoora's phased Stage 2 expansion strategy** (subject to lithium market sentiment and other customer demand)

1. As at 3 September 2019; 2. As at 30 June 2019; 3. China Automotive Technology and Research Center; 4. Subject to mutual commercial agreement and parties entering into an offtake agreement; 5. Subject to the Company obtaining an ASX waiver under LR6.18 and anti-dilution rights for a period of 18 months.

# Equity raising overview

Institutional and strategic placement to raise ~A\$91.5 million at A\$0.30 per share and a Share Purchase Plan to raise up to a maximum of A\$20.0 million

## Equity raising

- Institutional and CATL Placements to raise approximately A\$91.5 million
- Approximately 305.1 million shares ("**New Shares**") will be issued on completion of both Institutional and CATL Placements
- SPP of up to A\$30,000 per eligible shareholder will also be offered to raise a maximum of A\$20.0 million

## Placement structure and size

- Placement to be conducted in two parts:
  - **Institutional Placement:** 121.7 million shares (for A\$36.5 million) under ASX Listing Rule 7.1 to eligible institutional and sophisticated investors
  - **CATL Placement:** A conditional 183.3 million shares (for A\$55.0 million) to CATL under a Share Subscription Agreement to be delivered in two tranches:
    - **Tranche 1:** Tranche 1 for 66.7 million shares (for A\$20.0 million) falls within Pilbara Minerals' remaining placement capacity after the Institutional Placement. Consequently Tranche 1 only requires customary regulatory approvals from the People's Republic of China ("**PRC Approvals**") which are expected to take approximately 6 weeks
    - **Tranche 2:** Tranche 2 for 116.7 million shares (for A\$35.0 million) will be above the Company's placement capacity and therefore Pilbara Minerals will hold an Extraordinary General Meeting ("**EGM**") to approve the issue of the Tranche 2 shares which is expected to take place in early October 2019. Tranche 2 is also subject to PRC Approvals
  - CATL has agreed to provide Pilbara Minerals with a A\$5.0 million deposit, demonstrating CATL's commitment to the CATL Placement and their confidence in closing the transaction

## Placement price

- The Placement is being offered at a fixed price of A\$0.30 per New Share ("**Placement Price**")
- The Placement Price represents a 14.3% discount to Pilbara Minerals' last traded price<sup>1</sup>

1. Last traded price of Pilbara Minerals ordinary shares on the ASX on 28 August 2019.

# Equity raising overview (cont.)

Institutional and strategic placement to raise ~A\$91.5 million at A\$0.30 per share and a Share Purchase Plan to raise up to a maximum of A\$20.0 million

## Use of funds

- **Offer proceeds will supplement Pilbara Minerals' existing cash resources and will be applied to:**
  - General working capital purposes to strengthen the Company's balance sheet to provide enhanced financial flexibility as Pilgangoora continues ramp-up to Stage 1 nameplate capacity
  - Pilgangoora Stage 1 plant rectification and improvement works;
  - Pilgangoora Revised Stage 2 expansion feasibility study and committed Stage 2 long lead items; and
  - Fund Pilbara Minerals' POSCO JV contribution – binding terms<sup>1</sup> executed on 27 August 2019.

## Ranking

- New shares issued under the Equity Raising will rank equally with existing fully paid ordinary Pilbara Minerals shares on issue

## Syndicate

- Macquarie Capital (Australia) Limited is acting as Sole Lead Manager, Bookrunner and Underwriter<sup>2</sup> to the Institutional Placement and Financial Adviser to Pilbara Minerals on the CATL Placement
- Hartleys is acting as Co-lead Manager to the Institutional Placement

## Share Purchase Plan

- Non-underwritten SPP to eligible Pilbara Minerals shareholders with a registered address in Australia or New Zealand to invest up to A\$30,000 in new shares per shareholder, subject to an overall maximum SPP size of A\$20.0 million
- New shares issued under the SPP will be offered at the lower of:
  - The Placement Price (being A\$0.30 per share); and
  - A 1.0% discount to the VWAP<sup>3</sup> of Pilbara shares traded during the five ASX trading days immediately prior to and including the SPP closing date
- The record date for the SPP is 3 September 2019 and further details will be provided in a separate SPP offer booklet

1. Refer ASX announcement dated 27 August 2019. Transaction still subject to board approvals and other conditions as outlined in the ASX release; 2. The Underwriting Agreement is subject to conditions precedent, terminations events, representations and warranties customary for a transaction of this nature. Only the Institutional Placement is underwritten; 3. Volume weighted average price.

# Equity Raising timetable

## Placement timetable

Event	Date <sup>1,2</sup>
Announcement of Placement	4 September 2019
<b>Institutional Placement</b>	
Announcement of completion of Institutional Placement and suspension lifted	By 5 September 2019
Settlement of New Shares issued under the Institutional Placement	9 September 2019
Allotment and trading of New Shares issued under the Institutional Placement	10 September 2019
<b>CATL Placement</b>	
Pilbara Minerals Extraordinary General Meeting to approve Tranche 2	Early October 2019
PRC Approvals for Tranche 1 and 2	Expected during October 2019
Settlement of New Shares issued under the CATL Placement	To be advised
Allotment and trading of New Shares issued under the CATL Placement	To be advised

## SPP timetable

Event	Date <sup>1,2</sup>
SPP record date	7.00pm, 3 September 2019
Announcement date of SPP	4 September 2019
Opening date of SPP	To be outlined in SPP offer booklet
Closing date of SPP	To be outlined in SPP offer booklet
Allotment date	To be outlined in SPP offer booklet
Anticipated quotation of SPP New Shares on ASX	To be outlined in SPP offer booklet

1. Dates are indicative only and are subject to change. Pilbara Minerals and the Sole Lead Manager reserve the right to alter the timetable at their discretion and without notice, subject to ASX Listing Rules; 2. All dates and times refer to Australian Eastern Standard Time.

# Sources & uses of funds

Equity Raising to provide additional working capital during the remaining Stage 1 ramp-up, complete Stage 1 plant rectification and improvement works, and fund initial participation in the POSCO JV

Sources of funds	A\$m
<b>Unconditional on Pilbara Minerals' shareholder approval</b>	
Institutional Placement	36.5
CATL Placement Tranche 1	20.0 <sup>1</sup>
<b>Total</b>	<b>56.5</b>

<b>Conditional on Pilbara Minerals' shareholder approval</b>	
CATL Placement Tranche 2	35.0 <sup>2</sup>
<b>Total sources</b>	<b>91.5<sup>3</sup></b>

Proceeds from the SPP	Up to 20.0
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Uses of funds	A\$m
<b>Unconditional on Pilbara Minerals' shareholder approval</b>	
<b>General working capital</b> purposes to strengthen the balance sheet as Pilgangoora ramps-up to Stage 1 nameplate capacity	25.0 <sup>4</sup>
<b>Pilgangoora Stage 1</b> plant rectification and improvement works	8.0
<b>Pilgangoora Revised Stage 2 expansion feasibility study</b> , engineering and remaining committed long-lead deliveries	5.0
<b>POSCO JV</b> – Pilbara Minerals' initial 21% share <sup>5</sup> in the POSCO downstream JV (including costs)	18.5
<b>Total</b>	<b>56.5</b>

<b>Conditional on Pilbara Minerals' shareholder approval</b>	
Further <b>strengthen the balance sheet</b> and <b>potential future capital expenditure</b> for Stage 2 expansion (Phase 1) subject to market conditions, customer demand and completion of feasibility studies	35.0 <sup>4</sup>
<b>Total uses</b>	<b>91.5</b>

Additional funding for general corporate purposes, including working capital	Up to 20.0
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1. Subject to PRC Approvals; 2. Tranche 2 conditional on Pilbara Minerals' shareholder approval and PRC Approvals; 3. Gross proceeds from placement (excluding transaction costs); 4. Inclusive of Placement costs; 5. Refer ASX release on 27 August 2019. Equity proceeds to be used, together with A\$79.6m from POSCO convertible bond, to fund Pilbara Minerals' 21% participation in the POSCO JV (and assumes 50:50 external debt to equity funding is used). POSCO JV also subject to respective board approvals of the parties and final cost estimates agreed in JV budget.

# Robust balance sheet post Placement

The Placement will strengthen Pilbara Minerals' balance sheet, providing more working capital and increased financial flexibility at a time of soft market conditions, to support Pilgangoora Stage 1 target nameplate capacity being achieved

## Proforma liquidity position post Placement

Item	Units	Proforma position
Cash (at 30 June 2019) <sup>1</sup>	A\$m	63.6
Plus: Proceeds from Placement <sup>2</sup>	A\$m	91.5
<b>Proforma cash post Placement</b>	<b>A\$m</b>	<b>155.1</b>
Total debt (at 30 June 2019) <sup>1</sup>	A\$m	142.6 <sup>3</sup>
<b>Proforma net cash post Placement</b>	<b>A\$m</b>	<b>12.5</b>
Potential additional funds from SPP	A\$m	Up to 20.0



The Placement is expected to provide Pilbara Minerals with a more **robust balance sheet**, inclusive of a stronger working capital position, to provide protection against soft market conditions (should they continue) and support Pilgangoora's continued ramp-up to nameplate capacity



Pilbara Minerals expects **Stage 1 cash operating costs to target US\$320-350/t CFR China by end of Q4 FY2020**, once anticipated nameplate recoveries and capacity are achieved at Pilgangoora Project<sup>4</sup>

1. Audited figure as stated in Pilbara Minerals' FY19 Financial Report for the period ending 30 June 2019 (ASX Release – 23 August 2019) and pursuant to a senior secured bond of US\$100 million. Pilbara Minerals' unaudited cash and debt balance as of 31 July is A\$48m and A\$143m (based on AUDUSD 0.6984) respectively; 2. Gross proceeds from A\$91.5 million placement (excluding transaction costs) and noting that A\$20.0 million is subject to PRC Approvals and A\$35.0 million is subject to Pilbara Minerals' shareholder approval and PRC Approvals; 3. Refer to 13 June 2017 ASX announcement for bond terms; 4. Refer to ASX announcement dated 25 July 2019.

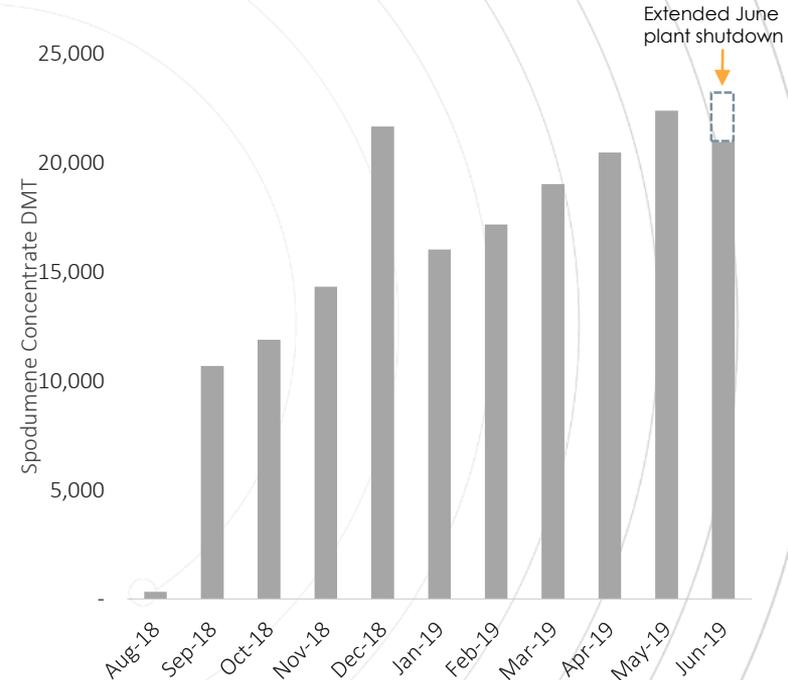
# Pilgangoora Stage 1 update

Ramp-up of Stage 1 Pilgangoora continues with A\$8.0m of Placement funds allocated to previously announced plant rectification and improvement works and A\$25.0m to provide a prudent working capital buffer

## Stage 1 Pilgangoora update<sup>1</sup>

- **Stage 1 commercial production:** Declared at 1 April 2019
- **Recoveries:** During the June Quarter 2019, recovery improvement initiatives achieved 55% Li<sub>2</sub>O recovery (highest achieved to date), representing 73% of design recovery of 72% - 78% (subject to ore type)
- **Rectification and improvement:** During the June Quarter, Pilbara Minerals completed several improvement projects relating to prior works performed by RCR (the process plant EPC contractor), including flotation filter press equipment improvements, among others
  - Further works are being undertaken in H2 CY2019, including optimisation of the fines product circuit grind size, iron removal equipment and replacement of non-specification pipe work
  - Pilbara Minerals recently settled all claims with the liquidator of RCR
- Pilbara Minerals is **targeting designed lithia recovery** following continuous operation for optimisation and completion of planned plant rectification and improvement works to be completed during the September and December Quarters 2019<sup>2</sup>

## Spodumene concentrate production (dmt)<sup>3</sup>



1. Refer to ASX announcement 25 July 2019; 2. Refer to ASX announcement 25 July 2019; 3. July production has been moderated to allow stockpiles to be drawn down as outlined on the following page.

# Pilgangoora Stage 1 update (cont.)

On 27 August, Pilbara provided a sales and production update which flagged December Quarter sales in line with guidance following a moderated September Quarter 2019

## Stage 1 production moderation<sup>1</sup>

- Following a softening of lithium market conditions, **Pilbara Minerals moderated its production** during the September 2019 Quarter in response to revised customer demand requirements
- The moderation of production has, and will, **enable the Company to undertake rectification of prior works by RCR and implement further plant improvement works**, which are expected to be completed by December Quarter 2019 and improve recoveries over the coming quarters
- During the period of production moderation, Pilbara Minerals will **draw down on its existing stockpiles** established prior to the September Quarter to meet customer demand
- This will result in reduced mining and processing activity in H2 CY2019, with **concentrate processing expected to return at or near full-capacity around mid-October** following the installation of additional low intensity magnetic separation units
- **27 August Sales Update:**
  - **September Quarter** revised sales guidance at 20 – 35kt of spodumene concentrate
  - **December Quarter** sales guidance confirmed at 65 – 80kt spodumene concentrate
  - Softening market conditions, driven by delays in the commissioning of chemical conversion facilities which process spodumene concentrate, also impacted Pilbara Mineral' Stage 1 offtake partners – General Lithium and Ganfeng

1. Refer to ASX announcement 27 August 2019.

# Revised Stage 2 development

Optimised Stage 2 pathway reduces upfront capital and aligns production with customer demand – A\$5.0m of Placement proceeds to be used for studies, engineering and committed long lead items

## Revised Stage 2 expansion studies and approach – announced 27 August 2019<sup>1</sup>

- Pilbara Minerals has progressed technical work with Primero Group to **optimise the Stage 2 (5Mtpa) expansion by sub-dividing the development into an incremental build-out aligned with customer demand**
- Phased build-out will decrease the initial upfront capital cost required to deliver the first incremental production tonnes, thereby **reducing capital risk through a flexible expansion model better matched to the customer demand profile**
- Revised Stage 2 expansion is anticipated to be undertaken in 3 phases, with the first phase expected to increase spodumene concentrate production to ~430ktpa (total) for **initial upfront capital expenditure of A\$60-70m** (total Stage 2 capital expected to be in the range ~A\$220-250m)
- **Feasibility to be completed** on the Revised Stage 2 expansion by Dec 2019, with FID expected in early CY2020

Phase	Timing (Construction Complete)	Incremental Concentrate Production Capacity, SC6.0 (kt)	CAPEX (+/- 30%) (A\$m)
1	Dec-2020 (FID - early CY20) <sup>2</sup>	100	60-70
2	15 months (following first FID) <sup>2</sup>	40-50	20-30
3	24 months (following first FID) <sup>2</sup>	330-370	140-150
<b>TOTALS</b>		<b>470-520</b>	<b>220-250</b>

- Pilbara Minerals will only proceed with Stage 2 phased expansion when supported by customer requirements and funding
- The Company will evaluate funding options during December Quarter, options include:
  - The two US\$25m prepayments<sup>3</sup> previously agreed with Great Wall Motors and POSCO, as well as from existing cash on hand, operating cash flows and a mix of equity and debt as required

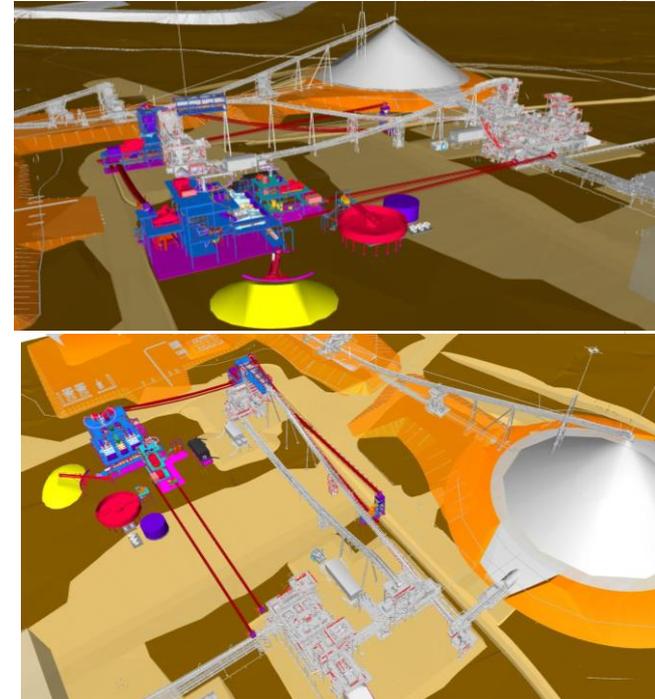
1. Refer to ASX announcement 27 August 2019; 2. Timing ultimately subject to timing and growth of key customers' chemical conversion requirements and separate final investment decisions for each phase; 3. Prepayments subject to consent of senior secured bondholders and may require reconfirmation with customers given potential revisions to Stage 2.

# Revised Stage 2 development (cont.)

Optimised Stage 2 pathway reduces upfront capital and aligns production with customer demand – A\$5.0m of Placement proceeds used for studies, engineering and committed long lead items

- Optimised delivery strategy utilises:
  - **Latent Capacity** – Stage 1 latent plant processing capacity;
  - **Processing Volume Reduction** – Utilisation of gangue material rejection in process; and
  - **Increased Coarse Yield** – Increased coarse product processing capacity
- Progress to date:
  - **Technical studies** – Studies completed to define phases of Revised Stage 2 expansion; and
  - **Scoping Study** – Technical scoping study completed for Phase 1 of the revised Stage 2 development completed by Primero Group
- Next steps:
  - **Test work and detail studies** – Further test work and studies to be completed by December 2019;
  - **FID (first phase)** – Anticipated for early CY2020; and
  - **Production** – from Dec 2020, subject to customer requirements and finalisation of funding, including POSCO (US\$25m) and Great Wall (US\$25m) prepays<sup>2</sup>

Stage 2 (Phase 1), 3D model overlay



1. Refer ASX announcement 27 August 2019; 2. Prepayments subject to consent of senior secured bondholders and may require reconfirmation with customers given potential revisions to Stage 2.

# POSCO lithium chemicals JV

Placement assists Pilbara Minerals with funding its 21% share of the POSCO downstream JV

## POSCO lithium chemicals JV

- Pilbara Minerals has executed a detailed binding terms sheet with POSCO for a **40ktpa lithium chemicals downstream joint venture** in South Korea – transaction completion expected in December Quarter 2019
- Primary 40ktpa lithium hydroxide facility will utilise **POSCO's industry leading PosLX technology** for lithium chemicals purification
- Pilbara Minerals will hold an initial 21% interest in the POSCO JV with the investment amount based on the final capex of the 40ktpa LCE facility – Pilbara Minerals estimates its **equity contribution to be A\$95-100m** for its 21% share<sup>1,2</sup>
- Funded via the previously announced **POSCO convertible bond agreement<sup>3</sup> (A\$79.6m) and Placement proceeds**
- POSCO JV **supports the development of Stage 2 expansion**, with the offtake assigned to POSCO JV increasing from 240ktpa to 315ktpa over a staged ramp-up and inclusive of a commitment from POSCO JV to provide a US\$25m pre-payment facility to assist fund the Stage 2 expansion<sup>4</sup>

POSCO JV contribution	A\$m
<b>POSCO JV - Pilbara Minerals 21% JV Contribution<sup>2</sup></b>	95-100
Less: POSCO convertible bond <sup>3</sup>	80
Less: Equity Raising funding contribution	15-20
<b>Remaining POSCO JV funding requirement</b>	-

1. Pilbara Minerals has the option for 6 months post the JV commencing production to increase its POSCO JV position to 30% at its initial cost of entry; 2. Capital estimate based on average guidance of US\$15,000 – 16,500/t LCE capital intensity, a 40ktpa conversion facility, AUDUSD of 0.68 and Pilbara Minerals' 21% JV share and 50:50 external debt:equity contribution – capital is an estimate only and subject to further work and agreement in final JV budget; 3. Refer to ASX announcement 28 February 2018; 4. Prepayments subject to consent of senior secured bondholders and may require reconfirmation with customers given potential revisions to Stage 2.

# Well positioned post Placement

Pilbara Minerals is focused on reaching Stage 1 nameplate capacity at Pilgangoora and developing the 40ktpa lithium hydroxide conversion facility with POSCO



**Enhanced financial flexibility** with gross proceeds to bolster Pilbara Minerals' balance sheet following the decision to close the Pilgangoora partnering process



Once Stage 1 nameplate capacity is achieved at the Pilgangoora Project, **operating cash costs at Pilgangoora Project are expected to target USD\$320-350/dmt CFR China** (expected Q4 FY20)<sup>1</sup>



**Revised incremental Stage 2 expansion at Pilgangoora** expected to reduce upfront capital commitment for first phase to A\$60-70m for an additional 100ktpa of spodumene concentrate and provide a ramp-up profile that better aligns with customer demand requirements



**Introduces CATL, China's largest battery manufacturer for electric vehicles, as a key strategic investor** who is supportive of Pilgangoora's phased Stage 2 expansion strategy and has indicated a willingness to support Pilbara Minerals with future offtake



**Placement provides funding for the announced binding term sheet with POSCO** for an initial 21% share<sup>2</sup> in the POSCO JV to develop a 40ktpa lithium hydroxide conversion facility in South Korea which will integrate Pilbara Minerals further into the downstream value-add battery supply chain

1. Refer to ASX announcement dated 25 July 2019; 2. Pilbara Minerals has the option to increase its POSCO JV position to 30% at its initial cost of entry for a 6 month period post commencement of JV production. Refer ASX announcement dated 27 August 2019. Transaction still subject to board approvals and other conditions as outlined in the ASX release.

# Share Subscription Agreement - CATL

In recognition of the strategic relationship, CATL has been granted certain rights and obligations under the Share Subscription Agreement

## Share Subscription Agreement: Key CATL rights and obligations

CATL right / obligation	Description
<b>Offtake support</b>	CATL has indicated a willingness to provide commercial support to the Company by purchasing Pilbara Minerals' spodumene concentrate product which may become available under its existing offtake agreements or otherwise, subject to mutual commercial agreement and parties entering into an offtake agreement
<b>Board representation</b>	CATL can nominate one person for appointment to the Pilbara Minerals' Board as a non-executive director, who will remain in place whilst CATL continues to hold an interest in the Company of at least 7.5%
<b>Anti-dilution right</b>	Subject to the Company obtaining an ASX waiver under Listing Rule 6.18, CATL will have the right to participate in future equity offers to ensure they are not diluted for a period of 18 months following the completion of Tranche 2
<b>Securities dealing restrictions</b>	Including a standstill for 18 months on future acquisitions of shares in the Company in excess of 14.9%
<b>Other</b>	For a period of 18 months, should CATL increase its holding above 10%, then it has agreed to sell its shares into any control transaction which has been accepted by shareholders holding more than 50% of shares and recommended by at least 75% of PLS directors

# Investment risks

There are various risks associated with an investment in Pilbara Minerals and many of these are outside the control of the Company. Please refer to Appendix C – Investment Risks, for further details

## Pilbara Minerals specific risks

Ramp-up of Pilgangoora 2Mtpa, Stage 1 Project  
Proposed expansion of Pilgangoora Project, Stage 2  
Future capital needs and additional funding  
Lithium and tantalum market  
Reliance on Chinese market  
Offtake risk  
Senior Secured Bond  
Stage 2 expansion studies  
Production, capital and operating costs  
POSCO Joint Venture  
Estimates of ore reserves and mineral resources  
Material contracts  
Exploration and development risks generally  
Licences, Permits and Approval Risks  
Reliance on key personnel  
Title to properties  
Environmental and Safety Regulations  
Native Title and Aboriginal Heritage  
Labour risks  
Insurance  
Disputes and litigation  
Competition  
Foreign exchange risk

## General risks

Changes in investor sentiment and overall performance of the Australian and international stock markets

Changes in general business, industry cycles and economic conditions including inflation, interest rates, exchange rates, commodity prices, employment levels and consumer demand

Economic and political risk factors in Australia and overseas including economic growth

Changes in legislation and government, fiscal, monetary and regulatory policies including foreign investment and those relating to the mining industry

Uncertainty around the likelihood, timing, franking or quantum of future dividends

Failure to make or integrate any future acquisitions or business combinations (including the realisation of synergies), significant one-time write-offs or restructuring charges, and unanticipated costs and liabilities

Changes in accounting or financial reporting standards

Changes in taxation laws (or their interpretation)

Deterioration in the general economic conditions, adverse foreign exchange rate movements, the Australian and international stock markets, natural disasters and catastrophic events may also affect Pilbara Minerals' operating and financial performance

The potential costs that could be associated with compliance with applicable laws and regulations may also cause substantial delays and require significant capital outlays, adversely affecting Pilbara Minerals' earnings and competitive position in the future and, potentially, its financial position



## 2. Pilbara Minerals overview

# Corporate overview

## Corporate overview

- Pilbara Minerals is an Australian lithium-tantalum producer listed on the Australian Securities Exchange (ASX:PLS)
- Through the development of its 100%-owned Pilgangoora Project, Pilbara Minerals is expected to become one of the largest suppliers of lithium raw materials globally
- Pilbara Minerals has a highly experienced management team who have led the Pilgangoora project from first drill hole to production in under 4 years and successfully delivered high-value spodumene concentrate for battery-ready applications

## Pilbara Minerals share price (since Jan 2015)



## Top shareholders<sup>1</sup>

Investor	Shares held (m)	% shares on issue
Ganfeng Lithium	152.6	8.2
Mineral Resources	126.3	6.8
POSCO	82.1	4.4
Vanguard	64.6	3.5
Great Wall	56.0	3.0

## Corporate structure

	Pre-Placement	Post-Placement
Current share price	A\$0.350 <sup>2</sup>	n/a
Shares on issue	1,852 million <sup>2</sup>	2,157 million <sup>4</sup>
Market capitalisation	A\$648 million <sup>2</sup>	A\$740 million <sup>5</sup>
Cash at bank	A\$64 million <sup>3</sup>	A\$155 million
Debt <sup>3</sup>	A\$143 million	A\$143 million
Enterprise value	~A\$727 million	~A\$727 million <sup>5</sup>

1. As at 15 August 2019; 2. As at 28 August 2019; 3. Audited figure as stated in Pilbara Minerals' FY19 Financial Report for the period ending 30 June 2019 (ASX Release – 23 August 2019) and pursuant to a senior secured bond of US\$100 million. Pilbara Minerals' unaudited cash and debt balance as of 31 July is A\$48m and A\$143m (based on AUDUSD 0.6984) respectively; 4. Existing shares on issue plus ~305m new shares issued as part of the Placement; 5. Theoretical pro-forma market capitalisation assumes pre-Placement raising market capitalisation plus Placement proceeds (pre-Placement costs) and assuming both Institutional Placement and conditional CATL Placement complete.

# Investment highlights

1



## World class lithium resource

The Pilgangoora Project is one of the premier hard-rock lithium-tantalum resources globally (by size and grade) with material Tantalite by-product credits.

2



## Low cost operation

Forecast LOM cash cost of US\$312/t<sup>1</sup> (net of tantalum by-products) for Stage 2 with the Pilgangoora Project's cost position benefiting from high quality ore body, scalable mining operations, low strip ratio and tantalum by-products.

3



## Quality product and customers

Pilbara Minerals has secured long-term offtake arrangements with world-class customers to support Stage 1 and Stage 2 production and has consistently delivered high grade products to market that meet customer requirements.

4



## Capital flexibility

Pilbara Minerals is progressing a Revised Stage 2 expansion plan which sub-divides the development into a phased and incremental build-out of production that is expected to be aligned with customer demand, and which will decrease the upfront capital expenditure to A\$60-70m for the first incremental 100ktpa of additional spodumene concentrate production.

5



## Proven operator

Pilbara Minerals has an experienced management team who have led the Pilgangoora Project from first drill hole to production in under 4 years and successfully met high quality 6% lithia grade product requirements leading to the production of battery ready lithium chemicals.

6



## Exploration upside

Pilbara Minerals plans to extend the mine life of the Pilgangoora Project through Resource conversion and further discoveries identified as exploration targets, which include potential near-surface tonnes<sup>2</sup>.

7



## Downstream integration

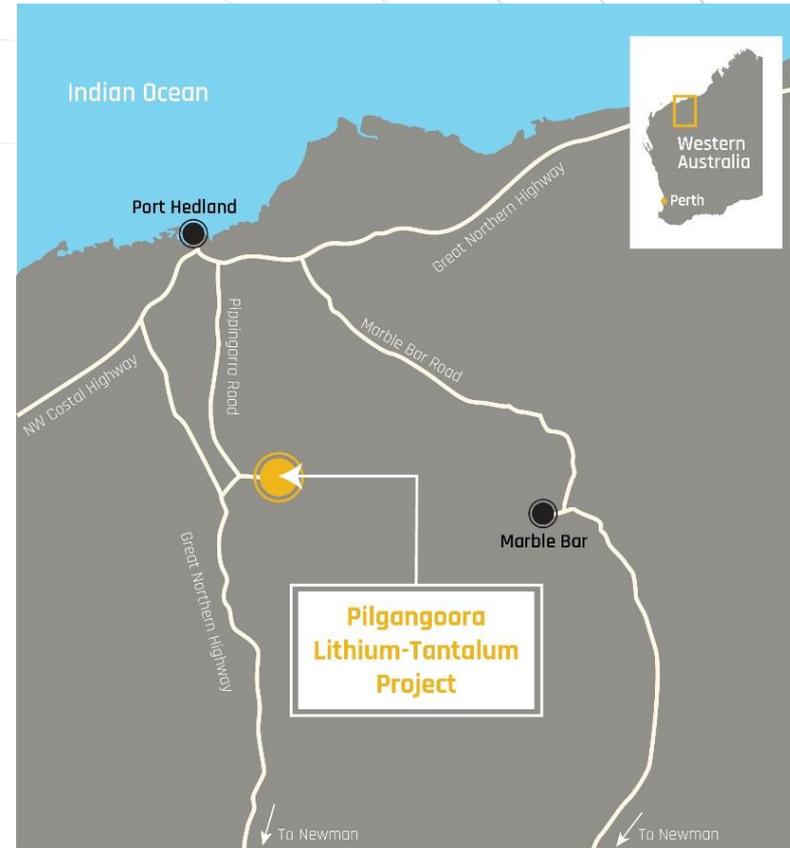
Proposed primary hydroxide 40ktpa LCE facility with offtake partner POSCO<sup>3</sup> which underpins increased offtake from 240ktpa to 315ktpa and provides Pilbara Minerals with a key strategic position in the downstream battery supply chain and participation in the South Korean market.

1. Based on LOM operating cash cost estimate is net of tantalum by-product credits for Stage 2 development updated to reflect impact of revised 108Mt Reserve published on 17 September 2018; 2. Refer to the September 2018 Quarterly Activities Report released to the ASX on 16 October 2018; 3. Refer ASX announcement dated 27 August 2019 for further details of the POSCO binding agreement.

# Pilgangoora Lithium-Tantalum Project

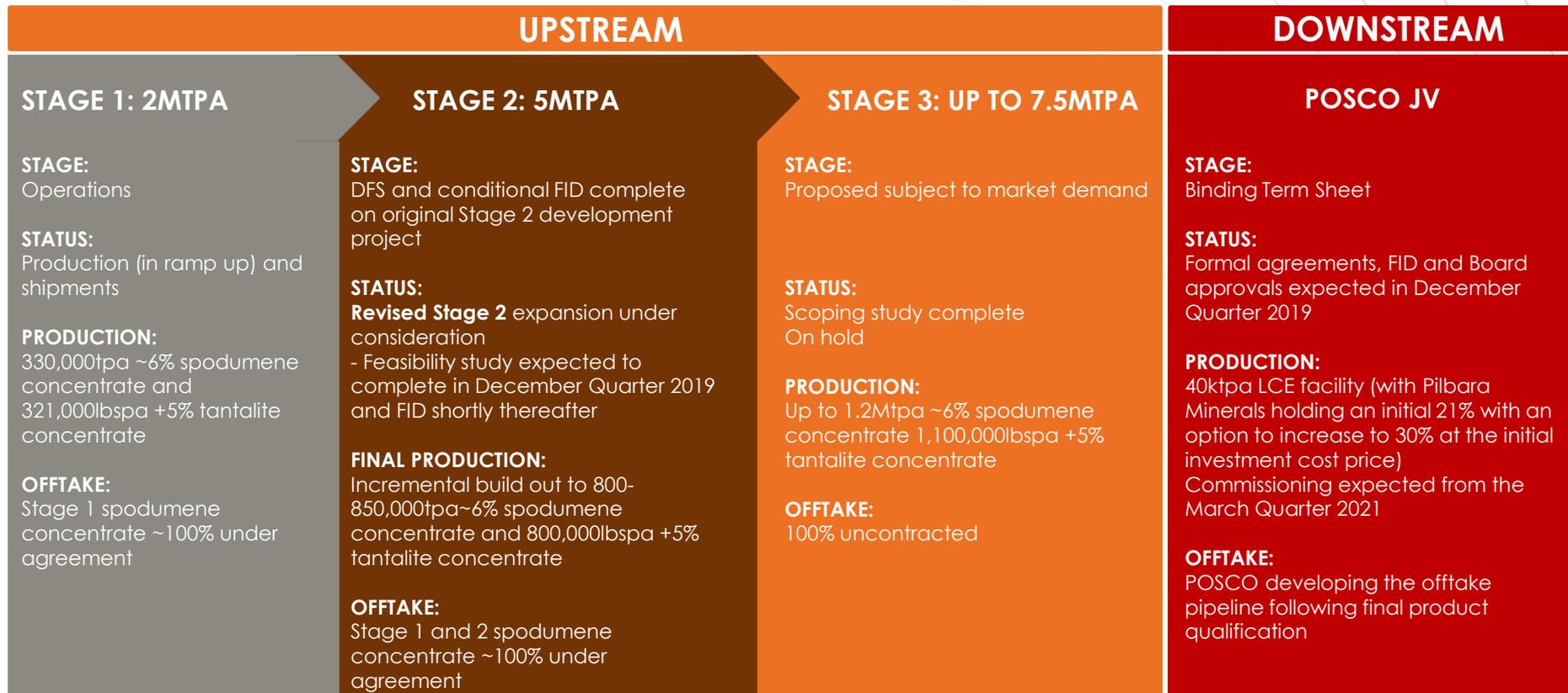
One of the largest spodumene-tantalite resources in the world

- Pilgangoora is a lithium-tantalum project located 120km from Port Hedland in Western Australia's resource rich Pilbara region
- First concentrate was produced in the 2Q 2018
- Expansion of the Project to be achieved through three stages:
  - **Stage 1:** 2Mtpa (330ktpa spodumene concentrate) – currently in ramp-up to achieve nameplate capacity
  - **Stage 2:** 5Mtpa (800ktpa spodumene concentrate) – feasibility studies progressing a revised approach to incrementally develop Stage 2 to match customer demand
  - **Stage 3:** Up to 7.5Mtpa (1.2Mtpa spodumene concentrate) – Scoping study complete, currently on hold
- Traditional open-pit mining via conventional drill-and-blast and load-and-haul methods
- High quality customers to underpin Stage 1 and Stage 2 production including: Great Wall Motors, Ganfeng Lithium, General Lithium and POSCO
- Project infrastructure includes non-process infrastructure; 500 room camp facility, 17MW diesel Power Station and water supply via bores
- Onsite processing includes a spodumene and tantalite concentrate plant and associated Tailings Management Facility
- Spodumene concentrate is trucked to Port Hedland in sealed containers and loaded onto ships using Public Berth #2



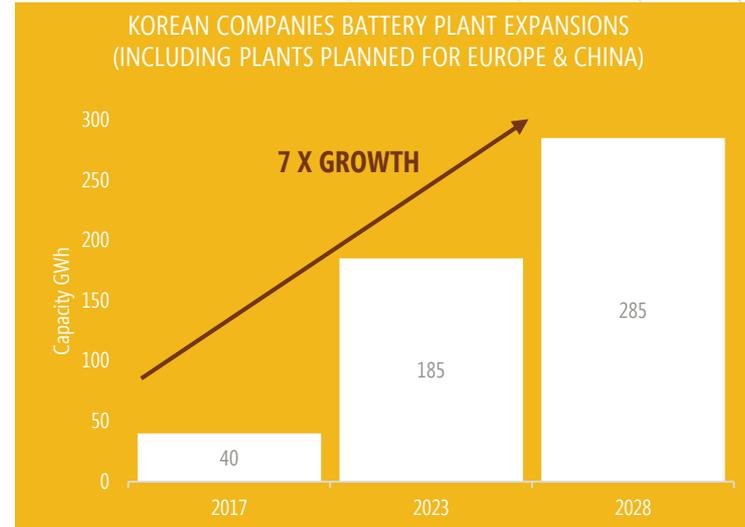
# Exceptional growth opportunity

A clear expansion pathway to meet customer growth requirements over time



# Pilgangoora and POSCO

Interconnected hard rock supply and hydroxide to feed the growing South Korean market



Source: Benchmark Minerals Intelligence (October 2018)

- South Korea expected to be a significant player in the global battery supply chain ~25 % of worldwide capacity by 2028
- Pilbara Minerals' first position in the downstream supply chain through hydroxide production
- Up to 30% JV in chemical conversion facility in South Korea with the capacity of 40ktpa (LCE basis)

# High quality customers & product offtake

Pilbara Minerals has sold Stage 1 and Stage 2 spodumene production to world-class customers



China's largest fully integrated lithium company



General Lithium Corporation

Major producer of lithium chemicals in China



China's largest SUV and pickup manufacturer



Biggest steel producer in South Korea and major investor in raw materials and value-added battery raw materials product development



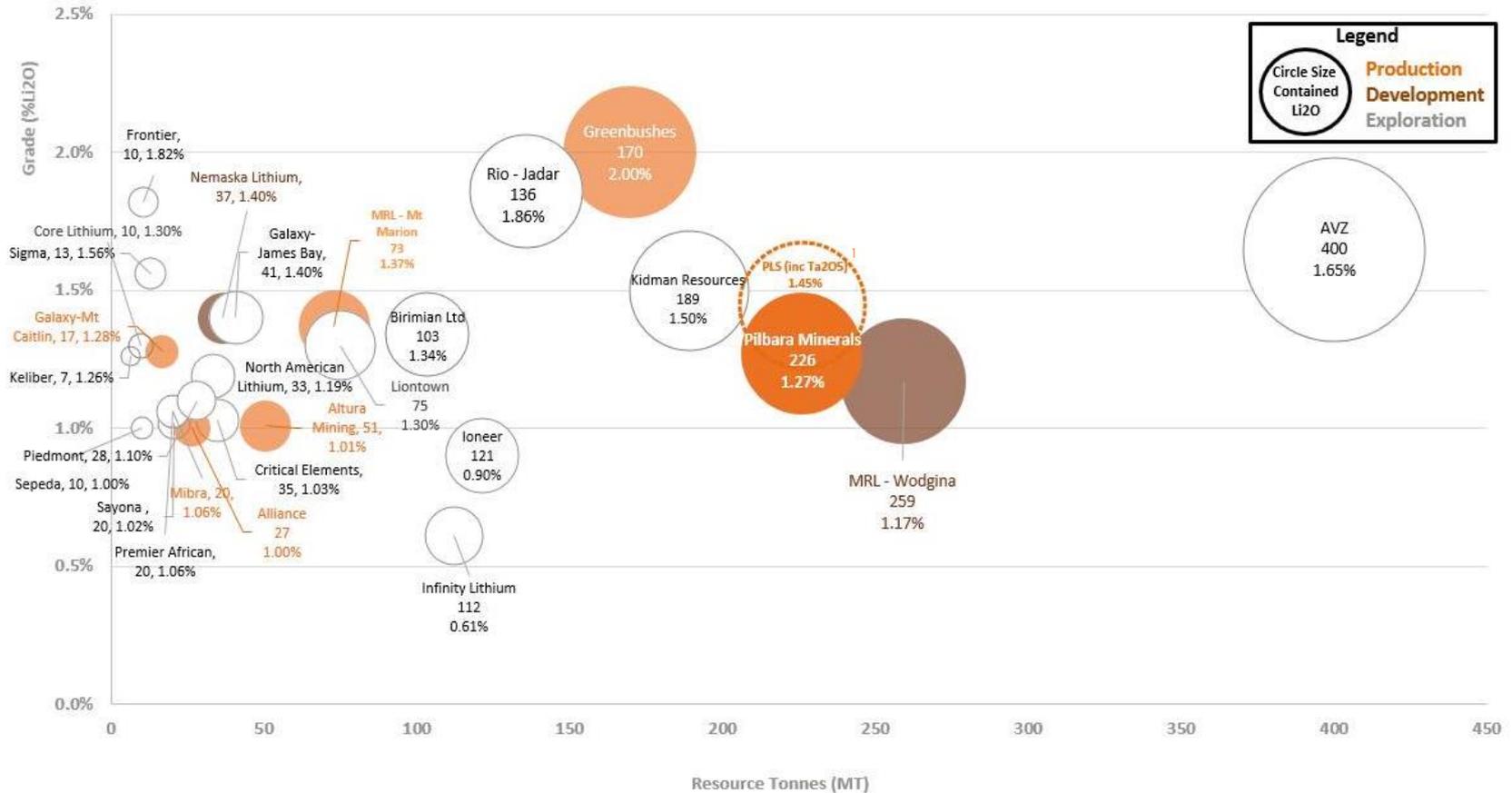
China's largest EV battery manufacturer – whilst not an existing customer, has indicated a willingness to provide commercial support to the Company by purchasing Pilbara Minerals' spodumene concentrate product which may become available under its existing offtake agreements or otherwise<sup>1</sup>

- Pilbara Minerals has secured long-term offtake to underpin Stage 1 and Stage 2 production with high quality customers (see LHS)
- Concentrator has delivered high grade product during commissioning and ramp-up of Stage 1, demonstrating validity of process flow sheet
- Independent test certificates verify +6% Li<sub>2</sub>O concentrate with Fe<sub>2</sub>O<sub>3</sub> levels well below required thresholds



1. Subject to mutual commercial agreement and parties entering into an offtake agreement

# Pilgangoora – a globally significant hard rock lithium resource



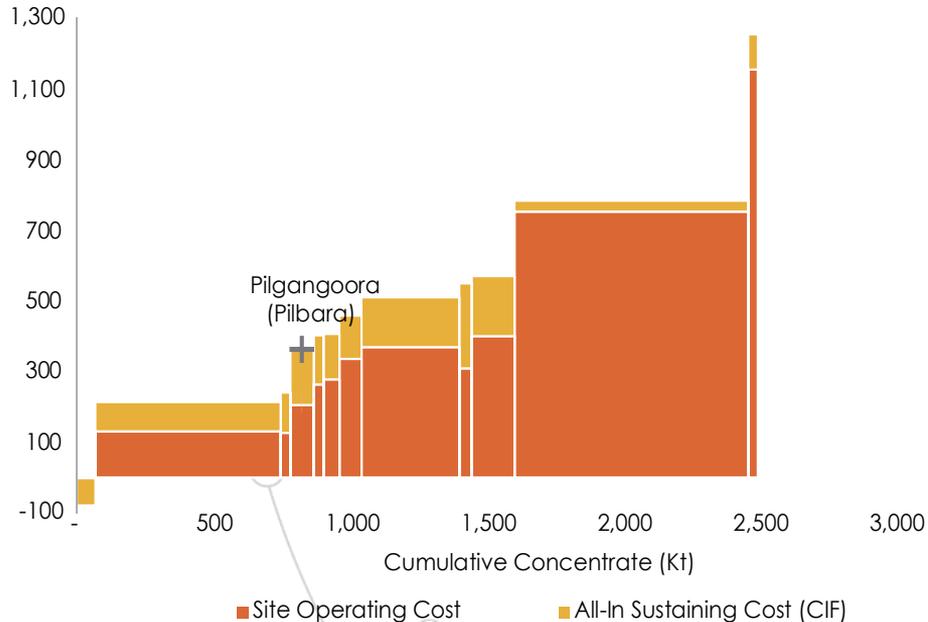
Sourced from respective company announcements.

1. Pilbara Minerals Resource endowment with Ta<sub>2</sub>O<sub>5</sub> converted to Li<sub>2</sub>O assuming a revenue factor of 13.8% for Ta<sub>2</sub>O<sub>5</sub> based on Stage 2 DFS.

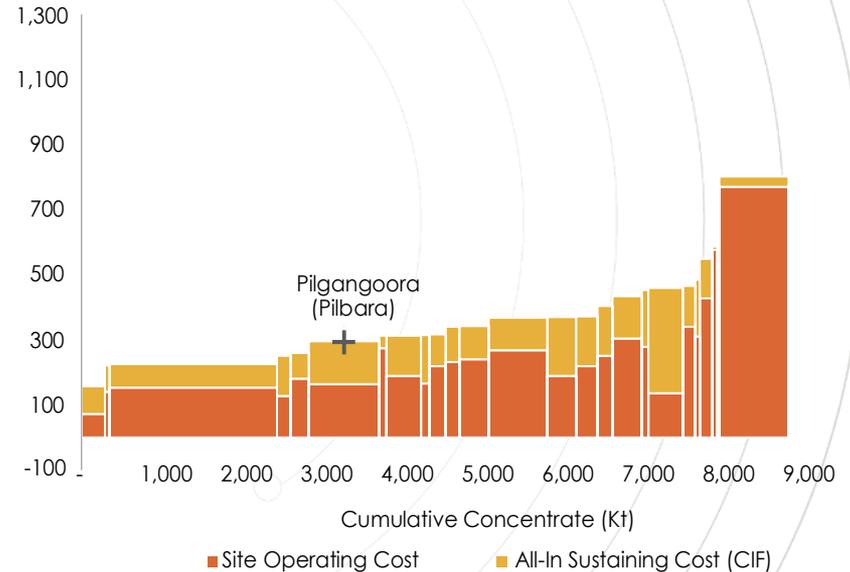
# A low-cost hard rock lithium operation

Based upon Roskill's most recent lithium cost model, Pilgangoora is expected to be positioned favourably on the global spodumene cost curve

**2018 spodumene concentrate cost curve**  
US\$/t spodumene 6%, CIF real 2019



**2023 spodumene concentrate cost curve**  
US\$/t spodumene 6%, CIF real 2019



Source: Roskill Lithium Cost Model. Note: Cost curves have been provided by Roskill – Roskill's costing methodology differs from Pilbara Minerals' internal estimates.



# Appendix A

## Supporting information on Pilbara Minerals

# Experienced board of directors



**Tony Kiernan AM**  
Non-Executive Chairman

Highly experienced company director and former solicitor with over 35 years' in the management and operation of listed public companies. Currently Chairman and a non-executive director of several ASX-listed resource companies.



**Ken Brinsden**  
Managing Director & CEO

Mining engineer with over 25 years' experience including mine management, production, and brown-fields and green-fields project development. Previously MD of ASX listed Atlas Iron Ltd contributing to its growth from junior explorer to significant Pilbara iron ore producer.



**Nick Cernotta**  
Non-Executive Director

Highly experienced mining executive with over 30 years' mining experience across a range of commodities. Recently the Director of Operations with Fortescue Metals Group (FMG) and previously the Chief Operating Officer for Macmahon Holdings Limited.



**Sally-Anne Layman**  
Non-Executive Director

Mining engineer, corporate financier and advisor. Ms Layman has 23 years' experience in exploration, mining and finance and over 16 years of successfully identifying and closing over \$1.8 billion in financial deals and equity investments across six continents and more than 20 countries.



**Steve Scudamore**  
Non-Executive Director

Highly experienced public company director. His career includes more than three decades with KPMG incl. senior roles in Australia, London and Papua New Guinea. Currently holding several other board roles incl. Chairman of MDA National Insurance.

# Pilbara Minerals – connected to the entire supply chain



# Stage 1 – production summary

Mine production and product shipped during FY19

## Production

	Units	Q4 FY18	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	FY19 Total
<b>Direct shipping ore (DSO) sold</b>	<i>wmt</i>	145,974	205,766	0 <sup>1</sup>	0 <sup>1</sup>	0 <sup>1</sup>	205,766
<b>Spodumene concentrate produced</b>	<i>dmt</i>	-	11,015	47,859	52,196	63,782	174,852
<b>Spodumene concentrate shipped</b>	<i>dmt</i>	-	0	46,598	38,562	43,214	128,373
<b>Tantalite concentrate produced</b>	<i>lb</i>	-	22,151	56,663	33,374	67,075	180,077
<b>Tantalite concentrate sold</b>	<i>lb</i>	-	7,378	27,821	30,356	38,538 <sup>2</sup>	104,062 <sup>2</sup>

<sup>1</sup> The DSO program was suspended in Q2 FY19.

<sup>2</sup> Sales estimates pending final assays results.

## Stocks

	Units	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19
<b>ROM stockpile</b>	<i>wmt</i>	N/A <sup>1</sup>	487,292	520,606	685,912
<b>Coarse ore stockpile</b>	<i>wmt</i>	N/A <sup>1</sup>	82,430	96,139	83,620
<b>Spodumene concentrate stocks</b>	<i>dmt</i>	17,677 <sup>2</sup>	17,266 <sup>2</sup>	30,900 <sup>2</sup>	51,468 <sup>2</sup>
<b>Tantalite concentrate product stocks</b>	<i>lb</i>	14,774	43,616	46,634	75,171

<sup>1</sup> No previous reporting for period due to completion of build and commissioning phase.

<sup>2</sup> Includes lower-specification stocks produced (incl. tonnes produced during initial commissioning phase), which are expected to be sold or blended to SC6.0 product over time.

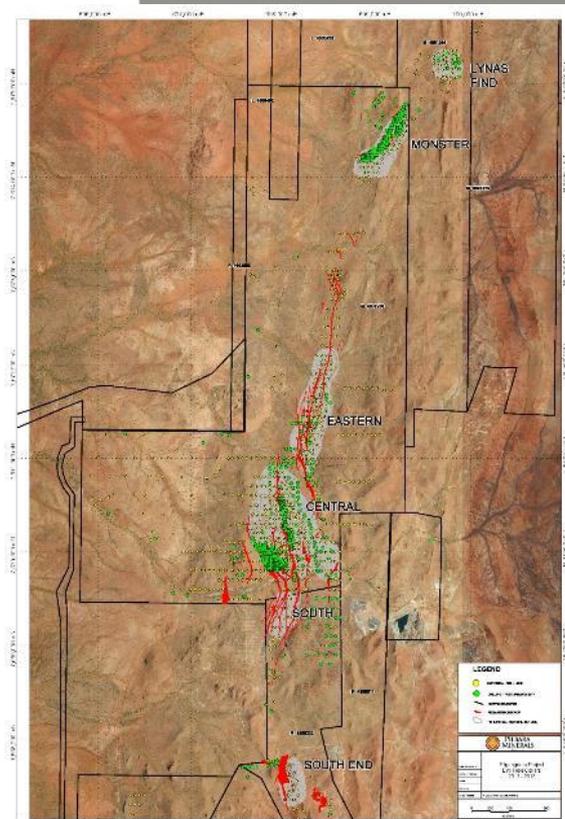
# Resources and reserves

## JORC Mineral Resource Estimate - September 2018 (using 0.2% Li<sub>2</sub>O cut off grade)<sup>1</sup>

CATEGORY	TONNAGE (MT)	Li <sub>2</sub> O (%)	TA <sub>2</sub> O <sub>5</sub> (PPM)	Li <sub>2</sub> O (T)	TA <sub>2</sub> O <sub>5</sub> (MLBS)	FACTORED FE <sub>2</sub> O <sub>3</sub> (%)
Measured	22.8	1.38	145	314,000	7.3	0.44
Indicated	112.8	1.29	119	1,456,000	29.5	0.57
<b>Sub-total M&amp;I</b>	<b>135.6</b>	<b>1.31</b>	<b>123</b>	<b>1,770,000</b>	<b>36.8</b>	<b>0.55</b>
Inferred	90.4	1.21	105	1,094,000	20.8	0.67
<b>TOTAL</b>	<b>226.0</b>	<b>1.27</b>	<b>116</b>	<b>2,864,000</b>	<b>57.7</b>	<b>0.60</b>

## JORC Ore Reserve Estimate - September 2018<sup>1</sup>

CATEGORY	TONNAGE (MT)	Li <sub>2</sub> O (%)	TA <sub>2</sub> O <sub>5</sub> (PPM)	FE <sub>2</sub> O <sub>3</sub> (%)	Li <sub>2</sub> O (MT)	TA <sub>2</sub> O <sub>5</sub> (MLBS)
PROVED	22.1	1.30	135	1.11	0.29	6.6
PROBABLE	86.1	1.24	116	1.19	1.07	21.9
<b>TOTAL</b>	<b>108.2</b>	<b>1.25</b>	<b>120</b>	<b>1.17</b>	<b>1.36</b>	<b>28.5</b>



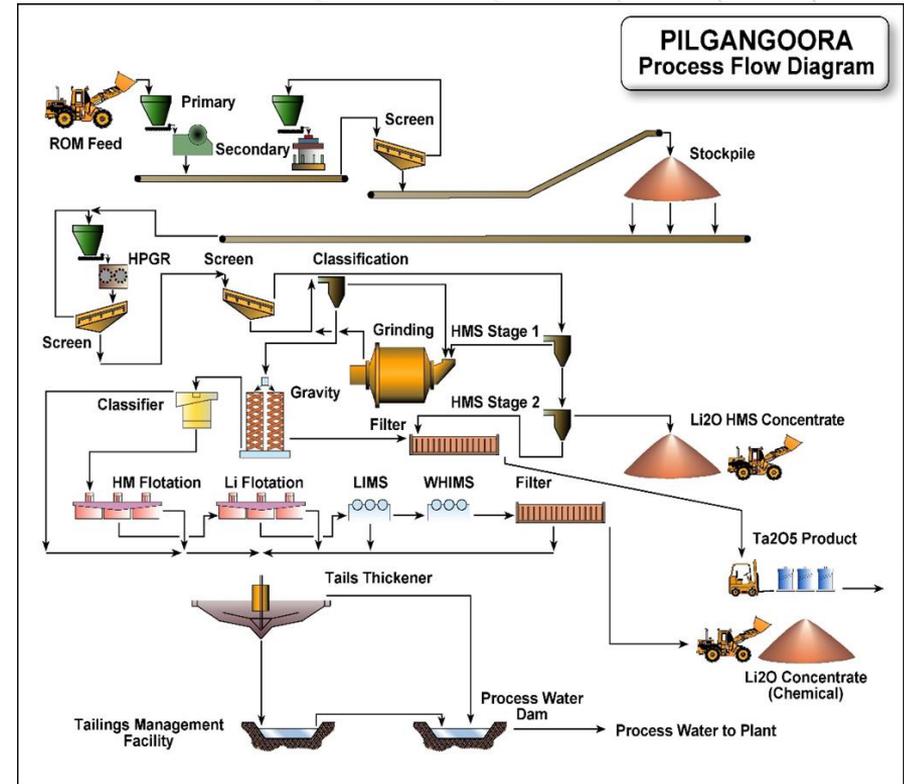
Resource drilling locations 2018

1. Refer to Reserve and Resource announcement at 17 September 2018. The Company confirms it is not aware of any new information or data that materially affects the information included in the calculation of the Resource and Reserve and that all material assumptions and technical parameters continue to apply and have not materially changed.

# Stage 1 Pilgangoora processing

## Spodumene and tantalite concentrate recovery

- **Spodumene concentrate** contains lithium in the form of lithia ( $\text{Li}_2\text{O}$ ), recovered at the mine via the concentrator:
  - 2-stage heavy media separation for coarse spodumene concentrate
  - oxide flotation for fine spodumene concentrate
  - high-grade 6%  $\text{Li}_2\text{O}$  (SC6.0 specification) produced
- **Tantalite concentrate** ( $\text{Ta}_2\text{O}_5$ ) contains tantalum:
  - Recovered in the concentrator's 'gravity' circuit
  - Tantalum used primarily in the electronics industry in the form of capacitors
  - Also used in the medical and aerospace industries



A wide-angle photograph of a large industrial lithium processing plant. The scene is dominated by a long, elevated conveyor belt system in the foreground, supported by a complex network of steel beams and pillars. In the background, several tall, multi-story processing towers are visible, each with its own set of ladders and walkways. The sky is filled with dramatic, dark clouds, with a bright, golden light source (the sun) breaking through near the horizon, creating a strong silhouette effect on the industrial structures. The ground in the foreground is a flat, reddish-brown dirt area, typical of an arid mining region. The overall atmosphere is one of industrial scale and natural beauty.

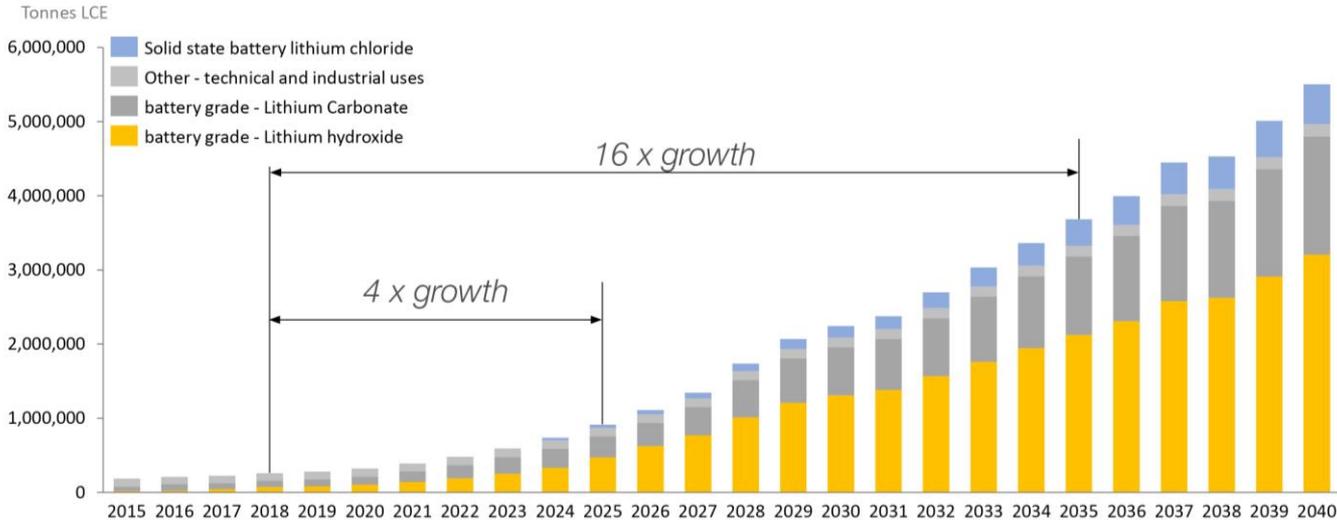
## Appendix B

### Lithium market overview

# Future lithium raw material supply

Lithium hydroxide is expected to become the sought-after product for battery manufacturers presenting a significant opportunity for hard rock lithium projects

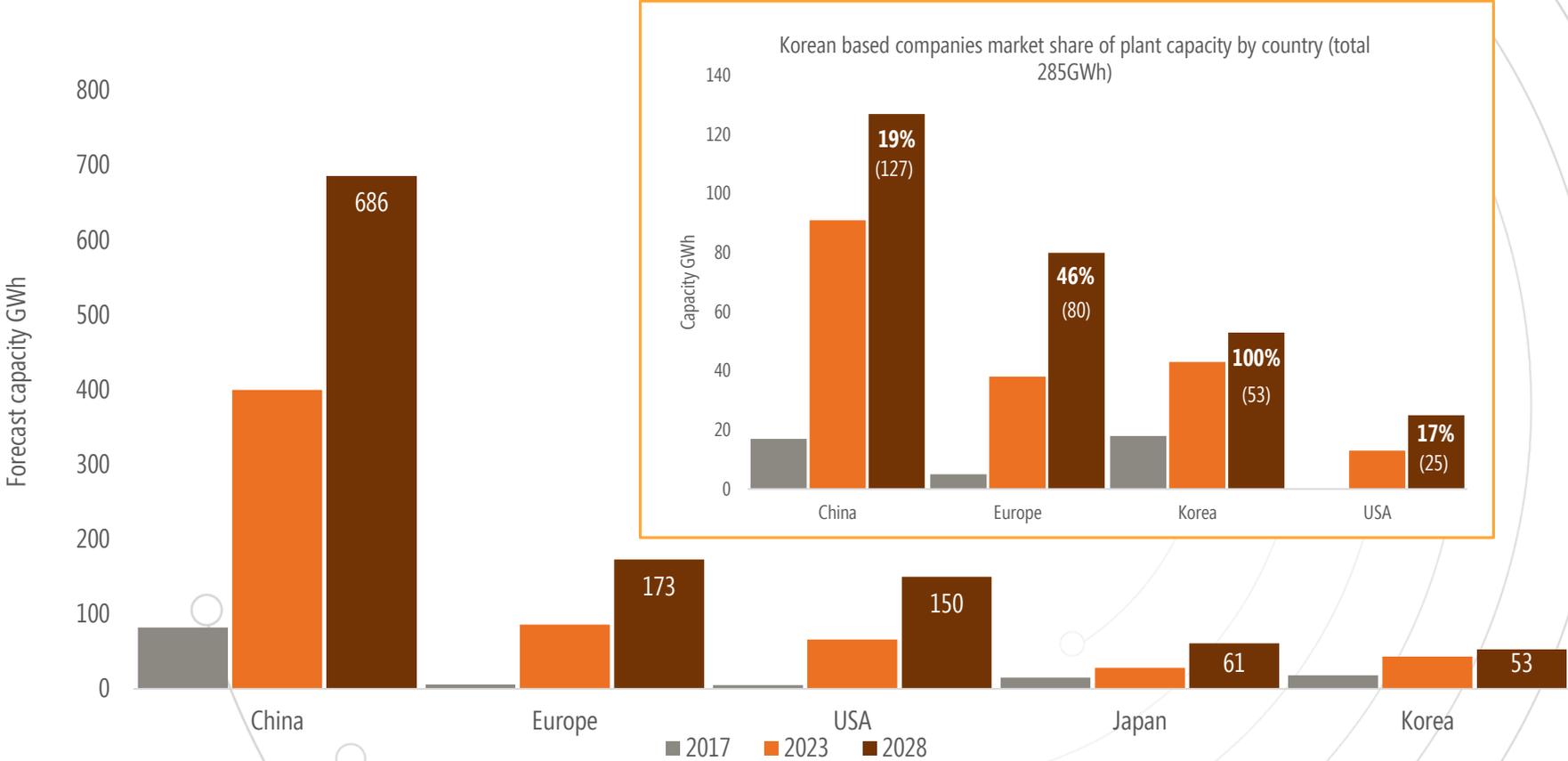
## Forecast for lithium demand by lithium chemical production across all sectors



BENCHMARK MINERAL INTELLIGENCE – MINERAL RESOURCES LIMITED – JULY 2018

A stable supply of hard rock lithium for the manufacturer of high quality batteries to feed the growing EV and energy storage sectors.

# Global battery plant pipeline by plant location



Battery plant total and forecast capacity by country

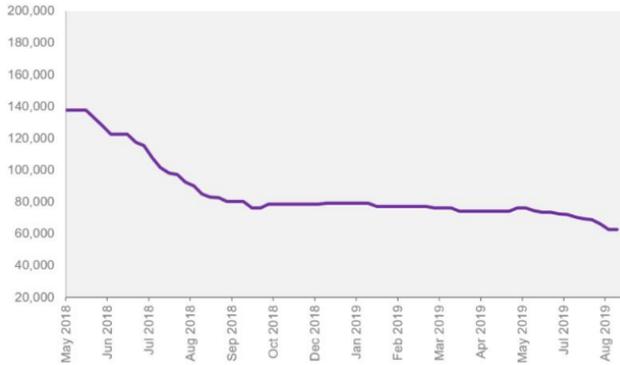
Source: Benchmark Minerals Intelligence (October 2018)

# Global lithium chemicals pricing

Source: FastMarkets, August 2019

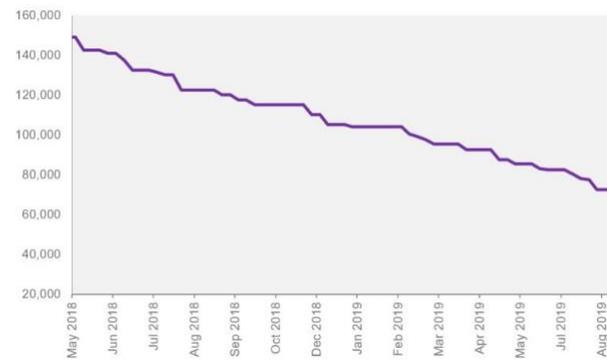
## Lithium carbonate ex-works domestic China

Lithium carbonate min 99.5% Li<sub>2</sub>CO<sub>3</sub> battery grade, ex-works domestic China, yuan/t (midpoint)



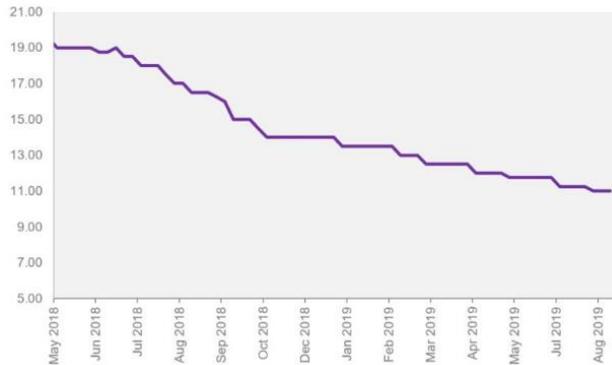
## Lithium hydroxide ex-works domestic China

Lithium hydroxide monohydrate min 56.5% LiOH.H<sub>2</sub>O battery grade, ex-works domestic China, yuan/t (midpoint)



## Lithium carbonate CIF China, Japan and Korea

Lithium carbonate min 99.5% Li<sub>2</sub>CO<sub>3</sub> battery grade, CIF China, Japan & Korea, US\$/kg (midpoint)



## Lithium hydroxide CIF China, Japan and Korea

Lithium hydroxide monohydrate min 56.5% LiOH2O battery grade, CIF China, Japan & Korea, US\$/kg (midpoint)

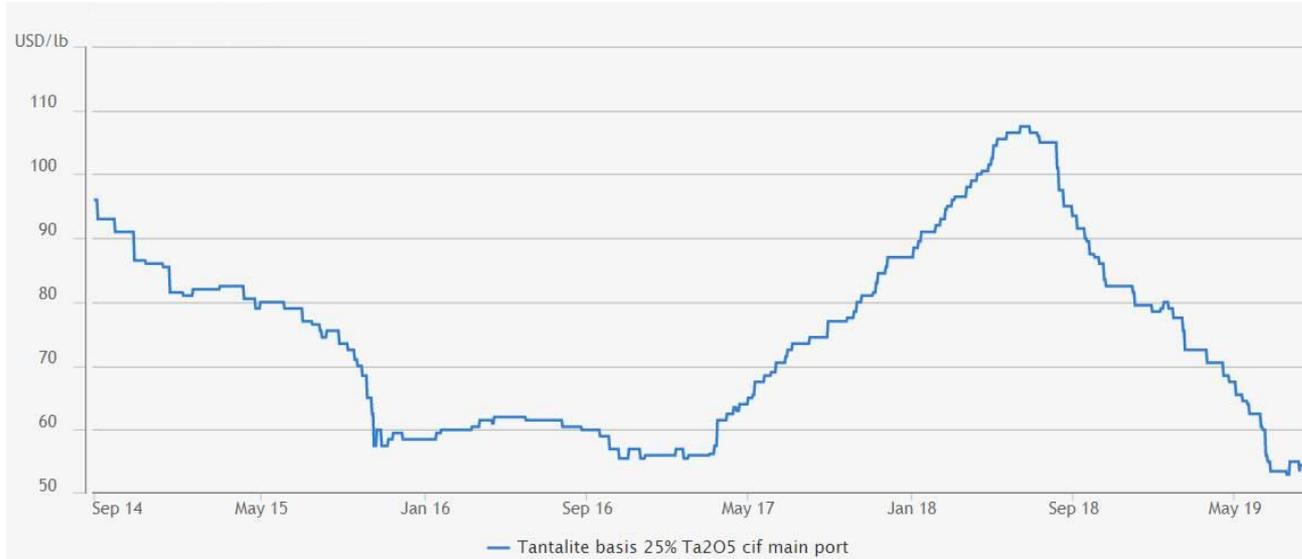


China domestic pricing under pressure for the last 18 months as a function of central gov't subsidy changes  
 Ex-China pricing weakening (even in the face of increasing demand), as export capacity comes out of China to Japan and Korea

# Global tantalite pricing

Source: Argus Media, August 2019

## Tantalite pricing (25% Ta<sub>2</sub>O<sub>5</sub> CIF main port)



A photograph of an industrial facility, possibly a refinery or chemical plant, during sunset. The sky is filled with dramatic, dark clouds illuminated from below by the setting sun, creating a golden glow. In the foreground, a complex network of metal structures, including walkways with yellow railings and large storage tanks, is visible. The ground is a mix of dirt and concrete. The overall scene conveys a sense of industrial scale and activity.

## Appendix C

### Investment risks

# Investment risks

## Ramp-up of Pilgangoora 2Mtpa, Stage 1 Project

- The development of Stage 1 of the Pilgangoora Project is progressing with commercial production declared on 1 April 2019. The Company is now focusing on ramp-up and optimisation of the processing plant to achieve nameplate capacity, inclusive of production output and recoveries. While the Company aims to achieve this by implementing a number of rectifications and improvement projects to optimise recoveries by enhancing iron removal and lithia recovery, there can be no guarantee that nameplate capacity and recovery will be fully achieved or in the timeframe contemplated. There is a risk that where production is less than the designed recovery rate of ~75% (averaged across ore domains), operating costs may increase and/or total production may be limited below the designed 330ktpa output. To date, the Company has achieved recoveries up to 55%. Design recoveries are based on test work (including pilot scale test work) that has shown that design lithia recovery is dependent on the type of ore feed to the plant in any given period and could be in the range of 72% to 78% lithia recovery. Following the successful completion of plant rectification and improvement works (during both the September and December Quarters), and continuous operation of the process plant for optimisation, design recoveries are aimed to be achieved.
- As with all processing operations, the Company may also experience practical and technical challenges with its processing plant. Any prolonged outage or shutdown due to technical problems or otherwise could substantially increase production costs, impact revenue or the saleability of its product.

## Proposed expansion of Pilgangoora Project, Stage 2

- The proposed expansion of the Pilgangoora Project (including the proposed expansion under Stage 2 to 5Mtpa) may exceed the currently envisaged timeframes and/or costs for a variety of reasons out of the control of Pilbara Minerals, including delays in obtaining funding, tenure and land use, access to infrastructure and port facilities, procurement and delivery, mining activity, environmental or planning approvals or in construction of necessary mine and processing plant infrastructure. Key milestones will need to be met in a timely fashion for production to commence in accordance with any proposed project expansion and there is a risk that circumstances (including unforeseen circumstances) may cause a delay, resulting in the receipt of revenue at a later date than expected or not at all.
- There is also a risk that customer demand for future sales and market conditions may not support the continued expansion of the Pilgangoora Project. No assurance can be given that future sales and market conditions will sustain such expansions. The Company will only proceed with the proposed Stage 2 expansion provided any new production is supported by offtake agreements and customer demand.

## Future capital needs and additional funding

- It is envisaged that the Company's current funding requirements for the feasibility study for the Revised Stage 2 expansion and the Company's funding obligations under the proposed POSCO downstream joint venture in South Korea will be met by a combination of sources including existing cash reserves, cashflow from Stage 1 operations, subscription proceeds from POSCO under the \$79.6 million convertible bond and the proceeds from the proposed Equity Raising and, if necessary, the Company's existing US\$15 million BNP working capital facility which is yet to be drawn down. The \$55 million placement to CATL is conditional on the receipt of PRC regulatory approvals and the second tranche of this placement of \$35 million is conditional on Pilbara Minerals obtaining shareholder approval for the purposes of Listing Rule 7.1. Whilst the parties have undertaken to use their best endeavours to obtain the PRC regulatory approvals and shareholder approval, there can be no assurance that both of these conditions will be satisfied by the required deadline, and where one or both of those conditions are not satisfied, Pilbara Minerals will not be able to raise the full proceeds from the placement to CATL and additional funding will be required to meet the funding purposes stated in this presentation. Furthermore, additional funding will likely be required for the development of the Stage 2 expansion (including its initial phase in respect of the production of an additional 100ktpa of spodumene concentrate) and any further expansion of the Pilgangoora Project. The availability and terms of financing for development stage mining assets is inherently uncertain, particularly in a commodity such as lithium with rapidly and materially changing supply and demand dynamics. There can be no assurance that financing will be available, or that, if available, the terms of such financing will be favourable to Pilbara Minerals. Any debt financing would require the consent of senior secured bondholders under the Company's existing senior secured bonds. If Pilbara Minerals obtains debt financing, it will be exposed to the risk of leverage and its activities could become subject to restrictive loan covenants and undertakings. If Pilbara Minerals obtains equity financing, existing Shareholders may suffer dilution.

# Investment risks

## Lithium and tantalum market

- The Pilgangoora Project currently produces and sells spodumene concentrate and tantalite concentrate. Demand for, and pricing of, spodumene concentrate is sensitive to a variety of external factors, most of which are beyond Pilbara Minerals' control. In particular, the supply and demand of spodumene concentrate is changing rapidly in response to the growth in manufacturing of electric vehicles. There is a risk that the growth in electric vehicle production does not proceed at a sufficient or similar rate to support future growth in spodumene concentrate supply. As a result, there is a risk that the long-term spodumene concentrate price could settle at a point that could materially affect Pilbara Minerals' financial performance in the future and its ability to comply with its obligations under the Company's existing senior secured bonds.
- Declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project or expansion. Such reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations or proposed expansions until the reassessment can be completed. Spodumene concentrate is not a commodity for which hedging or derivative transactions can be used to manage commodity price risk.
- The Pilgangoora Project also currently produces and sells tantalum concentrate as a by-product. Similar risks and considerations therefore apply to the market for tantalum.

## Reliance on Chinese market

- The Chinese market is a significant source of global demand for lithium minerals and chemicals. The growth rate for demand in China has significantly moderated as government has reduced subsidies including on electric vehicles. The Company's exposure to China's economic position and economic policies is potentially significant. If economic growth in China slows it would result in lower prices and demand of the Company's products reducing projected revenues and earnings.

## Offtake risk

- The offtake agreements for Stage 2 are conditional on fulfilment of conditions precedent including necessary approvals for Stage 2 and the Company securing funding and making a final investment decision for Stage 2.
- The Company's operations and revenues are also dependent on the counterparties to existing and future offtake agreements performing their obligations. If counterparties do not take their obligated quantities of product or seek to renegotiate the price or quantity of product, the Company's profitability could be adversely affected. The risk of non-performance or attempted renegotiation of terms by the Company's offtake customers is enhanced by the prevailing demand and pricing sensitivities currently impacting the global market for lithium products. The Company has sought to mitigate offtake party risk by diversifying its customers across industries in the lithium supply chain (chemical converters and original equipment manufacturers) and across both China and South Korea.
- Due to market conditions and delays in Stage 1 offtake customers bringing their own chemical conversion capacity online, the Company's offtake customers have taken annual tonnages less than their full offtake commitments for CY2019. The Company has chosen to work with its long term offtake customers to manage their compliance with offtake agreements by agreeing reduced delivery schedules for CY2019 as well as diversifying its sales with other customers. The Company expects its Stage 1 offtake customers to comply with the revised delivery schedules for CY2019 in line with sales guidance provided for the remainder of CY2019 and to materially comply with their annual offtake commitments from CY2020. However, if one or more customers default and/or one of more offtake agreements are otherwise terminated, there can be no assurance that the Company will find a new counterparty willing to enter into a replacement offtake agreement with similar pricing, quantity or terms. In such circumstances, the Company would most likely reallocate tonnage from those Stage 1 customers to Stage 2 customers and modify its incremental expansion program for Stage 2.
- Furthermore, the Company's customer offtake agreements require a minimum product specification for product grade and maximum impurity levels. If the Company is not able to achieve the required product specification to satisfy the customer offtake agreements, there is no guarantee the Company will be able to sell its product. There is no certainty or assurance that the Company will be able to continuously meet product specifications particularly on account of the inherent risks associated the extraction and processing of ore.

# Investment risks

## Senior Secured Bond

- The Company has entered into a senior secured bond for the issuance of US\$100 million in Nordic bonds (refer to ASX release dated 13 June 2017). Pilgangoora Operations Pty Ltd, a wholly-owned subsidiary of the Company, as owner of the Pilgangoora Project and issuer of the bonds is required make scheduled payments of capital and interest and meet its obligation under the Bonds. The issuer's ability to meet these obligations will depend on the future financial performance of the Company and the issuer which can be affected by a range of economic, competitive, governmental, operating and other business factors which cannot be controlled by the Company including the risk factors discussed herein. This could lead to enforcement of security interests held by the bond trustee over the assets of the Pilgangoora Project.

## Stage 2 expansion studies

- Pilbara Minerals has completed a definitive feasibility study in respect of the existing Stage 2 expansion of the Pilgangoora Project and has undertaken technical studies in respect of an incremental and phased development of the Stage 2 expansion (referred to in this document as 'Revised Stage 2'), including a scoping study for the first phase of the Revised Stage 2 expansion with Primero Group. Pilbara Minerals will need to undertake further detailed studies regarding the Revised Stage 2 expansion before making any decision to pursue the revised approach for the Stage 2 expansion. There can be no certainty that the studies will confirm the technical and economic viability of the Revised Stage 2 expansion or confirm the results of the definitive feasibility study previously undertaken by Pilbara Minerals for the Stage 2 expansion.
- In the event Pilbara Minerals resolves to undertake the Revised Stage 2 expansion, Pilbara Minerals will need to restructure its existing offtake and prepayment arrangements for the Stage 2 project to ensure the delivery requirements of its current offtake customers will be met through the proposed staged delivery of an incremental increase in the rate of production. While the Company's offtake customers are supportive of the Revised Stage 2 delivery given construction delays and timing for ramp-up of their owned conversion facilities, there can be no certainty Pilbara Minerals will be able to agree either revised prepayment terms and/or a revised delivery schedule with its existing offtake customers. A failure to reach agreement in respect of any necessary amendments to an offtake agreement or a prepayment facility may result in the termination of those arrangements. Prepayment agreements are also subject to 30 September 2019 "sunset" dates relating to the satisfaction of certain condition precedent (e.g. Final Investment Decision for Stage 2). Pilbara Minerals will seek an extension to these sunset dates if required.

## Production, capital and operating costs

- The value of Pilbara Minerals today, and the future financial performance and position of Pilbara Minerals, is dependent on estimates of future production and capital and operating costs. Pilbara Minerals' main operating expenses are expected to be contractor costs, materials and reagents, personnel costs and energy. Pilbara Minerals' main capital costs will be the development capital expenditure for the Pilgangoora Project and for any future expansions contemplated including the Stage 2 expansion. Pilbara Minerals expects that certain costs may be incurred in foreign currencies. While due care has been taken in estimating the production and capital and operating costs, changes in the costs of Pilbara Minerals' mining and processing operations as well as its capital and operating costs could occur as a result of unforeseen events, including international and local economic and political events, and could result in changes in lithium reserve estimates. Certain materials and reagents that will be required for the processing operations are specialist items and may become difficult to procure and/or the price of these specialist materials and reagents may increase as a result of increased future demand. Many of these factors are beyond Pilbara Minerals' control. In addition, capital cost estimates are based on conceptual engineering designs and certain assumptions around construction approaches and procurement strategies. There may be a material change to the estimates once the estimates are updated to reflect the requirements of any project financiers or the finalisation of construction approaches and procurement strategies. In past resources cycles, operating and capital costs have tended to increase as commodity prices have increased. Therefore, Pilbara Minerals may be faced with higher than currently expected production and operating costs in the future.

# Investment risks

## POSCO Joint Venture

- The proposed joint venture with POSCO is subject to a number of conditions precedent, which are detailed in the Company's ASX announcement dated 27 August 2019, "Pilbara Minerals Executes Binding Terms Sheet for Lithium Chemicals Downstream Joint Venture with POSCO". There is no certainty each of the conditions precedent will be satisfied or waived by the applicable deadline or in the absence of satisfaction or waiver that the parties will agree an extension to the applicable deadline. In such circumstances the proposed joint venture will not proceed.
- In addition, the arrangement will be subject to the risks normally associated with the conduct of joint ventures, which in turn could have a material impact on the viability of Pilbara Minerals' interest in the joint venture and on Pilbara Minerals' financial results or condition. Such risks may include, inability to exert influence over certain strategic decisions made in respect of the joint venture or conversion plant; disagreement with POSCO on how to develop or operate the conversion plant or any future variation or expansion to the conversion plant (which may also impact on Pilbara Minerals' ability to raise appropriate finance); inability of participants to meet their obligations to the joint venture or third parties; and, litigation between participants regarding joint venture matters.
- Under the proposed joint venture agreement, Pilbara Minerals may appoint one director to the joint venture company's board and may appoint a further director in the event it exercises its option to increase its joint venture interest from 21% to 30%. Day to day decision making is vested with the board of directors and Pilbara Minerals will only obtain the ability to veto certain reserved matters in the event it increases its interest to 30% or more. Pilbara Minerals' joint venture interest may be diluted if it elects to, or fails to, contribute to additional costs over and above budgeted expenditure associated with the proposed development or a proposed expansion of the conversion plant. If Pilbara Minerals' interest is diluted, Pilbara Minerals may lose one or both of its nominee director positions and its power to contribute to or influence any decision making in respect of the joint venture, including in respect of reserved matters. Further, under the proposed joint venture agreement, in the event that a shareholder is in default (which includes a payment default) which is not remedied, there are provisions which allow the non-defaulting shareholder to call for a transfer of the defaulting shareholder's joint venture interest or require the defaulting shareholder to acquire the joint venture interest of the non-defaulting shareholder, in each case for a transfer price based on fair market value.

## Estimates of ore reserves and mineral resources

- Ore reserve and mineral resource assessments involve elements of estimation and judgement. The preparation of these estimates involves application of significant judgement and no assurance of mineral recovery levels or the commercial viability of deposits can be provided. The actual quality and characteristics of mineral deposits cannot be known until mining takes place and will almost always differ from the assumptions used to develop resources. Further, ore reserves are valued based on future costs and future prices and, consequently, the value of actual ore reserves and mineral resources may differ from those estimated, which may result in either a positive or negative effect on operations.

## Material contracts

- The ability of Pilbara Minerals to continue the successful development and operation of the Pilgangoora Project will depend on the performance of the counterparties under various agreements it has entered into or may enter into in future, including various offtake arrangements as noted above, as well as operational contracts such as mining services, power supply and primary crushing. Future expansions and cost estimates associated with those expansions will depend on the performance of counterparties to various construction and service contracts. If any counterparties do not meet their obligations under the respective agreements, this may impact on Pilbara Minerals' business and financial returns.

# Investment risks

## Exploration and development risks generally

- The Company has identified certain exploration targets. The exploration for, and development of, mineral deposits involves a high degree of risk. Few properties which are explored are ultimately developed into producing mines. Resource exploration and development is a speculative business, characterised by a number of significant risks, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but also from finding mineral deposits that, although present, are insufficient in quantity and quality to return a viable profit from production. Whether a mineral deposit will be commercially viable depends on a number of factors, which include, without limitation, the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices (which fluctuate widely), and government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. Pilbara Minerals has relied on and may continue to rely on consultants and others for mineral exploration and exploitation expertise. Pilbara Minerals believes that those consultants and others are competent and that they have carried out their work in accordance with internationally recognised industry standards. However, if the work conducted by those consultants or others is ultimately found to be incorrect or inadequate in any material respect, Pilbara Minerals may experience delays or increased costs in developing its properties.

## Licences, Permits and Approval Risks

- Companies engaged in the development and operation of mines and related facilities are subject to increased costs, and delays in production and other schedules as a result of the need to comply with applicable environment and planning laws, regulations and permitting requirements. While the Company has in place the necessary approvals to operate Stage 1 of the Pilgangoora Project, there can be no assurance that approvals and permits required to commence construction, development or operation of future expansions of the Pilgangoora Project will be obtained. Additional permits, studies and approvals will need to be obtained or completed prior to commencement of construction and operation of any proposed expansions of the Pilgangoora Project. These may include further environmental impact studies conducted before mining approvals and environmental works approvals and permits can be obtained. There can be no assurance that Pilbara Minerals will be able to obtain or maintain all necessary licences, approvals and permits that may be required to commence development or operation of any expansions proposed for the Pilgangoora Project promptly to avoid delays in production and other schedules or on terms which enable operations to be conducted at economically justifiable costs. No assurance can be given that new laws or regulations will not be enacted or that existing laws and regulations will not be applied in a manner which could limit or curtail Pilbara Minerals' activities and ultimate future development or operation of the Pilgangoora Project.

## Reliance on key personnel

- Pilbara Minerals is dependent on a number of key management personnel. Pilbara Minerals' ability to manage its operations and potential development activities will depend in large part on the ability to retain current personnel and attract and retain new personnel with the necessary management and technical expertise. The loss of the services of one or more key management personnel could have a material adverse effect on Pilbara Minerals' ability to manage and expand the business. It may be particularly difficult for Pilbara Minerals to attract and retain suitably qualified and experienced people, given the current high demand in the industry and modest size of Pilbara Minerals, compared with some other industry participants.

## Title to properties

- There can be no assurances that Pilbara Minerals' interest in its properties is free from defects. Pilbara Minerals has investigated its rights and believes that these rights are in good standing. There is no assurance, however, that such rights and title interests will not be revoked or significantly altered to the detriment of Pilbara Minerals. There can be no assurances that Pilbara Minerals' rights and title interests will not be challenged or impugned by third parties. All of the tenements in which Pilbara Minerals has, or may have, an interest are expected to be subject to applications for renewal or grant (as the case may be). The renewal or grant of the term of each tenement requires the approval of the relevant government authority. If a tenement is not renewed or granted, Pilbara Minerals may suffer significant damage.

# Investment risks

## Environmental and Safety Regulations

- Exploration for minerals, development of mines and production of metals can impact the environment and environmental damage may occur that is costly to remedy. If Pilbara Minerals is responsible for any environmental damage, Pilbara Minerals may incur substantial remediation costs or liabilities to third parties.
- Pilbara Minerals may be involved in operations that may be subject to environmental and safety regulation (including regular environmental impact assessments and permitting). This may include a wide variety of matters, such as prevention of waste, pollution and protection of the environment, labour regulations and worker safety. The regulations may change in a manner that may require stricter or additional standards than those currently in effect, a heightened degree of responsibility for companies and their directors and employees and more stringent enforcement of existing laws and regulations. There may also be unforeseen environmental liabilities resulting from exploration and development and operational activities, which may be costly to remedy. In particular, the acceptable level of pollution and the potential clean-up costs and obligations and liability for waste substances for which Pilbara Minerals may become liable as a result of its activities may be difficult to assess against the current legal framework and current enforcement practices. There is no assurance that future changes in environmental regulation will not adversely affect the activities of Pilbara Minerals.
- More specifically, the operations of Pilbara Minerals are subject to extensive environmental, health, and safety regulation relating to the safety and health of employees, the protection of air and water quality, waste management, and mine reclamation in the jurisdictions in which they operate. These regulations establish limits and conditions on the ability of a mining company to conduct its operations. The cost of compliance with these regulations can be significant. The regulatory environment could change in ways that would substantially increase Pilbara Minerals' liability or the costs of compliance and that could have a material effect on the operations or financial position of Pilbara Minerals.

## Native Title and Aboriginal Heritage

- The effect of present laws in respect of native title that apply in Australia is that mining tenements (including applications for mining tenements) may be affected by native title claims or procedures, which may prevent or delay the granting of mining tenements or affect the ability of Pilbara Minerals to explore and develop mining tenements. Commonwealth and state legislation will oblige Pilbara Minerals to identify and protect sites of significance to Aboriginal custom and tradition. Pilbara Minerals' tenements extend over areas in which legitimate common law native title rights of native title claimants may exist. The ability of Pilbara Minerals to gain access to its tenements and to conduct exploration, development and mining operations remains subject to any native title rights and the terms of registered native title agreements. Pilbara Minerals may need to negotiate with any native title claimant for access rights to its tenements. In addition, agreement may need to be reached with native title claimants and/or holders in the event of mining on additional tenements. There may be significant delays and costs associated with these negotiations and to reach agreement acceptable to all relevant parties. In addition, this may potentially disrupt, delay or hinder (as the case may be) Pilbara Minerals' plans for expansion or further exploration. Additionally, Pilbara Minerals may be liable to pay compensation to the native title holders, the extent of which cannot be quantified at this stage.

## Labour risks

- Pilbara Minerals believes that all of its operations have, in general, good relations with their employees and contractors. However, there can be no assurance that the Company's operations or those of its contractors will not be affected by labour related problems in the future, such as disputes for pay raises or increased benefits etc. There are risks associated with staff, no matter where located, acting out of their permitted authority and with contractors not acting in accordance with the Company's policies.

## Insurance

- While Pilbara Minerals obtains insurance against certain risks in such amounts as it considers adequate, the nature of these risks is such that liabilities could exceed policy limits or that certain risks could be excluded from coverage. There are also risks against which Pilbara Minerals cannot insure or against which it may elect not to insure. The potential costs that could be associated with any liabilities not covered by insurance or in excess of insurance coverage may cause substantial delays and require significant capital outlays, adversely affecting Pilbara Minerals' earnings and competitive position in the future and, potentially, its financial position.

# Investment risks

## Disputes and litigation

- Common with all enterprises in the minerals and mining sector, the Company is from time to time exposed to potential or threatened litigation, claims and disputes which are with or without merit. Defence and settlement costs can in some cases be substantial even with respect to claims that lack merit.

## Competition

- The mining industry is intensely competitive in all of its phases and Pilbara Minerals will compete with many companies possessing greater financial and technical resources than Pilbara Minerals. Competition in the minerals and mining industry is primarily for mineral rich properties that can be developed and produced economically; the technical expertise to find, develop, and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties.

## Foreign exchange risk

- Spodumene prices, tantalum prices and various capital equipment purchases, operating inputs and services relating to the Pilgangoora Project are denominated in US dollars. The majority of Pilbara Minerals' expenditure is and will be taken into account in Australian dollars. This exposes Pilbara Minerals to the fluctuations and volatility of the rate of exchange between these currencies as determined by international currency markets.

## GENERAL RISK FACTORS

- As with any entity with listed securities on the ASX, the future prospects, operating and financial performance of Pilbara Minerals and the value of Pilbara Minerals shares are affected by a variety of factors, including:
  - changes in investor sentiment and overall performance of the Australian and international stock markets;
  - changes in general business, industry cycles and economic conditions including inflation, interest rates, exchange rates, commodity prices, employment levels and consumer demand;
  - economic and political risk factors in Australia and overseas including economic growth;
  - changes in legislation and government, fiscal, monetary and regulatory policies including foreign investment and those relating to the mining industry;
  - uncertainty around the likelihood, timing, franking or quantum of future dividends;
  - failure to make or integrate any future acquisitions or business combinations (including the realisation of synergies), significant one-time write-offs or restructuring charges, and unanticipated costs and liabilities;
  - changes in accounting or financial reporting standards; and
  - changes in taxation laws (or their interpretation).
- Deterioration in the general economic conditions, adverse foreign exchange rate movements, the Australian and international stock markets, natural disasters and catastrophic events may also affect Pilbara Minerals' operating and financial performance.
- In addition, the potential costs that could be associated with compliance with applicable laws and regulations may also cause substantial delays and require significant capital outlays, adversely affecting Pilbara Minerals' earnings and competitive position in the future and, potentially, its financial position.

## UNKNOWN RISKS

- Additional risks and uncertainties not currently known to Pilbara Minerals may also have a material adverse effect on Pilbara Minerals' financial and operational performance and the information set out in this document regarding the key operational and investment risks does not purport to be, nor should it be construed as representing, an exhaustive list of the risks.



## Appendix D

### Foreign selling restrictions

# Foreign selling restrictions

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

## Bermuda

The Company is not making any invitation to persons resident in Bermuda for exchange control purposes to subscribe for New Shares.

## Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such New Shares. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

### *Statutory rights of action for damages and rescission*

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the *Securities Act* (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that (a) the Company will not be liable if it proves that the purchaser purchased the New Shares with knowledge of the misrepresentation; (b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of the New Shares as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the New Shares were offered.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

*Certain Canadian income tax considerations.* Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

*Language of documents in Canada.* Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

# Foreign selling restrictions

## European Union

This document has not been, and will not be, registered with or approved by any national securities regulator in the European Union. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Shares in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

## Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

## New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

## Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

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## United Kingdom

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# Pilbara Minerals

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