



PILBARA MINERALS LIMITED

ACN 112-425-788

ASX ANNOUNCEMENT

14 January 2016

TABBA TABBA TANTALUM PROJECT UPDATE

Australian strategic metals company Pilbara Minerals Ltd (ASX: PLS) provides the following update on the **Tabba Tabba Tantalite Project**, located near Port Hedland in WA.

As previously advised, mine and plant construction was completed at Tabba Tabba in November and wet commissioning began in December and continued over the Christmas/New Year period.

During the commissioning process, Pilbara's operational team identified areas of the plant that require modification and rectification in order to allow it to run to optimal (design) levels. These include the ball mill and the coarse recovery section of the plant, namely the primary and secondary jigs.

While the repairs and modifications are not considered to be major, they have prevented the plant from achieving design throughput and achieving a representative recovery rate during commissioning.

Accordingly, the Company has decided to suspend commissioning to allow an engineering assessment to be undertaken with the assistance of independent consulting engineers in order to identify the most timely and cost effective pathway to implement the requisite changes.

As the assessment has only just commenced, the Company is not yet in a position to provide an indication of the time-frame for these works. On receipt of the consulting engineers' report and agreement on the scope of works, the market will be immediately informed of the timetable for recommencement of commissioning.

The Tabba Tabba Plant was designed, constructed, installed, and has until now been operated by the Company's former 50% joint venture partner at the project, Valdrew Nominees Pty Ltd, trading as Nagrom & Co., which also provides services for the management and operation of the plant and ancillary facilities on agreed commercial rates.

Pilbara is moving to terminate its operating arrangements with Nagrom & Co. The Company is also in discussions with Nagrom & Co regarding the cost of any modifications that will be required as a result of the current review and is considering its available legal options in respect to the recovery of such costs from Nagrom & Co, including but not limited to, the offset of such costs against a deferred payment conditionally payable by Pilbara as part of the acquisition of Nagrom & Co's interest in the former joint venture.

Pilbara's Executive Director, Mr Neil Biddle, said the Company would work to resume commissioning at Tabba Tabba as soon as possible, while continuing to focus on advancing its world-class Pilgangoora lithium-tantalum project towards development.

"As we have announced recently, the Pilgangoora Feasibility Study has already commenced with the appointment of key consultants, a major resource upgrade is anticipated later this month and Pre-Feasibility level are financials due in March ahead of the Feasibility Study by mid-year," he said.

ENDS



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About Pilbara Minerals

Pilbara Minerals (“Pilbara” – ASX: PLS) is a mining and exploration company listed on the ASX, specialising in the exploration and development of the specialty metals lithium and tantalum. Pilbara owns 100% of the world class Pilgangoora lithium-tantalite project which is the second largest spodumene (lithium aluminium silicate) project in the world. Pilgangoora is also one of the largest pegmatite hosted tantalite resources in the world and Pilbara proposes to produce tantalite as a by-product of its lithium production.

About Lithium

Lithium is a soft silvery white metal which is highly reactive and does not occur in nature in its elemental form. It has the highest electrochemical potential of all metals, a key property in its role in Lithium ion batteries. In nature it occurs as compounds within hard rock deposits and salt brines. Lithium and its chemical compounds have a wide range of industrial applications resulting in numerous chemical and technical uses. A key growth area is its use in lithium batteries as a power source for a wide range of applications including consumer electronics, power station-domestic-industrial storage, electric vehicles, power tools and almost every application where electricity is currently supplied by fossil fuels.

About Tantalum

The tantalum market is boutique in size with around 1,300 tonnes required each year. Its primary use is in capacitors for consumer electronics, particularly where long battery life and high performance is required such as smart phones, tablets and laptops.

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