

Pilbara Minerals
...Powering a sustainable energy future

ASX / MEDIA ANNOUNCEMENT

MONDAY, 15TH MARCH 2021

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YIBIN TIANYI OFFTAKE AND PRODUCT PREPAYMENT AGREEMENT

US$15M PREPAYMENT TO FUND IMPROVEMENTS WORKS WHICH WILL SUPPORT INCREASED STAGE 1 PRODUCTION; INCREASED OFFTAKE POSITION OF UP TO 115KTPA OF SPODUMENE CONCENTRATE FOR YIBIN TIANYI

HIGHLIGHTS

- US$15M unsecured prepayment to fund Stage 1 improvement works on the Company's existing Pilgangoora Project processing plant (**Plant 1**).
- Prepayment to be provided in support of additional offtake (up to a further 40,000tpa of spodumene concentrate) for Yibin Tianyi from increased production capacity expected from improvement works on Plant 1 at the Pilgangoora Project.
- Site works to commence on the Stage 1 improvement works this month, with commissioning expected September Quarter 2021.
- The recently acquired ALO Project (**Plant 2**) remains on care and maintenance as evaluation works continues.

Pilbara Minerals Limited (**ASX: PLS**) (**Pilbara Minerals or the Company**) is pleased to announce that Yibin Tianyi Lithium Industry Co Ltd (**Yibin Tianyi**) will provide a US$15M unsecured prepayment to Pilbara Minerals' operating subsidiary, Pilgangoora Operations Pty Ltd (**POPL**), contributing to the funding of the A$22M of improvement works underway on Plant 1 at Pilgangoora (refer ASX Announcement: December 2020 Quarterly Activities Report).

This prepayment is in support of POPL providing up to a further 40,000tpa of spodumene concentrate product following the successful commissioning of the Stage 1 improvement works, which is expected to occur in the September Quarter 2021 and increase production capacity by ~30-50,000tpa at Plant 1. This increased offtake is in addition to and will be incorporated in the existing 75,000tpa, five-year offtake agreement with Yibin Tianyi announced last year (refer ASX Announcement: 25 March 2020). Following successful commissioning of the Stage 1 improvement works, the offtake agreement will therefore increase by up to a further 40ktpa, for a total of up to 115ktpa of spodumene concentrate.

The US$15M prepayment will be available for drawdown by POPL by 31 March 2021.

The $US15M prepayment will be repaid over a three-year period (no interest payable) from 1 January 2022 through an offset against spodumene concentrate sold and delivered under the offtake agreement to Yibin Tianyi over that period.

With commissioning of the Stage 1 improvement works expected to begin in the September Quarter 2021, Pilbara Minerals forecasts that shipments of this additional product under the offtake agreement will begin either late in the 2021 calendar year (CY) or early in CY2022.

The Stage 1 improvement works are scheduled to commence on site this month with the Company having recently awarded a A$15M contract for the execution of these works to a joint venture comprising of SIMPEC and IronMerge (a business owned by the Company's native title partner, Njamal).

Managing Director and CEO, Ken Brinsden said.

"Our relationship continues to grow with Yibin Tianyi as we work together in support of both our businesses' growth ambitions. For Yibin Tianyi, to become one of the biggest lithium chemical suppliers in China with the support of our major shareholder, CATL and for us to become one of the largest, lowest cost lithium raw material suppliers in the world.

"We are also extremely proud to welcome SIMPEC and IronMerge to Pilgangoora to execute these improvement works. This joint venture is a demonstration of companies working together to support Aboriginal business enterprises to grow and create opportunities for local people."

Release authorised by Ken Brinsden, Pilbara Minerals Limited's Managing Director.

CONTACTS

Investors / shareholders
Ken Brinsden
Managing Director and CEO
Ph. +61 (0)8 6266 6266

Media
Nicholas Read
Read Corporate
Ph. +61 (0)8 9388 1474

MORE INFORMATION

ABOUT PILBARA MINERALS

Pilbara Minerals is the leading ASX-listed pure-play lithium company, owning 100% of the world's largest, independent hard-rock lithium operation. Located in Western Australia's resource-rich Pilbara region, the Pilgangoora Project and Operation produces a spodumene and tantalite concentrate. The significant scale and quality of the operation has attracted a consortium of high quality, global partners including Ganfeng Lithium, General Lithium, Great Wall Motor Company, POSCO, CATL and Yibin Tianyi.

While it continues to deliver a low-cost, quality spodumene to market, Pilbara Minerals is pursuing a growth and diversification strategy to become a sustainable, low-cost lithium producer and fully integrated lithium raw materials and chemicals supplier in the years to come.

Through execution of this strategy, Pilbara Minerals is positioned to become a major player in the rapidly growing lithium supply chain, underpinned by increasing demand for clean energy technologies such as electric vehicles and energy storage as the world pursues a sustainable energy future.

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