



ASX/Media Announcement

25 October 2016

PILBARA MINERALS REACHES AGREEMENT WITH MINERAL RESOURCES

SETTLEMENT WILL SEE MINERAL RESOURCES TAKE STAKE IN PILBARA AND COMMIT ITS SUPPORT TO THE PILGANGOORA PROJECT IN RETURN FOR EXTINGUISHING THE ROFR AND ROFR

HIGHLIGHTS:

- Parties have resolved their dispute over the sale notice and right of first refusal (ROFR).
- Pilbara to issue \$A50 million in PLS shares to Mineral Resources in return for the ROFR and the royalty being permanently and irrevocably relinquished.
- Mineral Resources has committed to provide its support to Pilbara Minerals during the development and operation of the Pilgangoora Lithium-Tantalum Project.
- The agreement allows Pilbara Minerals to move forward with development of the Pilgangoora Project with long-term certainty, with Pilbara free to negotiate without restriction all future off-take and lithium sales and progress its project financing.
- Royalty extinguishment will have a very positive impact on the Pilgangoora Project's Net Present Value.

Australian lithium developer, Pilbara Minerals Ltd (ASX: PLS) ("**PLS**" or "**Company**") is pleased to advise that it has reached agreement with Mineral Resources Limited (ASX: MIN) ("**MIN**" or "**Mineral Resources**") to resolve the dispute over the sale notice and ROFR in a landmark settlement which will see the ROFR and 2.5% royalty permanently relinquished in exchange for Mineral Resources taking a stake in Pilbara and committing to support the development of the Pilgangoora Lithium-Tantalum Project.

Under the agreement, the Company will issue \$A50 million in shares to Mineral Resources based on \$0.48 per share in exchange for the relinquishment of the ROFR and the royalty. The Company will issue the shares under its 15% capacity under ASX Listing Rule 7.1. Mineral Resources has agreed it will not sell its shares for a period of 6 months and will not increase its holding in PLS for a period of 12 months.

In addition, Mineral Resources has committed its support to the Company during the development and operation of its Pilgangoora Project, including being willing to provide mining and mine related services to Pilbara Minerals to ensure a safe, low-cost development and operation of the project.

The parties have also agreed to collaborate with each other to explore and exploit possible synergies that may exist between Mineral Resources' Wodgina and Pilbara's Pilgangoora projects for mutual commercial benefit.

Court proceedings will be immediately discontinued and the dispute resolution process before the expert will be immediately closed.

It is proposed the parties will negotiate in good faith to formalise the terms of settlement in a more detailed and formal agreement in the next 10 business days.

The agreement will provide certainty and allow Pilbara to proceed with the financing and development of the Pilgangoora Lithium-Tantalum Project without the requirement to offer Mineral Resources the ROFR in respect of any future sales of lithium.

Pilbara Minerals Limited

The removal of the 2.5% royalty on the sale of lithium not taken up under the ROFR is a key financial benefit for the long-term cash flow of the Pilgangoora Project, making the project more financially robust and sustainable.

This provides a clear and unrestricted path forward for Pilbara to progress all existing and future off-takes and product sales in relation to its lithium and allows the Company to continue to progress its project funding.

Pilbara Minerals Managing Director & CEO, Ken Brinsden said he was very pleased that parties had been able to work together to resolve the dispute in a commercial manner.

“Importantly, this means that the royalty, which formed part of the original terms for the acquisition of the underlying Pilgangoora tenements has now been paid in full with no following obligations,” he said. “In addition, the right of first refusal over existing and future off-take and product sales agreements for lithium has now been extinguished forever.

“This means that we can move ahead at full speed to complete our remaining off-take agreements, complete project permitting and financing and commence development of Pilgangoora as a world-class lithium project that will deliver significant benefits to all of our stakeholders.

“As part of this settlement, we look forward to welcoming Mineral Resources as a shareholder in Pilbara and to working with them to progress the development of Pilgangoora and to explore other opportunities to continue to develop the Pilbara region as a world-class mining and processing centre for lithium for many decades to come.”

More Information:

ABOUT PILBARA MINERALS

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

ABOUT LITHIUM

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

ABOUT TANTALUM

The Tantalum market is boutique in size with around 1,300 tonnes required each year. Its primary use is in capacitors for consumer electronics, particularly where long battery life and high performance is required such in electronics, automotive, aerospace, chemical manufacturing and other industries.

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