



# PILBARA MINERALS LIMITED

ACN 112-425-788

ASX ANNOUNCEMENT

2 September 2015

## PILBARA SIGNS ADDITIONAL LITHIUM OFF-TAKE MOU'S WITH MAJOR NORTH AMERICAN AND JAPANESE GROUPS

*STRATEGIC AGREEMENTS NOW IN PLACE WITH PROSPECTIVE LONG-TERM OFF-TAKE PARTNERS IN CHINA, JAPAN AND NORTH AMERICA COVERING 100% OF FUTURE CONCENTRATE SALES FROM PILGANGOORA LITHIUM-TANTALUM PROJECT*

### HIGHLIGHTS:

- **Memorandums of Understanding (MOU's) signed with a multi-national North American company and Mitsubishi Corporation, a leading Japanese Trading Group** – both of which supply a large range of minerals to the glass and ceramics industry in their respective regions.
- **Under the MOU's, the parties have agreed to commence discussions to work towards signing binding supply agreements for low-iron spodumene concentrates from Pilbara's flagship Pilgangoora Lithium-Tantalum Project in WA** with prices to be negotiated based on global market prices and a floor price and cap price to be agreed for the first year of supply.
- The signing of the MOU's highlights the **strong level of interest and demand from potential customers and off-take partners in the Pilgangoora Project**, and reinforces the robust outlook for lithium in global markets.
- **Pilbara has now secured five strategic off-take partnerships for Pilgangoora** through MOU's with groups based in China, Japan and North America in the space of just a few months.
- **Pilgangoora has already been confirmed as one of the world's largest hard-rock lithium deposits**, with favourable metallurgical characteristics making it suitable to supply the high-quality glass and ceramics industries as well as the **fast-growing global battery market**.

Australian strategic metals company Pilbara Minerals Ltd (ASX: PLS) is pleased to announce that it has further expanded its portfolio of prospective long-term strategic off-take partners for its 100%-owned **Pilgangoora Lithium-Tantalum Project** in Western Australia after signing non-binding agreements with major North American and Japanese corporations for the future sale of low-iron spodumene concentrate.

The two non-binding MOU's, under which the parties have agreed to work towards completing binding off-take agreements, have been signed with a leading North American-based multinational company and Mitsubishi Corporation, a leading Japanese trading house.

The new MOU's follow the Exclusive Distribution Agreement and off-take MOU signed in early August with Chinese industrial group Shantou Fancy Mining Industry Co., Ltd (SFM), affiliated to Chinese Fancy



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(International) Resource Corporation Limited, for approximately 25% of the planned capacity output from Pilgangoora (see ASX Announcement – 12 August 2015).

They also follow the two MOU's signed with two Chinese lithium carbonate producers in late July (see ASX Announcement – 29 July 2015).

This means the Company has been able to secure in-principle agreements with prospective long-term strategic off-take partners based in China, Japan and North America for 100 per cent of the planned spodumene concentrate production from the Pilgangoora Project in the space of just a few months.

Pilbara has recently commenced a Pre-Feasibility Study at Pilgangoora, where a major resource in-fill and expansion drill program is currently underway. This forms part of a fast-track development strategy which has also seen the Company engage actively with potential customers and financiers at the PFS stage.

These initial strategic agreements demonstrate the high level of early-stage interest from customers and potential off-takers in the high quality spodumene concentrate which Pilbara expects to be able to produce at Pilgangoora.

## **MOU Details**

Pilbara has signed a further two non-binding MOU's for the future supply of spodumene concentrate from the Pilgangoora Project with a multi-national company based in North America and Japan's Mitsubishi Corporation. Both companies supply a range of concentrates to the glass, ceramics and metallurgical industries in their respective regions and are well known and well respected.

Both provide logistics, warehousing and technical support to their customers and are considered to be the best fit for marketing Pilgangoora's high-grade spodumene to these industries.

Under the MOU's, the parties have agreed to commence discussions on a non-exclusive, confidential basis to negotiate an off-take agreement covering the supply of spodumene concentrates, commencing in 2017. As part of this process, the parties have agreed to provide all relevant information, data and materials required to undertake this evaluation.

The volume of various grades required and the prices will be negotiated on an annual basis based on global market prices. Any off-take agreement would be conditioned upon Pilbara securing financing to commence development and construction of the Pilgangoora Lithium-Tantalum Project.

The MOU's acknowledge that each party has the option to enter into similar non-exclusive discussions, negotiations or final contracts with other third party companies, however all information exchanged remains subject to confidentiality agreements.

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## **Management Comment**

Pilbara's Executive Director, Mr. Neil Biddle, said the high level of market interest in the Pilgangoora Project was a reflection both of the quality of the deposit and the rapidly changing dynamics of the global lithium market, where end-users and suppliers were aiming to identify potential new long-term supply sources.

"We decided at the outset that we needed to get on the front foot with our marketing strategy at Pilgangoora and develop long-term strategic relationships which would enable us secure a strong position for this project in the global supply chain," Mr Biddle said.

"The level of interest and inquiry in the project has been exceptional and has enabled us to establish relationships with five different groups spanning all of our major target markets – China, North Asia and North America. This ensures that Pilgangoora will be well placed to service both the conventional glass, ceramics and metallurgical markets and the rapidly emerging battery sector.

"Recent reports suggest that technological advances in the lithium battery sector are expected to make lithium one of the key growth metals of the 21<sup>st</sup> century," Mr Biddle added.

"We are delighted to have MOU's in place with an outstanding portfolio Tier One partners who will assist us in in advancing the Pilgangoora Project towards financing and production, and we look forward to converting these MOU's into binding agreements."

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## **About Pilbara Minerals**

Pilbara Minerals (Pilbara) is a mining and exploration company listed on the ASX, specialising in the exploration and development of the specialty metals tantalum and lithium. Pilbara is currently developing the Tabba Tabba Tantalum deposit, located approximately 50km south-east of Port Hedland. Pilbara is also drilling and developing the advanced 100%-owned Pilgangoora tantalum-lithium deposit close to Tabba Tabba.

The primary source of tantalum is from minerals such as tantalite, columbite, wodginite and microlite contained in pegmatite ore bodies. The largest deposits are located in Australia, Brazil and Africa. Tantalum's **major use is** in the production of electronic components, **especially for capacitors**, with additional use in components for chemical plants, nuclear power plants, airplanes and missiles. It is also used as a substitute for platinum.



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The tantalum market is boutique in size with around 1,300 tonnes required each year. However the market is rapidly growing due to capacitor use in wireless and handheld devices. PLS's Tabba Tabba Project could supply approximately 7% of the annual market consumption over two years. There are two major buyers of tantalum raw product worldwide: HC Stark and Global Advanced Metals.

Lithium is a soft silvery white metal and has the highest electrochemical potential of all metals. In nature it occurs as compounds within hard rock deposits and salt brines. Lithium and its chemical compounds have a wide range of beneficial properties 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 electric bikes, motor vehicles, buses, trucks and taxis.

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