

ASX/Media Announcement

23 September 2015

Pilbara acquires 100% of Tabba Tabba Tantalum Project on eve of first production

Binding agreement completed to acquire 50% interest held by Nagrom & Co.

Australian strategic metals company Pilbara Minerals Limited (ASX: PLS) is pleased to advise that it has finalised binding agreements to move to 100% ownership of the **Tabba Tabba Tantalum Project** in the WA's Pilbara region by acquiring the 50% stake held by its joint venture partner.

Further to its ASX Announcement of 7 July 2015, Pilbara has now entered into binding agreements with Valdrew Nominees Pty Ltd trading as Nagrom & Co ("Valdrew"), for the purchase of its 50% interest in the Joint Venture.

The Tabba Tabba Tantalum project has been developed as an incorporated joint venture, Tabba Tabba Tantalum Pty Ltd ("**TTT**") (formerly Nagrom Mining Pty Ltd), held 50% by Pilbara and 50% by Valdrew.

TTT has an agreement ("Mining & Processing Agreement") with Global Advanced Metals Wodgina Pty Ltd ("GAM"), which owns the underlying Tabba Tabba tenements. The Mining & Processing Agreement provides that the Tabba Tabba mine, which is currently being developed, has a fixed price, 5 year off-take agreement for its tantalite concentrate.

Pilbara and Valdrew have entered into a sale and purchase agreement whereby Pilbara will move to 100% ownership of the project by acquiring the 50% interest in TTT held by Valdrew. Pilbara has also entered into a service agreement with Valdrew for ongoing operations of the processing plant and related facilities.

Valdrew is a leading and long-established WA-based metallurgical and gravity processing company with extensive expertise in strategic and specialty metals.

An outline of the key terms of the agreements is provided below:

- The purchase consideration for Valdrew's 50% shareholding in TTT will be \$2,000,000 cash on settlement;

- All loans and advances as well as any amounts due to Valdrew in respect of past goods and services are to be released in full and shall not be enforceable against TTT;
- Subject to delivery of tantalite concentrate to GAM in accordance with the Minerals & Processing Agreement, upon the occurrence of this event a further \$1,300,000 is payable by TTT to Valdrew;
- Valdrew is to provide services for the management and operation of the Tabba Tabba process plant and ancillary facilities on agreed commercial rates for the term of the Tabba Tabba Project;
- In addition, Valdrew may receive up to 20,000,000 unlisted incentive options in Pilbara being:
 - 10,000,000 incentive options upon the commissioned processing plant achieving 95% of design throughput at an 82% recovery of Ta_2O_5 at concentrate specifications for a seven day period;
 - 1,000,000 incentive options after the end of each quarter where the processing plant achieved budgeted performance; and
 - 5,000,000 options where GAM and TTT enter into a binding mining and processing agreement with respect to GAM's Strelley Project.
 - The maximum number of options to be issued is 20,000,000, each with a term of two years, with the exercise price being the 5 trading day vwap prior to the issue date.

It is expected that settlement of the purchase will occur within the next few days and confirmation of completion will be announced to the market.

Construction activities are well advanced at Tabba Tabba, with the processing plant currently being assembled on site and tailings dam construction well advanced (see pictures below).

Pilbara's Executive Director, Neil Biddle, said the transaction with Nagrom was a very positive development for both companies, coming on the eve of the commencement of commercial production. "This acquisition will be earnings-accretive for Pilbara, giving us access to 100 per cent of the valuable cash flows to be generated by this high-value deposit and providing a strong foundation for our broader growth strategy," he said.





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