

ASX ANNOUNCEMENT (not for release in the United States)

7 April 2016

PILBARA RAISES \$100M¹ TO ACCELERATE DEVELOPMENT OF PILGANGOORA LITHIUM-TANTALUM PROJECT

SIGNIFICANT INSTITUTIONAL DEMAND SUPPORTS PROGRESS OF THE PILGANGOORA PROJECT TOWARDS PRODUCTION

HIGHLIGHTS

- \$85M share placement (Placement) closes heavily oversubscribed.
- The Placement comprises 223.68M shares at \$0.38 per share, to be completed in two tranches, with the second tranche subject to shareholder approval.
- Pilbara will also undertake a Share Purchase Plan (SPP), which is to be fully underwritten by Blue Ocean Equities Pty Ltd, at an issue price of \$0.38 per share to existing shareholders to raise a further \$15M.
- The proceeds of the Placement and SPP, together with Pilbara's existing cash reserves of \$12M, will boost Pilbara's cash to approximately \$106M (after capital raising costs), putting the Company in a very strong position to rapidly advance the Pilgangoora Lithium-Tantalum Project through to production.
- Pilgangoora definitive feasibility study on track for completion in August 2016.

Australian strategic metals company, Pilbara Minerals Limited (PLS: ASX) ("Pilbara" or "the Company") is pleased to announce a placement of 223.68 million fully-paid ordinary shares at an issue price of \$0.38 per share, to qualified institutional and sophisticated investors in Australia and internationally, to raise \$85 million (before costs) ("Placement"). The Company will also undertake a fully underwritten Share Purchase Plan ("SPP") to existing shareholders with registered addresses in Australia and New Zealand, to raise a maximum further amount of \$15 million.

Pilbara's CEO, Mr Ken Brinsden, said the exceptional investor response was a reflection both of the scale and quality of the Pilgangoora Project, now widely seen as one of the world's premier lithium development opportunities, and the outlook for lithium in global markets.

"This is a tremendous outcome for Pilbara which clearly demonstrates the strong appetite amongst global investors to gain exposure to the rapidly emerging opportunity in lithium – and to do so by investing in Tier-1 assets like Pilgangoora," he said.

The Directors of Pilbara are pleased to welcome a number of high quality Australian and international institutional investors onto the Company's share register. At the same time the SPP will allow our existing retail shareholders to participate in this milestone raising for the Company on the same terms.

The milestone raising will significantly strengthen Pilbara's balance sheet, putting the Company in a very strong position to rapidly advance its flagship Pilgangoora Lithium-Tantalum Project in WA – one of the world's premier new lithium projects – into production to take advantage of strong market conditions and rapidly increasing demand.

Note1: Subject to shareholder approval of Tranche 2 placement and execution of underwriting agreement of SPP



Use of Proceeds

The proceeds of the Placement and the SPP will be used for the following purposes:

- To accelerate drilling to increase Resources and Ore Reserves;
- To complete the Pilgangoora Definitive Feasibility Study (due early Q3 2016);
- To progress discussions with potential customers to convert the MOU's already in place into binding off-take agreements;
- To place orders for long-lead items and progress project early works; and
- General working capital purposes.

The proceeds of the raisings will also ensure that Pilbara has significant balance sheet strength to provide flexibility for project funding for Pilgangoora.

Placement Details

The Placement shares will be issued via two tranches:

- Tranche 1 - unconditional placement of 142 million shares issued under the Company's existing combined placement capacity in accordance with Listing Rules 7.1 and 7.1A (to raise approximately \$54 million); and
- Tranche 2 - conditional placement of 81.68 million shares (to raise approximately \$31 million), subject to shareholder approval at a general meeting of the Company's shareholders to be held in May 2016. A notice of meeting will be dispatched to all shareholders shortly.

Sydney-based Blue Ocean Equities Pty Ltd acted as Sole Lead Manager and Bookrunner to the offer. Numis Securities Limited in London and Union Square Capital Advisors in New York assisted in their respective jurisdictions. Hartleys Limited in Perth supported and participated in the offer.

The Placement is being undertaken to professional and sophisticated investors, including a number of leading Australian and international institutions.

The issue price represents a discount of 9.3% to the 10-day VWAP of Pilbara shares on the ASX of \$0.419 prior to the trading halt on 5 April 2016.

An indicative timetable for the Placement is set out below:

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|-------------------------------------|---------------|
| • Shares resume trading | 7 April 2016 |
| • Tranche 1 DvP settlement | 13 April 2016 |
| • Tranche 1 allotment | 14 April 2016 |
| • Dispatch of EGM Notice of Meeting | 20 April 2016 |
| • EGM to approve Tranche 2 | 24 May 2016 |
| • Tranche 2 DvP settlement | 27 May 2016 |
| • Tranche 2 allotment | 30 May 2016 |



Share Purchase Plan

Pilbara also intends to offer all of its existing shareholders the opportunity to subscribe for up to \$15,000 worth of shares per eligible shareholder at the same offer price of \$0.38 per share under a Share Purchase Plan ("SPP") to raise up to a maximum total amount of \$15 million.

It is proposed that the SPP will be fully underwritten by Blue Ocean Equities Pty Ltd.

The SPP is proposed to open on 15 April 2016 and is scheduled to close at 5.00pm (AWST) on 6 May 2016. Participation in the SPP is open to all holders of Pilbara shares as at Wednesday 6 April 2016 ("Record Date") with a registered address in Australia or New Zealand. Eligible shareholders are entitled to subscribe for up to a maximum of \$15,000 worth of shares under the SPP.

Pilbara reserves the right to scale back applications under the SPP, at its absolute discretion.

At the conclusion of both the Placement and the SPP, Pilbara will have 1,123,512,368 ordinary shares on issue (assuming no other intervening issues).

Details of the SPP will be released to ASX shortly and distributed to eligible shareholders on or about 15 April 2016.

New shares issued under the SPP will rank equally with the Company's existing ordinary shares on issue.

Update on Tabba Tabba Project

After suspending operations at Tabba Tabba in December 2015, the Company has completed the previously announced engineering and project review at the site. The engineering review has determined that further expenditure is required to modify the existing processing plant before the commissioning process could be finalised.

This combined with current tantalum market conditions means that the site will be suspended indefinitely. While Pilbara expects that tantalum market conditions will improve in the medium term, the Company does not expect to see a sustained improvement in market conditions, necessary to support the re-commencement of production at Tabba Tabba this year.

As a by-product of the Pilgangoora mine, the economics of the production of Tantalum concentrate at Pilgangoora are vastly superior to Tabba Tabba. Accordingly, the Company will continue to focus its resources and management time on advancing the Pilgangoora Project towards production as rapidly as possible.

Resumption of Trading

The Company requests that trading in the Company's securities be reinstated following lodgement of this announcement



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 as smart phones, tablets and laptops.

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Investors should make and rely upon their own enquiries before deciding to acquire or deal in the Company's securities.

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