

# Pilgangoora: discovery to product shipment in under four years

Corporate Presentation – Annual General Meeting, November 2018

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**Pilbara  
Minerals**

ASX: PLS

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Recipients of this presentation outside Australia should note that it is a requirement of the Australian Securities Exchange listing rules that the reporting of ore reserves and mineral resources in Australia comply with the Australasian Joint Ore Reserves Committee Code for Reporting of Mineral Resources and Ore Reserves ("JORC Code"), whereas mining companies in other countries may be required to report their ore reserves and/or mineral resources in accordance with other guidelines (for example, SEC Industry Guide 7 in the United States). Recipients should note that while Pilbara's mineral resource and ore reserve estimates comply with the JORC Code, they may not comply with the relevant guidelines in other countries, and do not comply with SEC Industry Guide 7. In particular, SEC Industry Guide 7 does not recognise classifications other than proven and probable reserves and, as a result, the SEC generally does not permit mining companies to disclose their mineral resources, including indicated and inferred resources, in SEC filings. Accordingly, if Pilbara were reporting in accordance with SEC Industry Guide 7, it would not be permitted to report any mineral resources, including indicated and inferred resources, and the amount of reserves reported by Pilbara may be lower than its estimates. You should not assume that quantities reported as "resources" will be converted to reserves under the JORC Code or any other reporting regime or that Pilbara will be able to legally and economically extract them. In addition, investors should note that under SEC Industry Guide 7, mine life may only be reported based on ore reserves. Mine life estimates in this presentation assume that a portion of non-reserve resources will be converted to ore reserves, which would not be permitted under SEC Industry Guide 7.

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## Competent Persons Statements

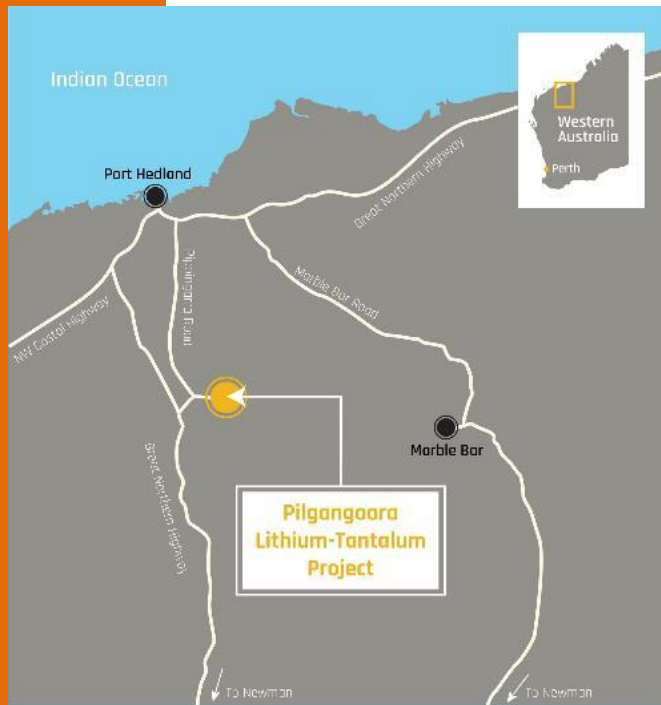
The Company confirms it is not aware of any new information or data that materially affects the information included in the 17 September 2018 Pilgangoora Mineral Resource estimate and that all material assumptions and technical parameters underpinning the estimate continue to apply and have not materially changed when referring to its resource announcement made on 17 September 2018.

The Company confirms it is not aware of any new information or data that materially affects the information included in the 17 September 2018 Pilgangoora Ore Reserve estimate and that all material assumptions and technical parameters underpinning the estimate continue to apply and have not materially changed when referring to its resource announcement made on 17 September 2018.

# Pilgangoora Lithium-Tantalum Project

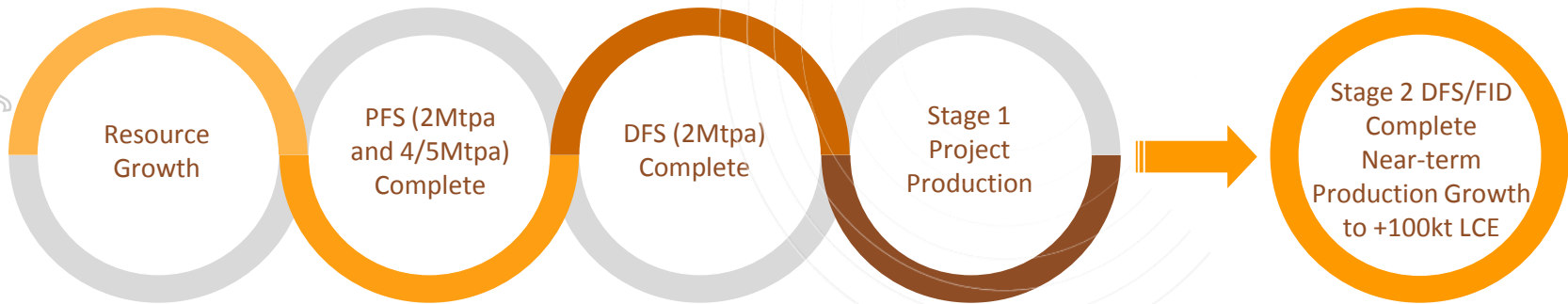
One of the largest spodumene-tantalite resources in the world

- 100% ownership
- Stage 1, 2Mtpa processing plant
- LOM Stage 1 production of 330,000tpa concentrate
- Established transport and port infrastructure
- Production ramp up underway
- Regular spodumene concentrate shipments underway
- Regular tantalite deliveries underway
- Further production growth proposed based on customer demand in offtake



# Pilbara Minerals - Delivering on Project Execution

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## Resource Estimation

- ▶ JORC Inferred / Indicated 130Mt Resource completed
- ▶ Massive pegmatite endowment on Pilbara's tenure presents outstanding opportunities for further resource and reserve growth
- ▶ Key global strategic resource



## Project Definition

- ▶ Maiden Ore Reserve, 29.5Mt @ 1.31% Li<sub>2</sub>O, 134ppm Ta<sub>2</sub>O<sub>5</sub> tantalite
- ▶ Outstanding project economics
- ▶ Low cost hard-rock Spodumene production
- ▶ Further ore reserve growth expected, growing mine-life



## Detailed Design and Project Planning

- ▶ Updated Ore Reserve of 80.3Mt @ 1.27% Li<sub>2</sub>O, 123ppm Ta<sub>2</sub>O<sub>5</sub>; long mine-life
- ▶ Plant process and design optimisation
- ▶ Product specification and bulk samples to customers
- ▶ Tailings design
- ▶ Opex & Capex updates
- ▶ Updated financial models



## Project Delivery / Production

- ▶ Updated Resource of 213Mt 1.32% Li<sub>2</sub>O
- ▶ Native Title Agreement
- ▶ Mining Leases granted
- ▶ Construction commenced
- ▶ Plant EPC Contract Tender/Award
- ▶ Native Vegetation Clearing Permit
- ▶ Mining Proposal Approval
- ▶ Secure offtake
- ▶ Financing / FID
- ▶ Other construction and operating contracts
- ▶ ROM ore sales commenced
- ▶ Commissioning / 1<sup>st</sup> conc on track from Q2 2018
- ▶ Concentrate production



PRIMERO



MINNOVO



# Pilgangoora - the journey so far

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Click [here](#) to watch the Pilgangoora project timelapse video

# Production and cash-flow today....

Flagship Pilgangoora Lithium-Tantalum Project - from first drill hole to commissioning in under four years

- Long project life, low cost, high quality product
- Regular spodumene concentrate shipments underway
  - +6% Li<sub>2</sub>O, low-iron
- Regular tantalite deliveries underway, +5% primary concentrate
- Offtake for 100% of Stage 1 and Stage 2 projects
- Stage 2 Project FID conditionally approved by Board and long-lead orders underway
- No material expected from RCR administration
  - Stage 1 construction works complete
  - Significant bank guarantees in place including for the defects liability period
  - Construction contracts not yet awarded in relation to Stage 2





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## **PILGANGOORA LITHIUM-TANTALUM PROJECT**

FROM FIRST DRILL HOLE TO FIRST PRODUCT SHIPMENT IN UNDER FOUR YEARS

Click [here](#) to watch processing at the Pilgangoora project



# Pilgangoora site - production metrics

First shipment average grade:

Lithia ≈ 6.2%

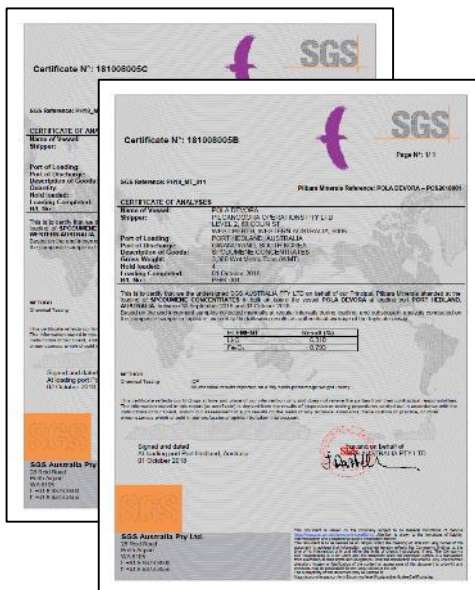
Fe<sub>2</sub>O<sub>3</sub> ≈ 0.7%

Second shipment average grade:

Lithia ≈ 6.3%

Fe<sub>2</sub>O<sub>3</sub> ≈ 1.2%

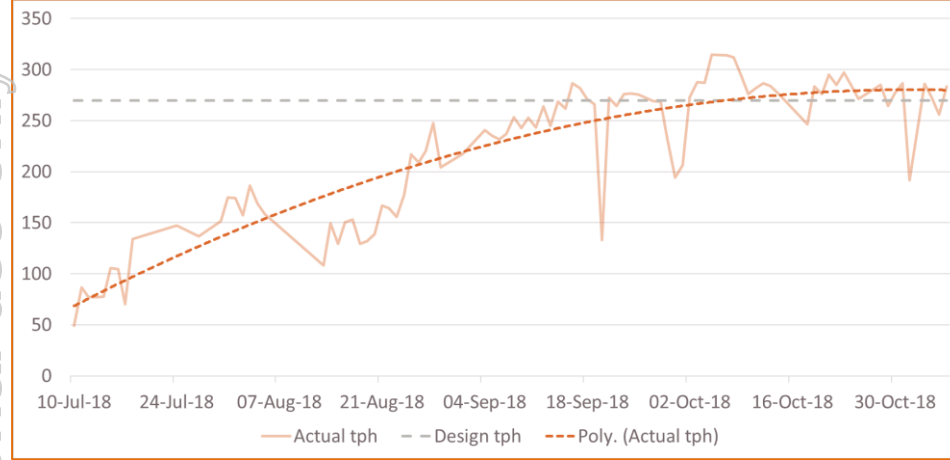
Shipment 3 currently loading in port



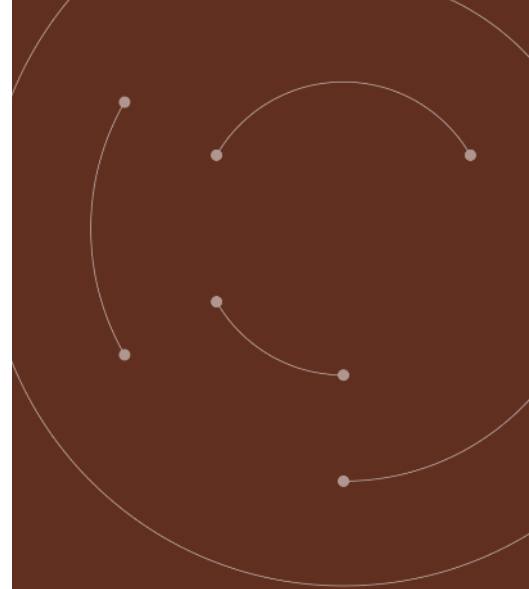
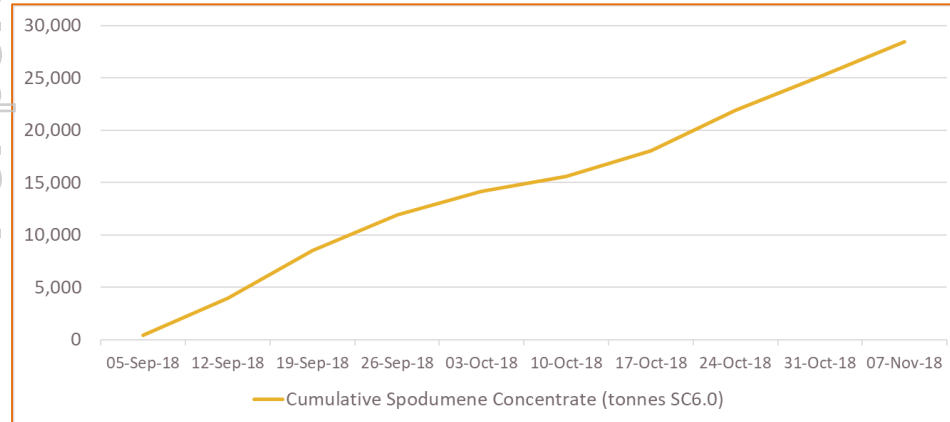
	Units	Q2 FY18	Q3 FY18	Q4 FY18	Q1 FY19
<b>Ore Mined</b>	wmt	0	0	344,549	525,559
<b>Waste Mined</b>	wmt	151,812	1,832,205	2,851,161	1,884,335
<b>Total Material Mined</b>	wmt	151,812	1,832,205	3,195,710	2,409,894
<b>Ore Mined - Grade</b>	%	-	-	1.45	1.43
<b>Ore Crushed</b>	wmt	-	-	50,185	177,369
<b>Ore Processed</b>	wmt	-	-	-	173,567
<b>DSO Sold (mine gate)</b>	wmt	-	-	145,974	205,766
<b>Spodumene Concentrate Produced</b>	dmt	-	-	-	11,814
<b>Spodumene Concentrate Sold</b>	dmt	-	-	-	-
<b>Tantalite Concentrate Produced</b>	lb	-	-	-	16,891
<b>Tantalite Concentrate Sold</b>	lb	-	-	-	4,974

# Process plant performance

## Throughput, actual vs design



## Spodumene concentrate production



Plant commissioning and rapid ramp-up in production capacity

Proven plant sub-components and overall plant capacity

Very high product quality produced and shipped

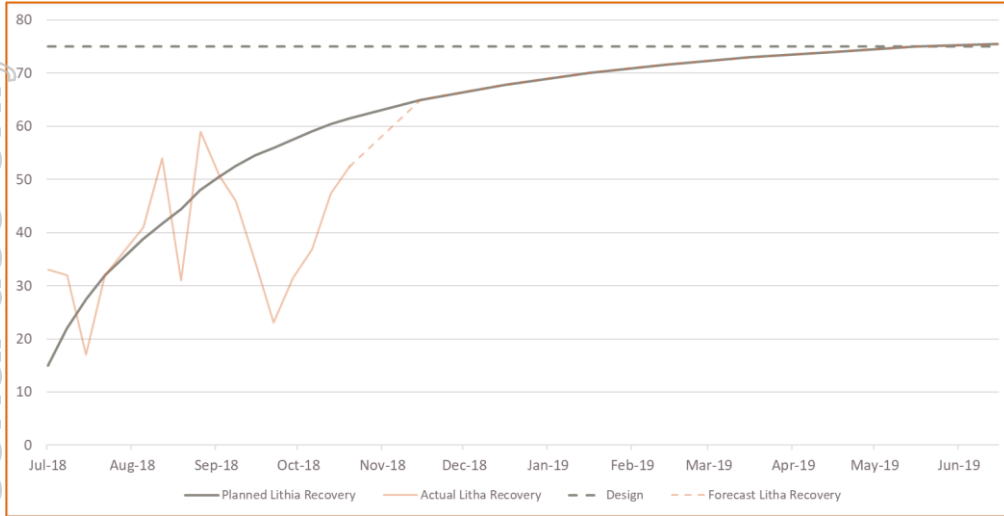
Focus on lithia recovery and plant run time optimisation over the next 4-6 months



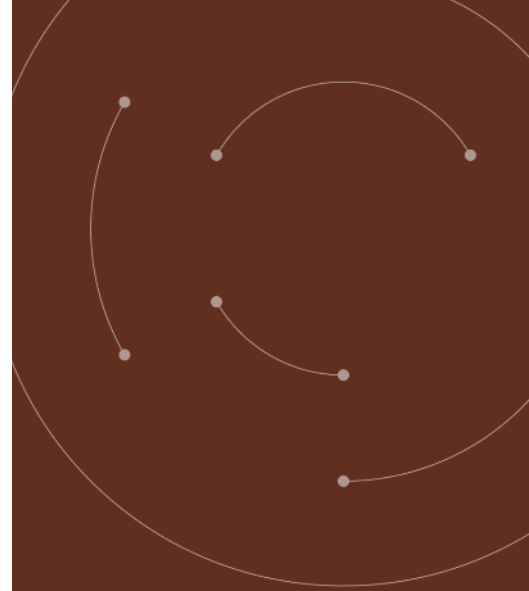
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# Process plant performance

Lithia recovery, actual vs design (% Lithia)



- Late Sept, early-mid Oct lithia recovery was impacted by
  - process water clarity (pond sedimentation); and
  - recirculating reagent load from the fines flotation circuit.
- Additional process water now added to further dilute reagent load, anti-foaming agent added and process water pond dredging underway.
- Recovery trend improving markedly and in-line with expectations.



Post commissioning and the run-up in plant capacity, focus turns to lithia recovery improvements and plant run-time:

- maximise recovery, and
- minimise plant downtime.

Approximately 60% of the plant's overall production capacity realised at this stage of the ramp-up



# Stage 2, 5Mtpa expansion

DFS results and offtake partner confidence support major project expansion

- Additional 3Mtpa processing circuit to increase processing capacity to 5Mtpa
- Average annual production of approximately 800-850ktpa of 6% spodumene concentrate
- DFS capital estimate<sup>2</sup> A\$231M
- Post-tax NPV<sup>1,2</sup><sub>10%</sub> of A\$2.160B
- Forecast life of mine revenue<sup>2</sup> of A\$12.2B
- First five years average annual EBITDA (real), post ramp-up<sup>2</sup> of +A\$400M
- FID approved by Board and funding package well advanced

Aerial photograph of current construction progress w/- Stage 2 3D model overlay



## Stage 2 - indicative delivery schedule

2018			2019				2020
Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
DEFINITIVE FEASIBILITY STUDY							
FUNDING/FINAL INVESTMENT DECISION							
REGULATORY APPROVALS							
DETAILED ENGINEERING							
PLANT MAJOR EQUIPMENT PROCUREMENT							
			CIVIL TENDER		CIVIL MOBILISATION AND CONSTRUCTION		
			STEEL AND PLATE TENDER		STEEL AND PLATEWORK FABRICATION		
				PLANT CONSTRUCTION TENDER		PLANT MOBILISATION AND CONSTRUCTION	
							COMMISSIONING

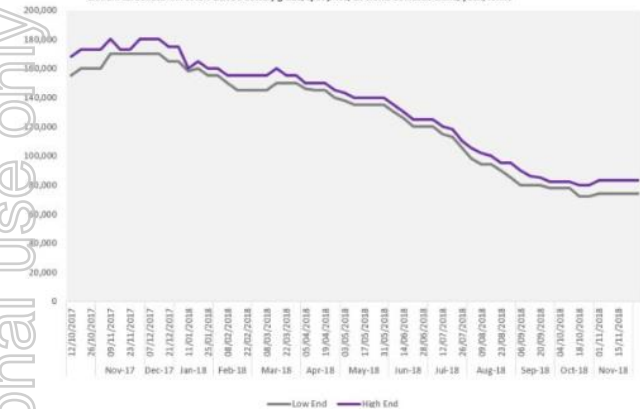
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<sup>1</sup>Valuation date of 1 July 2018 at after tax nominal discount of 10%.  
<sup>2</sup>ASX announcement "DFS results and customer confidence support major expansion" dated 3 August 2018

# Global lithium chemicals pricing

Lithium carbonate ex-works domestic China

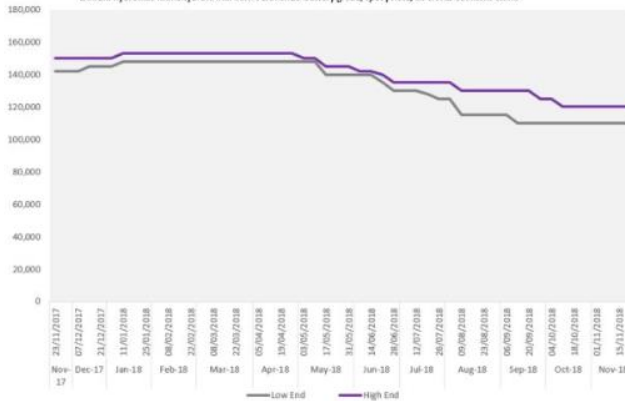
Lithium carbonate min 99.5% Li2CO3 battery grade, spot price, ex works domestic China, yuan/tonne



Lithium hydroxide ex-works China

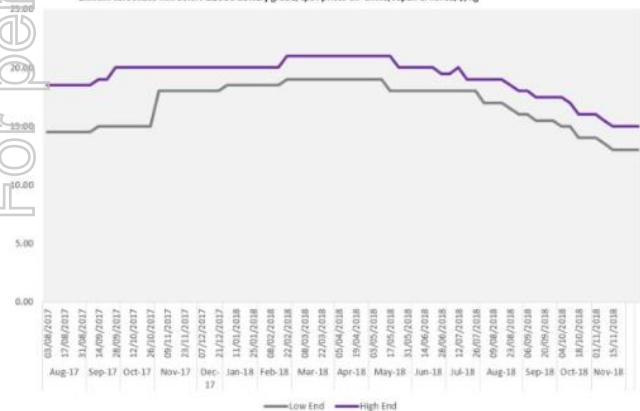
Source: FastMarkets MB

Lithium hydroxide monohydrate min 56.5% LiOH.H2O battery grade, spot prices, ex works domestic China



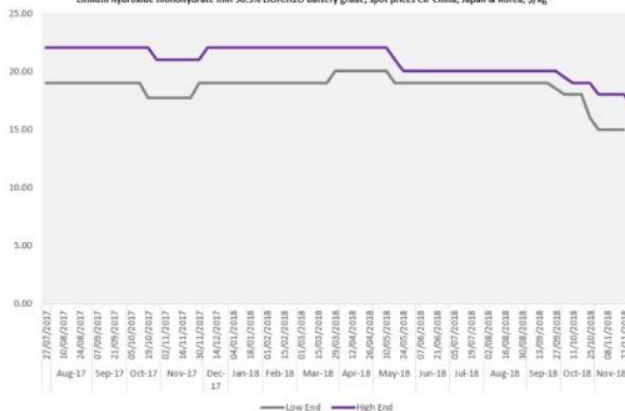
Lithium carbonate cif China, Japan and Korea

Lithium carbonate min 99.5% Li2CO3 battery grade, spot prices CIF China, Japan & Korea, \$/kg



Lithium hydroxide cif China, Japan and Korea

Lithium hydroxide monohydrate min 56.5% LiOH.H2O battery grade, spot prices CIF China, Japan & Korea, \$/kg



China domestic pricing in 2018 impacted by;

- Central Government Battery subsidy restructure, and
- Additional low-grade domestic brine production.

China domestic pricing appears to have stabilised

Ex-China pricing has remained strong



# Pilbara Minerals - connected to the entire supply chain

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Li Resource

Chemical Converters

Battery Grade LiOH / LiC

Pre-Cursor

Cathode Material

Cathode Material

Cells & Battery Packs

EVs

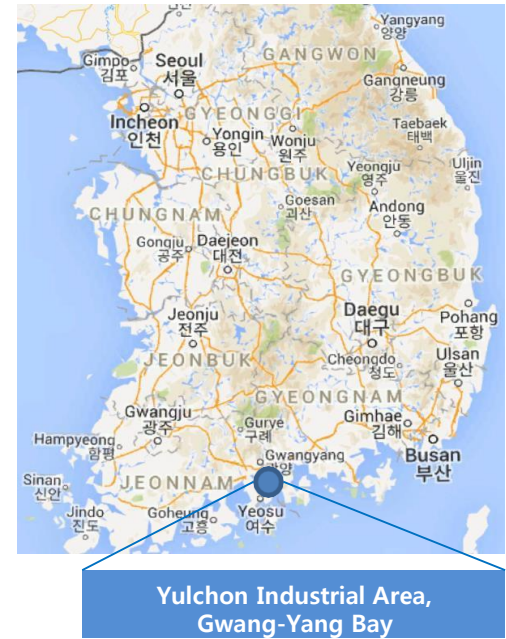


\*Potential PLS JV partners

# Proposed Pilbara Minerals - POSCO JV

Future participation in the rapidly developing Korean lithium ion battery market through a jointly owned lithium chemicals plant

- Spodumene sales into the Korean market
- 30kt LCE facility proposed, applying Posco's PosLX technology for lithium chemicals purification
  - ✓ Outstanding technology creating very high purity products and reagent recycling
  - ✓ Targeting production from 1<sup>st</sup> half of 2020
  - ✓ Hydroxide / Carbonate Production underway at the Gwang-Yang demo plant
- Synergy maximisation through development within a larger battery raw materials industrial park



# One of the best lithium raw material projects in the world

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## Low cost

- High grade lithium resources
- Valuable tantalum bi-product
- Significant project size and processing capacity

## Long life

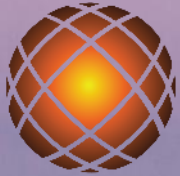
- Stage 2, 5Mtpa, 23 year mine life
- Mineral Resource 226Mt grading 1.27%  $\text{Li}_2\text{O}$  (spodumene) and 116ppm  $\text{Ta}_2\text{O}_5$  and 0.60%  $\text{Fe}_2\text{O}_3$
- Significant upside potential to increase Mineral Resources and Ore Reserves

## High quality

- Leading offtake partners General Lithium, Ganfeng Lithium, POSCO, Great Wall Motors
- 6% spodumene product
- Downstream value adding supply chain strategy



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[pilbaraminerals.com.au](http://pilbaraminerals.com.au)

# Additional Information

# Corporate overview

## Capital structure

ASX: PLS

Current share price <sup>1</sup>	A\$0.83
Shares on issue	1,744 million
Options on issue <sup>2</sup>	55 million
Market capitalisation <sup>1</sup>	A\$1.45 billion
Cash at bank <sup>3</sup>	A\$90.6M
Top 20 shareholders (as at 28 September 2018)	37.4%
3 month average daily volume <sup>4</sup>	~8M shares

<sup>1</sup> As at 27 November 2018

<sup>2</sup> Options have a volume weighted average exercise price of A\$0.515 and a volume weighted average time to expiry of 392 days

<sup>3</sup> As at 30 September 2018

<sup>4</sup> Between 5/8/2018 and 9/11/2018

## Share price - last 12 months



Supportive shareholder base, experienced Board and proven leadership team.

# Experienced board of directors



**Tony Kiernan**  
Non-Executive Chairman

Highly experienced company director and former solicitor with over 35 years' in the management and operation of listed public companies. Currently Chairman and a non-executive director of several ASX-listed resource companies.



**Ken Brinsden**  
Managing Director & CEO

Mining engineer with over 25 years' experience including mine management, production, and brown-fields and green-fields project development. Previously MD of ASX listed Atlas Iron Ltd contributing to its growth from junior explorer to significant Pilbara iron ore producer.



**Nick Cernotta**  
Non-Executive Director

Highly experienced mining executive with over 30 years' mining experience across a range of commodities. Recently the Director of Operations with Fortescue Metals Group (FMG) and previously the Chief Operating Officer for Macmahon Holdings Limited.



**Sally-Anne Layman**  
Non-Executive Director

Mining engineer, corporate financier and advisor. Ms Layman has 23 years' experience in exploration, mining and finance and over 16 years of successfully identifying and closing over \$1.8 billion in financial deals and equity investments across six continents and more than 20 countries.



**Steve Scudamore**  
Non-Executive Director

Highly experienced public company director. His career includes more than three decades with KMPG incl. senior roles in Australia, London and Papua New Guinea. Currently holding several other board roles incl. Chairman of MDA National Insurance.

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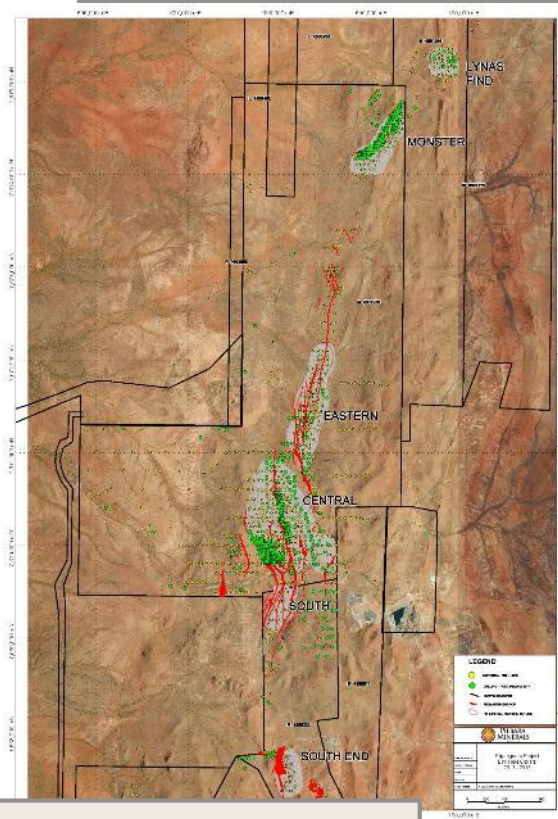
# Resources and reserves

## JORC Mineral Resource Estimate - September 2018 (using 0.2% Li<sub>2</sub>O cut off grade)

Category	Tonnage (Mt)	Li <sub>2</sub> O (%)	Ta <sub>2</sub> O <sub>5</sub> (ppm)	Li <sub>2</sub> O (T)	Ta <sub>2</sub> O <sub>5</sub> (Mlbs)	Factored Fe <sub>2</sub> O <sub>3</sub> (%)
Measured	22.8	1.38	145	314,000	7.3	0.44
Indicated	112.8	1.29	119	1,456,000	29.5	0.57
<b>Sub-total M&amp;I</b>	<b>135.6</b>	<b>1.31</b>	<b>123</b>	<b>1,770,000</b>	<b>36.8</b>	<b>0.55</b>
Inferred	90.4	1.21	105	1,094,000	20.8	0.67
<b>TOTAL</b>	<b>226.0</b>	<b>1.27</b>	<b>116</b>	<b>2,864,000</b>	<b>57.7</b>	<b>0.60</b>

## JORC Ore Reserve Estimate - September 2018

Category	Tonnage (Mt)	Li <sub>2</sub> O (%)	Ta <sub>2</sub> O <sub>5</sub> (ppm)	Fe <sub>2</sub> O <sub>3</sub> (%)	Li <sub>2</sub> O (Mt)	Ta <sub>2</sub> O <sub>5</sub> (Mlbs)
Proved	22.1	1.30	135	1.11	0.29	6.6
Probable	86.1	1.24	116	1.19	1.07	21.9
<b>TOTAL</b>	<b>108.2</b>	<b>1.25</b>	<b>120</b>	<b>1.17</b>	<b>1.36</b>	<b>28.5</b>

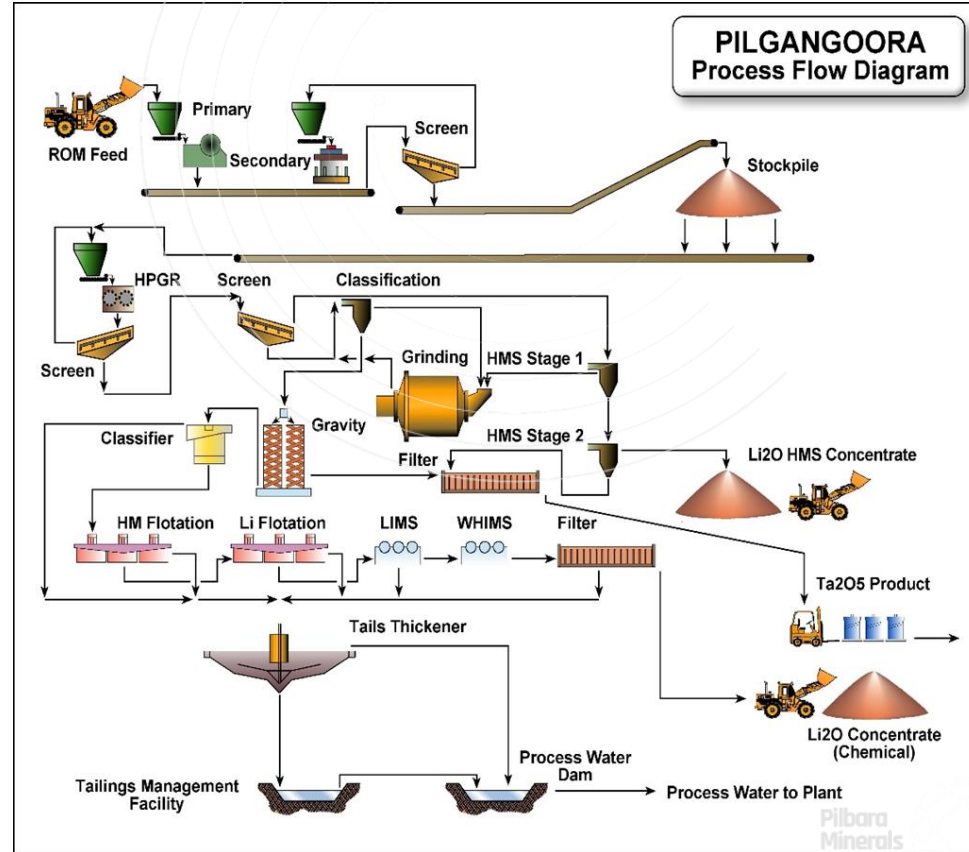


Resource drilling locations 2018

# Pilgangoora processing

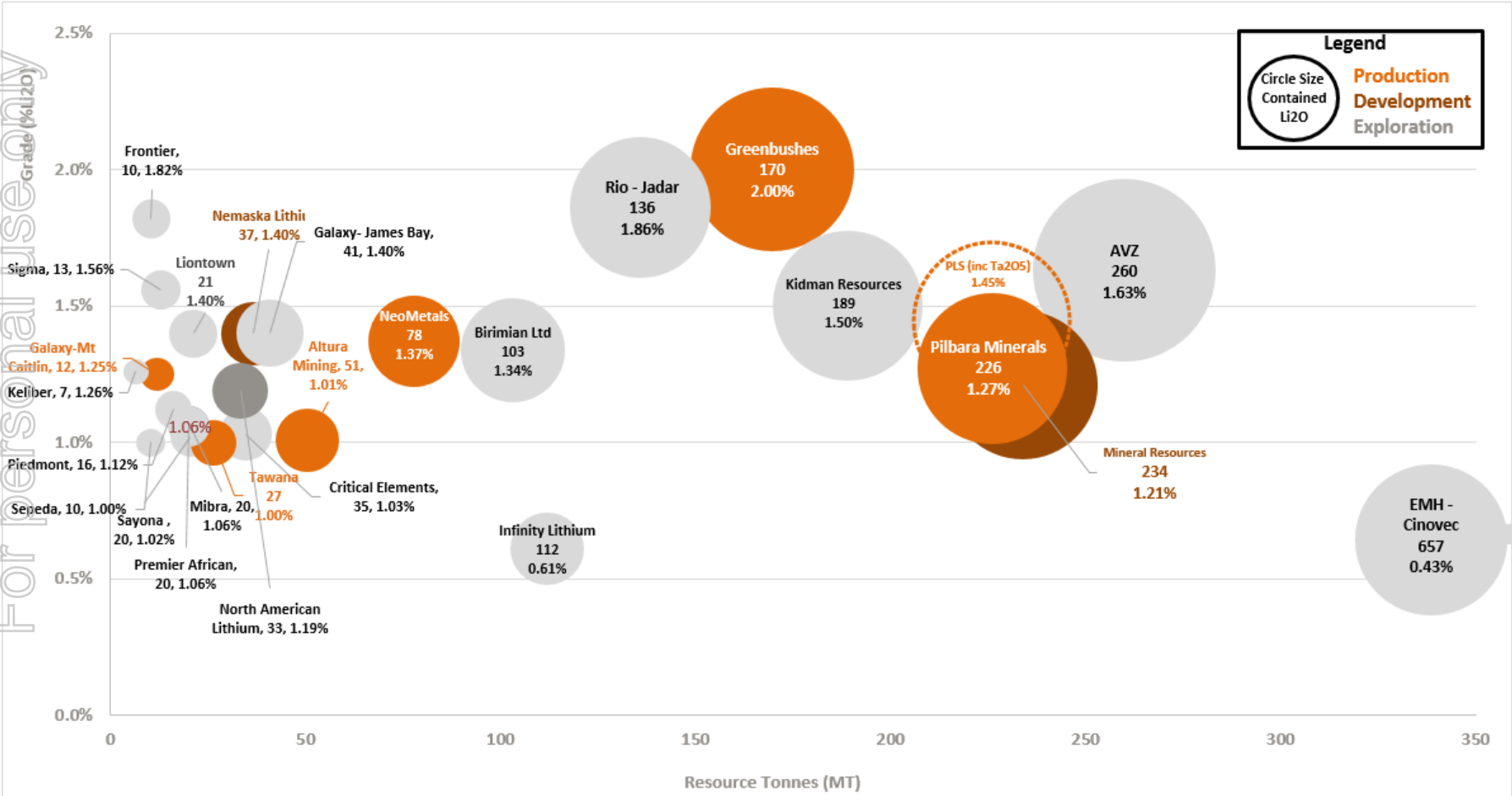
## Spodumene and tantalite concentrate recovery

- **Spodumene concentrate** contains lithium in the form of lithia ( $\text{Li}_2\text{O}$ ), recovered at the mine via the concentrator:
  - 2-stage heavy media separation for coarse spodumene concentrate, and
  - oxide flotation for fine spodumene concentrate.
  - High-grade 6%  $\text{Li}_2\text{O}$  (SC6.0 specification) produced.
- **Tantalite concentrate** ( $\text{Ta}_2\text{O}_5$ ) contains tantalum:
  - Recovered in the concentrators 'gravity' circuit.
  - Tantalum used primarily in the electronics industry in the form of capacitors.
  - Also used in the medical and aerospace industries.



# Pilgangoora - a globally significant hard rock lithium resource

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## ....with exceptional growth tomorrow

Pilgangoora Lithium-Tantalum Project - a globally significant hard rock lithium resource

- Stage 2, 5Mtpa expansion DFS released, 150% increase in production
- +100,000 tonnes LCE basis
- Positioned to be in the top 3 lithium raw material producers globally by 2020
- Strong support from offtake partners to increase production
- Stage 2 Final Investment Decision (FID), Board endorsement
- Long-lead items on order and detailed engineering underway
- Huge potential to upgrade Ore Reserves and Mineral Resources
- Downstream value adding supply chain strategy in South Korea and China



# Strong offtake partners committed to Stage 1 and 2 production



General Lithium Corporation

## Major producer of lithium chemicals in China

- Highly experienced with more than 15 years of operational and technical know how
- Customers include top cathode producers in China
- Patented process from direct conversion of spodumene into LiOH
- Producing 25ktpa LCEs with plans to add 60ktpa

赣锋锂业  
GanfengLithium

## China's largest fully integrated lithium company

- Listed Shanghai Stock Exchange
- Market cap RMB39.2B ~US\$5.8B
- Commissioning another 40ktpa LCEs with plans for another 25ktpa to reach 100ktpa LCEs
- Customers include major cathode producers in China, Japan and South Korea



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## Biggest steel producer in South Korea

- Listed on KRX, market cap US\$29.5B
- Largest producer of automotive grade steel
- PosLX Technology to produce very high battery grade LiOH
- Produces high Ni NCM cathode and anode materials
- Strategic partnership with a major Chinese co. and Ni producer
- Established the first Korean LC and LiOH plant

posco  
소리없이 세상을 움직입니다  
www.posco.co.kr



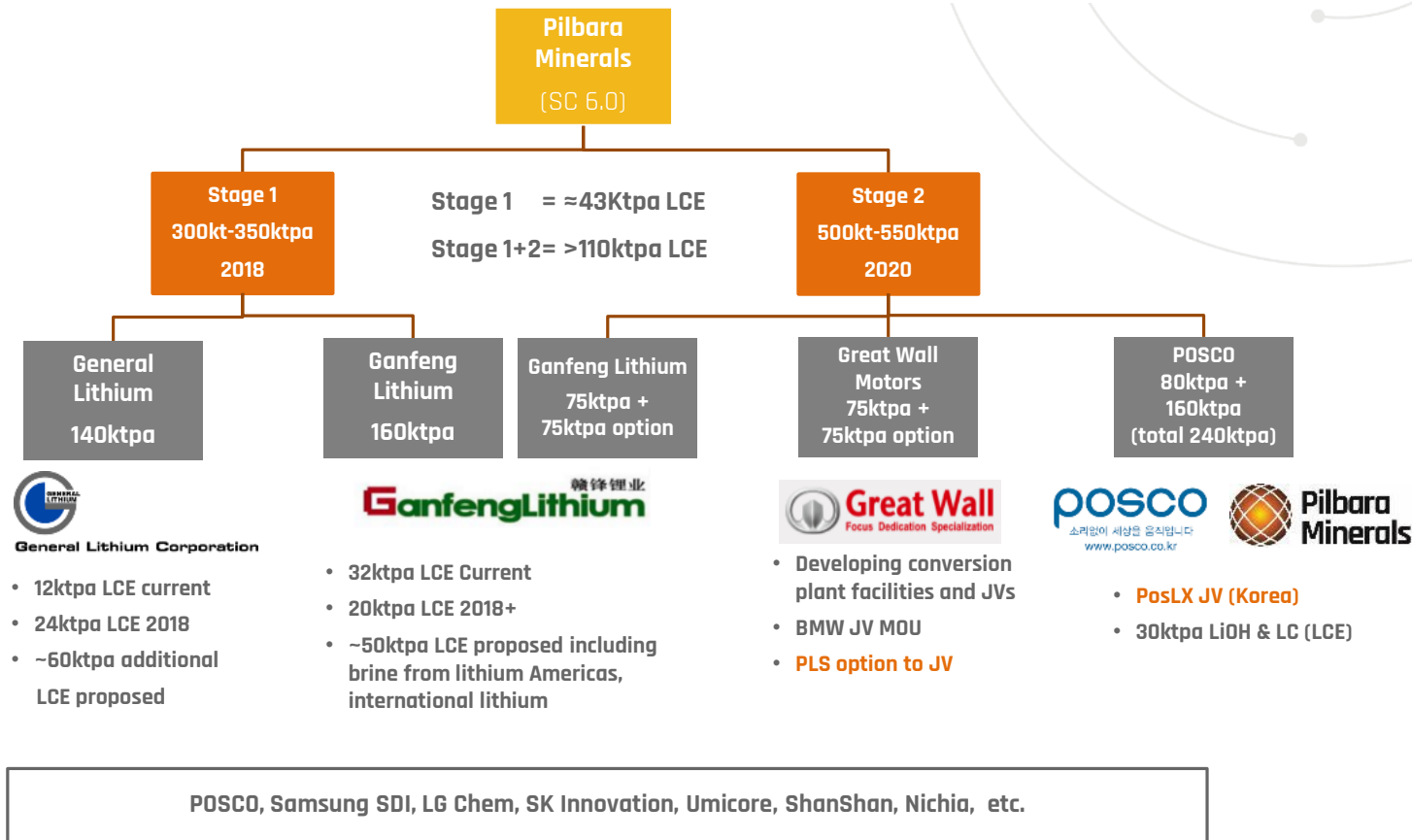
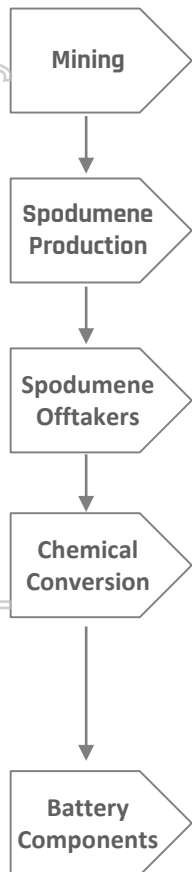
Great Wall  
Focus Dedication Specialization

## China's largest SUV and pickup manufacturer

- Listed Hong Kong and Shanghai Stock Exchange
- Market cap RMB120B ~US\$19B
- Producing ~1M vehicles per annum
- Aiming to produce 500,000 electric and hybrid cars a year by early 2020
- JV with BMW to supply mini-EV's
- Establishing a fully integrated mine to EV supply chain

# Offtake for 100% of stage 1 and 2 of Pilgangoora

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# Pilbara Minerals / POSCO

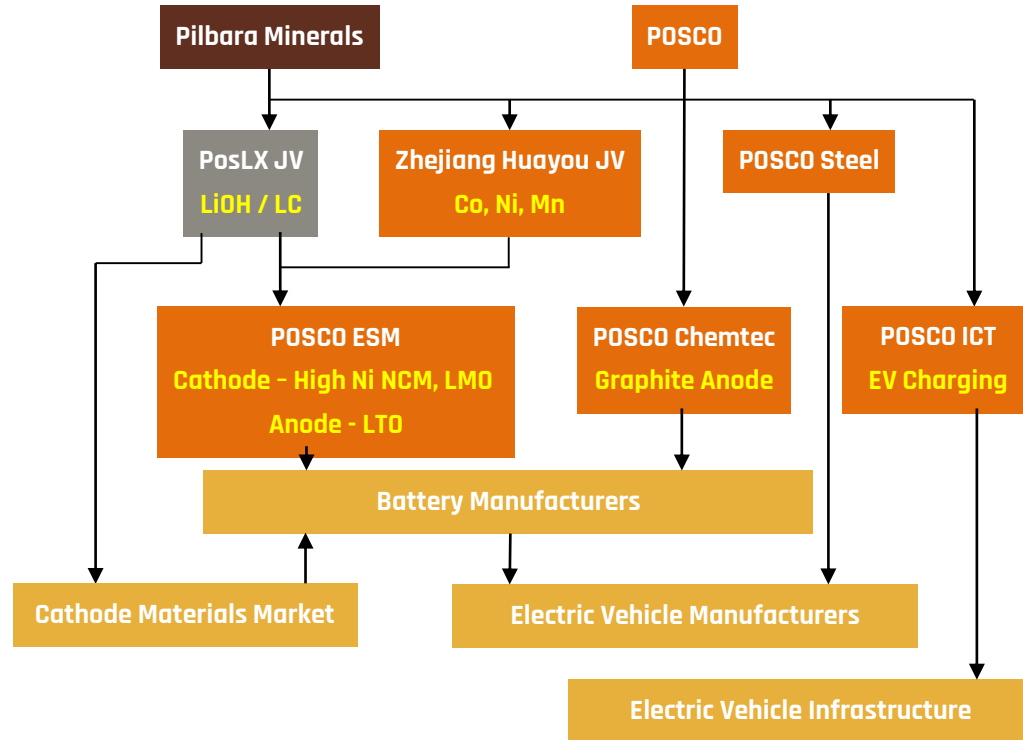
POSCO agreements announced on 28 February 2018 close out the remaining uncommitted Stage 2 production

- Binding offtake agreement for an initial 80,000tpa of 6% spodumene concentrate from Stage 2 production for the Pilgangoora Life of Mine.
- Immediate upfront A\$79.6M equity investment (representing 4.75% of issued capital, at a 17.5% premium) to allow acceleration of Stage 2, including the purchase of long lead items.
- Additional 160,000tpa from Stage 2 production (for a total of 240,000tpa), subject to Stage 2 FID decision and Pilbara's participation in a downstream conversion plant joint venture with Posco ("Downstream Joint Venture").
- Pilbara Minerals will be a 30% participant in the Downstream Joint Venture (at Pilbara's election), which will develop and operate a 30,000tpa lithium carbonate/lithium hydroxide conversion plant in South Korea from 2020, utilising POSCO's proven state-of-the-art PosLX conversion technology.
- Should Pilbara elect to participate in the Downstream Joint Venture, POSCO will provide a further A\$79.6M by way of a convertible bond to help fund Pilbara's participation in the joint venture. The convertible bond will be convertible at Pilbara's sole option at any time during the term, at the lesser of the 30-day or 5 day VWAP, less a 7.5% discount.
- The convertible note (at Pilbara's election) will be unsecured, have a 5 year tenor, be priced at 1.5% over the RBA cash rate (indicatively 3% pa in total), with the principal and interest payable at maturity.



# Pilbara Minerals / POSCO

- Pilbara Minerals to be a 30% participant in a Downstream Joint Venture (**DSJV**) with POSCO (at Pilbara's election), to develop and operate a 30,000tpa LCE lithium hydroxide/ lithium carbonate conversion plant in South Korea
- POSCO is a financially strong and technically capable partner who will provide a convertible bond (upon Pilbara's election) for A\$79.6M to largely fund Pilbara's initial 30% interest in the JV conversion plant
- POSCO's PosLX patented technology is cost competitive in comparison to conventional processing facilities
- POSCO provides Pilbara with a strategic link to lithium battery and EV manufacturers, having established R&D expertise to target the electric vehicle and energy storage markets
- DSJV expands Pilbara's access to the battery industry and should help Pilbara expand its knowledge of the lithium supply chain and core competencies
- DSJV broadens Pilbara's customer base, providing geographic diversification and greater access to global cathode makers
- DSJV should allow Pilbara to capture further value through direct participation in a downstream chemical conversion facility

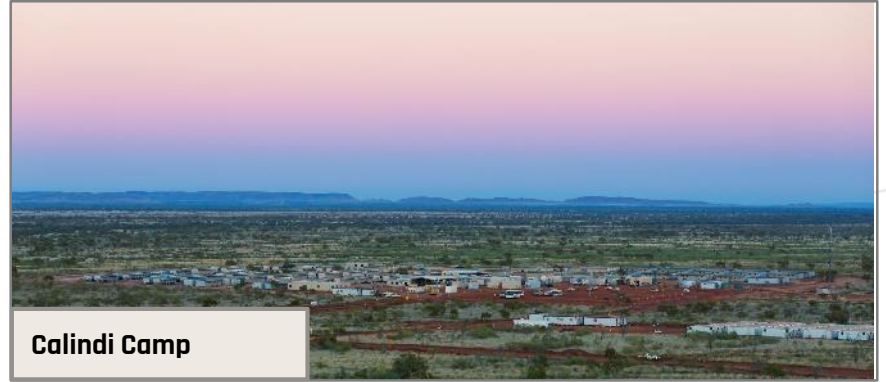


# Pilgangoora project overview

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**Plant Commissioned**



**Calindi Camp**



**Monster Pit**



**Central ROM**

# First spodumene concentrate shipment

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# Pilgangoora processing plant



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