June 2021 Full-Year Financial Results

OPERATING EXCELLENCE AND STRONG BALANCE SHEET POSITIONS PILBARA MINERALS TO CAPITALISE ON RAPIDLY GROWING DEMAND FOR LITHIUM RAW MATERIALS AND RISING PRICES DURING FY2022

FULL-YEAR HIGHLIGHTS

- 2021 Financial Year (**FY2021**) financial results reflect strong operational performance and improving market conditions in the second half of the year, resulting in a $58.4M improvement in cash gross margin[1] to $46.2M (June 2020 full-year: cash gross cash margin loss of $12.2M).
- 281,440 dry metric tonnes (**dmt**) of spodumene concentrate shipped (June 2020 full-year: 116,256 dmt) at an average unit cash operating cost[2] of A$519/dmt (CIF China) (US$389/dmt).
- Positive EBITDA of $21.4M before depreciation and amortisation of $26.6M, write-off of non-cash acquisition costs of $17.1M and net financing costs of $29.1M (June 2020 full-year: EBITDA loss of $33.9M).
- Statutory net loss after tax of $51.4M (June 2020 full-year: statutory loss of $99.3M).
- Strategic acquisition of the neighbouring operation (previously Altura Lithium Operation) funded via a successful fully underwritten $240.2M equity raising.
- Successful refinancing of US$100M Nordic Bond with a low-cost US$110M Finance Facility, on materially better terms.
- 30 June 2021 cash balance of $115.7M, inclusive of $16.0M of irrevocable letters of credit for completed shipments. Net debt position of $25.5M[3].

Pilbara Minerals Limited (ASX: PLS) (**Pilbara Minerals or the Company**) presents its financial report for the full-year to 30 June 2021 (**full-year**).

A combination of improved market conditions and strong operational performance at the Company's Pilgangoora Lithium-Tantalum Operations in Western Australia have underpinned a $58.4M improvement in the cash gross margin generated from operations to $46.2M (June 2020 full-year: cash gross margin loss of $12.2M).

A significant increase in demand from customers during the second half of the year supported total FY2021 spodumene concentrate shipments of 281,440 dmt (June 2020 full-

[1] Cash gross margin represents the operating margin from the Pilgangoora Project's operation before depreciation and amortisation expenses. It is an unaudited, non-IFRS measure that, in the opinion of the Company's directors, provides useful information to assess the financial performance of the Company over the reporting period. A reconciliation of cash gross margin to statutory net loss is included in the Annual Financial Report (Review of Operations).

[2] Cash operating costs include mining, processing, transport, state and private royalties, native title costs, port, shipping/freight and site based general and administration costs and are net of Ta_2O_5 by-product credits. Cash operating costs are calculated on an incurred basis (including accruals) and includes inventory movements.

[3] Statutory cash balance is $99.7M, which excludes irrevocable letters of credit of $16.0M as at 30 June 2021. Net debt represents the cash balance inclusive of irrevocable letters of credit ($115.7M) less secured debt ($141.2M).

year: 116,256 dmt), which enabled better utilisation of the processing plant.

In addition, the completion of several key process plant improvement projects resulted in increased feed, higher utilisation and improved lithia recoveries, leading to a reduction in the average unit cash operating cost to A$519/dmt (CIF China) (US$389/dmt at an AUD:USD exchange rate of 0.75), supporting an improved cash gross margin from operations.

This improved operational performance underpinned a positive consolidated EBITDA of $21.4M for the full-year, after allowing for corporate and administration costs ($13.4M), exploration and feasibility costs ($6.6M) and share-based payment expenses ($4.9M) (June 2020 full-year: EBITDA loss of $33.9M).

Pilbara Minerals recorded a $47.9M improvement in its consolidated net loss after tax for the full-year of $51.4M, after accounting for $26.6M of depreciation and amortisation, $17.1M of non-cash acquisition costs written off and net financing costs of $29.1M (June 2020 full-year net loss after tax: $99.3M).

During the year, Pilbara Minerals completed the strategic purchase of Altura Lithium Operations Pty Ltd (**ALO**), the owner of the Altura Lithium Operation (since re-named the Ngungaju Plant), located immediately adjacent to the Pilgangoora Lithium-Tantalum Project.

This acquisition was funded via a fully underwritten $240.2M equity raising. The purchase price included a component of deferred consideration which the Company has elected to be settled via the issue of Pilbara Minerals' shares during FY2022.

As outlined in the Company's announcement on 17 August 2021, this deferred consideration component has been accounted for by applying Pilbara Minerals' share price on the Completion Date of 20 January 2021, with any subsequent share price movements (both positive and negative) recognised in the profit and loss account, until such time as the deferred consideration shares have been issued in full[4].

Included in net finance costs in the FY2021 result is a non-cash derivative fair value movement expense of $12.6M related to the share price movement of these deferred consideration shares.

The FY2021 result also includes the write-off of $17.1M of acquisition costs specifically related to the acquisition of the Altura Lithium Operation.

During the year, Pilbara Minerals strengthened its balance sheet following the successful refinance of the US$100M Nordic Bond (**Nordic Bond**) with the low-cost US$110M senior secured syndicated Finance Facility (**Finance Facility**) provided by BNP Paribas and the Clean Energy Finance Corporation. Under the terms of the Nordic Bond, the Company paid a $5.9M redemption call premium for its early repayment, with this amount required to be expensed for accounting purposes.

The low-cost Finance Facility provides an extended non-amortisation period before principal repayments commence from September 2022 at a significantly reduced interest rate of ~5% (when compared to the previous comparative period).

Pilbara Minerals had a cash balance of $115.7M at year end, inclusive of $16.0M of irrevocable letters of credit for completed shipments (June 2020 full-year: $86.2M).

The Company's net debt position (inclusive of $16.0M of irrevocable letters of credit) as at 30 June 2021 was $25.5M (June 2020: net debt of $48.0M).

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[4] On 17 August 2021 the Company issued the first of two tranches of shares (32.7M shares) to settle the deferred consideration. The second tranche of shares is expected to be issued following shareholder approval at a meeting to be held in September 2021.

Commenting on the full-year results, Pilbara Minerals' Managing Director, Ken Brinsden said:

"What an incredible turnaround we have seen during the second half of FY2021. Global demand growth for lithium raw materials has now really kicked-in and it is resulting in substantial increases in the price received for our products.

"Thanks to the efforts of our team who deployed the moderated production strategy. As a result, we were able to sustain operations during tough market conditions and have emerged stronger than ever. Our world-class asset base has been further enhanced by the Altura acquisition, as we now own two processing plants and have the ability to rapidly ramp-up production from the second plant into a market that is low in spodumene concentrate supply. Importantly, production from this second plant is completely uncommitted.

"By using the downtime wisely to undertake plant improvement and optimisation works, the Pilgan Plant is performing better than ever and we are now focused on increasing production capacity to up to 380,000tpa of spodumene concentrate.

"This additional capacity, along with the restart of the Ngungaju Plant, will see us supply the market with around 550,000-580,000tpa of spodumene concentrate by June 2022 through our existing offtake agreements and newly-established BMX platform.

"By utilising the BMX platform, we will have an additional sales channel to help realise more of the available margin available between the value of spodumene concentrate and lithium hydroxide in this buoyant market, which will be an outstanding outcome for us and our shareholders.

"I would like to thank everyone who has supported us over the last year, particularly our employees and contracting partners, who have worked extremely hard to get us to the position we find ourselves in today. My sincerest thanks also to those shareholders who stood by us during the tough times – I hope you are reaping the rewards that we knew would always eventuate. Here's to a great FY2022, as we continue to operate, grow and diversify our business for the future."

Release authorised by Ken Brinsden, Pilbara Minerals Limited's Managing Director.

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FORWARD LOOKING STATEMENTS AND IMPORTANT NOTICE

This announcement may contain some references to forecasts, estimates, assumptions and other forward-looking statements. Although the Company believes that its expectations, estimates and forecast outcomes are based on reasonable assumptions, it can give no assurance that they will be achieved. They may be affected by a variety of variables and changes in underlying assumptions that are subject to risk factors associated with the nature of the business, which could cause actual results to differ materially from those expressed herein.

All references to dollars ($) and cents in this announcement are to Australian currency, unless otherwise stated.

ABOUT PILBARA MINERALS

Pilbara Minerals is the leading ASX-listed lithium company, owning 100% of the world's largest, independent hard-rock lithium operation. Located in Western Australia's resource-rich Pilbara region, the Pilgangoora Project and Operation produces a spodumene and tantalite concentrate. The significant scale and quality of the operation has attracted a consortium of high quality, global partners including Ganfeng Lithium, General Lithium, Great Wall Motor Company, POSCO, CATL and Yibin Tianyi.

While it continues to deliver a low-cost, quality spodumene to market, Pilbara Minerals is pursuing a growth and diversification strategy to become a sustainable, low-cost lithium producer and fully integrated lithium raw materials and chemicals supplier in the years to come.

Through execution of this strategy, Pilbara Minerals is positioned to become a major player in the rapidly growing lithium supply chain, underpinned by increasing demand for clean energy technologies such as electric vehicles and energy storage as the world pursues a sustainable energy future.