



**Pilbara
Minerals**

...Powering a sustainable energy future

ASX / MEDIA ANNOUNCEMENT

25 MARCH 2020

ADDITIONAL OFFTAKE IN PLACE AT PILGANGOORA

NEW FIVE-YEAR, 75,000TPA SPODUMENE CONCENTRATE OFFTAKE AGREEMENT SECURED WITH YIBIN TIANYI - A KEY PARTICIPANT IN CATL'S LITHIUM SUPPLY CHAIN

HIGHLIGHTS

- Five-year offtake agreement signed with Yibin Tianyi for 75,000tpa of high quality spodumene concentrate from the Pilgangoora Project.
- First shipment of 20kt of spodumene concentrate already completed in March this year, with a second shipment targeted for late April/early May 2020.
- Yibin Tianyi is set to become a key participant in the supply chain of Contemporary Amperex Technology (CATL), the world's largest lithium-ion battery maker and major shareholder in Pilbara Minerals Limited. It has invested heavily in lithium chemical manufacturing capacity, with its first 25,000tpa LCE plant currently under construction and targeting production from June 2020.
- Continued sales of spodumene concentrate to China and South Korea achieved during the March Quarter despite the global impact of COVID-19, particularly in China. Demand in the near term is likely to be tempered with end-use demand expected to remain soft in response to COVID-19.
- Process plant and mining campaigns currently in progress at Pilgangoora as the Company's moderated production strategy continues:
 - Exceptional plant performance and recoveries being achieved; and
 - Average 72% lithia recovery for the latest process plant campaign (inclusive of plant start-up), with 74-76% daily lithia recovery achieved over several days, reinforcing the previously announced improved recovery performance trends.

Pilbara Minerals Limited (ASX: PLS) (**Pilbara Minerals or the Company**) is pleased to announce that it has secured a new long-term offtake partner for its Pilgangoora Lithium-Tantalum Project (Pilgangoora Project) in Western Australia. Through its strategic relationship with Contemporary Amperex Technology (**CATL**), the Company has entered into a five-year offtake agreement for high quality spodumene concentrate supply with Yibin Tianyi Lithium Industry Co Ltd (**Yibin Tianyi**).

The five-year agreement is for up to 75,000tpa of high quality, spodumene concentrate, with 60,000tpa to be supplied initially in 2020, increasing to a minimum of 75,000tpa for the remainder of its term. Yibin Tianyi has already taken delivery of an initial shipment of 20,000t in March and, following execution of the offtake agreement, Pilbara Minerals and Yibin Tianyi are targeting a second shipment in April/early May 2020 and a regular delivery schedule thereafter.

Based in the city of Yibin in China's Sichuan Province, Yibin Tianyi is set to become a leading lithium chemical and battery materials supplier. With the support of one of its major shareholders, CATL, Yibin Tianyi has been pursuing a growth strategy to become a globally significant lithium chemical manufacturer to expand its footprint in the new energy technology sector.

Yibin Tianyi is currently constructing a lithium chemical plant in Sichuan with an initial production capacity of up to 25,000tpa of lithium chemicals (including primary hydroxide production and facilities for lithium carbonate production). Production is targeted to commence in June 2020. Once in production, Yibin Tianyi plans to increase capacity to approximately



100,000tpa by 2022, which will make it one of the biggest lithium chemical suppliers in China. CATL currently holds a ~15% stake in Yibin Tianyi.

Ken Brinsden, Pilbara Minerals' Managing Director and CEO, said:

"We welcome Yibin Tianyi as a new offtake partner for our Pilgangoora Project. This agreement is the outcome of the significant work which our team has been undertaking to further diversify our customer base and to support the large long-term production base now established at Pilgangoora. The signing of this agreement is also testament to the strong relationships we have been building throughout the entire lithium-ion battery supply chain.

"Given Yibin Tianyi's position as a key lithium chemical supplier to our largest shareholder CATL, our new partnership will further integrate Pilbara Minerals within the supply chain of the world's largest electric vehicle battery manufacturer. This will allow us to capture value from the future growth in the electric vehicle market while also supporting Yibin Tianyi's growth ambitions to become one of the biggest lithium chemical suppliers in China.

"The development of strategic partnerships with such major players in the market continues to demonstrate the quality and scale of the Pilgangoora Project, and the important role it will play in helping to meet future demand for lithium raw material supply."

The Company continues to maintain flexibility to work with its existing customers to meet their varied demand profiles over the coming years, both through the established capacity of the existing Stage 1 facilities (2Mtpa processing capacity) and the potential future incremental expansion of processing capacity in response to changing demand conditions.

The Company expects continued growth in customer demand from offtake customers over the coming years and is progressing desktop engineering studies to position the Company to deliver an incremental Stage 2 expansion of Pilgangoora's processing capacity to 5Mtpa. This would only occur in response to increased customer demand and Stage 1 production capacity being fully utilised.

Business update

To date, Pilbara Minerals has not experienced any material impact to its Pilgangoora operations as a direct result of the coronavirus (COVID-19) situation. The Company remains focused first and foremost on the health and safety of its employees and has deployed appropriate actions to ensure both positive hygiene and health management in support of continued operations.

While there has understandably been some disruption within the China supply chain as a result of COVID-19 (where the Company's largest customers are based), the ability to secure sales, credit, and shipping has continued to function within China. At this stage, the Company anticipates that shipped tonnes for the March 2020 Quarter will be consistent with the lower end of previously announced guidance of 35kt – 50kt.

The Company continues to monitor the situation both within China (and elsewhere) to determine the potential impact on the lithium market and will continue to engage with existing customers and potential customers on future spodumene concentrate sales and shipments.

As the market situation remains uncertain, further commentary in respect of sales conditions and the market outlook will be provided as conditions change and/or within the March Quarterly report.

In response to ongoing soft market conditions, Pilbara Minerals continues to deploy a moderated production strategy at Pilgangoora to match production with customer demand to preserve working capital. In line with this approach, mining and processing campaigns are currently underway.

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Central Pit – Drill and Blast March 2020

The processing plant has continued to achieve improved lithia recoveries with the current campaign delivering an increased average lithia recovery of 72% to 23rd March*, inclusive of the plant start-up. Several days within the current campaign (commencing 18th March) have delivered recoveries in the range of 74-76% and the Company's view is that the plant's recovery performance is now largely in line with its design criteria (being 72% to 78% lithia recovery, depending on the ore feed).

The ability of the processing plant to deliver these improved lithia recovery results consistently reflects the optimisation and improvement works completed by the Company over the past 12 months. The achievement of these strong and competitive lithia recovery results, even in a moderated production environment, provides confidence that the processing plant will be able to achieve both design lithia recovery and full production capacity once steady-state operations are underway on a continuous basis.

*Quoted lithia recoveries are interim results and subject to final survey reconciliation.



Final Product Shed and Stockyards, March 2020

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Pilbara Minerals continues to maintain a strong balance sheet inclusive of a significant cash balance following the successful \$111.5 million capital raising late last year. Where possible, the Company has retained sales proceeds received from customers in USD as a natural hedge against the Company's USD denominated secured Nordic bond and interest payments.

Key terms of the Yibin Tianyi Offtake Agreement

The key terms of the offtake agreement with Yibin Tianyi include:

- **Term:** an initial 5 year term ending 2024 with the option for parties to agree to extend for a further 5 years.
- **Annual Supply:** Tianyi has agreed to take and pay for 60,000 tonnes of spodumene concentrate in 2020, increasing to 75,000 tonnes of spodumene concentrate for 2021 to 2024.
- **Specifications:** 6% (target) spodumene concentrate.
- **Pricing:** Pricing is on US\$CIF (Cost Plus Insurance and Freight) basis with annual price reviews and spodumene concentrate pricing is determined pursuant to a pricing formula which references pricing of lithium carbonate and lithium hydroxide. Floor price protections which are CPI adjusted are included.
- **Payment:** irrevocable letter of credit.
- **Suspension rights:** Delivery and payment obligations may be suspended for operational reasons and for typical force majeure events which are outside of the control of the parties.
- **Termination rights:** for insolvency and material breach including non-payment or failure to supply or take annual tonnage requirements.

About Yibin Tianyi Lithium Industry Co., Ltd

Yibin Tianyi Lithium Industry Co., Ltd. ("the Company") was set up by a partnership of Suzhou TA&A Ultra Clean Technology Co., Ltd. (SHE: 300390) and Changjiang Chendao (Hubei) New Energy Industry Investment Co., Ltd., Contemporary Amperex Technology Co., Limited (SZSE: 300750), Yibin Tianyuan Group Co., Ltd. (SHE: 002386), Ningbo Hanyi Investment Partnership Enterprise and Ningbo Meishan Bonded Port Area Chaoxing Investment Partnership Enterprise which signed the investment agreement on 13 November 2018 in Ningde City, Fujian Province to jointly invest in the construction of lithium battery materials projects to further strengthen their presence in the lithium battery industry.

On 19 November 2018, Yibin Tianyi Lithium Industry Co., Ltd. was formally established in Jiangan County Industrial Park, Yibin City, Sichuan Province, China. The Company's business scope is: lithium battery materials and lithium series products; R&D, production and sales of new energy related chemical products; production, processing and sales of battery-grade lithium hydroxide, lithium carbonate, lithium metal, industrial-grade lithium carbonate and its lithium series products, and other chemical products; and related technology research and promotion services; import and export business of product and technology and consulting services.

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



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MORE INFORMATION

ABOUT PILBARA MINERALS

Pilbara Minerals is an Australian lithium-tantalum producer and a top-200 company on the Australian Securities Exchange (ASX: PLS). Through the development of its 100% owned, Pilgangoora Lithium-Tantalum Project (Pilgangoora Project), the Company is positioned to become a major player in the world's rapidly growing lithium supply chain, underpinned by the electric vehicle and energy storage markets.

Located in Western Australia's resource rich Pilbara region, the Pilgangoora Project hosts one of the world's largest hard rock lithium-tantalum deposits and is recognised as one of the most important new sources of lithium raw materials globally. The Pilgangoora Project's significant scale and outstanding quality has not only resulted in a remarkable development timeline, with Pilbara Minerals having progressed it from first drill hole to production in under four years, but also attracted a consortium of high quality global partners including Ganfeng Lithium, General Lithium, Great Wall Motor Company, POSCO and CATL.

Now that production is well underway, Pilbara Minerals is focused on an expansion and diversification strategy to become one of the biggest and lowest cost lithium producers, and a fully integrated lithium raw materials and chemicals supplier in the years to come.

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