



EQUITY RAISING LAUNCHED TO FUND THE ACQUISITION OF THE ALTURA LITHIUM PROJECT

HIGHLIGHTS

- The approval by ALO creditors and execution of Pilbara Minerals' sponsored DOCA on 11 December 2020 satisfies an important pre-condition to the proposed acquisition of the neighbouring Altura Project for US\$175 million¹.
- Acquisition to be largely funded through a A\$240 million equity raising, comprising a A\$119 million cornerstone placement (now complete) and a A\$121 million fully-underwritten 1-for-7.6 non-renounceable entitlement offer (launching today), both at a fixed offer price of A\$0.36 per share.
- The acquisition provides a unique opportunity to realise tangible operational synergies by consolidating the two neighbouring projects into a single integrated operation.

TRANSACTION SUMMARY

As previously announced, Pilbara Minerals Limited ("**Pilbara Minerals**" or the "**Company**") (ASX: PLS) entered into a Share Sale Agreement with Altura Mining Limited (Receivers and Managers Appointed) (Administrators Appointed) ("**Altura**") and Richard Tucker and John Bumbak in their capacity as joint and several receivers and managers of Altura ("**Receivers**") for the acquisition of all of the shares in Altura Lithium Operations Pty Ltd ("**ALO**"), the entity which owns Altura's Pilgangoora Lithium Project ("**Altura Project**"), for US\$175 million^{1,2} ("**Share Sale Agreement**"). Completion under the Share Sale Agreement is conditional on:

- effectuation of the Deed of Company Arrangement ("**DOCA**"), which has now been approved by ALO creditors and signed by Pilbara Minerals, ALO, the Receivers and Clifford Rocke and Jeremy Nipps in their capacity as administrators of ALO; and,
- completion of a A\$240 million equity raising in support of the transaction.

As announced on 28 October 2020, Pilbara Minerals is funding the upfront cash consideration of US\$155 million and associated transaction costs through the proceeds of the A\$240 million equity raising.

The equity raising comprises:

¹ Includes upfront cash consideration of US\$155 million and US\$20 million of deferred consideration. The deferred consideration of US\$20 million (A\$28 million) represented approximately 69 million Pilbara Minerals Shares at the time the Implementation Agreement was signed on 27 October 2020 (at a deemed share price of A\$0.4072 per share). The Deferred Consideration can be settled in shares or cash at Pilbara Minerals' election any time up to the date that is 12 months after completion under the Share Sale Agreement ("**Maturity Date**"). Where Pilbara Minerals elects to settle in shares and the share price has decreased below A\$0.4072 per share at the time of settlement, then the number of shares issued will be increased to reflect the decrease in the prevailing share price. Where Pilbara Minerals elects to settle in cash and the share price has increased at the time of settlement to above A\$0.4072 per share, then the Deferred Consideration payable in cash will be adjusted to reflect the increase in the prevailing price. In addition, should the Deferred Consideration be settled within 6 months of completion under the Share Sale Agreement, then a top up mechanism applies to increase the Deferred Consideration by the positive share price movement between the price on the date of the early redemption and the share price on the date that is 6 months post completion under the Share Sale Agreement.

² Excludes DOCA funding of A\$6 million and A\$7 million loan facility provided to Receivers.



- a ~A\$119 million placement to AustralianSuper Pty Ltd in its capacity as trustee for AustralianSuper (“**AustralianSuper**”) and Resource Capital Fund VII L.P. (“**RCF VII**”) (“**Placement**”), with the placement shares now issued and allotted; and,
- a ~A\$121 million fully underwritten accelerated non-renounceable entitlement offer (“**Entitlement Offer**”) which is launching today and is available to all eligible Pilbara Minerals shareholders (together, the “**Equity Raising**”).

Pilbara Minerals’ Managing Director, Ken Brinsden, said:

“We are pleased to confirm the successful completion of the Placement and announce the formal launch of the Entitlement Offer to all eligible shareholders which represents the final step in acquiring the Altura Project.”

“We thank both AustralianSuper and RCF VII for their role in cornerstoning the equity raising and their continued support throughout the acquisition process.”

“The acquisition of the Altura Project on an unencumbered basis provides us with maximum flexibility to operate an enlarged Pilgangoora Operation once both projects have been integrated and consolidated. The Receiver placed the Altura Project into care and maintenance on 26 October 2020 and, since then, our technical team has been undertaking an evaluation of the operations which, when combined with an assessment of the prevailing market conditions, will ultimately help us decide when to recommence operations at the Altura Project under a single unified operation.”

“Pilbara Minerals is uniquely placed to realise the full value of benefits that should arise from acquiring the neighbouring Altura Project. This, when combined with the additional production capacity and uncommitted offtake positions, means we are strongly placed to capitalise on improving lithium market conditions and the expected long-term industry growth trend.”

STRATEGIC RATIONALE

The acquisition of the Altura Project provides Pilbara Minerals with a unique opportunity to realise tangible operational synergies by consolidating the two neighbouring projects into a single integrated operation:

- **Enhances scale:** Enhances scale of operations with increased production capacity, Mineral Resource and Ore Reserve base, and exploration potential. The combined operation will be one of the select few operating spodumene projects globally which are 100% owned by one company;
- **Tangible synergies:** Consolidation of neighbouring operations to unlock tangible synergies, including integration of mining operations, economies of scale, removal of duplicated services and unlocking sterilised Ore Reserves at the tenement boundary. Targeted quantifiable operational synergies of A\$18 – 27 million per annum have been estimated, with several additional synergies subject to further work³;

³ Synergies and associated cost savings based on Pilbara Minerals’ internal estimates and represent targets only. Further information to be provided to the market in due course. See the key risks of the Investor Presentation released to the ASX for further information.

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- **Flexibility:** Acquisition following Deed of Company Arrangement delivers Altura's lithium assets as a "clean slate," providing maximum flexibility to optimise the integrated operations;
- **Speed to market:** Ability to rapidly increase production in response to a rising lithium market⁴ to satisfy existing diversified customer base and new customers, with added flexibility from two processing plants; and,
- **Market relevance:** Secures position as the leading ASX-listed pure-play lithium company as measured by enterprise value with greater market appeal, investor relevance and importance to the entire lithium ion battery and EV supply chain.

OVERVIEW OF THE ALTURA PROJECT

The Altura Project is a producing hard rock spodumene concentrate operation located on an adjoining tenement package immediately to the west of Pilbara Minerals' Pilgangoora Lithium-Tantalum Project ("**Pilgangoora Project**").

The Altura Project commenced production in 2018, reached commercial production in early 2019 and produced 181,263 wet metric tonnes of spodumene concentrate in the year ended 30 June 2020⁵.

The operation is part of the same mineralised system as the Pilgangoora Project and uses similar open-pit mining methods, processing flowsheets and mining equipment. The combination of these factors combined with the proximity of both operations, provides a unique opportunity for a single owner to realise tangible synergies both immediately post acquisition and over time.

EQUITY RAISING

The A\$240 million Equity Raising will comprise:

- A ~A\$119m Placement, with AustralianSuper allotted ~160 million ordinary shares in Pilbara Minerals and RCF VII allotted ~171 million ordinary shares in Pilbara Minerals. The Placement shares were issued and allotted earlier today, meaning these shares are eligible to participate in the Entitlement Offer; and,
- A ~A\$121m 1-for-7.6 fully underwritten Entitlement Offer launching today, which will result in the issue of approximately 337 million shares in Pilbara Minerals.

All shares offered under the Equity Raising ("**New Shares**") have or will be issued at a price of A\$0.36 per New Share. Assuming the successful completion of the Entitlement Offer and acquisition of the Altura Project, Pilbara Minerals is expected to maintain its robust balance sheet position with a pro-forma 30 June 2020 cash balance of A\$96 million⁶ and an undrawn US\$15 million working capital facility.

⁴ Pilbara Minerals will assess prevailing spodumene market conditions (including the effect of both demand and pricing outcomes) prior to any decision to recommence operations of ALO.

⁵ Refer to Altura's ASX release titled 'Quarterly Activities Report' (31 July 2020).

⁶ Actual cash at 30 June 2020 of A\$86 million adjusted for net refinancing adjustments (+A\$6 million) and adjusting for acquisition and equity raising adjustments (+A\$4 million).

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Each New Share issued under the offer will rank equally with existing fully paid ordinary shares in Pilbara Minerals. Following issue of the New Shares under the offer, Pilbara Minerals will seek quotation of the New Shares on the ASX.

Under the Entitlement Offer, eligible shareholders are invited to subscribe for one New Share for every 7.6 existing Shares held as at 7:00pm (Sydney time) on Wednesday, 16 December 2020 ("**Record Date**").

Eligible institutional investors will be invited to participate in the accelerated institutional component of the Entitlement Offer ("**Institutional Entitlement Offer**"), which is expected to be conducted on Monday, 14 and Tuesday, 15 December 2020.

The retail component of the Entitlement Offer ("**Retail Entitlement Offer**") will be open from Friday, 18 December 2020 to Monday, 11 January 2021 to eligible retail shareholders with a registered address in Australia or New Zealand as at 7:00pm (Sydney time) on the Record Date. Offer documents in respect of the Retail Entitlement Offer will be lodged with the ASX on Friday 18 December 2020, with details on how to access those documents to be sent in a letter to eligible retail shareholders on Friday, 18 December 2020. The Entitlement Offer is fully underwritten by Macquarie Capital (Australia) Limited and sub-underwritten by AustralianSuper and RCF VII.

The Entitlement Offer is non-renounceable and entitlements will not be tradeable or otherwise transferrable.

Macquarie Capital (Australia) Limited is acting as Financial Adviser, Sole Lead Manager, Underwriter and Bookrunner to Pilbara Minerals. Allen & Overy is acting as Legal Advisor to Pilbara Minerals.

INDICATIVE OFFER TIMETABLE

Event	Date
Signing of the Pilbara Minerals sponsored DOCA Proposal	Friday, 11 December 2020 – Complete
Completion of Subscription Agreements with AusSuper and RCF	Friday, 11 December 2020 – Complete
Allotment of shares issued under the Placement	Monday, 14 December 2020 – Complete
Trading Halt (pre-market open)	Monday, 14 December 2020
Institutional Entitlement Offer opens	Monday, 14 December 2020
Announcement of the results of the Institutional Entitlement Offer	Wednesday, 16 December 2020
Trading resumes on an ex-entitlements basis	Wednesday, 16 December 2020
Record date for Retail Entitlement Offer	7.00pm, Wednesday, 16 December 2020
Retail Entitlement Offer opens	Friday, 18 December 2020
Settlement of securities under the Institutional Entitlement Offer	Tuesday, 22 December 2020
Allotment and trading of shares issued under the Institutional Entitlement Offer	Wednesday, 23 December 2020
Retail Entitlement Offer closes	Monday, 11 January 2021
Retail shortfall notification date and announcement of results of Retail Entitlement Offer	Thursday, 14 January 2021



Event	Date
Settlement of shares issued under the Retail Entitlement Offer	Friday, 15 January 2021
Allotment and trading of shares issued under the Retail Entitlement Offer	Monday, 18 January 2021

The timetable above is indicative only and may be subject to change. Pilbara Minerals and the Sole Lead Manager reserve the right to amend any or all of these dates and times without notice, subject to the Corporations Act, the ASX Listing Rules and other applicable laws. Completion under the Share Sale Agreement is expected to occur shortly following completing the allotment of shares under the Retail Entitlement Offer.

FURTHER INFORMATION

For further information on the transaction, Pilbara Minerals shareholders should read Pilbara Minerals' investor presentation titled, "Equity Raising and Acquisition of the Altura Project" which has been lodged with the ASX today.

Nothing contained in this announcement constitutes investment, legal, tax or other advice. You should seek appropriate professional advice before making any investment decision.

The Company securities are expected to resume trading on Wednesday, 16 December 2020 when the Company announces the results of the Institutional Entitlement Offer.

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

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INFORMATION REGARDING THE ALTURA PROJECT

The information regarding the Altura Project in this announcement including information relating to production, recoveries, mineral resources and reserves estimates, life of mine plans has been sourced using publicly available information and has not been independently verified by the Company. The Company has undertaken only limited due diligence in relation to the Altura Project and may not be aware of all the material information, assumptions, facts and circumstances. Accordingly, the Company does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of this information. While the Company has conducted due diligence on the proposed transaction, the Altura Lithium Project and Altura Lithium Operations, Pilbara Minerals is unable to verify the accuracy or completeness of the information provided, and there is no assurance that this due diligence was conclusive and that all material issues and risks in relation to the proposed transaction and the Altura Lithium Project have been identified. Receipt of new, additional or

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updated information, assumptions or modifying factors may change production targets, recoveries, mineral resource and reserves estimates, life of mine plans and other forward-looking statements concerning the Altura Project in this announcement. To the extent that this information is incomplete, incorrect, inaccurate or misleading, there is a risk that the profitability and future results of the operations of Pilbara Minerals following the transaction may differ (including in a materially adverse way) from Pilbara Minerals' expectations as reflected in this document, or that additional liabilities may emerge.

FORWARD LOOKING STATEMENTS AND IMPORTANT NOTICE

Statements contained in this document, including but not limited to those regarding the possible or assumed future costs, projected timeframes, performance, dividends, returns, revenue, exchange rates, potential growth of Pilbara Minerals, statements about the completion of the transaction, the timing and amount of synergies, the future strategies, results and outlook of the combined Pilgangoora Lithium-Tantalum and Altura Lithium projects, industry growth, commodity or price forecasts, or other projections and any estimated company earnings are or may be forward looking statements. Forward-looking statements can generally be identified by the use of words such as 'project', 'foresee', 'plan', 'expect', 'budget', 'outlook', 'schedule', 'estimate', 'target', 'guidance', 'aim', 'intend', 'anticipate', 'believe', 'estimate', 'may', 'should', 'will' or similar expressions. Forward looking statements including all statements in this presentation regarding the outcomes of preliminary and definitive feasibility studies, projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. These statements relate to future events and expectations and as such involve known and unknown risks and significant uncertainties, many of which are outside the control of Pilbara Minerals. Actual results, performance, actions and developments of Pilbara Minerals may differ materially from those expressed or implied by the forward-looking statements in this document. Such forward-looking statements speak only as of the date of this document. There can be no assurance that actual outcomes will not differ materially from these statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. Investors should consider the forward looking statements contained in this document in light of those disclosures. To the maximum extent permitted by law (including the ASX Listing Rules), Pilbara Minerals and any of its affiliates and their directors, officers, employees, agents, associates and advisers: disclaim any obligations or undertaking to release any updates or revisions to the information in this document to reflect any change in expectations or assumptions; do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information in this document, or likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement; and disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence). Nothing in this document will under any circumstances create an implication that there has been no change in the affairs of Pilbara Minerals since the date of this document.

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