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ASX / MEDIA ANNOUNCEMENT

Monday. 27 February 2023

POSCO Pilbara Downstream JV Secures Debt Facility

KRW600B (US$460M[1]) DEBT FACILITY EXECUTED TO FUND THE BALANCE OF THE CAPITAL COSTS FOR THE DEVELOPMENT OF THE 43KTPA LHM CHEMICAL FACILITY IN SOUTH KOREA

KEY POINTS

- Joint venture company, POSCO Pilbara Lithium Solution Co Ltd (the **POSCO Pilbara JV Company** or **Joint Venture**) has executed a KRW600 billion (US$460M) debt facility with Korean government-owned banks.
- Debt facility represents the balance of the total funding requirement (approximately 60%) for the development and commissioning of the 43ktpa Lithium Hydroxide Monohydrate (LHM) Chemical Facility (**Chemical Facility**) currently under construction in Gwangyang, South Korea.
- Each JV participant has already contributed their share of equity funding, with Pilbara Minerals' initial 18% equity participation (with an option to increase to 30%) funded through the previously announced A$79.6M 5-year Convertible Bond Agreement provided by POSCO (see ASX announcement: 28th February 2018).
- Construction of the Chemical Facility is well underway with commissioning of the first 21,500tpa train scheduled from late CY2023.

Further to its ASX announcements dated 26 October 2021, 11 April 2022 and 13 April 2022, Pilbara Minerals Limited (**Pilbara Minerals** or **the Company** – ASX: PLS) is pleased to advise that POSCO Pilbara Lithium Solution Co Ltd has executed a KRW600 billion (US$460M) loan agreement to fund the balance of the capital development and commissioning costs for its new 43ktpa Lithium Hydroxide Monohydrate Chemical Facility currently being constructed in Gwangyang, South Korea.

The loan agreement has been executed with The Korea Development Bank and The Export-Import Bank of Korea, both well-established government-owned banks in South Korea.

The debt facility represents the remaining ~60% of the forecast funding required for the development of the Chemical Facility, with JV parties having previously funded their equity share. The debt facility is non-recourse to Pilbara Minerals, with the security provided by the POSCO Pilbara JV Company and limited to the land, building, plant and equipment of the Chemical Facility.

The debt facility, which has a 7-year term and repayments commencing two years from drawdown, comprises both a fixed and variable interest rate with tranche A (50% of the Loan Amount) fixed and tranche B (50% of the Loan Amount) variable.

[1] USD values are estimated at an USD: KRW exchange rate of 1,304.66 as at 24 February 2023.

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The facility does not restrict the payment of dividends or other distributions from the POSCO Pilbara JV Company to its shareholders, subject to compliance with financial covenants and no events of default existing at the time. Other terms relevant to the debt are customary for a facility of this nature.

Construction of the new chemical facility commenced last year and has already made significant progress. Construction and commissioning currently remains on schedule, with the first 21,500tpa train scheduled to commence commissioning from late 2023 and the second 21,500tpa train from the March 2024 Quarter.

Pilbara Minerals will be the sole supplier of spodumene concentrate (up to 315,000tpa) to the new Chemical Facility.

Pilbara Minerals' Managing Director and CEO, Dale Henderson, said:

"We are delighted that the Joint Venture has secured this debt funding from leading Korean banks on commercially favourable terms, positioning the POSCO Pilbara JV Company to complete construction and commissioning of its new 43ktpa lithium hydroxide chemical conversion facility in South Korea.

"Construction of this world-class facility is already well underway, with the first train of 21,500 tonnes per annum scheduled to start commissioning from late this year, followed by commissioning of the second 21,000tpa train in the March 2024 Quarter.

"Our 18% interest in the POSCO Pilbara JV (with an option for Pilbara to increase to 30%) represents a key element of Pilbara Minerals' downstream processing strategy, enabling the Company to become an integrated lithium raw materials company.

"Building on our strong relationship with POSCO, we are delighted to be jointly establishing a strong foothold in South Korea's emerging battery materials industry at the door step of established major battery manufacturers."

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ABOUT PILBARA MINERALS

Pilbara Minerals owns 100% of the world's largest, independent hard-rock lithium operation. Located in Western Australia's resource-rich Pilbara region, the Pilgangoora 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, POSCO, CATL and Yibin Tianyi.

While it continues to deliver a quality spodumene concentrate 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 has 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.