



**Pilbara  
Minerals**

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**PILBARA MINERALS LIMITED  
ACN 112 425 788**

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**NOTICE OF ANNUAL GENERAL MEETING**

**The Annual General Meeting of the Company will be held at  
the Banquet Hall South, University Club of Western Australia,  
Hackett Drive, Crawley WA 6009 on  
Wednesday, 28 November 2018 at 2.00pm (WST)**

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*This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

***Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 8 6266 6266.***

***Shareholders are urged to attend or vote by lodging the proxy form attached to this Notice.***

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# PILBARA MINERALS LIMITED

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## NOTICE OF GENERAL MEETING

Notice is hereby given that the annual general meeting of shareholders of Pilbara Minerals Limited (**Company**) will be held at the Banquet Hall South, University Club of Western Australia, Hackett Drive, Crawley WA 6009 on Wednesday, 28 November 2018 at 2.00pm (WST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Monday, 26 November 2018 at 4.00pm (WST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1.

## AGENDA

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### Annual Report

To consider the annual report of the Company and its controlled entities for the year ended 30 June 2018, which includes the Financial Report, the Directors' Report and the Auditor's Report.

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### 1. Resolution 1 – Remuneration Report

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*"That, pursuant to and in accordance with section 250R(2) of the Corporations Act and for all other purposes, approval is given by the Shareholders for the adoption of the Remuneration Report on the terms and conditions in the Explanatory Memorandum."*

The vote on this Resolution is advisory only and does not bind the Directors or the Company.

#### Voting Exclusion

A vote on this Resolution must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on this Resolution; or
- (b) the person is the Chairperson and the appointment of the Chairperson as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairperson to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

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## **2. Resolution 2 – Election of Ms Sally-Anne Layman as Director**

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*"That, pursuant to and in accordance with Listing Rule 14.4, article 13.4 of the Constitution and for all other purposes, Ms Sally-Anne Layman, who was appointed as a Director on 20 April 2018, retires and, being eligible, is elected as a Director on the terms and conditions in the Explanatory Memorandum."*

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## **3. Resolution 3 – Re-election of Mr Stephen Scudamore as Director**

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*"That, pursuant to and in accordance with article 13.2 of the Constitution and for all other purposes, Mr Stephen Scudamore, retires by rotation and, being eligible, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum."*

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## **4. Resolution 4 – Issue of Employee Options and Performance Rights to Mr Ken Brinsden under the Employee Award Plan**

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*"That, pursuant to and in accordance with Listing Rule 10.14, section 200B of the Corporations Act and for all other purposes, Shareholders approve the issue of up to a maximum of 1,321,100 Employee Options and 271,493 Performance Rights to Mr Ken Brinsden (and/or his nominee/s) under the Employee Award Plan and on the terms and conditions in the Explanatory Memorandum."*

### **Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) or any associates of those persons.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and:

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairperson and the appointment does not specify how the Chairperson is to vote but expressly authorises the Chairperson to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

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## 5. Resolution 5 – Issue of Incentive Options to Ms Sally-Anne Layman

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*"That, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 2,000,000 Incentive Options to Ms Sally-Anne Layman (and/or her nominee/s) on the terms and conditions in the Explanatory Memorandum."*

### Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Ms Sally-Anne Layman or any of her associates.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and:

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairperson and the appointment does not specify how the Chairperson is to vote but expressly authorises the Chairperson to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

**BY ORDER OF THE BOARD**



**Mr Alex Eastwood**  
**Company Secretary and General Counsel**  
**Dated: 26 October 2018**

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# PILBARA MINERALS LIMITED

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## EXPLANATORY MEMORANDUM

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### 1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting.

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2:	Action to be taken by Shareholders
Section 3:	Annual Report
Section 4:	Resolution 1 – Remuneration Report
Section 5:	Resolution 2 – Election of Ms Sally-Anne Layman as Director
Section 6:	Resolution 3 – Re-election of Mr Stephen Scudamore as Director
Section 7:	Resolution 4 – Issue of Employee Options and Performance Rights to Mr Ken Brinsden under the Employee Award Plan
Section 8:	Resolution 5 – Issue of Incentive Options to Ms Sally-Anne Layman
Schedule 1	Definitions
Schedule 2	Terms and Conditions of Employee Options
Schedule 3	Terms and Conditions of Incentive Options

A Proxy Form is located at the end of this Explanatory Memorandum.

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### 2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

#### 2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Where the proportion or number is not specified, each proxy may exercise half of the votes.

Proxy Forms must be received by the Company no later than 2.00pm (WST) on Monday, 26 November 2018, being at least 48 hours before the Meeting.

The Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

## **2.2 Voting Prohibition by Proxy holders (Remuneration Report)**

A vote on Resolution 1 must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on this Resolution; or
- (b) the person is the Chairperson and the appointment of the Chairperson as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairperson to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

## **2.3 Voting Prohibition by Proxy holders (Remuneration of Key Management Personnel)**

A vote on Resolutions 4 and 5 must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on these Resolutions, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on these Resolutions; or
- (b) the person is the Chairperson and the appointment of the Chairperson as proxy does not specify the way the proxy is to vote on these Resolutions, but expressly authorises the Chairperson to exercise the proxy even if these Resolutions are connected with the remuneration of a member of the Key Management Personnel.

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### 3. Annual Report

In accordance with section 317(1) of the Corporations Act, the Annual Report must be laid before the Meeting. There is no requirement for Shareholders to approve the Annual Report.

At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report which is available online at [www.pilbaraminerals.com.au](http://www.pilbaraminerals.com.au);
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairperson about the management of the Company, or to the Company's auditor about:

- (a) the preparation and the content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies of the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than five business days before the Meeting to the Company Secretary at the Company's registered office.

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### 4. Resolution 1 – Remuneration Report

In accordance with section 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report, which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

In accordance with section 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

Shareholders will have the opportunity to remove the whole Board except the Managing Director if the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings.

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the Managing Director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Remuneration Report did not receive a Strike at the 2017 annual general meeting. Please note if the Remuneration Report receives a Strike at the Meeting and if a second Strike is received at the 2019 annual general meeting, this may result in the re-election of the Board.

The Chairperson will allow reasonable opportunity for Shareholders to ask questions about or comment on the Remuneration Report.

Resolution 1 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 1.

If the Chairperson is appointed as your proxy and you have not specified the way the Chairperson is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairperson with an express authorisation for the Chairperson to vote the proxy in accordance with the Chairperson's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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## **5. Resolution 2 – Election of Ms Sally-Anne Layman as Director**

Article 13.4 of the Constitution allows the Directors to appoint a person to fill a casual vacancy or as an addition to the existing Directors at any time, providing that the total number of Directors does not at any time exceed the maximum number specified by the Constitution. Any Director so appointed holds office until the next general meeting of members of the Company and is eligible for re-election at that meeting.

Ms Sally-Anne Layman was appointed by the Board as a Director on 20 April 2018 to fill the vacancy created by the departure of Mr John Young. Resolution 2 provides that she retires from office and seeks re-election as a Director.

Details of the qualifications and experience of Ms Layman are included in the Annual Report.

Resolution 2 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 2.

The Board (excluding Ms Layman) supports the election of Ms Layman and recommends that Shareholders vote in favour of Resolution 2.

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## **6. Resolution 3 – Re-election of Mr Stephen Scudamore as Director**

Article 13.2 of the Constitution requires one third of all Directors, or if their number is not a multiple of three, then the number nearest one-third (rounded up to the nearest whole number) to retire at each annual general meeting.

A Director who retires under article 13.2 of the Constitution is eligible for re-election.

Resolution 3 therefore provides that Mr Stephen Scudamore retires by rotation and seeks re-election as a Director.

Details of the qualifications and experience of Mr Scudamore are included in the Annual Report.

Resolution 3 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 3.

The Board (excluding Mr Scudamore) supports the re-election of Mr Scudamore and recommends that Shareholders vote in favour of Resolution 3.



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## 7. Resolution 4 – Issue of Employee Options and Performance Rights to Mr Ken Brinsden under the Employee Award Plan

### 7.1 General

The Company has an Employee Award Plan (**Employee Award Plan**) as part of its ongoing efforts to develop an executive remuneration framework (**Executive Remuneration Framework**) appropriate for the Company's current activities and intended to be aligned with best practice in the marketplace as well as recommended corporate governance principles.

On 11 October 2018, the Board formally approved the Executive Remuneration Framework for the 2019 financial year (**FY2019**). Under the Executive Remuneration Framework, the Board has determined that an executive remuneration package should include an appropriate balance of fixed remuneration and at-risk performance based remuneration. At-risk performance based remuneration will include an at-risk performance based Short Term Incentive (**STI**) in the form of an annual cash bonus and a Long Term Incentive (**LTI**) in the form of equity instruments issued under the Employee Award Plan. In accordance with the Company's remuneration policy, the level of fixed remuneration will drive the percentage quantum of the STI and LTI components of an executive's remuneration.

In approving the Executive Remuneration Framework for FY2019 and in particular for Mr Ken Brinsden, the Board has sought to ensure that the remuneration arrangements of its executives are directly aligned with the Company's overall business strategy and the creation of shareholder returns. The Board considers at-risk remuneration for performance is market competitive and is appropriate where executive reward is aligned with the achievement of short term and long term strategic goals which create and drive shareholder value.

The key objectives of the executive remuneration framework include the following:

- (a) attract, retain and incentivise key executives at important stages of the Company's development linked to strategy and performance;
- (b) ensure "at-risk" remuneration is performance based and rewards executives against determined performance goals/targets which are designed to achieve successful project development and operations;
- (c) ensure effective benchmarking for total annual remuneration is in accordance with accepted market practices and against a clearly defined peer group of similar companies to ensure remuneration is fair and competitive;
- (d) align executive interests with those of the Company's shareholders; and
- (e) comply with applicable legal requirements and appropriate standards of governance.

Resolution 4 seeks Shareholder approval in accordance with Listing Rule 10.14 for the grant of up to a maximum of 1,321,100 Employee Options and 271,493 Performance Rights to Mr Ken Brinsden (and/or his nominee/s), as an Executive Director, as part of his LTI component under the Employee Award Plan for FY2019.

The LTI instruments form a key component of Mr Brinsden's total annual remuneration for FY2019 and are awarded on an annual basis. A significant portion of his total remuneration is placed at-risk and is subject to performance to better align his interests with those of Shareholders, to encourage the production of long-term sustainable growth, and to assist with his retention.

Refer to Schedule 2 for further details of the terms and conditions of the Employee Options.

Resolution 4 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 4.

If the Chairperson is appointed as your proxy and you have not specified the way the Chairperson is to vote on Resolution 4, by signing and returning the Proxy Form, you are considered to have provided the Chairperson with an express authorisation for the Chairperson to vote the proxy in accordance with the Chairperson's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

As noted in section 7.8, the Directors (excluding Mr Brinsden) recommend that Shareholders vote in favour of Resolution 4.

References in this Explanatory Memorandum to Mr Brinsden include his nominee/s, unless otherwise required by context.

## 7.2 LTI entitlements under the grant

### (a) LTI instruments to be issued

Under the Employee Award Plan, Employee Options and Performance Rights may be granted to Mr Ken Brinsden as part of his reasonable remuneration. Further information on Mr Brinsden's remuneration package is contained within the Remuneration Report, which is a section of the Annual Report.

Mr Brinsden is an eligible participant under the Employee Award Plan and, subject to the receipt of Shareholder approval, the Company intends to issue up to 1,321,100 Employee Options and 271,493 Performance Rights to Mr Brinsden.

The maximum dollar value of the LTI to be awarded to Mr Brinsden is equivalent to 100% of his fixed remuneration of \$600,000. For the purposes of calculating the number of LTI instruments to be awarded, the face value of the Employee Options and Performance Rights has been set as detailed in sections 7.2(b) and 7.2(c). The total LTI quantum of \$600,000 comprises 60% Employee Options subject to vesting and 40% Performance Rights subject to vesting. Accordingly, the Company has determined, subject to Shareholders approving Resolution 4, to grant Mr Brinsden a maximum of:

- (i) 1,321,100 Employee Options with a quantum of \$360,000 (**LTI Employee Options Quantum**); and
- (ii) 271,493 Performance Rights with a quantum of \$240,000 (**LTI Performance Rights Quantum**).

The Employee Options and Performance Rights will be subject to performance measures or vesting conditions that must be achieved over a 3 year vesting period ending 30 June 2021 (refer to section 7.3) and have been benchmarked with reference to a defined peer group of ASX listed companies and current market practice (as at 30 June 2018).

No amount will be payable by Mr Brinsden in respect of the grant or upon vesting of the Employee Options and Performance Rights.

Subject to Mr Brinsden satisfying the vesting conditions and other conditions attached to the Employee Options and the Performance Rights, and in the case of the Employee Options the valid exercise of the Employee Options, each Employee Option and Performance Right entitles the holder to be issued, transferred or allocated one Share.

Accordingly:

- (i) in respect of the Employee Options, Shares will only be issued to Mr Brinsden (and value received) upon satisfaction of the prescribed vesting conditions in the 3 year vesting period and valid exercise of such vested Employee Options before the expiry date which is 31 December 2021; and
- (ii) in respect of the Performance Rights, Shares will only be issued to Mr Brinsden (and value received) upon satisfaction of the prescribed vesting conditions in the 3 year vesting period, in which case there will be an automatic deemed exercise of such vested Performance Rights.

(b) **Employee Options**

The number of Employee Options proposed to be granted to Mr Brinsden has been calculated by reference to the LTI Employee Options Quantum (refer to section 7.2(a)), which is divided by the face value (**FV**) of one Employee Option (detailed below) as follows:

LTI Employee Options Quantum (\$) = Number of Employee Options granted  
FV of one Employee Option

*In other words:*

\$360,000 (being 60% of \$600,000) = 1,321,100 Employee Options  
\$0.2725 (rounded down to nearest whole number)

The FV of the Employee Options has been set based on an independent valuation using the Black Scholes Pricing Model. The Board has received independent advice on the value of the Employee Options and the technical non-cash value of each Employee Option is \$0.2725, as determined based on the assumptions set out below.

The value of the Employee Options may go up or down after the date of valuation (being 11 October 2018) as it will depend on the future price of a Share. The Black Scholes Pricing Model was used to value the Employee Options with the following assumptions:

- (i) the risk free rate of 2.08% is the rate of a three-year Australian Government bond;
- (ii) the underlying security spot price of \$0.79 used for the purposes of this valuation is based on the share price of the Company on the date of the valuation;
- (iii) the estimated volatility used in the valuation is 52%;
- (iv) for the purposes of the valuation, no future dividend payments have been forecast; and
- (v) for the purposes of the valuation, it is assumed that the Employee Options will be issued on date of the valuation and the Employee Options will expire on 31 December 2021, with the majority of Employee Options exercised towards the end of this term.

Under the accounting standard AASB 2 Share-based Payments, the Company will recognise a non-cash expense in the income statement based on the fair value of the Employee Options over the period from the date of issue to the vesting date. The total of the fair value of the Employee Options will be allocated over the applicable vesting periods.

(c) **Performance Rights**

The number of Performance Rights proposed to be granted to Mr Brinsden has been calculated by reference to the LTI Performance Rights Quantum (refer to section 7.2(a)), which is divided by the face value (**FV**) of one Performance Right (detailed below) as follows:

$$\frac{\text{LTI Performance Rights Quantum (\$)}}{\text{FV of one Performance Right}} = \text{Number of Performance Rights granted}$$

*In other words:*

$$\frac{\$240,000 \text{ (being 40\% of \$600,000)}}{\$0.884} = 271,493 \text{ Performance Rights}$$
  
(rounded down to nearest whole number)

The FV of the Performance Rights has been set at the VWAP for the quarter commencing 1 July 2018 and ending 30 September 2018, which quantified the FV as approximately \$0.884. In determining the FV, the Board set a value that reflects the fair value of the Shares as at the beginning of FY2019, being the date when the Board approved the Executive Remuneration Framework for FY2019 to take effect.

### 7.3 Key terms of Employee Options and Performance Rights

(a) **Introduction**

The Company introduced the LTI under the Employee Award Plan to ensure executive remuneration includes an appropriate balance of fixed remuneration and at-risk performance based remuneration.

Having regard to the objectives of the Company's broader remuneration strategy, general market conditions, and the range of performance conditions utilised by other leading resource companies listed on ASX, the Board has introduced the LTI under the Employee Award Plan to enhance the alignment between the Company's executives and shareholders, reward performance that drives long term strategic growth and deliver value to Shareholders while promoting executive retention.

Under the LTI, when developing appropriate vesting conditions for the Employee Options and Performance Rights, the Board has approved the following performance measures:

- (i) relative Total Shareholder Return (**TSR**); and
- (ii) the Company's long term objectives (**Strategic Objectives**).

The TSR and Strategic Objectives including their relative weightings are discussed further below.

(b) **Performance and Vesting Period**

Performance for the Employee Options and Performance Rights will be measured over a vesting period of 3 years, which the Directors consider is consistent with market practice and appropriate given the stage of the Company.

The vesting conditions attached to the Employee Options and Performance Rights to be approved under Resolution 4 must be satisfied by the end of 30 June 2021. At the end of the vesting period, the Board will assess the vesting conditions (detailed below) to determine the number of Employee Options and Performance Rights that vest. The maximum number that could be vested is 1,321,100 Employee Options and 271,493 Performance Rights, which would require the achievement of all of the vesting conditions to the satisfaction of the Board. To the extent that the relevant vesting conditions are not satisfied, the unvested Employee Options and Performance Rights will expire and automatically lapse.

Notwithstanding that a particular performance measure has been achieved, no Employee Options or Performance Rights will vest unless Mr Brinsden remains employed with the Company for the full 3 year period. If Mr Brinsden ceases employment before the 3 year service condition is passed, then he will forfeit his Performance Rights, unless otherwise determined by the Board.

(c) **Performance Measures**

Under the Employee Award Plan, the Board must determine the vesting conditions that will apply to the vesting of the Employee Options and Performance Rights prior to the date of grant of those Employee Options and Performance Rights, which may not be modified during the vesting period.

The Board has determined that the vesting conditions applicable to the Employee Options and Performance Rights to be granted to Mr Brinsden under Resolution 4 shall include the following performance measures, which shall be weighted as detailed below.

<b>Performance Measure</b>	<b>Description</b>	<b>Weighting of Measures</b>
<b>TSR</b>	<ul style="list-style-type: none"> <li>• TSR is calculated by taking into account the growth in the Company's share price over the vesting period (i.e. 3 years) as well as the dividends distributed during that period.</li> <li>• The Company's TSR will be ranked against a defined peer group of companies of a similar nature and stage in life cycle to the Company. To measure performance and to determine the vesting outcome:               <ul style="list-style-type: none"> <li>• TSR of each of the companies in the peer group is calculated;</li> <li>• a percentile analysis is done to determine the percentile performance of the peer group in terms of the 50th to 85th percentile performance; and</li> <li>• the Company's TSR is calculated to determine what percentile in the peer group it relates to.</li> </ul> </li> <li>• This percentile performance of the Company relative to the peer group determines how many Performance Rights will vest.</li> </ul>	<b>50%</b>
<b>Strategic Objectives</b>	The Board has identified the following 2 strategic measures for the Company aimed at directing performance towards the Company's long-term growth objectives.	
	<ul style="list-style-type: none"> <li>• Sustainable production of at least 840,000 tonnes of spodumene concentrate per annum at an appropriate costing structure.</li> </ul>	<b>30%</b>
	<ul style="list-style-type: none"> <li>• Participation in a downstream processing opportunity at a level satisfactory to the Board.</li> </ul>	<b>20%</b>

The relative weighting between the TSR and Strategic Objectives is important and provides the Company with the ability to assess performance across a cyclical market. The relative weighting between the Employee Options, Performance Rights, vesting conditions and objectives will not be modified during the vesting period.

The Board will assess overall performance of the Company at the end of the 3 year vesting period, based on the vesting conditions determined. This assessment will determine the extent of vesting of the Employee Options and Performance Rights and the number of Shares that may ultimately be issued to Mr Brinsden. The results achieved will be communicated to Mr Brinsden and to Shareholders as part of the Company's annual remuneration reporting obligations.

(d) **Price**

No consideration is payable for:

- (i) the grant of the Employee Options or Performance Rights under the Employee Award Plan;
- (ii) the issue, transfer or allocation of Shares upon the vesting and exercise of Performance Rights;
- (iii) the vesting of Employee Options; or
- (iv) the issue, transfer or allocation of Shares upon the exercise of Employee Options using the Cashless Exercise Facility (detailed below).

The exercise price of \$0.884 per Employee Option will be payable for the issue, transfer or allocation of Shares upon exercise of Employee Options, unless the Optionholder elects to use the Cashless Exercise Facility. The Cashless Exercise Facility pursuant to the Employee Award Plan would allow the Optionholder to exercise the Employee Options without payment of the exercise price. In this circumstance, the Optionholder would only be issued or transferred that lesser number of Shares as is equal in value to the difference between the exercise price and the market value of the Shares at the time of exercise in accordance with the following formula:

$$S = \frac{O \times (MV - OEP)}{MV}$$

S = the number of Shares to be issued to the Optionholder on exercise of Employee Options using the Cashless Exercise Facility.

O = the number of Employee Options exercised by the Optionholder using the Cashless Exercise Facility.

MV = the VWAP per Share during the 5 Trading Days ending on the day before the time of exercise using the Cashless Exercise Facility.

OEP = the Exercise Price per Employee Option of the Employee Options exercised using the Cashless Exercise Facility.

*For example (and for illustration purposes only):*

*If the Optionholder exercised 100,000 vested Employee Options using the Cashless Exercise Facility where the market value was \$1.20 at the time of exercise, then 26,333 Shares would be issued to the Optionholder in accordance with the following calculation:*

$$S = \frac{100,000 \times (\$1.20 - \$0.884)}{\$1.20} = 26,333 \text{ Shares}$$

(e) **Timing of Grant**

Mr Brinsden will be granted 1,321,100 Employee Options and 271,493 Performance Rights for FY2019 as soon as practicable following the approval of Resolution 4, if obtained.

#### **7.4 Section 208 of Corporations Act**

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

Mr Brinsden is a Director and therefore a related party of the Company. The issue of the Employee Options and Performance Rights to Mr Brinsden constitutes the giving of a financial benefit for the purposes of section 208 of the Corporations Act.

The Board has formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed issue of the Employee Options and Performance Rights to Mr Brinsden under Resolution 4 as the exception in section 211 of the Corporations Act applies. The Employee Options and Performance Rights are considered to be reasonable remuneration for the purposes of section 211 of the Corporations Act. However, as described in section 7.6 of this Notice, Shareholder approval is sought under Listing Rule 10.14.

#### **7.5 Section 200B of the Corporations Act**

In accordance with section 200B of the Corporations Act (as distinct from the financial benefit provisions in section 208 of the Corporations Act as described in section 7.4 of this Notice), to give a benefit in connection with a person's retirement from an office, the Company must obtain Shareholder approval in the manner set out in section 200E of the Corporations Act.

The Employee Options and Performance Rights may, subject to the Board's discretion, vest upon termination of Mr Brinsden's employment. The Board has formed the view that, should this occur, the affected Employee Options and Performance Rights may constitute a benefit in connection with Mr Brinsden's retirement from office under section 200B of the Corporations Act.

Section 200B of the Corporations Act applies where the benefit is given to a person whose details were included in the Director's Report for the previous financial year. Mr Brinsden's details were included in the FY2018 Director's Report of the Company. The Company is therefore seeking Shareholder approval under section 200B of the Corporations Act in connection with potential vesting of the Employee Options and Performance Rights being granted to Mr Brinsden.

The value of the termination benefits connected to the Employee Options and Performance Rights (should they be determined by the Board to vest on his termination of employment) cannot presently be ascertained but matters, events and circumstances that will, or are likely to, affect the calculation of that value include:

- (a) the number of Employee Options and Performance Rights that vest (if any);
- (b) the market price of Shares on ASX on the last ASX trading day before the date of calculation; and
- (c) the circumstances of Mr Brinsden's cessation of employment and the status of the vesting conditions and performance hurdles attaching to the Employee Options and Performance Rights at the time Mr Brinsden's employment ceases.

## 7.6 Listing Rule 10.14

In accordance with Listing Rule 10.14, the Company must not permit a Director and any of his or her associates to acquire securities under an employee incentive scheme unless it obtains Shareholder approval.

Pursuant to Listing Rule 7.2, exception 14, as Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 is not required.

## 7.7 Specific information required by Listing Rule 10.15

Information must be provided to Shareholders for the purposes of obtaining Shareholder approval as follows:

- (a) The Employee Options and Performance Rights will be granted to Mr Ken Brinsden and/or his nominee/s.
- (b) As detailed in section 7.3 of this Notice, the actual number of Employee Options and Performance Rights that vest is dependent upon the achievement of vesting conditions in respect of TSR and the Company's long-term strategic objectives, which must be achieved over a 3 year vesting period ending 30 June 2021.
- (c) The maximum numbers of Employee Options and Performance Rights to be granted to Mr Brinsden (and/or his nominee/s) are 1,321,100 and 271,493 respectively (as determined by the formulae detailed in sections 7.2(b) and 7.2(c)).
- (d) No funds will be raised by the grant of the Employee Options as they are being granted for nil cash consideration. However, upon the exercise of the Employee Options, the Company will be entitled to additional cash reserves of \$1,167,852 should each Employee Option be exercised at the exercise price of \$0.884, unless the Optionholder elects to use the Cashless Exercise Facility (discussed in section 7.3(d)).
- (e) The Performance Rights will be granted for nil cash consideration. The exercise price of the Performance Rights will be for nil cash consideration. Accordingly, no funds will be raised by the grant of the Performance Rights.
- (f) Since the adoption of the Employee Award Plan on 25 January 2017, the Company has issued the following securities under the Employee Award Plan:

Date	Securities	Acquisition Price
28 February 2017	500,000 unquoted options exercisable at \$0.547 on or before 7 November 2019.	Nil
6 September 2017	3,500,000 unquoted options exercisable at \$0.45 on or before 31 August 2020.	Nil
22 December 2017	316,922 Performance Rights issued to Ken Brinsden (Managing Director and CEO) pursuant to the Employee Award Plan and the Executive Remuneration Framework.	Nil
18 May 2018	451,826 Performance Rights issued to senior management pursuant to the Employee Award Plan and the Executive Remuneration Framework.	Nil



- (g) Pursuant to the rules of the Employee Award Plan, of the persons referred to in Listing Rule 10.14, Ms Sally-Anne Layman and Messrs Ken Brinsden, Anthony Kiernan, Stephen Scudamore and Nicholas Cernotta, as Directors, are eligible to participate in the Employee Award Plan. However as at the date of this Notice, Mr Brinsden is the only person declared by the Board to be entitled to be issued Employee Options and Performance Rights under the Employee Award Plan that is covered by Listing Rule 10.14.
- (h) A voting exclusion statement is included in the Notice for Resolution 4.
- (i) No loan will be made to Mr Brinsden in relation to the acquisition of Employee Options or Performance Rights under the Employee Award Plan.
- (j) The Company will grant the Employee Options and Performance Rights no later than 12 months after the date of the Meeting or such longer period of time as ASX allows.

## **7.8 Directors' Recommendation**

The Directors (other than Mr Brinsden) recommend that Shareholders vote in favour of this Resolution.

Mr Brinsden has an interest in Resolution 4 and therefore believes it is inappropriate to make a recommendation.

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## **8. Resolution 5 – Issue of Incentive Options to Ms Sally-Anne Layman**

### **8.1 General**

In accordance with Listing Rule 10.11, Shareholder approval is required for the issue of securities to a related party. Ms Sally-Anne Layman is a Director and therefore a related party of the Company. Ms Sally-Anne Layman currently holds no Incentive Options.

Resolution 5 seeks Shareholder approval in accordance with Listing Rule 10.11 for the grant of Incentive Options to Ms Sally-Anne Layman.

The Incentive Options are not being issued under the Employee Award Plan.

Ms Sally-Anne Layman was appointed as a Director on 20 April 2018. Ms Layman is a respected mining engineer, corporate financier and advisor. She 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.

As part of her remuneration and for the purpose of aligning her interests with Shareholders, the Company proposes to issue 2,000,000 Incentive Options to Ms Sally-Anne Layman (and/or her nominee/s) with an exercise price of \$0.93 each – representing a premium of approximately 14.3% to the 30-day VWAP ending 30 September 2018.

The Incentive Options to be issued to Ms Layman will vest in three tranches:

- (a) 1/3rd - on the issue date;
- (b) 1/3rd - on 30 June 2019; and
- (c) 1/3rd - on 30 June 2020,

subject to Ms Layman not having ceased to be a Director at the applicable vesting date.

The Board considers that the grant of Incentive Options to Ms Layman is a cost effective and efficient reward for the Company to make to appropriately incentivise continued performance and is consistent with the strategic goals and targets of the Company. It also allows the preservation of cash at a time when the focus of the Company is the ramp up and expansion of the Pilgangoora Project.

The Board has received independent advice on the value of the Incentive Options and the technical non-cash value of each Incentive Option is \$0.2491, as determined based on the assumptions set out below.

The value may go up or down after the date of valuation (being 11 October 2018) as it will depend on the future price of a Share. The Black Scholes Pricing Model has been used to value the Incentive Options, with the following assumptions:

- (a) the risk free rate of 2.08% is the rate of a three-year Australian Government bond;
- (b) the underlying security spot price of \$0.79 used for the purposes of this valuation is based on the share price of the Company on the date of the valuation;
- (c) the estimated volatility used in the valuation is 52%;
- (d) for the purposes of the valuation, no future dividend payments have been forecast; and
- (e) for the purposes of the valuation it is assumed that the Incentive Options will be issued on date of the valuation and the Incentive Options will expire within 36 months from the date of issue, but with the majority of Employee Options exercised towards the end of this term.

Under the accounting standard AASB 2 Share-based Payments, the Company will recognise a non-cash expense in the income statement based on the fair value of the Incentive Options over the period from the date of issue to the vesting date. The total of the fair value of the Incentive Options will be allocated over the applicable vesting periods.

Refer to Schedule 3 for further details of the terms and conditions of the Incentive Options.

Resolution 5 is an ordinary resolution.

As noted in section 8.5, the Directors (excluding Ms Layman) recommend that Shareholders vote in favour of Resolution 5.

The Chairperson intends to exercise all available proxies in favour of Resolution 5.

If the Chairperson is appointed as your proxy and you have not specified the way the Chairperson is to vote on Resolution 5, by signing and returning the Proxy Form, you are considered to have provided the Chairperson with an express authorisation for the Chairperson to vote the proxy in accordance with the Chairperson's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

## **8.2 Section 208 of the Corporations Act**

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

Ms Layman is Director and therefore a related party of the Company. The issue of the Incentive Options to Ms Layman constitutes the giving of a financial benefit for the purposes of section 208 of the Corporations Act.

The Board has formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed issue of the Incentive Options to Ms Layman under Resolution 5 as the exception in section 211 of the Corporations Act applies. The Incentive Options are considered to be reasonable remuneration for the purposes of section 211 of the Corporations Act.

### **8.3 Listing Rule 10.11**

In accordance with Listing Rule 10.11, the Company must not issue securities to a related party of the Company unless it obtains Shareholder approval.

Pursuant to Listing Rule 7.2 (Exception 14), as Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required.

### **8.4 Specific information required by Listing Rule 10.13**

Information must be provided to Shareholders for the purposes of obtaining Shareholder approval as follows:

- (a) The Incentive Options will be granted to Ms Sally-Anne Layman and/or her nominee/s.
- (b) The maximum number of Incentive Options to be issued to Ms Layman (and/or her nominee/s) is 2,000,000.
- (c) The Company will issue the Incentive Options no later than one month after the date of the Meeting or such longer period of time as ASX allows.
- (d) Ms Sally-Anne Layman is a Director.
- (e) The Incentive Options will be granted for nil cash consideration. The exercise price of the Incentive Options will be \$0.93 per Incentive Option.
- (f) The Incentive Options will vest in three tranches:
  - (i) 1/3rd - on the issue date;
  - (ii) 1/3rd - on 30 June 2019; and
  - (iii) 1/3rd - on 30 June 2020,

subject to Ms Sally-Anne Layman not having ceased to be a Director at the applicable vesting date.

The full terms and conditions of the Incentive Options are detailed in Schedule 3.

- (g) No funds will be raised by the grant of the Incentive Options as they are being granted for nil cash consideration. However, upon the exercise of the Incentive Options, the Company will be entitled to additional cash reserves of \$1,860,000 should each Incentive Option be exercised at the exercise price of \$0.93.
- (h) Ms Layman has an interest in Resolution 5 and therefore believes it is inappropriate to make a recommendation.
- (i) A voting exclusion statement is included in the Notice for Resolution 5.

### **8.5 Directors' Recommendation**

The Directors (other than Ms Layman) recommend that Shareholders vote in favour of Resolution 5.

Ms Layman has an interest in Resolution 5 and therefore believes it is inappropriate to make a recommendation.

## Schedule 1 – Definitions

In the Notice and this Explanatory Memorandum:

**\$** means Australian dollars.

**Annual Report** means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2018.

**ASX** means ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**Auditor's Report** means the auditor's report on the Financial Report.

**Board** means the board of Directors.

**Cashless Exercise Facility** means the cashless exercise facility under the Employee Award Plan.

**Chairperson** means the person appointed to chair the Meeting or any part of the Meeting.

**Closely Related Party** has the meaning given in section 9 of the Corporations Act.

**Company** or **Pilbara** means Pilbara Minerals Limited ACN 112 425 788.

**Constitution** means the constitution of the Company.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** mean the directors of the Company.

**Directors' Report** means the annual directors' report (prepared under chapter 2M of the Corporations Act) for the Company and its controlled entities.

**Employee Award Plan** has the meaning given in Section 7.1.

**Employee Option** means an Option granted under the Employee Award Plan having the terms and conditions in Schedule 2.

**Executive Remuneration Framework** has the meaning given in Section 7.1.

**Exercise Notice**, in relation to an Employee Option, has the meaning given in part 7 of Schedule 2 and, in relation to an Incentive Option, has the meaning given in part 7 of Schedule 3.

**Exercise Period**, in relation to an Employee Option, has the meaning given in part 4 of Schedule 2 and, in relation to an Incentive Option, has the meaning given in part 3 of Schedule 3.

**Exercise Price** in relation to an Employee Option, has the meaning given in part 1 of Schedule 2 and, in relation to an Incentive Option, has the meaning given in part 1 of Schedule 3.

**Expiry Date** in relation to an Employee Option, has the meaning given in part 2 of Schedule 2 and, in relation to an Incentive Option, has the meaning given in part 2 of Schedule 3.

**Explanatory Memorandum** means this explanatory memorandum.

**Financial Report** means the annual financial report (prepared under chapter 2M of the Corporations Act) of the Company and its controlled entities.

**Incentive Option** means an Option having the terms and conditions in Schedule 3.

**Key Management Personnel** means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).

**Listing Rules** means the listing rules of ASX.

**LTI** has the meaning given in Section 7.1.

**LTI Employee Options Quantum** has the meaning given in Section 7.2(a)(i).

**LTI Performance Rights Quantum** has the meaning given in Section 7.2(a)(ii).

**Meeting** has the meaning given in the introductory paragraph of the Notice.

**Notice** means the notice of general meeting which this Explanatory Memorandum accompanies.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Performance Right** means a performance right granted under the Employee Award Plan.

**Proxy Form** means the proxy form attached to the Notice.

**Remuneration Report** means the remuneration report of the Company contained in the Directors' Report.

**Resolution** means a resolution referred to in the Notice.

**Schedule** means a schedule to the Notice.

**Section** means a section of this Explanatory Memorandum.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**STI** has the meaning given in Section 7.1.

**Strategic Objectives** has the meaning given in Section 7.3(a)(ii).

**TSR** has the meaning given in Section 7.3(a)(i).

**Trading Day** has the meaning given in the Listing Rules.

**VWAP** means the volume weighted average price of a Share as defined in the Listing Rules.

**WST** means Western Standard Time, being the time in Perth, Western Australia.

In the Notice and this Explanatory Memorandum, words importing the singular include the plural.

## Schedule 2 – Terms and Conditions of Employee Options

### 1. Exercise Price

Each Employee Option shall have an exercise price of \$0.884, unless the Optionholder elects to use the Cashless Exercise Facility (**Exercise Price**).

### 2. Expiry Date

Each Employee Option shall expire on 31 December 2021 (**Expiry Date**).

### 3. Vesting Dates

The Employee Options vest when both of the following have occurred:

- (a) the vesting conditions applicable to the Employee Options have been determined by the Board (acting reasonably) to be satisfied, are waived by the Board, or are deemed to have been satisfied under the rules of the Employee Award Plan; and
- (b) the Company has issued a vesting notice to the Optionholder informing him or her that the Employee Options have vested.

The Employee Options to be issued to Mr Ken Brinsden and/or his nominee/s are subject to the vesting conditions detailed in Section 7.3.

### 4. Exercise of Employee Options

The Employee Options may only be exercised:

- (a) if the Employee Options have vested; and
- (b) prior to the Expiry Date,

(**Exercise Period**).

### 5. No Official Quotation of Employee Options

The Company will not apply for official quotation of the Employee Options.

### 6. Entitlement

Each Employee Option entitles the holder to subscribe for one Share upon exercise of each Employee Option.

### 7. Notice of Exercise

The Employee Options may be exercised by giving written notice to the Company at any time during the Exercise Period. The notice (**Exercise Notice**) must:

- (a) specify the number of Employee Options being exercised and the number of Shares to be issued;
- (b) specify whether the Shares are to be issued to the holder of the Employee Options and/or a nominee/s; and
- (c) be accompanied by payment of the Exercise Price for each Employee Option being exercised (unless the Optionholder elects to use the Cashless Exercise Facility).

Any Exercise Notice in respect of an Employee Option received by the Company will be deemed to be a notice of the exercise of that Employee Option as at the date of receipt of the Exercise Notice and the Exercise Price (unless the Optionholder elects to use the Cashless Exercise Facility).

**8. Shares Issued on Exercise**

Shares issued on exercise of Employee Options rank equally with the Shares currently on issue.

**9. Official Quotation of Shares on Exercise**

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Employee Options within the time required by the Listing Rules after the date of issue or transfer.

**10. Timing of issue of Shares**

(a) Subject to paragraph 10(b), as soon as practicable after the receipt of an Exercise Notice given in accordance with these terms and conditions and payment of the Exercise Price for each Employee Option being exercised (unless the Optionholder elects to use the Cashless Exercise Facility), the Company will allot and issue the Shares pursuant to the exercise of the Employee Options and will, at the same time, issue a cleansing notice under section 708A(5) of the Corporations Act.

(b) If the Company is not then permitted to issue a cleansing notice under section 708A(5) of the Corporations Act, the Company must either:

(i) issue a prospectus on the date that the Shares are issued under paragraph (a) above (in which case the date for issuing those Shares may be extended to not more than 25 business days after the receipt of the Exercise Notice, to allow the Company time to prepare that prospectus); or

(ii) issue a prospectus before the date that the Shares are issued under paragraph (a) above, provided that offers under that prospectus must still be open for acceptance on the date those Shares are issued,

in accordance with the requirements of section 708A(11) of the Corporations Act.

**11. Participation in new issues**

There are no participation rights or entitlements inherent in the Employee Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Employee Options.

However, the Company will ensure that, for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the holder of Employee Options the opportunity to exercise its Employee Options prior to the date for determining entitlements to participate in any such issue.

**12. Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu of, or in satisfaction of, dividends or by way of dividend reinvestment):

(a) the number of Shares which must be issued on the exercise of an Employee Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Employee Option before the record date for the bonus issue; and

(b) no change will be made to the Exercise Price.

### 13. Adjustment for Rights Issue

If the Company makes an issue of Shares pro rata to existing Shareholders (except a bonus issue) the Exercise Price of an Employee Option will be reduced according to the following formula:

$$\text{New Exercise Price} = O - \frac{E [P - (S + D)]}{N + 1}$$

O = the old Exercise Price of the Employee Option.

E = the number of underlying Shares into which one Employee Option is exercisable.

P = volume weighted average market price (as defined in the Listing Rules) per Share during the 5 Trading Days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

### 14. Adjustments for Reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholders will, be varied to the extent necessary to comply with the Listing Rules which apply to the reorganisation at the time of the reorganisation.

### 15. Employee Options Not Transferable

The Employee Options are non-transferable.

### 16. Change of Control Event

Where a Change of Control Event has or, in the opinion of the Board, is likely to occur, the Board may in its absolute discretion determine the manner in which any or all of the Employee Options will be dealt with including in a manner that allows the holder to participate in and/or benefit from any transaction arising from or in connection with the Change of Control Event.



## Schedule 3 – Terms and Conditions of Incentive Options

### 1. Exercise Price

Each Incentive Option shall have an exercise price of \$0.93 (**Exercise Price**).

### 2. Expiry Date

Each Incentive Option shall expire on the date that is 36 months from the date of issue (**Expiry Date**).

### 3. Exercise Period and Vesting Dates

The Incentive Options are exercisable at any time during the period commencing on the applicable Vesting Date and ending on the Expiry Date (**Exercise Period**).

The Incentive Options to be issued to Ms Sally-Anne Layman and/or her nominee/s are subject to the following Vesting Dates:

Tranche	Number of Incentive Options	Vesting Dates
1	666,666	Date of issue
2	666,667	30 June 2019, subject to Ms Layman not having ceased to be a Director at that date.
3	666,667	30 June 2020, subject to Ms Layman not having ceased to be a Director at that date.

### 4. Exercise of Incentive Options

The Incentive Options may only be exercised during the Exercise Period.

### 5. No Official Quotation of Incentive Options

The Company will not apply for official quotation of the Incentive Options.

### 6. Entitlement

Each Incentive Option entitles the holder to subscribe for one Share upon exercise of each Incentive Option.

### 7. Notice of Exercise

The Incentive Options may be exercised by giving written notice to the Company at any time during the Exercise Period. The notice (**Exercise Notice**) must:

- (a) specify the number of Incentive Options being exercised and the number of Shares to be issued;
- (b) specify whether the Shares are to be issued to the holder of the Incentive Options and/or a nominee/s; and
- (c) be accompanied by payment of the Exercise Price for each Incentive Option being exercised.

Any Exercise Notice in respect of an Incentive Option received by the Company will be deemed to be a notice of the exercise of that Incentive Option as at the date of receipt of the Exercise Notice and the Exercise Price.

**8. Shares Issued on Exercise**

Shares issued on exercise of Incentive Options rank equally with the Shares currently on issue.

**9. Official Quotation of Shares on Exercise**

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Incentive Options.

**10. Timing of issue of Shares**

(a) Subject to paragraph 10(b), within three business days after the receipt of an Exercise Notice given in accordance with these terms and conditions and payment of the Exercise Price for each Incentive Option being exercised, the Company will allot and issue the Shares pursuant to the exercise of the Incentive Options and will, at the same time, issue a cleansing notice under section 708A(5) of the Corporations Act.

(b) If the Company is not then permitted to issue a cleansing notice under section 708A(5) of the Corporations Act, the Company must either:

(i) issue a prospectus on the date that the Shares are issued under paragraph (a) above (in which case the date for issuing those Shares may be extended to not more than 25 business days after the receipt of the Exercise Notice, to allow the Company time to prepare that prospectus); or

(ii) issue a prospectus before the date that the Shares are issued under paragraph (a) above, provided that offers under that prospectus must still be open for acceptance on the date those Shares are issued,

in accordance with the requirements of section 708A(11) of the Corporations Act.

**11. Participation in new issues**

There are no participation rights or entitlements inherent in the Incentive Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Incentive Options.

However, the Company will ensure that, for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the holder of Incentive Options the opportunity to exercise its Incentive Options prior to the date for determining entitlements to participate in any such issue.

**12. Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu of, or in satisfaction of, dividends or by way of dividend reinvestment):

(a) the number of Shares which must be issued on the exercise of an Incentive Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Incentive Option before the record date for the bonus issue; and

(b) no change will be made to the Exercise Price.

### 13. Adjustment for Rights Issue

If the Company makes an issue of Shares pro rata to existing Shareholders (except a bonus issue) the Exercise Price of an Incentive Option will be reduced according to the following formula:

$$\text{New Exercise Price} = O - \frac{E [P - (S + D)]}{N + 1}$$

- O = the old Exercise Price of the Incentive Option.
- E = the number of underlying Shares into which one Incentive Option is exercisable.
- P = volume weighted average market price (as defined in the Listing Rules) per Share during the 5 Trading Days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price of a Share under the pro rata issue.
- D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).
- N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

### 14. Adjustments for Reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholders will, be varied to the extent necessary to comply with the Listing Rules which apply to the reorganisation at the time of the reorganisation.

### 15. Incentive Options Not Transferable

The Incentive Options are non-transferable.

### 16. Change of Control Event

Where a Change of Control Event has or, in the opinion of the Board, is likely to occur, the Board may in its absolute discretion determine the manner in which any or all of the Incentive Options will be dealt with including in a manner that allows the holder to participate in and/or benefit from any transaction arising from or in connection with the Change of Control Event.

### 17. Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Incentive Options with the appropriate remittance should be lodged at the Company's share registry.

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Full Name(s) of Registered Holding &amp; Address


HIN / SRN	
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## 2018 ANNUAL GENERAL MEETING PROXY FORM

I/We being shareholder(s) of Pilbara Minerals Limited and entitled to attend and vote hereby:

**STEP 1**
**APPOINT A PROXY**


The Chair of the meeting

**OR**


**PLEASE NOTE:** If you leave the section blank, the Chair of the Meeting will be your proxy.

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) named, the Chair of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Annual General Meeting of the Company to be held **at the Banquet Hall South, University Club of Western Australia, Hackett Drive, Crawley WA 6009 on Wednesday, 28 November 2018 at 2.00pm (WST)** and at any adjournment or postponement of that Meeting.

**Chair authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1, 4 and 5 (except where I/we have indicated a different voting intention below) even though these Items are connected directly or indirectly with the remuneration of a member(s) of key management personnel, which includes the Chair.

I/we acknowledge the Chair of the Meeting intends to vote all undirected proxies available to them in favour of each Item of Business.

**STEP 2**
**VOTING DIRECTIONS**
**Agenda Items**

	For	Against	Abstain*
1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Ms Sally-Anne Layman as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Mr Stephen Scudamore as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Issue of Employee Options and Performance Rights to Mr Ken Brinsden under the Employee Award Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Issue of Incentive Options to Ms Sally-Anne Layman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**STEP 3**
**SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED**

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, all the shareholders should sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

Email Address



Please tick here to agree to receive communications sent by the company via email. This may include meeting notifications, dividend remittance, and selected announcements.

## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

### NAME AND ADDRESS

Insert your name and address as these appear on the Company's share register.

### APPOINTMENT OF A PROXY

If you wish to appoint the Chair as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chair, please write that person's name in the box in Step 1. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate.

### DEFAULT TO THE CHAIR OF THE MEETING

If you leave Step 1 blank, or if your appointed proxy does not attend the Meeting, then the proxy appointment will automatically default to the Chair of the Meeting.

### VOTING DIRECTIONS – PROXY APPOINTMENT

You may direct your proxy on how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as they choose to the extent they are permitted by law. If you mark more than one box on an item, your vote on that item will be invalid.

### PROXY VOTING BY KEY MANAGEMENT PERSONNEL

If you wish to appoint a Director (other than the Chair) or other member of the Company's key management personnel, or their closely related parties, as your proxy, you must specify how they should vote on Items 1, 4 and 5, by marking the appropriate box. If you do not, your proxy will not be able to exercise your vote for Item 1, 4 and 5.

**PLEASE NOTE:** If you appoint the Chair as your proxy (or if they are appointed by default) but do not direct them how to vote on an item (that is, you do not complete any of the boxes "For", "Against" or "Abstain" opposite that item), the Chair may vote as they see fit on that item.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Advanced Share Registry Limited or you may copy this form and return them both together.

To appoint a second proxy you must:

- On each Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- Return both forms together.

### CORPORATE REPRESENTATIVES

If a representative of a nominated corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A Corporate Representative Form may be obtained from Advanced Share Registry.

### SIGNING INSTRUCTIONS ON THE PROXY FORM

#### Individual:

Where the holding is in one name, the security holder must sign.

#### Joint Holding:

Where the holding is in more than one name, all of the security holders must sign.

#### Power of Attorney:

If you have not already lodged the Power of Attorney with Advanced Share Registry, please attach the original or a certified photocopy of the Power of Attorney to this form when you return it.

#### Companies:

Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

### LODGE YOUR PROXY FORM

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by 2.00pm WST on Monday, 26 November 2018, being at least 48 hours before the commencement of the Meeting. Proxy Forms received after that time will not be valid for the scheduled meeting.



#### ONLINE PROXY APPOINTMENT

[www.advancedshare.com.au/investor-login](http://www.advancedshare.com.au/investor-login)



#### BY MAIL

Advanced Share Registry Limited  
110 Stirling Hwy, Nedlands WA 6009; or  
PO Box 1156, Nedlands WA 6909



#### BY FAX

+61 8 9262 3723



#### BY EMAIL

[admin@advancedshare.com.au](mailto:admin@advancedshare.com.au)



#### IN PERSON

Advanced Share Registry Limited  
110 Stirling Hwy, Nedlands WA 6009



#### ALL ENQUIRIES TO

Telephone: +61 8 9389 8033