

# CORPORATE GOVERNANCE STATEMENT

For Year Ended 30 June 2019

Pilbara Minerals Limited ABN 95 112 425 788 (**Company**) has an established corporate governance framework, the key features of which are set out in this statement. In establishing its corporate governance framework, the Company has referred to the recommendations set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**Principles & Recommendations**) – 3<sup>rd</sup> Edition. The Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices do not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation.

During the year ended 30 June 2019 (**Reporting Period**), the Board reviewed the Company's governance-related documentation and, where appropriate, updated its documentation on 27 June 2019 (**Updated Policies and Practices**). During this review, consideration was also given to any changes that would need to be made in due course to the Company's governance framework in order to transition to the 4<sup>th</sup> edition of the Principles and Recommendations during the next Reporting Period.

Governance-related documents in relation to the Updated Policies and Practices are available via the "*Corporate Governance*" page on the Company's website at [www.pilbaraminerals.com.au](http://www.pilbaraminerals.com.au).

The Company reports below on whether it has followed each of the recommendations during the Reporting Period and, as such, reporting is against the policies and practices which were in place during the Reporting Period (**Former Policies and Practices**). The Former Policies and Practices are now superseded by the Updated Policies and Practices.

## **Charters, Policies and Procedures**

Audit and Risk Committee Charter

Board Charter

Constitution

Code of Conduct

Compliance Policy (established 14 February 2019)

Diversity Policy

Nomination Committee Charter

Policy on Assessing the Independence of Directors

Policy on Continuous Disclosure

Process for Performance Evaluations

Remuneration Committee Charter

Remuneration Policy

Risk Management Policy

Securities Trading Policy

Shareholder Communication and Investor Relations Policy

Whistleblower Policy

The information in this statement is current at 1 October 2019. This statement was approved by the Board on 1 October 2019.

Principle		Complied	Comment
1.1	<p>A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	Yes	<p>The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management and has documented this in its Board Charter, which is disclosed on the Company's website.</p>
1.2	<p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	Yes	<p>The Company undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a Director, and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.</p> <p>There were no Directors appointed to the Company's Board during the Reporting Period.</p> <p>The Company provided shareholders with all material information in relation to the election of Ms Layman and re-election of Mr Scudamore at its 2018 Annual General Meeting.</p> <p>In accordance with its policies and practices, the Company will continue to undertake appropriate checks as to the character, experience, education, criminal record and bankruptcy history of all future Board appointments.</p>
1.3	<p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	Yes	<p>The Company has a written agreement with its Executive Director and each other senior executive setting out the terms of their appointment.</p> <p>During the Reporting Period, the Company had the following Non-Executive Directors:</p> <ul style="list-style-type: none"> <li>• Anthony Kiernan (appointed 1 July 2016);</li> <li>• Steve Scudamore (appointed 18 July 2016);</li> <li>• Nick Cernotta (appointed 6 February 2017); and</li> <li>• Sally-Anne Layman (appointed 20 April 2018).</li> </ul> <p>In accordance with its policies and practices, the Company has entered and will continue to enter into written agreements with all of its current and future Non-Executive Directors.</p>
1.4	<p>The company secretary of a listed entity should be accountable directly to the board, through the</p>	Yes	<p>The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board as outlined in the</p>

Principle		Complied	Comment										
	chair; on all matters to do with the proper functioning of the board.		Company's Board Charter. The Company's Secretary's role is also outlined in the employment agreement between the Company Secretary and the Company.										
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	Partial	<p>The Company's Diversity Policy is disclosed on the Company's website.</p> <p>The Company's Diversity Policy provides for the Remuneration and Nomination Committee to set measurable objectives for achieving diversity that are appropriate for the Company.</p> <p>During the Reporting Period, the Company examined options to improve gender diversity as it transitioned from construction into operations, including increasing diversity at senior management level.</p> <p>The respective proportions of men and women on the Board, in senior executive positions and employed across the whole organisation at the end of the Reporting Period are set out in the following table. "Senior executive" for these purposes means a person who makes, or participates in the making of, decisions that affect the whole or a substantial part of the business or has the capacity to affect significantly the Company's financial standing. During the Reporting Period, this included the Managing Director, CFO, and those key management personnel that report directly to the Managing Director.</p> <table border="1"> <thead> <tr> <th></th> <th>Proportion of women</th> </tr> </thead> <tbody> <tr> <td><b>Whole organisation</b></td> <td>43 of 158 (22%)</td> </tr> <tr> <td><b>Senior executive positions</b></td> <td>0 out of 4 (0%)</td> </tr> <tr> <td><b>Management positions</b></td> <td>3 of 16 (19%)</td> </tr> <tr> <td><b>Board</b></td> <td>1 out of 5 (20%)</td> </tr> </tbody> </table> <p>The Company is not currently a 'relevant employer' under the Workplace Gender Equality Act.</p> <p>Subsequent to the end of the Reporting Period, the Board has adopted the below gender diversity objectives, which will be measured against and reported on for the year ended 30 June 2020:</p> <ol style="list-style-type: none"> <li>1. Improve current female Board representation when it is appropriate to expand and review the current Board composition.</li> <li>2. Improve female representation at senior manager and executive manager level during the period 2019 to 2021.</li> </ol>		Proportion of women	<b>Whole organisation</b>	43 of 158 (22%)	<b>Senior executive positions</b>	0 out of 4 (0%)	<b>Management positions</b>	3 of 16 (19%)	<b>Board</b>	1 out of 5 (20%)
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Principle		Complied	Comment
			3. Maintain the percentage of women in the Company's total workforce as in FY19 (25%).
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Yes	<p>The Company's Process for Performance Evaluations provides that the Chair has overall responsibility for evaluating the Board and, when deemed appropriate, Board committees and individual Directors.</p> <p>The Managing Director's performance is reviewed annually by the Remuneration and Nomination Committee using a performance evaluation survey completed confidentially by his direct reports and other senior personnel as well as against pre-determined key performance indicators and short-term and long-term strategic goals set by the Remuneration and Nomination Committee.</p> <p>Subsequent to the Reporting Period, the Board will undertake a formal performance evaluation of the Board or individual Directors in respect of their performance during the Reporting Period.</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of, its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Yes	<p>The Company's Process for Performance Evaluations provides that the Managing Director has responsibility for reviewing the performance of senior executives against pre-determined key performance indicators and short-term and long-term strategic goals set by the Managing Director.</p> <p>Subsequent to the Reporting Period, the Managing Director, in conjunction with the Remuneration and Nomination Committee, undertook formal performance evaluations of its senior executives in respect of their performance during the Reporting Period.</p>
2.1	<p>The Board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the</p>	Yes	<p>The Company's Remuneration and Nomination Committee continues to have a structure and membership that complies with Recommendation 2.1.</p> <p>The Company's Nomination Committee Charter is disclosed on the Company's website.</p> <p>The Remuneration and Nomination Committee comprises three Non-Executive Directors, Messrs Kiernan, Scudamore, and Cernotta. Mr Cernotta is the independent Chair of the Remuneration and Nomination Committee.</p> <p>The number of times the Remuneration and Nomination Committee met and the individual attendances of the members at those meetings is contained in the Directors Report within the Company's 2019 Annual Report.</p>

Principle		Complied	Comment										
	<p>committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence, and diversity to enable it to discharge its duties and responsibilities effectively.</p>												
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Yes	<p>During the Reporting Period, the Board appointed Ms Sally-Anne Layman as a Director, which expanded the mix of skills and diversity represented by the Board's composition. The Board continues to consider the expansion of skills and diversity of its membership, where considered appropriate.</p> <p>Set out below are details of the members of the Board during the Reporting Period and their specific skills:</p> <table border="1"> <thead> <tr> <th>Name/position</th> <th>Skills</th> </tr> </thead> <tbody> <tr> <td>Ken Brinsden (Managing Director) <i>B.Eng (Mining)</i></td> <td>Mining Engineer – experience as managing director of ASX listed companies and in surface and underground mining operations, including mine management, production, and brown-fields and green-fields development.</td> </tr> <tr> <td>Anthony Kiernan (Chairman) (appointed 1 July 2016) <i>LLB</i></td> <td>Lawyer – over 35 years' experience in management and operation of listed public companies; extensive experience as a lawyer and general consultant advising in the resources industry.</td> </tr> <tr> <td>Steve Scudamore (Non-Executive Director) (appointed 18 July 2016) <i>FCA, SF Fin, FAICD</i></td> <td>Chartered Accountant – over 30 years' experience with KPMG, including senior roles as the Chairman of Partners WA, Head of Corporate Finance WA, and National Head of Valuations in Australia; extensive experience as an Australian company director.</td> </tr> <tr> <td>Nick Cernotta (Non-Executive Director) (appointed 6 February 2017) <i>B.Eng (Mining)</i></td> <td>Mining Engineer – over 30 years' experience in the mining industry in Australia and overseas; extensive operational experience in both the public and private sectors of the mineral resources industry, including senior roles as the Director of Operations at FMG, COO at</td> </tr> </tbody> </table>	Name/position	Skills	Ken Brinsden (Managing Director) <i>B.Eng (Mining)</i>	Mining Engineer – experience as managing director of ASX listed companies and in surface and underground mining operations, including mine management, production, and brown-fields and green-fields development.	Anthony Kiernan (Chairman) (appointed 1 July 2016) <i>LLB</i>	Lawyer – over 35 years' experience in management and operation of listed public companies; extensive experience as a lawyer and general consultant advising in the resources industry.	Steve Scudamore (Non-Executive Director) (appointed 18 July 2016) <i>FCA, SF Fin, FAICD</i>	Chartered Accountant – over 30 years' experience with KPMG, including senior roles as the Chairman of Partners WA, Head of Corporate Finance WA, and National Head of Valuations in Australia; extensive experience as an Australian company director.	Nick Cernotta (Non-Executive Director) (appointed 6 February 2017) <i>B.Eng (Mining)</i>	Mining Engineer – over 30 years' experience in the mining industry in Australia and overseas; extensive operational experience in both the public and private sectors of the mineral resources industry, including senior roles as the Director of Operations at FMG, COO at
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			<p>MacMahon Contracting, and Director of Operations at Barrick Gold.</p> <p>Sally-Anne Layman (Non-Executive Director) (appointed 20 April 2018) <i>B Eng (Mining) Hon, B Com, CPA, MAICD</i></p> <p>Corporate Advisor – 23 years' experience in exploration, mining and finance; over 16 years' experience of successfully identifying and closing over \$1.8 billion in financial deals and equity investments.</p>																		
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	Yes	<p>During the Reporting Period, the Board comprised the following Directors:</p> <table border="1"> <thead> <tr> <th>Name/position</th> <th>Independent (Yes/No)</th> <th>Period of service</th> </tr> </thead> <tbody> <tr> <td>Ken Brinsden (Managing Director and CEO)</td> <td>No</td> <td>4 May 2015 – present</td> </tr> <tr> <td>Anthony Kiernan (Chair – Non Executive)</td> <td>Yes</td> <td>1 July 2016 – present</td> </tr> <tr> <td>Steve Scudamore (Non-Executive)</td> <td>Yes</td> <td>18 July 2016 – present</td> </tr> <tr> <td>Nick Cernotta (Non-Executive)</td> <td>Yes</td> <td>6 February 2017 – present</td> </tr> <tr> <td>Sally-Anne Layman (Non-Executive)</td> <td>Yes</td> <td>20 April 2018 – present</td> </tr> </tbody> </table> <p>In accordance with the Company's Policy on Assessing the Independence of Directors, the Board considers the independence of Directors having regard to the relationships listed in Box 2.3 of the Principles &amp; Recommendations.</p>	Name/position	Independent (Yes/No)	Period of service	Ken Brinsden (Managing Director and CEO)	No	4 May 2015 – present	Anthony Kiernan (Chair – Non Executive)	Yes	1 July 2016 – present	Steve Scudamore (Non-Executive)	Yes	18 July 2016 – present	Nick Cernotta (Non-Executive)	Yes	6 February 2017 – present	Sally-Anne Layman (Non-Executive)	Yes	20 April 2018 – present
Name/position	Independent (Yes/No)	Period of service																			
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Sally-Anne Layman (Non-Executive)	Yes	20 April 2018 – present																			
2.4	A majority of the board of a listed entity should be independent directors.	Yes	During the Reporting Period, the Board comprised a majority of Non-Executive Directors, four of whom are independent.																		
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Yes	During the Reporting Period, the Chair of the Board was Mr Kiernan, an independent Non-Executive Director, who was not the Managing Director or CEO of the Company.																		
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and	Yes	<p>There were no new directors appointed to the Board during the Reporting Period. However, any new directors appointed from time to time undergo induction.</p> <p>In accordance with the Nomination Committee Charter, the Remuneration and Nomination Committee is responsible for reviewing whether the Directors as a</p>																		

Principle		Complied	Comment
	knowledge needed to perform their role as directors effectively.		group have the skills, knowledge and familiarity with the Company and its operating environment required to fulfil their role on the Board and the Board committees effectively. Where any gaps are identified, the Remuneration and Nomination Committee considers what training or professional development should be undertaken to fill those gaps.
3.1	A listed entity should: <ul style="list-style-type: none"> <li>(a) have a code of conduct for its directors, senior executives and employees; and</li> <li>(b) disclose that code or a summary of it.</li> </ul>	Yes	The Company's Code of Conduct for its Directors, senior executives and employees is disclosed on the Company's website.  The Code of Conduct requires all business affairs of the Company to be conducted with integrity, honesty and fairness and in compliance with the rule and spirit of all laws and the regulatory environment in which it operates.
4.1	The board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have an audit committee which: <ul style="list-style-type: none"> <li>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, who is not the chair of the board,</li> </ul> </li> <li>and disclose;</li> <li>(3) the charter of the committee;</li> <li>(4) the relevant qualifications and experience of the members of the committee; and</li> <li>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.</li> </ul>	Yes	The Company's Audit and Risk Committee continues to have a structure and membership that complies with Recommendation 4.1.  The Company's Audit and Risk Committee Charter is disclosed on the Company's website.  During the Reporting Period, the Audit and Risk Committee comprised three independent Non-Executive Directors, Messrs Scudamore and Cernotta, and Ms Layman. Mr Scudamore is the independent Chair of the Audit and Risk Committee.  Refer to Principle 2.2 in respect of the relevant qualifications and experience of the members of the Audit and Risk Committee.  The number of times the Audit and Risk Committee met and the individual attendances of the members at those meetings is contained in the Directors Report within the Company's 2019 Annual Report.
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements	Yes	Prior to the approval of half year and full-year financial statements within a reporting period, the Board requires the Managing Director and CEO and CFO to confirm, in writing, that: <ul style="list-style-type: none"> <li>• the financial records of the Company have been properly maintained in accordance with section 286 of the Corporations Act 2001;</li> </ul>

Principle		Complied	Comment
	comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.		<ul style="list-style-type: none"> <li>the financial statements and notes comply with the Accounting Standards; and</li> <li>the financial statements and notes give a true and fair view.</li> </ul> <p>Before the Board approved the Company's financial statements for the half year ended 31 December 2018 and the full-year ended 30 June 2019, it received from the Managing Director and CEO and the CFO a declaration that, in their opinion, the financial records of the Company for the relevant financial period have been properly maintained and that the financial statements for the relevant financial period comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and the consolidated entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	<p>Under section 250RA of the Corporations Act, the Company's auditor is required to attend the Company's Annual General Meeting at which the audit report is considered, and must arrange to be represented by a person who is a suitably qualified member of the audit team that conducted the audit and is in a position to answer questions about the audit.</p> <p>Each year, the Company writes to the Company's auditor to inform them of the date of the Company's Annual General Meeting.</p> <p>In accordance with section 250S of the Corporations Act, at the Company's Annual General Meeting where the Company's auditor or their representative is at the meeting, the Chair allows a reasonable opportunity for the members as a whole at the meeting to ask the auditor (or its representative) questions relevant to the conduct of the audit; the preparation and content of the auditor's report; the accounting policies adopted by the Company in relation to the preparation of the financial statements; and the independence of the auditor in relation to the conduct of the audit. The Chair also allows a reasonable opportunity for the auditor (or their representative) to answer written questions submitted to the auditor under section 250PA of the Corporations Act.</p> <p>A representative of the Company's auditor, KPMG, attended the Company's Annual General Meeting held on 28 November 2018.</p>
5.1	A listed entity should: <ul style="list-style-type: none"> <li>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</li> </ul>	Yes	<p>During the Reporting Period, the Company had a Policy on Continuous Disclosure in place for complying with its continuous disclosure obligations under the ASX Listing Rules, which is disclosed on the Company's website.</p> <p>The Company's Policy on Continuous Disclosure is designed to guide all directors, officers, employees and contractors on compliance with the ASX Listing Rule</p>

Principle		Complied	Comment
	(b) disclose that policy or a summary of it.		continuous disclosure requirements. The Managing Director is designated as the person responsible for ensuring that the Policy is implemented in order to ensure that all material price sensitive information is disclosed to ASX as and when required.
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Yes	The Company provides information about itself and its governance to investors via its website.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	During the Reporting Period, the Company had a Shareholder Communication and Investor Relations Policy in place, which is disclosed on the Company's website.  The Company has a Corporate Affairs Manager and also engages an external investor relations firm to facilitate effective two-way communication with investors.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	During the Reporting Period, the Company had a Shareholder Communication and Investor Relations Policy in place outlining its policies and processes to facilitate and encourage participation at meetings of shareholders, which is disclosed on the Company's website.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	Shareholders are given the option to receive communications from, and send communications to, the Company and its share registry electronically. Shareholders are encouraged to receive correspondence from the Company electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders. Shareholders not already receiving information electronically can elect to do so through the Advanced Share Registry website.
7.1	The board of a listed entity should:  (a) have a committee or committees to oversee risk, each of which:  (1) has at least three members, a majority of whom are independent directors; and  (2) is chaired by an independent director, and disclose:  (3) the charter of the committee;	Yes	The Company's Audit and Risk Committee continues to have a structure and membership that complies with Recommendation 7.1.  During the Reporting Period, the Company had an Audit and Risk Committee Charter in place, which is disclosed on the Company's website.  During the Reporting Period, the Audit and Risk Committee comprised three independent Non-Executive Directors, Messrs Scudamore, and Cernotta, and Ms Layman. Mr Scudamore is the Chair of the Audit and Risk Committee.  The number of times the Audit and Risk Committee met and the individual attendances of the members at those meetings is contained in the Directors Report within the Company's 2019 Annual Report.

Principle		Complied	Comment		
	<p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>				
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	Yes	<p>During the Reporting Period, the Audit and Risk Committee and the Board were provided with the opportunity to attend various risk management workshops with management and reviewed the Company's risk management framework in June 2019 to determine whether there had been any changes in the material business risks the Company faces and to ensure that the Company is operating within the risk appetite set by the Board.</p> <p>Following review and amendment, the Audit &amp; Risk Committee recommended the updated Risk Management Policy and Risk Management Framework to the Board, which were subsequently approved on 27 June 2019.</p>		
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; OR</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	Yes	<p>The Company does not currently have an internal audit function. To evaluate and continually improve the effectiveness of the Company's risk management and internal control processes, the Board has appointed a dedicated risk and compliance manager, who together with management, report on a quarterly basis to the Audit and Risk Committee on the status of material business risks as outlined in the Company's Risk Management Policy and Risk Management Framework, which were previously reviewed and updated on 27 June 2019.</p>		
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	Yes	<p>The Company has material exposure to the following economic, environmental and/or social sustainability risks:</p> <table border="1"> <tr> <td>Counterparty risk</td> <td>The Company is exposed to the risk that a customer may not perform under an offtake agreement, including non-payment for product supplied. The offtake agreements in place with customers allow for the use of irrevocable letters of credit issued by</td> </tr> </table>	Counterparty risk	The Company is exposed to the risk that a customer may not perform under an offtake agreement, including non-payment for product supplied. The offtake agreements in place with customers allow for the use of irrevocable letters of credit issued by
Counterparty risk	The Company is exposed to the risk that a customer may not perform under an offtake agreement, including non-payment for product supplied. The offtake agreements in place with customers allow for the use of irrevocable letters of credit issued by				

Principle		Complied	Comment
			creditworthy financial institutions to mitigate against this risk. Also the Company has multiple offtake partners to diversify its customer base, and undertakes its own regular due diligence on offtaker operations and financial performance.
			<p>Regulatory and Title Risk</p> <p>The Company's activities are subject to significant government regulations and may be affected by changes in legislative and administrative regimes, taxation laws and other legal and government policies. This includes the granting and maintenance of appropriate licences, permits and regulatory consents and authorisations. The Company has in place (and continues to develop) an active program which monitors and reports on its compliance with significant government regulations.</p>
			<p>Operational, Development and Construction Risks</p> <p>The Company's activities may be subject to a variety of operational, development and construction risks which may negatively impact production levels, operating costs, capital costs and revenue outcomes. The Company constantly reviews its operational, development and construction activities to proactively manage exposure to such risks. Pilbara Minerals has also taken out insurance, including industrial special risk and business interruption insurance to minimise the impact of certain events, and where possible requests appropriate indemnities from suppliers and contractors. The Company also has a working capital facility, management reserves, and contingency allowances in any capital forecast to allow for future cost increases or schedule risk, including the impact of inclement weather.</p>
			<p>Compliance with terms and conditions of debt facilities</p> <p>The Company has a US\$100 million senior secured bond facility which has a number of covenants which must be complied with, including financial covenants. The Company has in place a process whereby the debt facilities are regularly reviewed to ensure compliance with covenants.</p>
			<p>Health and safety risk</p> <p>The Company is committed to protecting the health and safety of everybody who plays a part in its operations or lives in the communities where it operates. The Company has health and safety policies, appropriate safety management plans, and mandatory training which must be complied with by employees and contractors.</p>
			<p>Environmental risk</p> <p>As with most exploration, construction and mining operations, the Company's activities are expected to have an impact on the environment. It is the intention of the Company to conduct its activities to the highest standards of environmental compliance, including compliance with its approvals and environmental laws.</p>

Principle		Complied	Comment
			<p>The Company has an active program of monitoring and reporting within the business to identify and mitigate environmental risks. The Company also has environmental management plans which must be complied with by employees and contractors and conducts regular training in relation to environmental compliance obligations.</p> <p>Commodity price and foreign exchange risk</p> <p>The Company's revenues are mainly derived from the sales of spodumene concentrate under offtake agreements which are priced in USD based on a pricing formula which references both the import price of lithium carbonate and hydroxide and the Chinese domestic price of lithium carbonate and hydroxide. The price of lithium is influenced by a number of factors and events outside of the Company's control including global supply and demand, actions of other producers, and general economic, global and political conditions. There is currently no derivative product to protect against exposure to movements in the price of spodumene concentrate or lithium, although the Company's offtake agreements do include certain downside price protection mechanisms should there be an adverse movement in commodity prices. The Company has foreign exchange risk mitigation strategies in place to manage foreign currency exposures linked to the USD denominated secured bond debt and USD denominated sales revenue, and has implemented a hedging facility to protect against the risk.</p> <p>At present, the Company does not consider itself to have a material exposure to short term social sustainability risk. The Company's Code of Conduct is designed to ensure that the Company is committed to conducting itself with integrity, honesty and fairness with its employees, shareholders, other stakeholders and the broader community. The Managing Director has responsibility for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for identifying any material changes to the Company's risk profile and ensuring, with approval of the Board, the risk profile of the Company is updated to reflect any material change.</p>
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p>	Yes	<p>The Company's Remuneration and Nomination Committee continues to have a structure and membership that complies with Recommendation 8.1.</p> <p>During the Reporting Period, the Remuneration and Nomination Committee comprised three independent Non-Executive Directors, Messrs Kiernan, Scudamore, and Cernotta. Mr Cernotta is the independent Chair of the Remuneration and Nomination Committee.</p> <p>During the Reporting Period, the Company had a new Remuneration Committee Charter in place, which is disclosed on the Company's website.</p>

Principle		Complied	Comment
	<p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate</p>		<p>The number of times the Remuneration and Nomination Committee met and the individual attendances of the members at those meetings is contained in the Directors Report within the Company's 2019 Annual Report.</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	Yes	<p>Details of remuneration, including the Company's Remuneration Policy and the remuneration of its directors and senior executives, are contained in the "Remuneration Report" which forms of part of the Directors' Report within the Company's 2019 Annual Report.</p> <p>During the Reporting Period, the Remuneration and Nomination committee formulated an Executive Remuneration Framework for FY2019 for senior executives and Directors, which is aimed at being appropriate for the Company's current development activities and aligned with best practice in the market place.</p> <p>The Company's Remuneration Policy and Remuneration Frameworks ensure that remuneration is linked with performance which is competitive and appropriate for the results delivered.</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	Yes	<p>The Company's Employee Award Plan Rules prohibit participants entering into any arrangement for the purposes of hedging their economic exposure to an award that has been granted to them.</p> <p>Further, the Company's Securities Trading Policy prohibits participants in any equity based remuneration scheme entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in unvested entitlements.</p>