

CHAIRMAN'S ADDRESS: 2019 ANNUAL GENERAL MEETING

Ladies and Gentlemen,

Before I begin my address today, I want to acknowledge the tragic event which occurred at our Pilgangoora Project site last week with the death of an employee of one of our contracting partners as a result of an incident unrelated to mining operations.

While I am unable to comment in any detail, I can say that the Pilbara Minerals' community has been deeply saddened and shocked by what occurred. We are a tight-knit operation and a tragic event like this reverberates across our entire organisation.

On behalf of everyone at Pilbara Minerals, I express our sincerest condolences to the families, friends and colleagues affected by this tragedy.

I would now like to address the past year and where we see Pilbara Minerals going forward.

The 2019 Financial Year marked Pilbara Minerals' emergence as a new Australian lithium-tantalum producer through the commissioning and now operation of our Pilgangoora Project. While operations got underway, we continued to pursue our goal of becoming a fully integrated participant within the global lithium raw materials and chemical supply chain and made meaningful progress in this regard over the last twelve months.

The initial ramp-up and optimisation of production proceeded well, with a steady improvement in the performance of the processing plant and positive feedback from our customers regarding product quality. We were pleased to declare commercial production at the Pilgangoora Project on 1 April 2019.

While we are proud of these achievements, the past year has not been without its headwinds and challenges, particularly in the period since early June.

Market conditions have been volatile, with Chinese domestic pricing for lithium chemicals – and, by extension, the spodumene concentrate that we produce – declining in response to changes in the local subsidy regime.

In addition, our offtake customers have experienced delays in completing construction and commissioning of their new chemical conversion facilities, which has also led to a lag in offtake demand.

In response to these challenges, in June, we made the proactive decision to moderate production in the short-term to better align our output with our offtake customers' requirements.

This has provided us with the opportunity to undertake important plant improvement works to enhance product recoveries and lower operating costs.

In this regard, it was very pleasing to report earlier this month that processing plant modifications saw a substantial uplift in lithia recovery which of course directly reflects reductions in operating costs. To the whole team dedicated to and focused on this work, well done.

During this period, and notwithstanding the market, it was pleasing to secure new customers for our Stage 1 product supply including a new offtake agreement with China's Great Wall Motor Company and subsequently their first product shipment delivered in August.

This new agreement, together with our other agreements with major participants in the global lithium supply chain, supports our view that, despite recent softness, the underlying fundamentals and outlook for the lithium market remain robust.

This is best evidenced by the recent substantial investment in Pilbara Minerals from Contemporary Amperex Technology (Hong Kong) Limited – or "CATL" – which underpins an ongoing strategic relationship between our two companies.

CATL is China's largest battery manufacturer for electric vehicles, with a market capitalisation of around US\$22 billion and in 2018 CATL accounted for 41% of China's total battery cell production.

This investment by CATL in Pilbara Minerals is a strong vote of confidence, not only in the Company and the Pilgangoora Project, but also in the broader long-term lithium market.

Also, importantly, during the 2019 Financial Year we continued our work with POSCO, a large South Korean company, in advancing our proposed joint venture and the pilot studies to build and operate a downstream chemical conversion facility in South Korea.

This venture will support our long-standing relationship with POSCO and position Pilbara Minerals in the South Korean market and provide significant exposure to one of the world's most dynamic and fastest growing markets for lithium chemicals. It also diversifies our business away from simply being a miner.

A final decision on our joint venture with POSCO is expected early next year.

Our positive medium and long-term outlook for our high-quality spodumene concentrate product is further supported by other recent developments within the broader lithium sector including the US\$820 million acquisition by US battery metals giant Albermale to acquire 60% of the Wodgina spodumene project, and earlier in the year Wesfarmers' investment in Kidman Resources' lithium project.

Backed by a strong network of global customers and with confidence in the future demand for our high-quality product, we continue to consider the longer-term growth pathway for the Pilgangoora Project. During the 2019 Financial Year, we completed positive studies for the proposed Stage 2 expansion to 5Mtpa and further Stage 3 expansion to up to 7.5Mtpa.

That said, given the current market conditions we have taken the prudent approach to staging our expansion program and have committed to only expanding as and when required by our customer base or when market demand supports it.

To this end, we are working closely with our offtake partners to ensure this staged production growth is carefully aligned with their requirements for product.

Our outlook for the medium and long-term demand for our high-quality spodumene concentrate product remains positive. This view is supported by significant investments, not only as mentioned earlier in Australia, but also those by customers who supply electric vehicle batteries to car manufacturers.

For us in Australia, an important market differentiation is our hard-rock lithium. Its quality as feedstock, coupled with the strong environmental regulations and social standards that are both required and expected when developing projects in our country provide a big advantage when competing globally. This is more so as the responsible sourcing of products becomes a bigger focus area over the coming years, as end-users such as car manufacturers seek to understand the environmental and social impacts throughout their entire supply chains.

All of this, along with the commercial benefits from the ability to produce a lithium hydroxide directly from a spodumene concentrate, will make hard-rock lithium the feed stock of the future to produce high performance batteries for the growing electric vehicle market – and Pilbara Minerals is in prime position to take full advantage of this when the time comes.

The 2019 Financial Year also saw the expansion of Pilbara Minerals' public disclosure to reflect the Company's sustainability performance through the release of our first Sustainability Report. This Report is an important public report as it demonstrates our commitment to operating ethically and responsibly to ensure the resources we develop and the projects we operate consider both the social and environmental impacts.

Our recent A\$111 million equity raising has strengthened our balance sheet to enable the continual, measured development, and the pursuit of operating efficiencies at the Pilgangoora Project, as well as our downstream joint venture with POSCO. These financial resources, coupled

with our disciplined operating strategy, gives me a great deal of confidence as to our future and ability to benefit and capitalise on the inevitable upturn in the industry, particularly as demand for lithium substantially increases to meet the growing demand for electric vehicles and energy storage.

While the 2019 Financial Year has presented challenges, the Company has addressed these with great care and discipline. It has not been easy for management and employees, particularly those on site, and it is highly appropriate at this Annual General Meeting to acknowledge the work and dedication of our management and employees.

Whilst Managing Director Ken Brinsden and those in the Executive Management team have been outstanding in their dedication and carriage of their respective day to day responsibilities, it's all employees, from those on site, through maintenance, processing, mining, administration and geology, and in our Perth office that need to be acknowledged. Their efforts are highly valued and appreciated.

I would also like to thank shareholders for their support.

ANTHONY KIERNAN
Chairman

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