

Tranche 1 Issue of Shares – ALO Acquisition

Further to its ASX announcement of 13 August, Pilbara Minerals Limited (**Pilbara Minerals** or the **Company**; ASX: PLS) confirms that it has today issued the first tranche of 32,670,451 shares to the former Altura Loan Noteholders. This share issue represents partial settlement of the deferred consideration for Pilbara Minerals' acquisition in January 2021 of Altura Lithium Operations Pty Ltd (**ALO**), the owner of the Altura Lithium Project.

The second tranche of shares will be issued following approval by shareholders at a general meeting expected to be held in September 2021¹.

Having agreed to settle the deferred consideration through the issue of shares, the Company is now required to account for this component of the ALO purchase price by applying Pilbara Minerals' share price at the date the acquisition was completed, being 20 January 2021 (**Completion Date**). Any subsequent movements in the Company's share price (both positive and negative) will be recognised in the profit and loss account as a non-cash derivative fair value movement, until such time as the deferred consideration shares have been issued in full.

For the 2021 Financial Year (FY2021), Pilbara Minerals has recorded a non-cash expense of ~\$13M related to the derivative fair value movement of the deferred consideration since the Completion Date.

As well as this derivative fair value movement, the Company is also required to expense ~\$17M in acquisition costs during FY2021 (largely accrued as at 30 June 2021) related to the purchase of ALO, with these costs predominantly related to the stamp duty incurred on the acquisition.

The successful acquisition of the former Altura Lithium Project, now referred to as the Ngungaju ('Nuh-ga-ju') Operation, is expected to be successfully consolidated within Pilbara Minerals' existing Pilgangoora Operation. Following the recent success of its inaugural Battery Material Exchange (BMX) product auction platform, the Company is now focused on the restart of the Ngungaju Plant as soon as possible, with works progressing well.

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

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¹ If shareholders do not approve the second tranche of deferred consideration shares, then the ~5% discount applicable to these shares and reduced number of deferred consideration shares will not apply and the balance of the deferred consideration will be payable to the Altura Loan Noteholders via the issue of shares (or their cash equivalent at the relevant time) as per the original terms of the deferred consideration arrangements. In such circumstances, the Company will need to issue an additional ~ 1.75 million shares or pay an equivalent amount in cash to the Altura Loan Noteholders on or before the maturity date of 20 January 2022.