



PILBARA MINERALS
LIMITED

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QUARTERLY ACTIVITIES REPORT
QUARTER ENDED 31 MARCH 2014

PROJECT DEVELOPMENT

TABBA TABBA TANTALUM PROJECT - FEASIBILITY STUDY HIGHLIGHTS:

- ❖ Open pit design totals 162,000 tonnes, giving a total **LOM production of 364,000 lbs** of Ta₂O₅.
- ❖ Project revenue **\$30.2M** over the initial 19 month life.
- ❖ EBITDA **\$16M** with Project NPV of **\$14.4M** at an **IRR of 162%**.
- ❖ Capital Cost of **\$3.9M** (\$1.5M already spent, plant capital items already 90% completed).
- ❖ First full year production (2014-15) operating costs forecast at **\$34.74/lb**.
- ❖ All government approvals necessary to commence production are well advanced, and Pilbara Minerals and its Joint Venture partner Nagrom intend to fast-track construction subject to completion of financing.

CORPORATE

- ❖ Pilbara successfully completes \$1.5M capital raising via Convertible Note
- ❖ Funding secures Pilbara's 50% share of the Tabba Tabba Tantalum Project.

PROJECT DEVELOPMENT ACTIVITIES – AUSTRALIA

Tabba Tabba Joint Venture (PLS earning 50%, Nagrom Mining Pty Ltd 50%)

As announced 19 February 2014, The Feasibility Study has defined an initial mine life of 19 months producing approximately 365,000 pounds (lbs) of tantalum pentoxide (Ta₂O₅), within a minimum 5% Ta₂O₅ concentrate, delivering **EBITDA (Earnings before interest, tax, depreciation and amortisation) of \$16 million.**

Pilbara Minerals entered into a 50/50 joint venture agreement with Nagrom in October 2013 to evaluate, develop and mine the Tabba Tabba Project. Nagrom are world renowned metallurgical and gravity processing specialists. Pilbara and Nagrom intend to develop a boutique open cut mining and processing operation capable of generating attractive cash flows and returns for a small capital outlay.

The Tabba Tabba Project, acquired from world-leading global tantalum producer, Global Advanced Metals Wodgina Pty Ltd (GAMW), will be developed under a **five-year mining and off-take agreement with GAMW**, providing price certainty and underpinning the development.

Feasibility Study Summary

The Feasibility Study (FS) proposes mining and processing 118,000 tonnes of ore per annum from a single pit at the Tabba Tabba Project. The study incorporates the development of the site infrastructure, mining, processing facility and rehabilitation.

The FS establishes a robust financial model, with projected payback of the entire capital cost in month six of operations. It estimates that over the LOM, 364,000lbs of Ta₂O₅ will be recovered at an average operating cost of \$34.74/lb.

A summary of the key results of the Tabba Tabba Feasibility Study is provided in the tables below.

Feasibility Study Financial Summary			
Ta ₂ O ₅ Production - LOM	364,000 lbs		
LOM Project Revenue*(Using Base Case)	\$30.2 million		
Forecast LOM EBITDA(Using Base Case)#	\$16 million		
	Base Case	High Case - 20%	Low Case + 20%
NPV	\$14.4 million	\$16.8 million	\$11.4 million
IRR	162%	199%	115%

*Price based on LOM Commercially Sensitive Offtake Agreement with GAM

For details of Base Case and other production scenarios refer to the Financial Analysis section on Page 13 of February 19 2014 announcement.

The financial results reported are based on a 5-year fixed sales price with Global Advanced Metals Wodgina Pty Ltd, subject to annual CPI adjustments.

Total EBITDA is expected to be \$16 million with an estimated Net Present Value (NPV) of \$14.4 million over the initial mine life of 19 months. The pre-start-up capital cost is estimated at \$3.9 million, of which approximately \$1.5 million has been spent to date.

The FS was compiled and completed by Pilbara Minerals, Nagrom Pty Ltd with input from a number of industry consultants. Nagrom completed the metallurgy, process design and the various infrastructure requirements. Resource work was completed by Mitchell River Group Pty Ltd. Life of Mine (LOM) planning and reserve was completed by Croeser Pty Ltd and supported by Dempers and Seymour for the Geotechnical work.

EXPLORATION

WEST PILBARA JV (PLS 60%, FXR 40% FARMING-IN)

Fox Resources continues to evaluate the eight prioritised VTEM anomalies that have been ground checked and validated. The exploration plan will be refined to undertake ground based moving loop EM surveys when ground based surveys are conducted on Fox Resources other targets within the West Pilbara.

Additionally a review of the current ground holding and its prospectivity, is underway with most licences targeted for significant reductions while retaining the high priority targets.

CORPORATE

As announced 26 March 2014, During the quarter PLS completed a \$1,500,000 capital raising via convertible notes. Tranche 1 consisting of 246,700 convertible notes at \$1 each, were issued on March 26.

The funds raised will allow Pilbara to secure 50% of Nagrom Mining Pty Ltd, which holds the right to mine and process tantalum ore from the Tabba Tabba Project.

The initial \$200,000 was paid to Nagrom in November 2013, with Pilbara then sole-funding geotechnical and sterilisation drilling and the costs of the mining study as part of the Feasibility Study.

Once it receives the funds from tranche two of the convertible note issue, Pilbara will pay \$1 million to Nagrom, less the expenditure incurred by the Company in completing the Feasibility Study. This amount (approximately \$810,000) will be paid to Nagrom in the form of \$710,000 cash and 10 million Pilbara ordinary shares.

The remainder of funds raised will be used for working capital and towards the fabrication and completion of the processing facilities (currently 90% complete) as well as to undertake further hydrology studies.

Cash Balance

The Company had a cash balance of \$399,000 as at March 31, 2014.

LISTING RULE 5.3.3 INFORMATION

Project	Location	Tenements	Beneficial Interest	Notes	Change in Quarter
Malaumanda	Papua New Guinea	EL1915	100%		None
Malaumanda	Papua New Guinea	EL1916	100%		None
Malaumanda	Papua New Guinea	ELA2071	NA	Application	None
Fox Resources JV	Western Australia	E47/1093	60%	JV	None
Fox Resources JV	Western Australia	E47/1094	60%	JV	None
Fox Resources JV	Western Australia	E47/1097	60%	JV	None
Fox Resources JV	Western Australia	E47/1813	60%	JV	None
Fox Resources JV	Western Australia	E47/1814	60%	JV	None
Fox Resources JV	Western Australia	E47/1815	60%	JV	None
Fox Resources JV	Western Australia	E47/2261	60%	JV	None

Competent Person's Statement

The Company confirms it is not aware of any new information or data that materially affects the information included in the February 19, 2014 Ore Reserve Estimate and that all material assumptions and technical parameters underpinning the estimate continue to apply and have not materially changed when referring to its maiden ore reserve announcement made on February 19, 2014.