



PILBARA MINERALS
LIMITED

ACN 112-425-788

ASX ANNOUNCEMENT

5 October 2015

PILBARA COMPLETES GLOBAL SALES NETWORK AFTER SIGNING ADDITIONAL SPODUMENE (LITHIUM PYROXENE) CONCENTRATE OFF-TAKE MOU WITH MAJOR INTERNATIONAL GROUP

*SIX STRATEGIC AGREEMENTS NOW IN PLACE WITH PROSPECTIVE OFF-TAKE PARTNERS AND EXCLUSIVE DISTRIBUTORS FOR
FUTURE CONCENTRATE SALES FROM PILGANGOORA SPODUMENE-TANTALITE PROJECT*

HIGHLIGHTS:

- **Memorandum of Understanding (MOU) signed with a large International raw materials trading house for the future supply of low-iron spodumene concentrate** from Pilbara's flagship 100%-owned Pilgangoora Spodumene-Tantalite Project in WA's Pilbara region.
- **The International raw materials trading house** supplies a large range of minerals to the **glass, ceramics, metallurgical and metal industries** in Europe. The Group specialises and is highly experienced in the supply chain from mine to market and has offices in major European Cities.
- **Under the MOU, the parties have agreed to commence discussions to work towards signing an Exclusive European Distributorship Agreement for the supply of low-iron spodumene concentrates**, with prices to be negotiated based on global market prices and a floor price and cap price to be agreed for the first year of supply.
- The signing of the MOU's reflects the **strong level of interest and demand from potential customers and off-take partners in the Pilgangoora Project**, further reinforcing the robust outlook for lithium in global markets: both for low iron grades used in the glass & ceramics industry and for chemical grade which is used as feed for conversion to lithium chemicals.
- **Pilbara has now established a global sales network through six strategic off-take partnerships for its Pilgangoora project.** MOU's signed with groups based in China, Japan and South Korea, Europe and North America for its low iron technical and chemical spodumene grades.
- **Pilgangoora has recently been confirmed as the world's second largest hard-rock spodumene deposit** following last week's landmark resource upgrade. The deposit has **favourable metallurgical characteristics** making it suitable to supply both the high-quality glass and ceramics industries as well as the **fast-growing global battery market.**



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Australian strategic metals company Pilbara Minerals Ltd (ASX: PLS) is pleased to announce that it has now effectively completed a global sales network for its 100%-owned **Pilgangoora Spodumene-Tantalite Project** in Western Australia spanning Asia, North America and Europe after signing a non-binding agreement with a major International Group for the future sale of low-iron spodumene concentrate.

The latest agreement means that Pilbara now has six off-take MOU's in place with prospective off-take partners and exclusive distributors for the low-iron spodumene concentrate to be produced by Pilgangoora in North and South America, Europe, China, Japan and South Korea. These are the largest consuming regions for the high-quality, premier grade of spodumene that Pilbara anticipates being able to produce and supply at Pilgangoora.

In addition to the above, Pilbara has also signed four MOU's with Chinese lithium chemical producers for Pilgangoora chemical grade spodumene concentrate. These initial strategic agreements demonstrate the high level of early-stage interest from customers and potential off-take partners in the Pilgangoora Project.

MOU Details

Pilbara has signed a further non-binding MOU for the future supply of low-iron spodumene concentrate from the Pilgangoora Project with a large and well known International Group supplying a range of industrial minerals to the glass, ceramics and metallurgical industries.

Under the MOU's, the parties have agreed to commence discussions on a non-exclusive, confidential basis to negotiate an off-take agreement covering the supply of spodumene concentrates, commencing in 2017. As part of this process, the parties have agreed to provide all relevant information, data and materials required to undertake this evaluation.

The volume of various grades required and the prices will be negotiated on an annual basis based on global market prices. Any off-take agreement would be conditional upon Pilbara securing financing to commence development and construction of the Pilgangoora Lithium-Tantalum Project.

The MOU's acknowledge that each party has the option to enter into similar non-exclusive discussions, negotiations or final contracts with other third-party companies, however all information exchanged remains subject to confidentiality agreements.



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Management Comment

Pilbara's Executive Director, Mr Neil Biddle, said the establishment of a global sales network spanning all of the world's major developed economies and key growth regions within a matter of two months was a remarkable achievement by its sales team.

"Of course, as we've said before this speaks volumes for the outlook for the lithium market but it also says a lot about the size, quality and competitive advantage of the Pilgangoora Project, which is the only deposit outside of the world-class Greenbushes deposit in WA capable of supplying low-iron spodumene to global markets.

"End-users and suppliers are clearly positioning aggressively to identify potential new long-term supply sources of both premium grade low-iron technical and chemical grade spodumene. The new agreement which we have signed with a prominent International group for Europe, and the additional MOU's signed with four Chinese lithium chemical producers, means that we now have complete sales coverage extending over all of our target markets.

"This strong and diverse portfolio of Tier One customers and end-users will also put us in a very strong position as we commence financing discussions for Pilgangoora, as several of these prospective off-take partners have expressed strong interest in participating in the project as equity partners and/or financiers," Mr Biddle added.

"Pilgangoora is uniquely positioned to supply both the conventional glass, ceramics and metallurgical markets as well as the rapidly emerging battery sector – which could well become the key driver of the growth of this market into the 21st century.

"We look forward to converting these MOU's into binding agreements in the coming months as we advance the Pilgangoora Feasibility Study to underpin the development of one of the world's most significant new spodumene projects," he said.

What Is Spodumene?

Spodumene is a pyroxene mineral consisting of lithium aluminium inosilicate, $\text{LiAl}(\text{SiO}_3)_2$ and is a valuable source of lithium for use in ceramics, glass, Lithium ion batteries, lithium grease, bi-polar pharmaceuticals and as a fluxing agent.

Spodumene occurs in lithium rich, granite derived, fractionated pegmatites and aplites and is often associated with tin, tantalite and columbite mineralisation.

Spodumene has a key advantage over other lithium source materials due to its ability to produce very high purity lithium chemicals including lithium carbonate, lithium hydroxide and lithium sulphate.



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What is Lithium?

Lithium is a soft silvery metal, atomic number 3, which is highly reactive and never occurs freely in nature. Lithium occurs in a number of pegmatitic minerals and due to its solubility as an ion, is present in ocean water and is commonly obtained from brines.

Lithium and its compounds have several industrial applications including heat resistant ceramics, lithium grease lubricants, flux additives for smelting iron, steel and aluminium, and lithium and lithium ion batteries. Lithium also has various commercial uses including as a mood stabilising drug in the treatment of bipolar disorder and in the form of lithium hydroxide as an air purifier through removal of carbon dioxide.

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Contact:

Investors/Corporate:

Neil Biddle
Director
Telephone: +61 (8) 9336 6267
Mobile: +61 418 915 752

Media:

Nicholas Read
Read Corporate
Tel: +61 (8) 9388 1474
Mobile: +61 419 929 046

About Pilbara Minerals

Pilbara Minerals (Pilbara) is a mining and exploration company listed on the ASX, specialising in the exploration and development of the specialty metals tantalum and lithium. Pilbara is currently developing the Tabba Tabba Tantalum deposit, located approximately 50km south-east of Port Hedland. Pilbara is also drilling and developing the advanced 100%-owned Pilgangoora tantalum-lithium deposit close to Tabba Tabba.

The primary source of tantalum is from minerals such as tantalite, columbite, wodginite and microlite contained in pegmatite ore bodies. The largest deposits are located in Australia, Brazil and Africa. Tantalum's **major use is** in the production of electronic components, **especially for capacitors**, with additional use in components for chemical plants, nuclear power plants, airplanes and missiles. It is also used as a substitute for platinum.

The tantalum market is boutique in size with around 1,300 tonnes required each year. However the market is rapidly growing due to capacitor use in wireless and handheld devices. PLS's Tabba Tabba Project could supply approximately 7% of the annual market consumption over two years. There are two major buyers of tantalum raw product worldwide: HC Stark and Global Advanced Metals.

Lithium is a soft silvery white metal and has the highest electrochemical potential of all metals. In nature it occurs as compounds within hard rock deposits and salt brines. Lithium and its chemical compounds have a wide range of beneficial properties resulting in numerous chemical and technical uses. A key growth area is its use in lithium batteries as a power source for a wide range of applications including electric bikes, motor vehicles, buses, trucks and taxis.