



PILBARA MINERALS TO ACQUIRE ADJOINING LYNAS FIND LITHIUM PROJECT FROM DAKOTA MINERALS

Further consolidates Pilbara's dominant position in the preeminent Pilgangoora lithium district

Australian lithium developer, Pilbara Minerals Ltd (ASX: PLS – “Pilbara” or “the Company”) is pleased to advise that it has further strengthened its dominant position in the world-class Pilgangoora lithium district of WA, after entering into a binding agreement with Dakota Minerals (ASX: DKO) to acquire 100% of the adjoining Lynas Find Lithium Project.

Under the agreement, Pilbara will acquire the core Lynas Find granted tenements package, which includes the maiden Indicated and Inferred Mineral Resource of **7.3Mt @ 1.25% Li₂O, 85ppm Ta₂O₅ and 0.99% Fe₂O₃** reported by Dakota yesterday (see *Dakota ASX Release, 5 October 2016*), for A\$4 million. An additional \$1 million payment will be made by Pilbara on the granting of a term extension on one of these core tenements.

Pilbara has also agreed to pay a further \$750,000 for each of an additional four Pilgangoora exploration tenements which are currently under application by Dakota Minerals. These payments will be triggered by the successful grant and transfer of these tenements to Pilbara in the following 12 months. At Pilbara's election, these amounts can be funded by cash or by issuing Dakota with fully paid ordinary shares in the Company.

This strategic acquisition will further expand Pilbara's world-class resource inventory at its 100%-owned Pilgangoora Lithium-Tantalum Project, which already comprises Indicated and Inferred Mineral Resources totalling **128.6Mt grading 1.22% Li₂O, 138ppm Ta₂O₅ and 0.63% Fe₂O₃** (refer ASX releases dated 11 July 2016 and 22 August 2016).

The acquisition provides further benefits to Pilbara by increasing tonnes readily accessible to the future processing facilities, growing the Company's lithium exploration footprint in the Pilgangoora district and providing further options to where key infrastructure components for the Pilgangoora Project might be located. Together with the Strategic Co-operation Agreement signed last month with Pilbara's other neighbour, Altura Minerals (ASX: AJM) (refer ASX release dated 25 August 2016), this means the Company has now firmly consolidated its strategic position in this world-class lithium/tantalum district.

Lynas Find Lithium Project

The Lynas Find Lithium Project comprises granted Exploration Licences E45/3648 and E45/4523 and Prospecting Licence P45/2783 and, subject to them being granted and transferred to Pilbara within 12 months, Exploration Licences E45/4624, E45/4633, E45/4640 and E45/4689.

The project adjoins the Company's Pilgangoora Lithium-Tantalum Project to the east and north, adjacent to Pilbara's Monster deposit (see Figure 1) with the acquisition, once completed, set to substantially increase Pilbara's total land-holding in the Pilgangoora lithium district by 268 square kilometres to 300 square kilometres.

Recent drilling by Dakota has identified a pegmatite system located just 500m north-east of the Monster deposit on E45/4523. Earlier this year, Dakota completed two phases of exploration drilling totalling 5,276m, identifying a large near-surface pegmatite which remains open at depth. This drilling underpinned the maiden Mineral Resource estimate of 7.3Mt @ 1.25% Li₂O, 85ppm Ta₂O₅ and 0.99% Fe₂O₃ reported by Dakota yesterday.

Dakota also completed 100m of diamond drilling for metallurgical testwork, with results released on 14 September 2016 indicating that high-grade (6.56% Li₂O) spodumene concentrates can be produced using heavy Liquid Separation with 90.6% recovery achieved from the diamond core material crushed to -3.35mm.

Pilbara Minerals Limited



These results indicate that Dense Media Separation (DMS) would be a viable route for processing this material – a similar process route to that being planned for Pilbara’s Pilgangoora Lithium-Tantalum Project.

The broader tenement package offers outstanding exploration upside for additional lithium-tantalum resources. Historical mapping has demonstrated that a number of under-explored pegmatites are widely distributed throughout the Lynas Find Project area.

The strategic acquisition also gives Pilbara the opportunity to identify areas within the Dakota ground adjacent to Pilbara’s mining tenements that will provide additional options for waste dumps and/or other mining-related infrastructure required for the longer term development of the Pilgangoora Project.

Management Comment

Pilbara’s Managing Director and CEO, Ken Brinsden, said the acquisition of the Lynas Find Project secured the eastern and northern extensions of the same prolific pegmatite swarm which hosts the key lithium-tantalum deposits at Pilgangoora.

“This further consolidates our lithium footprint in the Pilbara region and reinforces Pilgangoora’s position as the dominant project in this exciting emerging lithium province,” he said.

“The acquisition provides the potential for additional new high-grade satellite ore feed to the central processing plant at Pilgangoora, based on the initial Mineral Resource for the Lynas Find Project reported this week. Importantly, these additional tonnes are located close to surface and are at an attractive average grade which would enhance our overall resource and future reserve inventory.

“The Dakota tenement package also contains numerous prospective new areas for lithium exploration, helping to strengthen our longer term growth pipeline. Importantly, this deal also gives us access to a strategic land-holding in close proximity to the existing Pilgangoora resource area which may be suitable for the location of key infrastructure components for the Pilgangoora Project – enhancing our development plan,” he added.

Agreement Terms

The consideration for Pilbara’s acquisition of the Lynas Find Project comprises A\$4 million to buy the core tenements with the mineral resource, with an additional A\$1 million payable upon the grant of an extension of term in respect of tenement E45/3648.

Pilbara has also agreed to pay a further A\$750,000 for each of the additional four exploration tenements (currently under application) upon their grant and transfer to Pilbara in the next 12 months. This amount may be paid in cash to Dakota or, if Pilbara elects, by issuing to Dakota fully paid ordinary shares in Pilbara of equal value based on the 30-day volume weighted average price (VWAP) of Pilbara shares up until the day immediately prior to the relevant tenement transfer.

Pilbara is responsible for pursuing the grant of each of the four exploration licence applications at its own expense. If any of the applications have not been transferred to Pilbara within 12 months from the execution of the Agreement then, unless the parties otherwise agree, all rights and interests in the non-transferred tenements or applications will revert back to Dakota and Pilbara will have no further payment obligations under the Agreement.

Completion of the sale is conditional upon the satisfaction of various conditions on or before 30 November 2016 including:

- due diligence on tenure and legal matters being completed to Pilbara’s satisfaction;
- Asgard Metals Pty Ltd and Slipstream Resources Investments Pty Ltd as trustee for Slipstream Capital, from which Dakota purchased most of its rights and interest in the Project tenements, waiving their respective rights to lodge a caveat over the Project tenements under their sale agreement with Dakota dated 16 December 2015;
- Dakota being registered as the 100% legal and beneficial holder of E45/4523, E45/3648 and P45/2783; and



- the parties obtaining all necessary regulatory consents to effect the transactions contemplated, including any Ministerial consent under the *Mining Act 1978* (WA) to the transfer of E45/4523 from Dakota to Pilbara.

Dakota has lodged transfer forms for E45/3648 and P45/2783 with the Department of Mines and Petroleum and is in the process of seeking Ministerial consent for the transfer of E45/4523 to Dakota. Dakota and Pilbara will now seek a further Ministerial consent for the subsequent transfer of E45/4523 to Pilbara pursuant to the Agreement.

More Information:

ABOUT PILBARA MINERALS

Pilbara Minerals ("Pilbara" – ASX: PLS) is a mining and exploration company listed on the ASX, specialising in the exploration and development of the specialty metals Lithium and Tantalum. Pilbara owns 100% of the world class Pilgangoora Lithium-Tantalum project which is the second largest Spodumene (Lithium Aluminium Silicate) project in the world. Pilgangoora is also one of the largest pegmatite hosted Tantalite resources in the world and Pilbara proposes to produce Tantalite as a by-product of its Spodumene production.

ABOUT LITHIUM

Lithium is a soft silvery white metal which is highly reactive and does not occur in nature in its elemental form. It has the highest electrochemical potential of all metals, a key property in its role in Lithium-ion batteries. In nature it occurs as compounds within hard rock deposits and salt brines. Lithium and its chemical compounds have a wide range of industrial applications 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 consumer electronics, power station-domestic-industrial storage, electric vehicles, power tools and almost every application where electricity is currently supplied by fossil fuels.

ABOUT TANTALUM

The Tantalum market is boutique in size with around 1,300 tonnes required each year. Its primary use is in capacitors for consumer electronics, particularly where long battery life and high performance is required such as smart phones, tablets and laptops.

Contacts:

Investors / Shareholders

Ken Brinsden
Chief Executive Officer, Managing Director
Ph. +61 (0)8 9336 6267

Media

Nicholas Read
Read Corporate
Ph. +61 (0)8 9388 1474

FORWARD LOOKING STATEMENTS AND IMPORTANT NOTICE

This announcement may contain some references to forecasts, estimates, assumptions and other forward-looking statements. Although the Company believes that its expectations, estimates and forecast outcomes are based on reasonable assumptions, it can give no assurance that they will be achieved. They may be affected by a variety of variables and changes in underlying assumptions that are subject to risk factors associated with the nature of the business, which could cause actual results to differ materially from those expressed herein. All references to dollars (\$) and cents in this announcement are to Australian currency, unless otherwise stated.

Investors should make and rely upon their own enquiries before deciding to acquire or deal in the Company's securities.

This release has been prepared for publication in Australia and may not be released in the United States. This release does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this release have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

