



**Pilbara  
Minerals**

...Powering a Sustainable Energy Future

ASX / MEDIA ANNOUNCEMENT

Tuesday, 28 August, 2018

## **STRONG FINANCIAL SUPPORT CONTINUES TO BUILD FOR THE PILGANGOORA PROJECT**

*Momentum builds for Stage 2 of the Pilgangoora Lithium-Tantalum project as US\$15 million working capital and foreign exchange hedge facilities are secured with globally recognised bank, BNP Paribas and a A\$19.5 million concessional loan facility is approved by the Australian Government's Northern Australia Infrastructure Facility.*

### **HIGHLIGHTS**

- Well structured, competitively priced US\$15 million working capital facility, together with a foreign exchange hedging facility secured with BNP Paribas supporting Stage 1 ramp-up and continued growth.
- Northern Australia Infrastructure Facility approves A\$19.5 million concessional loan to upgrade the 70km Pippingarra (public) Road from the Pilgangoora Lithium-Tantalum Project to the port of Port Hedland.
- Funding strategy for Stage 2, 5Mtpa expansion of the Pilgangoora Lithium Tantalum Project on track.

Australian lithium producer, Pilbara Minerals Limited (ASX: PLS) (Pilbara Minerals or the Company), is pleased to announce it has executed a US\$15 million working capital facility and foreign exchange hedging facility with BNP Paribas and secured approval for a A\$19.5 million concessional loan from the Australian Government's Northern Australia Infrastructure Facility (NAIF).

The US\$15 million working capital facility and foreign exchange facility, which were contemplated when the Company executed the Nordic Bond facility last year, have been secured with BNP Paribas, a globally recognised bank with a stable A credit rating from Standards and Poor (S&P) and a stable Aa3 from Moody's. The facilities will support prudent risk and capital management during Pilbara Minerals' growth phase, coinciding with the commissioning and ramp up phases for Stage 1 of the Pilgangoora Lithium-Tantalum Project (**Pilgangoora Project**) and the proposed Stage 2 (5Mtpa) expansion of the project.

Commenting on the facilities with BNP Paribas, Pilbara Minerals' Managing Director and CEO, Ken Brinsden, said:

*"We welcome the relationship with BNP Paribas, one of the leading metals and mining banks. BNP Paribas' offer to Pilbara Minerals for the provision of the working capital and foreign exchange hedging facilities was competitively priced and demonstrates their strong commitment to developing a long-term partnership with the Company in support of our growth ambitions."*

In addition to this facility, the recent indicative commitment from NAIF for a A\$19.5 million loan facility to assist in funding the upgrade of the Pippingarra Road, a public road connecting the Pilgangoora Project to port infrastructure in Port Hedland, is also a significant positive development. The financial support from the Australian Government through NAIF will enable Pilbara Minerals to improve the operations of the Pilgangoora Project by allowing increased haulage payloads via larger trailer configurations to Port Hedland port to deliver product to

market. It will also facilitate the Pilgangoora Project's expansion, particularly the proposed Stage 2, 5Mtpa operation.

Commenting on the NAIF commitment, Ken Brinsden, said:

*"The upgrade of the Pippingarra Road provides a range of benefits for the local community and for the Pilgangoora Project. The upgrade removes the need to traverse three significant rail crossings when hauling product to Port Hedland, supporting safer and more efficient haulage operations. It also significantly improves safety by reducing the interaction between light and heavy vehicles, and keeps heavy vehicles associated with mining operations in the Pilgangoora region off a long section of the busy Great Northern Highway."*

The NAIF concessional loan is subject to final documentation and customary conditions precedent to drawdown, including final sign off from the Western Australian State Government. During this time, Pilbara Minerals will continue to work through the remaining approvals and associated tasks required to undertake the Pippingarra Road upgrade.

The facilities from BNP Paribas and NAIF are additional and complementary to the funding sources expected to be available to Pilbara Minerals to finance the A\$231M capital development cost (plus any additional working capital requirements) required to execute the Stage 2, 5Mtpa expansion of the Pilgangoora Project (*refer to ASX announcement dated 3 August 2018*).

Following the completion of the Stage 2 (5Mtpa) definitive feasibility study for the Pilgangoora Project, Pilbara Minerals has continued to engage with its customers, Ganfeng Lithium and Great Wall Motors, on Stage 2 offtake linked funding arrangements in the form of either cash pre-payment or debt finance facilities. Those discussions are progressing as planned, and the Company is considering in parallel with this customer financing several funding proposals from both the bond and debt capital markets.

Pilbara Minerals' financial adviser in relation to the NAIF and BNP Paribas facilities was BurnVoir Corporate Finance.



Figure 1: Aerial photograph of the Pilgangoora Project (August 2018)

## WORKING CAPITAL AND FOREIGN EXCHANGE HEDGING FACILITIES MATERIAL TERMS

The working capital facility and foreign exchange hedging facilities are subject to usual terms and conditions customary for facilities of this nature.

### US\$15 million working capital facility

<b>Borrower</b>	Pilgangoora Operations Pty Ltd, a wholly-owned subsidiary of Pilbara Minerals
<b>Purpose</b>	General working capital purposes in connection with the Pilgangoora Project
<b>Term</b>	12 months from commencement of Pilgangoora Project commissioning (with the Borrower having the option to extend for a further 12 months)
<b>Security</b>	Pari passu with senior secured bonds

### US\$10M Foreign Exchange Hedging Facility

<b>Hedging Party</b>	Pilgangoora Operations Pty Ltd, a wholly-owned subsidiary of Pilbara Minerals
<b>Facility Type</b>	To enable hedging in connection with interest rate, currency or commodity prices
<b>Purpose</b>	To manage foreign currency risks associated with project revenues being denominated in US dollars
<b>Term</b>	Not limited as to tenor. However, the Company intends to hedge foreign currency exposures over a two year period
<b>Hedging Limit</b>	US\$10 million

## MORE INFORMATION

### About Pilbara Minerals

Pilbara Minerals (Pilbara Minerals – 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 Minerals owns 100% of the world class Pilgangoora Lithium-Tantalum project which is which is one of the world’s premier lithium development projects. Pilgangoora is also one of the largest pegmatite hosted tantalite resources in the world and Pilbara Minerals 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.

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### 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.