



PILBARA MINERALS
LIMITED
ABN 95 112 425 788

22 June 2015

The Manager
Company Announcements
ASX Limited

Notice under section 708(12C)(e) of the Corporations Act 2001

This notice is given by Pilbara Minerals Limited ACN 112 425 788 (ASX: PLS) (**Company**) pursuant to section 708A(12C)(e) of the Corporations Act 2001 (Cth) (**Corporations Act**) as inserted by ASIC Class Order [CO 10/322].

This notice is important and should be read in its entirety.

Background

Further to its announcement of 1 June 2015 the Company:

- (a) Has today issued 1,700,000 convertible notes each having a face value of A\$1.00 to professional and sophisticated investors to raise \$1,700,000 (before costs); and
- (b) subject to the obtaining of shareholder approval, intends to issue a further 4,000,000 convertible notes to professional and sophisticated investors (including a director of the Company) to raise a further \$4,000,000 (before costs).

The convertible notes detailed in paragraph (a) above (the **Tranche 1 Convertible Notes**) were issued today.

The Company will convene a shareholder meeting shortly, at which meeting the Company will seek shareholder approval for, amongst other things, the issue of the convertible notes detailed in paragraph (b) above (the **Tranche 2 Convertible Notes**).

Explanation and Purpose of this Notice

This notice is given in accordance with section 708A(12C)(e) of the Corporations Act as inserted by ASIC Class Order [CO 10/322].

The purpose of ASIC Class Order [CO 10/322] is to grant relief from the on-sale restrictions of the Corporations Act so that any fully paid ordinary shares in the Company (**Shares**) issued on conversion of convertible securities (such as the Tranche 1 Convertible Notes) can be on-sold without a prospectus provided that a cleansing notice containing certain prescribed information is provided to ASX at the time the convertible securities are issued. This notice is a cleansing notice as contemplated by ASIC Class Order [CO 10/322].

No offer or invitation is made pursuant to this notice for any person to subscribe for or apply to acquire any Tranche 1 Convertible Notes, Tranche 2 Convertible Notes, or other securities of the Company. You are not required to do anything in response to this notice. Neither the Australian Securities and Investments Commission (**ASIC**) nor ASX takes any responsibility for the contents of this notice.

This notice is issued in respect to the Tranche 1 Convertible Notes only.

Details of the issue

Each of the subscribers for the Tranche 1 Convertible Notes are a professional or sophisticated investor within the meaning of section 708(8) and 708(11) respectively of the Corporations Act or are sophisticated investors located in jurisdictions outside Australia.

Subject to the obtaining of shareholder approval for the purposes of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, Mr Tony Leibowitz, a director of the Company, will participate in the issue of the Tranche 2 Convertible Notes by subscribing for an aggregate of 150,000 Tranche 2 Convertible Notes.

The proceeds from the issue of the Tranche 1 and Tranche 2 Convertible Notes will be utilised:

- (c) to advance exploration and mining studies in relation to the Company's Pilgangoora Project;
- (d) for commissioning and operating capital associated with the Company's Tabba Tabba Project;
- (e) for general working capital requirements of the Company; and
- (f) to satisfy the costs associated with the convertible note issue.

The Tranche 1 Convertible Notes will be unlisted and convertible into Shares. See Annexure A for a summary of the terms and conditions of the Tranche 1 Convertible Notes.

Each Tranche 1 Convertible Note will be issued with 12.5 free attaching options (**Attaching Options**). Fractional entitlements to Attaching Options will be rounded down to the nearest whole number, based on the total aggregate Face Value of all Tranche 1 Convertible Notes subscribed by each investor. Each Attaching Option will have an exercise price of \$0.05 and an expiry date of 18 months from the date of issue (being 21 December 2016). Refer to Annexure C for the terms and conditions of the Attaching Options.

Effect on the Company

The capital structure of the Company following the issue of the Tranche 1 Convertible Notes will be as follows:

	Shares	Options	Convertible Notes
Balance at prior to the date of this notice	645,049,000	30,386,660 ⁽¹⁾	1,025,000 ⁽³⁾
Issue of Tranche 1 Convertible Notes (and Attaching Options)	N/A	21,250,000 ⁽²⁾	1,700,000 ⁽⁴⁾
Total	645,049,000	51,636,660	2,725,000

Notes:

- (1) Exercise price of \$0.03 and an expiry date of 25 March 2017. .
- (2) Exercise price of \$0.05 and an expiry date of 21 December 2016.
- (3) Comprising 169,100 convertible notes with a face value of \$1.00 and maturing on the earlier of a conversion date or 25 September 2015, and 855,900 convertible notes with a face value of \$1.00 and maturing on the earlier of a conversion date or 30 November 2015.
- (4) The Tranche 1 Convertible Notes.

As noted above, the Company is proposing a further capital raising through the issue of up to 4,000,000 Tranche 2 Convertible Notes (**Tranche 2 Convertible Note Issue**). The Tranche 2 Convertible Note Issue is subject to the approval of the shareholders of the Company.

If:

- (a) the Tranche 2 Convertible Notes are issued; and
- (b) all of the Tranche 1 Convertible Notes and the Tranche 2 Convertible Notes are subsequently converted,

on the basis that the volume weighted average price (**VWAP**) of Shares for the five trading days prior to an election to convert the Tranche 1 Convertible Notes and the Tranche 2 Convertible Notes is \$0.0725 (being 50% of the last traded Share price prior to the date of this notice) the dilution effect on the Company is as follows:

	Shares
Balance at the date of this notice	645,049,000
Conversion of all Tranche 1 and Tranche 2 Convertible Notes	98,275,862
Total	743,324,862
Dilution Effect	13.22%

Notes:

- (1) If the VWAP of Shares for the five trading days prior to an election to convert the Tranche 1 Convertible Notes and Tranche 2 Convertible Notes is \$0.145 (being the last traded Shares price prior to the date of this notice) the dilution effect on the Company is 7.08%.

Terms and Conditions of the Tranche 1 Convertible Notes

The terms and conditions of the Tranche 1 Convertible Notes are detailed in Annexure A. The following is a summary of the key terms and conditions of the Tranche 1 Convertible Notes. Note that the summary is not exhaustive nor is it a definitive statement of the rights and liabilities of the holders of the Tranche 2 Convertible Notes.

Face Value:	\$1.00 each.
Maturity Date:	18 months after the Issue Date.
Interest:	15% per annum, payable quarterly in arrears and payable in cash (not Shares).
Redemption:	Redeemable by the Company at any time during the period commencing on the date that is 12 months from the issue date and ending on the maturity date.
Conversion:	Convertible by the holder into Shares at any time from the issue date on the basis of a 20% discount to the VWAP of Shares for last five days on which Shares traded prior to the Company receiving a conversion notice.
Early Conversion:	If at any time prior to the Maturity Date, a change of control event occurs, the Company may elect to convert the Tranche 1 Convertible Notes into Shares on the basis of a 20% discount to the VWAP of Shares for last five days on which Shares traded prior to the election to convert the Tranche 1 Convertible Notes.
Security:	Registered mortgage over the mining tenements comprising the Company's Pilgangoora Project.

Rights and liabilities attaching to the Shares to be issued on conversion of the Tranche 1 Convertible Notes

The Shares issued on conversion of the Tranche 1 Convertible Notes will be fully paid ordinary shares in the Company and will rank equally with the Company's ordinary shares then on issue. The Company will apply to ASX for quotation of the Shares issued on conversion of the Tranche 1 Convertible Notes.

A summary of the rights and liabilities attaching to Shares are detailed in Annexure B.

Compliance with Regular Reporting and Continuous Disclosure Obligations

The Company is a disclosing entity for the purposes of the Corporations Act and, as such, subject to regular reporting and disclosure obligations. These obligations include compliance with the requirements of the ASX Listing Rules and the Corporations Act concerning notification of information to ASX. Copies of documents lodged with ASIC in relation to the company may be obtained from or inspected at, an office of ASIC. Copies of announcements made to the ASX by the Company may be viewed on the ASX website.

The Company will provide a copy of any of the following documents free of charge to any person on request:

- (a) a copy of its annual financial report most recently lodged with ASIC (being the report for the financial year ended 30 June 2014);
- (b) any half-year financial report lodged with ASIC after lodgement of that annual financial report and before lodgement of this notice (being the report for the half-year period ended 31 December 2014); and
- (c) any continuous disclosure notices given by the Company after the lodgement of its most recent annual financial report and before the lodgement of this notice as detailed below:

Date Lodged	Subject of Announcement
03/10/2014	Results of Meeting
07/10/2014	Change of Director's Interest Notice – TL
08/10/2014	Response to ASX Price Query
16/10/2014	Strong Rock Chip Results Highlight Significant Potential
17/10/2014	Notice of Annual General Meeting / Proxy Form
17/10/2014	Drilling completed at Tabba Tabba Tantalum Project in WA
23/10/2014	Company Secretary Appointment/Resignation
23/10/2014	Trading Halt
24/10/2014	Beer & Co Research Report on Pilbara Minerals
27/10/2014	Outstanding Drilling Results Reveal More High Grade Tantalum
28/10/2014	Pilbara Appoints Experienced Mining and Operations
29/10/2014	Quarterly Activities Report
31/10/2014	Quarterly Cashflow Report
03/11/2014	Details of Company Address
04/11/2014	Appendix 3B
04/11/2014	Change of Director's Interest - AHL
06/11/2014	Major Drilling Program Commences at Pilgangoora
21/11/2014	Results of Meeting
24/11/2014	Tabba Tabba Permitting Update
26/11/2014	CXB: CXB & PLS sign MoU to test Pilgangoora Project
26/11/2014	MoU to Evaluate Lithium Carbonate at Pilgangoora

Date Lodged	Subject of Announcement
27/11/2014	Tabba Tabba Permitting Announcement 24 Nov 2014
01/12/2014	High Grade Mineralisation from Drilling at Pilgangoora
03/12/2014	Appendix 3B
09/12/2014	Further High Grade Results at Pilgangoora
22/12/2014	Addendum to 2014 Annual Report
23/12/2014	Changes to Director's Interest Notice
07/01/2015	Further Significant Results at Pilgangoora
07/01/2015	Correction to Further Pilgangoora Results
19/01/2015	Resource Update Tabba Tabba
29/01/2015	Change of Director's Interest Notice
30/01/2015	Quarterly Activities and Cashflow Report
09/03/2015	Substantial Resource Upgrade at Pilgangoora
11/03/2015	Resumption of Drilling & Tabba Tabba Update
13/03/2015	Half Year Report
07/04/2015	Updated Research Report by Beer & Co
15/04/2015	Further High-Grade Drilling Results Pilgangoora
20/04/2015	Appendix 3B and Cleansing Notice
24/04/2015	Quarterly Activities and Appendix 3B
27/04/2015	Change of Director's Interest Notice
30/04/2015	Outstanding New Drilling Results Pilgangoora
05/05/2015	Updated Research Report on Company
25/05/2015	Pilgangoora Testwork Confirms Potential
28/05/2015	Trading Halt
29/05/2015	Ceasing to be a Substantial Holder
01/06/2015	Pilbara Undertaking \$6.465m Capital Raising
02/06/2015	Further Increase in High Grade Lithium Resource
02/06/2015	Investor Presentation
03/06/2015	Reissue of Release

Date Lodged	Subject of Announcement
09/06/2015	New Thick High Grade Intersections at Pilgangoora
09/06/2015	Appendix 3B
10/06/2015	Response to ASX Aware Query
10/06/2015	Appendix 3B
12/06/2015	Cleansing Statement
12/06/2015	Updated Research Report on Company
12/06/2015	Change in Director's Interest – NB
17/06/2015	Appendix 3B

Information excluded from Continuous Disclosure Notices

Pursuant to section 708A(12C)(e) of the Corporations Act (as inserted by ASIC Class Order [CO 10/322]), as at the date of this notice, the Company is not aware of any information that:

- (a) has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
- (b) is information that investors and their professional advisers would reasonably require for the purposes of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (ii) the rights and liabilities attaching to the Tranche 1 Convertible Notes.

Yours faithfully,
Pilbara Minerals Limited



Alan Boys
Company Secretary
Enclosure

Annexure A – Terms and Conditions of the Convertible Notes

1. Interpretation and definitions

Unless the context otherwise requires:

A\$ means Australian Dollars.

ASIC means the Australian Securities and Investment Commission.

ASX means ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires.

ASX Listing Rules means the official listing rules of ASX.

Bonus Issue means an issue of any Securities by way of capitalisation of profits, reserves, share premium account or capital redemption reserve fund or otherwise, but excluding any issue of Securities made in place of a cash payment as a dividend under the Constitution.

Bonus Securities means Securities issued under a Bonus Issue.

Business Day means a day on which all banks are open for business in Perth, Western Australia.

Change of Control Event means, in respect of the Company:

- (a) a court approval of a merger by way of scheme of arrangement (but shall not include a merger by way of scheme of arrangement for the purposes of a corporate restructure (including change of domicile, consolidation, sub-division, reduction or return of the issued capital of the Company)); or
- (b) a Takeover Bid:
 - (i) is announced;
 - (ii) has become unconditional; and
 - (iii) the person making the Takeover Bid has a Relevant Interest in 50% or more of the Shares.

Company means Pilbara Minerals Limited ACN 112 425 788.

Constitution means the constitution of the Company.

Conversion means the conversion of the Convertible Notes into Shares under the Note Conditions, and **Convert** and **Converted** will be interpreted accordingly.

Conversion Date means:

- (a) the date on which the Holder delivers a Conversion Notice to the Company in accordance with Note Condition 5(a); or
- (b) the date on which the Company makes an announcement to ASX or sends a notice to Holders in accordance with Note Condition 5(d).

Convertible Note means a convertible note having the Face Value and issued in accordance with and subject to the Note Conditions.

Conversion Notice means a notice of Conversion in or substantially in the form provided by the Company.

Conversion Period means the period beginning on the dated which is six months after the Issue Date and concluding on the Maturity Date.

Conversion Price means 80% of VWAP.

Convertible Notes Trust Deed means the convertible notes trust deed, dated on or about 5 June 2015, between the Company and the Trustee.

Corporations Act means the *Corporations Act 2001* (Cth).

Encumbrance means an interest or power:

- (a) reserved in or over an interest in any asset, including any retention of title; or
- (b) created or otherwise arising in or over any interest in any asset under a security agreement, bill of sale, mortgage, charge, lien, pledge, trust or power or any other agreement having similar effect,

by way of, or having similar commercial effect to, security for the payment of a debt, any other monetary obligation or the performance of any other obligation, and includes any agreement to grant or create any of the above and includes a security interest under the PPSA.

Event of Default means any of the events of default mentioned in Note Condition 12.

Face Value has the meaning in Note Condition 2.

General Security Deed means the general security deed, dated on or about 5 June 2015 between the Company and the Trustee.

Group means the Company and its Subsidiaries and Related Bodies Corporate.

Holder has the meaning given in the Note Certificate (and, if applicable, any person to whom the Convertible Notes are transferred or assigned).

Interest means the interest payable to the Holder in accordance with Note Condition 4.

Interest Payment Date means, for an Interest Period, the fifth Business Day, following the end of the relevant Interest Period.

Interest Period means:

- (a) a 3 month period (as adjusted in accordance with paragraphs (e) and (f) of this definition); and
- (b) each period beginning on 1 July, 1 October, 1 January and 1 April and ending on (and including) 30 September, 31 December, 31 March, 30 June, respectively,

however:

- (a) the first Interest Period commences on (and includes) the Business Day immediately preceding the Issue Date; and
- (b) the final Interest Period ends on (but excludes) the day on which the first of the following occurs:
 - (i) the Maturity Date,
 - (ii) the Redemption Date;
 - (iii) the Conversion Date; and
 - (iv) the Termination Date,

however, if an Interest Period would otherwise end after the Maturity Date, it ends:

- (a) if the Maturity Date is a Business Day, on the Maturity Date; or
- (b) if the Maturity Date is not a Business Day, on the Business Day before the Maturity Date.

Interest Rate means the rate of 15% per annum.

Issue Date means the date of issue of the Convertible Notes as shown on the original Convertible Note Certificate issued in respect of such Convertible Notes or such other date as may be agreed between the Company and the Holder.

Maturity Date means the date that is 18 months after the Issue Date.

Note Certificate means the document of that name to which the Note Conditions are attached.

Note Conditions means these conditions of issue of the Convertible Notes.

PPSA means the *Personal Property Securities Act 2009 (Cth)*.

Property means all property and assets from time to time of the Group.

Redemption Date means the date on which a Convertible Note is redeemed in accordance with Note Condition 9.

Redemption Period means the period beginning on the date that is 12 months following the Issue Date and concluding on the Maturity Date.

Register means the register of Holders established and maintained under the Convertible Notes Trust Deed.

Relevant Interest has the meaning given to that term in the Corporations Act.

Securities includes shares, debentures, debenture stocks, notes and any options or rights to subscribe for any of them.

Share means a fully paid ordinary share in the capital of the Company.

Subsidiary and **Related Body Corporate** have the meanings given to those terms by the Corporations Act.

Takeover Bid has the meaning given to that term in the Corporations Act.

Termination Date means the earlier to occur of:

- (a) the Maturity Date; and
- (b) the date that is 20 Business Days following receipt by the Company of a notice from the Holder which makes a declaration in accordance with Note Condition 12(b).

Total Amount means the total of the Face Value of all of the Convertible Notes in the Convertible Note Certificate.

Transaction Documents means:

- (a) the Convertible Notes Trust Deed; and
- (b) the General Security Deed.

Trustee means Theta Asset Management Limited ABN 37 071 807 684.

VWAP means the volume weighted average price of Shares on ASX over the last 5 trading days on which Shares are traded immediately preceding the Conversion Date.

2. Face Value

Each Convertible Note has a face value of A\$1.00 (**Face Value**).

3. Terms of Issue

- (a) Each Convertible Note:
 - (i) is interest bearing in accordance with Note Condition 4;
 - (ii) may be Converted in accordance with Note Condition 5;
 - (iii) unless Converted or redeemed by the Company in accordance with these Note Conditions, entitles the Holder to be paid by the Company the Total Amount on the Termination Date;
 - (iv) is unlisted; and
 - (v) cannot be sold, assigned or transferred (other than upon death of a Holder, where the Holder is a natural person).
- (b) If the Convertible Notes are:
 - (i) Converted in accordance with Note Condition 5;
 - (ii) repaid by the Company in accordance with Note Condition 8; or
 - (iii) redeemed by the Company in accordance with Note Condition 9,then the Convertible Notes will be automatically cancelled and may not be re-issued.

4. Interest

- (a) The Company agrees to pay interest at the Interest Rate on the Total Amount on the terms and conditions in this Note Condition 4.
- (b) Interest:
 - (i) will be payable in cash only;
 - (ii) accrues daily during the relevant Interest Period;
 - (iii) is calculated on a non-compounding basis;
 - (iv) is calculated on actual days elapsed and a year of 365 days;
 - (v) will cease to accrue on the earlier of:
 - (A) the Conversion Date;
 - (B) the Redemption Date; and
 - (C) the Termination Date; and
 - (vi) will be paid quarterly in arrears on each Interest Payment Date in accordance with Note Conditions 4(c) and 4(d).
- (c) On each Interest Payment Date, the Company will send a cheque, in respect of the Interest owing for the Interest Period to which it relates, to the Holder's address as recorded in the Register. Compliance with this provision shall constitute satisfaction by the Company of its obligation to pay Interest in respect of the relevant Interest Period.
- (d) If the Convertible Notes are:
 - (i) Converted in accordance with Note Condition 5;
 - (ii) repaid in accordance with Note Condition 8; or
 - (iii) redeemed by the Company in accordance with Note Condition 9,

at any time after the Issue Date (other than on a date which is 30 September, 31 December, 31 March or 30 June), the Company shall, on the next Interest Payment Date send a cheque for the pro-rata amount of interest (calculated pro-rata on the basis of the number of days during the Interest Period on which the Holder held the Convertible Notes), to the Holder's address as recorded in the Register. Compliance with this provision shall constitute satisfaction by the Company of its obligation to pay Interest in respect of the relevant Interest Period.

5. Conversion

- (a) The Holder may elect to Convert all the Convertible Notes by delivering a Conversion Notice to the Company at any time during the Conversion Period.
- (b) A Conversion Notice, once given, is irrevocable.

- (c) If the Holder delivers a Conversion Notice to the Company in accordance with Note Condition 5(a), the Convertible Notes will be Converted into such number of Shares as is determined by dividing the Total Amount by the Conversion Price, with such Shares to be allotted and issued in accordance with Note Condition 6.
- (d) If at any time prior to the Maturity Date, a Change of Control Event occurs, the Company may elect to Convert all the Convertible Notes into such number of Shares as is determined by dividing the Total Amount by the Conversion Price by either:
 - (i) making an announcement to ASX, if it is listed on ASX; or
 - (ii) sending a notice to each Holder at the Holder's address, as set out in the Register; and
 and with such Shares to be allotted and issued in accordance with Note Condition 6.

6. Issue of Shares

- (a) Subject to Note Conditions 6(f) to 6(i) (inclusive), if the Company is able to rely on ASIC Class Order 10/322, within 10 Business Days:
 - (i) after the receipt of a Conversion Notice delivered in accordance with Note Condition 5(a);
 - (ii) of an announcement made in accordance with Note Condition 5(d)(i); or
 - (iii) after the sending of a notice in accordance with Note Condition 5(d)(ii),
 the Company will:
 - (A) allot and issue the Shares pursuant to the Conversion; and
 - (B) apply for official quotation on ASX of Shares issued pursuant to the Conversion as provided under Note Condition 13(h).
- (b) If the Company is not able to rely on ASIC Class Order 10/322, and subject to Note Conditions, 6(f), 6(g), 6(h) and 6(i), within 10 Business Days, after the later of the following:
 - (i) the Conversion Date if the Company is not in possession of excluded information (as defined in section 708A(7) of the Corporations Act); and
 - (ii) the date the Company ceases to be in possession of excluded information in respect to the Company (if any) following the Conversion Date,
 the Company will:
 - (iii) allot and issue the Shares pursuant to the Conversion;

- (iv) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act or lodge a prospectus with ASIC that qualifies the Shares for resale under section 708A(11) of the Corporations Act; and
 - (v) apply for official quotation on ASX of Shares issued pursuant to the Conversion as provided under Note Condition 13(h).
- (c) The Company must, not later than 2 Business Days after the allotment of the Shares pursuant to the Conversion, forward free of charge to the Holder a holding statement or notice of entitlement for the issued Shares.
- (d) On the issue to the Holder of the holding statement or the notice of entitlement referred to in Note Condition 6(c), the Total Amount is deemed to be repaid.
- (e) The Shares issued on Conversion must rank pari passu and form one class with the other Shares on issue at the Issue Date. However, any Shares issued on Conversion will not be entitled to any dividend which has been declared and whose record date occurs prior to the issue of the Shares upon Conversion.
- (f) The Holder shall give notification to the Company in writing if they consider that the Conversion may result in the contravention of Section 606(1) of the Corporations Act, failing which the Company shall assume that the Conversion of the Convertible Notes will not result in any person being in contravention of Section 606(1).
- (g) The Company may (but is not obliged to), by written notice, request the Holder to give notification to the Company in writing within 2 Business Days if the Company considers that the Conversion may result in the contravention of Section 606(1) of the Corporations Act. If the Holder does not give notification to the Company that they consider the Conversion may result in the contravention of Section 606(1) of the Corporations Act, within 2 Business Days of receipt of such request, then the Company shall assume that the Conversion will not result in any person being in contravention of Section 606(1) of the Corporations Act.
- (h) If the Holder notifies the Company (in accordance with Note Conditions 6(f) or (g)) or the Company determines that a Conversion would result in the Holder being in contravention of Section 606(1) of the Corporations Act then, in respect of that number of Convertible Notes the Conversion of which would result in the Holder being in contravention of Section 606(1) of the Corporations Act:
 - (i) the Conversion shall be deferred until such time or times thereafter that the Conversion would not result in a contravention of Section 606(1) of the Corporations Act; and
 - (ii) the Company will as soon as reasonably practicable convene a meeting of Shareholders to seek approval for the purpose of, and in accordance with, Item 7 of Section 611 of the Corporations Act, for the allotment and issue of the Shares to be issued pursuant to the Conversion.
- (i) If Shareholder approval for the Conversion is not obtained at the meeting of Shareholders convened by the Company in accordance with Note Condition

6(h)(ii), then the Company will, within 28 days of the meeting of Shareholders, pay to the Holder an amount equal to:

- (i) the aggregate Face Value of the Convertible Notes the Conversion of which would result in the Holder being in contravention of Section 606(1) of the Corporations Act; and
- (ii) any accrued Interest attributable to those Convertible Notes referred to in Note Condition 6(i)(i),

and upon such payment such Convertible Notes will be cancelled.

7. Bonus Issues and Reconstruction

(a) If at any time after the Issue Date but before the earlier of the Convertible Notes being:

- (i) Converted in accordance with Note Condition 5;
- (ii) repaid by the Company in accordance with Note Condition 8; or
- (iii) redeemed by the Company in accordance with Note Condition 9,

the Company makes a Bonus Issue and issues to the holders of Shares any Bonus Securities, then the Company must issue to the Holder Bonus Securities of the number which the Holder would have been entitled to receive, by way of participation in the issue of Bonus Securities, if it had Converted the Convertible Notes then on issue into Shares:

- (iv) immediately before the issue of Bonus Securities; or
- (v) if before the Conversion there has been more than one issue of Bonus Securities, immediately before the first issue of Bonus Securities, and had retained all the Shares issued on Conversion together with all the Bonus Securities which would have been issued to it under this Note Condition following the first issue.

(b) Fractional entitlements are disregarded for the purposes of Note Condition 7(a).

8. Repayment

Unless the Convertible Notes have been:

- (a) Converted in accordance with Note Condition 5; or
- (b) redeemed by the Company in accordance with Note Condition 9,

then on the Termination Date the Company must pay the Total Amount to the Holder.

9. Redemption

At any time during the Redemption Period, the Company may redeem all the Convertible Notes that have not been Converted in accordance with Note Condition 5 by giving the Holder 14 days written notice of the redemption and paying the Total Amount to the Holder.

10. Security

The Convertible Notes are secured by the security granted by the Company to the Trustee under the General Security Deed. The Trustee holds the rights under the General Security Deed on trust for the benefit of the Holders in accordance with the terms of the Transaction Documents.

11. Representations and Warranties

The Company represents and warrants for the benefit of the Holder as at the Issue Date that, other than as disclosed to the Holder:

- (a) the Company is a corporation validly existing under the laws of the place of its incorporation;
- (b) the Company has:
 - (i) full power and authority (corporate and other) to borrow as provided in the Note Conditions;
 - (ii) full power and authority (corporate or other) to execute the Note Conditions and the Convertible Note Certificate annexed to the Note Conditions; and
 - (iii) full power to perform its obligations under the Note Conditions and to observe all the terms and provisions of the Note Conditions;
- (c) all corporate action on the part of the Company and its directors necessary for the authorisation, execution and performance of the Convertible Note Certificate and the Note Conditions has been duly taken;
- (d) the Convertible Note Certificate has been duly authorised and executed by the Company and is enforceable against the Company; and
- (e) neither the Constitution nor the provisions of any obligation, agreement or arrangement to which the Company is a party or by which it is bound or any statute, rule or regulation or any judgment, decree or order of any court or agency binding on the Company has been or will be contravened by the execution, delivery and performance of the Convertible Notes.

12. Events of Default

- (a) The occurrence, without the prior written consent of the Holder, of any of the following events:
 - (i) the Company fails to make, within 20 Business Days of the due date, any payment due in accordance with the Note Conditions;
 - (ii) the Company makes default in duly performing or observing any of the undertakings, covenants or agreements on its part contained in the Note Conditions other than as specified in Note Condition 12(a)(i) and such default, if capable of remedy, is not remedied for a period of 21 days after notice from the Holder requiring such default to be remedied;

- (iii) any representations or warranties contained in the Note Conditions are found to have been false or misleading in any material respect when made;
- (iv) a petition is lodged and is not withdrawn or struck out within 14 Business Days of lodgement or is not contested on a bona fide basis or an order is made or a resolution is passed for the winding up of the Company or any Subsidiary or Related Body Corporate of the Company or placing the Company or any Subsidiary or Related Body Corporate of the Company under voluntary administration, or any meeting is convened for the purposes of considering the said resolutions;
- (v) a receiver or receiver and manager or administrator of the undertaking or property of the Company or any Subsidiary or any Subsidiary or Related Body Corporate of the Company or any part of the Company is appointed; or
- (vi) the Company or any Subsidiary or Related Body Corporate of the Company suspends payment of its debts (which words shall have the same meaning as when used in Section 40 of the Bankruptcy Act 1966) or the Company or any Subsidiary or Related Body Corporate of the Company, without the consent in writing of the Holder, ceases or threatens to cease to carry on a substantial part of its business,

shall be an **Event of Default**.

- (b) On the occurrence of an Event of Default, the Holder may by written notice to the Company declare all of the Convertible Notes due and payable and demand the payment of the Face Value and any Interest that has accrued and not been paid.
- (c) Upon receipt of a declaration under Note Condition 12(b), the Total Amount shall become due and payable by the Company to the Holder on the date that is 5 Business Days following receipt of such declaration, together with any Interest that has accrued and not been paid.

13. Covenants by the Company

At all times prior to the to the earlier of all of the Convertible Notes being:

- (a) Converted in accordance with Note Condition 5;
- (b) repaid by the Company in accordance with Note Condition 8; or
- (c) redeemed by the Company in accordance with Note Condition 9,
- (d) the Company must:
- (e) execute and do all acts and things as are reasonably necessary for conferring the full benefit of the Convertible Notes and the Note Conditions on the Holder;
- (f) not amend its Constitution or alter the voting or other rights attached to the Shares in a manner which is prejudicial to the interests of the Holder;

- (g) give notice to the Holder immediately upon becoming aware that a Change of Control Event has occurred; and
- (h) ensure that the Company applies for quotation of the Shares issued on Conversion in accordance with the ASX Listing Rules and Note Condition 6.

14. General

- (a) In the Note Conditions unless the context otherwise requires:
 - (i) the singular shall include the plural and vice versa;
 - (ii) the use of one gender shall include all other genders;
 - (iii) representations, agreements, covenants, obligations or warranties, by more than one person shall include those persons jointly and each of them severally;
 - (iv) the use of the term **person** means and includes a natural person or firm; and
 - (v) the use of expressions such as **including** and **in particular** and the like does not imply any limitation of the preceding general category or class referred to.
- (b) Headings in the Note Conditions are for reference purposes only and are not intended to affect the interpretation of the Note Conditions.
- (c) The Note Conditions shall be governed by and construed by reference to the law applicable in Western Australia. The parties submit to the non-exclusive jurisdiction of courts exercising jurisdiction in Western Australia in connection with the Note Conditions.
- (d) If any provision or part of a provision of the Note Conditions is or becomes void, invalid or unenforceable that provision or part shall be severed from the Note Conditions but the remainder of the Note Conditions shall continue in full force and effect.
- (e) A reference to any statutory enactment shall include all amendments for the time being in force and any other statute enacted in substitution for and the regulations by-laws or other orders for the time being made under that statutory enactment.
- (f) Any demand, notice, consent or other communication to be made or given under the Note Conditions shall be in writing and signed by the Party giving it and shall be served either by delivery, by facsimile, or by pre-paid registered mail to the address of the Party as specified in the Convertible Note Certificate or at such substituted address as may be advised by notice in accordance with this Note Condition from time to time. All notices shall be deemed to be received on the date of delivery or at the expiration of 48 hours after it has been posted, notices sent by facsimile shall be deemed to be delivered on the date of transmission.
- (g) Any reference to the Note Conditions herein means and includes the schedules and annexures (if any) to the Note Conditions, and which are deemed to form part thereof.

- (h) Unless the context otherwise requires, references in the Note Conditions to recitals, conditions, schedules or annexures, mean and constitute references to the recitals, conditions, schedules or annexures (if any) of the Note Conditions.
- (i) No Party shall be taken to have waived any breach of the Note Conditions by any other Party unless such waiver shall be in writing, and signed by the Party granting the waiver. No waiver, forbearance or failure by a party of its right to enforce any provision of the Note Conditions shall constitute a waiver or estoppel of such Party's right to enforce that provision thereafter or to enforce any other provision of the Note Conditions.
- (j) The Note Conditions shall bind and benefit each of the parties and their respective personal representatives, successors and permitted assigns.
- (k) Where the day or date appointed or specified by the Note Conditions for the payment of any money is not a Business Day, the day or last day by which payment of that money shall be made shall be deemed to be the next following Business Day.
- (l) Notwithstanding anything said or written prior to execution, the Note Conditions and any agreement pursuant to which the Convertible Notes were subscribed for by the Holder embody the entire understanding of the parties and constitute the entire terms agreed upon between them and supersede and replace entirely any prior written or oral agreement between the parties concerning the advance of the Total Amount.
- (m) Each of the Parties covenants and agrees to execute, complete, deliver, make and do all such other assurances, documents, instruments, notices, acts and things as may be necessary or required for effectually carrying out the terms of the Note Conditions.
- (n) Any payment to be made in accordance with the terms of the Note Conditions shall be made in cash (in immediately available funds) or by bank cheque unless the Parties agree otherwise.
- (o) Each Party will bear its own legal costs in connection with the preparation and execution of the Note Conditions and the Convertible Notes.
- (p) No amendment to the Note Conditions shall be effective unless in writing and signed by all parties.
- (q) All remedies afforded under the Note Conditions shall be taken and construed as cumulative and in addition to every other remedy provided in the Note Conditions or by law or at equity.
- (r) A reference to a matter being "to the knowledge" of a Party means the matter is to the best of the knowledge and belief of that Party after proper enquiry including enquiry which a reasonable person would be prompted to make by reason of knowledge of a fact.
- (s) A reference to money is a reference to Australian currency unless otherwise specified.
- (t) The Company may issue the Convertible Note Certificate by way of a deed poll.

Annexure B – Rights and Liabilities Attaching to Shares

1. Interpretation and definitions

Unless the context otherwise requires:

Alternate Director means a person appointed as an alternate director under clause 15.7 of the Constitution.

ASTC Settlement Rules means the settlement rules of Australian Settlement and Transfer Corporation Pty Ltd.

ASX means ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires.

ASX Listing Rules means the official listing rules of ASX.

Company means Pilbara Minerals Limited ACN 112 425 788.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a person appointed to the position of a director of the Company and where appropriate, includes an Alternate Director.

Directors means all or some of the Directors acting as a board.

Dividend Reinvestment Plan means a plan implemented under clause 24 of the Constitution.

Representative means a person authorised to act as a representative of a corporation under clause 12.24 of the Constitution.

Register of Shareholders means the register of Shareholders kept by the Company in accordance with section 169 of the Corporations Act (including any branch register and any computerised or electronic subregister established and administered under the ASTC Settlement Rules).

Restricted Securities has the meaning ascribed to it by the ASX Listing Rules.

Share means a share in the capital of the Company.

Shareholder means a person or company registered in the Register of Shareholders as the holder of one or more Shares and includes any person or company who is a member of the Company in accordance with or for the purposes of the Corporations Act.

2. General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

3. Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or Representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or Representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes being equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable in respect of those Shares (excluding amounts credited).

4. Dividend Rights

Subject to the rights of persons (if any) entitled to Shares with special rights as to dividend, the Directors may declare a final dividend out of profits in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the shareholders of such a dividend. The Directors may authorise the payment or crediting by the Company to the shareholders of such interim dividends as appear to the Directors to be justified by the profits of the Company. Subject to the rights of persons (if any) entitled to Shares with special rights as to dividend, all dividends as declared are to be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares in accordance with part 2H.5 of chapter 2H of the Corporations Act.

5. Winding Up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as the liquidator considers fair upon any property to be between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability. Subject to the rights of Shareholders (if any) entitled to Shares with special rights in a winding-up and the Corporations Act all monies and property that are to be distributed among Shareholders on a winding-up, shall be distributed in proportion to the Shares held by them respectively, irrespective of the amount paid-up or credited as paid-up on the Shares. Where an order is made for the winding up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to members, Shares classified by ASX as Restricted Securities at the time of the commencement of the winding up shall rank in priority after all other Shares.

6. Changes to Capital Structure

The Company may by ordinary resolution and subject to the Corporations Act and the ASX Listing Rules:

- (a) issue new Shares of such amount specified in the resolution;
- (b) consolidate and divide all or any of its Shares into Shares of larger amount than its existing shares;
- (c) sub-divide all or any of its Shares into Shares of smaller amount than is fixed by the Constitution, but so that in the sub-division the proportion between the amount paid and the amount (if any) unpaid on each Share of a smaller amount is the same; and
- (d) cancel Shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person or have been forfeited and reduce the amount of its share capital by the amount of the Shares so cancelled.

7. Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

8. Variation of Rights

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued Shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the Shares of that class.

9. Dividend Plans

The Directors may, subject to compliance with the Constitution, the Corporations Act and the ASX Listing Rules, by resolution of the Directors, implement a Dividend Reinvestment Plan on such terms and conditions as are referred to in the resolution and which plan provides for any dividend which the Directors may declare from time to time and payable on Shares which are participating Shares in the Dividend Reinvestment Plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, to be applied by the Company to the payment of the subscription price of ordinary fully paid Shares.

10. Directors

The Constitution states that the minimum number of directors is 3.

11. **Power of the Board**

The Directors have the power to manage the business of the Company and may exercise that power to the exclusion of the members, except as otherwise required by the Corporations Act, and other law, the ASX Listing Rules or the Constitution.

Annexure C – Terms and Conditions of Attaching Options

1. Exercise Price

Each Option shall have an exercise price of A\$0.05 (**Exercise Price**).

2. Expiry Date

Each Option shall expire on the date which is 18 months after the date of issue (**Expiry Date**).

3. Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

4. Exercise of Options

The Options may only be exercised during the Exercise Period.

5. No Official Quotation of Options

The Company will not apply for official quotation of the Options.

6. Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of each Option.

7. Notice of Exercise

The Options may be exercised by giving written notice to the Company at any time during the Exercise Period. The notice (**Exercise Notice**) must:

- (a) specify the number of Options being exercised and the number of Shares to be issued;
- (b) specify whether the Shares are to be issued to the holder of the Options or a nominee; and
- (c) be accompanied by payment of the Exercise Price for each Option being exercised.

Any Exercise Notice in respect of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

8. Shares Issued on Exercise

Shares issued on exercise of Options rank equally with the then Shares currently on issue.

9. Official Quotation of Shares on Exercise

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.

10. Timing of issue of Shares

- (a) Subject to paragraph 10(b), within 3 Business Days after the receipt of an Exercise Notice, given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised, the Company will allot and issue the Shares pursuant to the exercise of the Options and will, at the same time, issue a cleansing notice under section 708A(5) of the Corporations Act.
- (b) If the Company is not then permitted to issue a cleansing notice under section 708A(5) of the Corporations Act, the Company must either:
 - (i) issue a prospectus on the date that the Shares are issued under paragraph (a) above (in which case the date for issuing those Shares may be extended to not more than 25 Business Days after the receipt of the Exercise Notice, to allow the Company time to prepare that prospectus); or
 - (ii) issue a prospectus before the date that the Shares are issued under paragraph (a) above, provided that offers under that prospectus must still be open for acceptance on the date those Shares are issued,in accordance with the requirements of section 708A(11) of the Corporations Act.

11. Participation in New Issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

However, the Company will ensure that, for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

12. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu of, or in satisfaction of, dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

13. Adjustment for Rights Issue

If the Company makes an issue of Shares pro rata to existing Shareholders (except a bonus issue) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E [P - (S + D)]}{N + 1}$$

- O = the old Exercise Price of the Option.
- E = the number of underlying Shares into which one Option is exercisable.
- P = average market price (as defined in the ASX Listing Rules) per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price of a Share under the pro rata issue.
- D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).
- N = the number of Shares with rights or entitlements that must be held to receive a right to one new share.

14. Adjustments for Reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholders will, be varied to the extent necessary to comply with the ASX Listing Rules which apply to the reorganisation at the time of the reorganisation.

15. Options Not Transferable

The Options are non-transferable.

16. Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's share registry.