



ABN 95 112 425 788

**Interim Financial Report
31 December 2017**

Contents	Page
Directors' Report	3
Auditor's Independence Declaration	6
Consolidated Statement of Profit or Loss and Other Comprehensive Income	7
Consolidated Statement of Financial Position	8
Consolidated Statement of Changes in Equity	9
Consolidated Statement of Cash Flows	10
Notes to the Consolidated Financial Statements	11
Directors' Declaration	19
Independent Auditor's Review Report	20

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Pilbara Minerals Limited (the **Company**) and the entities it controlled at the end of, or during, the half-year ended 31 December 2017.

Directors

The Directors of the Company who held office during the half-year and up to the date of this report are stated below. Directors were in office for this entire period unless otherwise stated.

Anthony Kiernan	Non-Executive Chairman
Ken Brinsden	Managing Director
Steve Scudamore	Non-Executive Director
John Young	Non-Executive Director (Executive Director until 31 July 2017)
Nicholas Cernotta	Non-Executive Director
Neil Biddle	Non-Executive Director (Non-Executive Director until 26 July 2017)

Review of Operations

The following is a summary of the activities of the Company during the period 1 July 2017 to 31 December 2017. It is recommended that this half yearly report be read in conjunction with the 30 June 2017 Annual Report and any public announcements made by the Company during and subsequent to this period. In accordance with continuous disclosure requirements, readers are referred to the announcements lodged with the Australian Securities Exchange ("**ASX**") regarding the activities of the Company.

During the half year, the Company progressed construction and development activities at the Company's 100% owned Pilgangoora Lithium-Tantalum Project (Pilgangoora Project or Project) in Western Australia and started operational establishment activities including the appointment of key site leadership positions and the commencement of early mining works on site.

During the half-year the Company commenced a Definitive Feasibility Study ("**DFS**") in respect of a future expansion of the Pilgangoora Project from 2Mtpa to 5Mtpa (Stage 2). The expansion will target chemical and technical grade spodumene concentrate production in excess of 800,000tpa. Preliminary outcomes from this study were released in early February 2018, with final DFS results currently targeted for mid-2018.

In December 2017 the Company finalised a Mine Gate Sale Agreement ("**MGSA**") with Atlas Iron Limited ("**Atlas**") to supply a minimum of 1 million tonnes of unprocessed run-of-mine lithium-tantalum ore. Planning activities for the Direct Shipping Ore ("**DSO**") Project commenced during the half-year period with first sales anticipated in April 2018. Under the terms of the MGSA, Atlas will pay the Company a US \$3 million commitment fee to fund initial establishment costs associated with the DSO program.

Pilgangoora Lithium-Tantalum Project

The half year was a busy period for the development of the Company's 2Mtpa Pilgangoora Project. Key achievements included the completion of establishment works including; camp, communications infrastructure and construction water. The last of the major construction packages were awarded including the open pit mining contract, the power contract, the second stage of the EPC contract for the construction of the process plant, site wide bulk earthworks contract, expansion contract for the accommodation camp and the crushing contract. Progress with the major construction contractors included completion of plant earthworks and commencement of plant concrete construction by the EPC plant contractor. Both the power contractor and crushing contractor commenced construction for their respective work packages.

The projected capital spend for Stage 1 of the Project was updated to \$274 million during the half-year, reflecting EPC contract acceleration costs, scope changes at the Company's direction (including both exclusions and inclusions) and further investment to add value to the quality of the final Pilgangoora concentrate.

The DSO operational activities for the period were centred primarily on planning activities. These activities included; mine planning, personnel recruitment and site establishment planning.

In September 2017 the Company commenced the DFS on a 5Mtpa Expansion case for the Pilgangoora Project with key technical works undertaken in respect of mining and mine design, metallurgical test work, process design, infrastructure, tailings management, hydrogeology and hydrology, power and environmental assessments. Preliminary outcomes from this study were released in early February 2018, with final DFS results currently targeted for mid-2018.

During the half year, the Company completed an extensive program of exploration and strategic development drilling at Pilgangoora. The Company undertook PQ diamond drilling over key parts of the resource for advanced metallurgical test work as part of the Stage 2 DFS. RC grade control drilling also continued over areas within the Stage 1 Central pit and Monster DSO pits.

Exploration RC drilling programs were designed to target extensions to known near-surface pegmatites showing potential to add material tonnes to the existing resource base and assist with final pit designs. In addition, PQ diamond drilling was completed at the Central and Eastern prospects. New zones of high-grade pegmatite mineralisation have been defined from the RC drilling across multiple prospects, with thick high-grade zones also intersected outside of the current Mineral Resource at the Central deposit and Monster deposit.

DIRECTORS' REPORT (continued)

Pilgangoora Lithium-Tantalum Project (continued)

Exploration RC drilling programs were designed to target extensions to known near-surface pegmatites showing potential to add material tonnes to the existing resource base and assist with final pit designs. In addition, PQ diamond drilling was completed at the Central and Eastern prospects. New zones of high-grade pegmatite mineralisation have been defined from the RC drilling across multiple prospects, with thick high-grade zones also intersected outside of the current Mineral Resource at the Central deposit and Monster deposit.

Corporate

During the half-year ending 31 December 2017, the Company signed an offtake agreement to supply 75,000tpa of chemical grade spodumene concentrate from Stage 2 production to China's Great Wall Motor Company and its wholly-owned subsidiary, Hong-Kong-registered Billion Sunny Development Limited ("**Great Wall**") over an initial 5-year term, with the ability to extend for up to an additional 10 years via two 5-year options. Under the agreed off-take terms, Great Wall has the ability to secure an additional 75,000tpa of Stage 2 off-take, for a total off-take volume of 150,000tpa, by providing Pilbara with US\$50 million of debt financing for its Stage 2 expansion via a debt or offtake pre-payment facility.

In combination with the offtake agreement, Great Wall also executed a Subscription Agreement for an upfront A\$28 million equity investment in Pilbara Minerals with proceeds to contribute towards completion of Stage 1 of the Pilgangoora Project and financing of the Stage 2 DFS. This equity subscription was completed on 30 October 2017, with the Company issuing 56 million fully paid ordinary shares at 50 cents per share for total proceeds of \$28 million.

During the December 2017 quarter, the Company signed a 2-year tantalite offtake agreement with Global Advanced Metals Greenbushes Pty Ltd, a wholly-owned subsidiary of the leading vertically integrated global tantalum products provider Global Advanced Metals Pty Ltd, comprising 100,000lbs of contained Ta₂O₅ as primary 4-5% concentrates.

On 2 August 2017, the Company received proceeds of \$13.5 million from Tranche 2 of the share placement (38,671,430 shares at 35 cents per share) announced in June 2017 and \$15.3 million from the Company's Share Purchase Plan (43,777,251 shares at 35 cents per share) to complete the \$228 million debt and equity funding for the Pilgangoora Project.

Following satisfaction of conditions precedent, financial closure for the Company's US\$100 million senior secured bond was achieved on 6 October 2017 enabling the Company to draw-down its bond proceeds once the Company's project equity contribution has been expended.

During the half year the Company issued 31.96 million fully paid ordinary shares following the exercise of 33.9 million unlisted options. Proceeds totalling \$12.87 million were received following the exercise of these options.

On 15 August 2017, the Company completed settlement of the Lynas Find tenement acquisition with Novo Lito (formerly Dakota Minerals Limited) following the grant and transfer of the four remaining tenements to Pilbara Minerals. Total consideration of \$3 million was paid via the issue of 7,577,671 ordinary fully paid shares in the Company at a share price of 39.59 cents.

On 21 September 2017 the Company executed a sale agreement with Tungsten Mining NL to sell the processing plant assets associated with the Tabba Tabba Tantalum Project. During the half-year the Company received consideration of \$0.3 million in cash and 3,750,000 ordinary shares in Tungsten Mining NL (\$0.15 million) with further shares to the value of \$0.15 million to be issued 6 months after the execution date.

Pilbara Minerals was included in the benchmark S&P/ASX 200 index effective from 18 December 2017, reflecting the increase in its market capitalisation to over \$1.87 billion as at that date.

DIRECTORS' REPORT (continued)**Board and Management Changes**

On 4 September 2017, Mr Dale Henderson was appointed to the Pilbara Minerals executive team as Project Director charged with delivery of the balance of the Stage 1 Pilgangoora construction and operational readiness and then management of ongoing operations at Pilgangoora.

Significant changes

There have been no changes in the state of affairs of the consolidated entity that occurred during the half-year under review not otherwise disclosed in this report.

Events Subsequent to Reporting Date

Other than as disclosed in this financial report, there has not been any matter or circumstances that has arisen since 31 December 2017 which has significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in subsequent financial periods.

Results of Operations

The Group's consolidated loss after tax for the half-year ended 31 December 2017 was \$9,973,000 (31 December 2016: loss after tax of \$19,199,000). The loss includes exploration expenses of \$3,219,000 (31 December 2016: \$6,773,000) and non-cash share-based payment expenses of \$2,631,000 (31 December 2016: \$9,696,000). The Group's basic loss per share for the period was 64 cents per share (31 December 2016: \$1.62 cents).

No dividend has been paid during or is recommended for the half-year ended 31 December 2017 (31 December 2016: \$Nil).

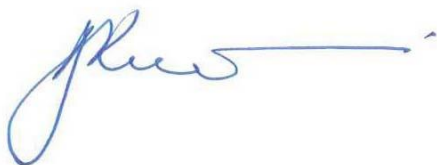
Rounding of amounts

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with the legislative instrument, amounts in the Directors' Report and Financial Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, KPMG, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 6 and forms part of this Directors' Report for the half-year ended 31 December 2017.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



Anthony Kiernan
Chairman
22 February 2018



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Pilbara Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Pilbara Minerals Limited for the half-year ended 31 December 2017 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG.

KPMG

R Gambitta
Partner

Perth

22 February 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the half-year ended 31 December 2017

		31 December 2017	31 December 2016
	Notes	\$'000	\$'000
Other income			
Other Income		1,157	77
Expenses			
General and administration		(4,254)	(4,266)
Exploration costs expensed	2.1.2	(3,219)	(6,773)
Depreciation and amortisation expense	3.2	(65)	(38)
Share based payment expense	2.1.1	(2,631)	(9,696)
Operating loss		(9,012)	(20,696)
Finance income		1,353	1,532
Finance costs		(2,314)	(35)
Net financing (costs)/income	2.2	(961)	1,497
Loss before income tax expense		(9,973)	(19,199)
Income tax expense		-	-
Net loss for the period		(9,973)	(19,199)
Other comprehensive income			
Changes in the fair value of other financial assets		319	-
Total comprehensive loss for the period		(9,654)	(19,199)
Basic and diluted loss for the period (cents per share)		(0.64)	(1.62)

The notes on pages 11 to 18 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

		31 December 2017	30 June 2017
	Notes	\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents	4.1	71,966	87,248
Restricted cash	4.1	129,880	134,322
Trade and other receivables		5,017	4,155
Inventories		126	43
Total current assets		206,989	225,768
Non-current assets			
Property, plant, equipment and mine properties	3.2	188,250	104,373
Deferred exploration and evaluation expenditure	3.1	6,361	6,331
Other financial assets	3.3	469	6
Total non-current assets		195,080	110,710
TOTAL ASSETS		402,069	336,478
Liabilities			
Current liabilities			
Trade and other payables		13,847	11,428
Provisions		444	243
Borrowings	5.3	-	64
Total current liabilities		14,291	11,735
Non-current liabilities			
Provisions		316	207
Borrowings	5.3	122,722	124,364
Total non-current liabilities		123,038	124,571
TOTAL LIABILITIES		137,329	136,306
NET ASSETS		264,740	200,172
Equity			
Issued capital	5.1	333,347	261,756
Reserves	5.2	23,781	32,501
Accumulated losses		(92,388)	(94,085)
TOTAL EQUITY		264,740	200,172

The notes on pages 11 to 18 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2017

		Issued Capital	Share- based Payment Reserve	Investment Revaluation Reserve	Foreign Currency Reserve	Accumulated Losses	Total Equity
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2016		146,476	21,799	-	(68)	(69,776)	98,431
Loss for the period		-	-	-	-	(19,199)	(19,199)
Total comprehensive loss for the period		-	-	-	-	(19,199)	(19,199)
Issue of ordinary shares		50,000	-	-	-	-	50,000
Option conversions		628	-	-	-	-	628
Issue of options		-	9,696	-	-	-	9,696
Transfer on conversion of options		-	(564)	-	-	564	-
Balance at 31 December 2016		197,104	30,931	-	(68)	(88,411)	139,556
Balance at 1 July 2017		261,756	32,501	-	-	(94,085)	200,172
Loss for the period		-	-	-	-	(9,973)	(9,973)
Other comprehensive income for the period		-	-	319	-	-	319
Total comprehensive income/(loss) for the period		-	-	319	-	(9,973)	(9,654)
Issue of ordinary shares	5.1	59,857	-	-	-	-	59,857
Share issue costs	5.1	(1,136)	-	-	-	-	(1,136)
Option conversions	5.1	12,870	-	-	-	-	12,870
Issue of options and performance rights	5.2	-	2,631	-	-	-	2,631
Transfer on conversion of options	5.2	-	(11,670)	-	-	11,670	-
Balance at 31 December 2017		333,347	23,462	319	-	(92,388)	264,740

The notes on pages 11 to 18 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2017

		31 December 2017	31 December 2016
	Notes	\$'000	\$'000
Cash flows from operating activities			
Cash paid to suppliers and employees		(4,886)	(3,881)
Payments for exploration and evaluation expenditure		(3,185)	(7,289)
Interest received		1,121	1,259
Other receipts		1,980	-
Net cash outflow from operating activities		(4,970)	(9,911)
Cash flows from investing activities			
Payments for property, plant, equipment and mine properties		(70,812)	(5,248)
Payments for acquired exploration and evaluation expenditure		(30)	(5,000)
Proceeds from sale of property, plant and equipment		300	130
Proceeds from sale of other financial assets		8	-
Net cash outflow from investing activities		(70,534)	(10,118)
Cash flows from financing activities			
Proceeds from the issue of shares and exercise of options		69,727	628
Capital raising costs		(2,061)	-
Transaction costs related to borrowings		(587)	-
Repayment of borrowings		(97)	(227)
Transfer to restricted cash		2,511	-
Interest paid		(9,271)	(22)
Net cash inflow from financing activities		60,222	379
Net decrease in cash held		(15,282)	(19,650)
Cash and cash equivalents at the beginning of the period		87,248	100,040
Cash and cash equivalents at the end of the period	4.1	71,966	80,390

The notes on pages 11 to 18 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

Pilbara Minerals Limited (the “Company”) is a listed public company incorporated and domiciled in Australia.

These consolidated interim financial statements (“interim financial statements”) as at and for the six months ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the “Group”). The Group is primarily involved in the exploration and development of mineral resources.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2017 are available upon request from the Company’s registered office at Level 2, 88 Colin Street, West Perth WA 6005 or at www.pilbaraminerals.com.au.

Basis of preparation

The interim financial statements are general purpose financial statements prepared in accordance with **AASB 134 Interim Financial Reporting** and the Corporations Act 2001, and **IAS 34 Interim Financial Reporting**.

They do not include all of the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2017.

The accounting policies and methods of computation adopted in the preparation of the Interim Financial Report are consistent with those adopted and disclosed in the Group’s Annual Financial Report for the financial year ended 30 June 2017.

These interim financial statements were approved by the Board of Directors on 22 February 2018.

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191* and in accordance with the legislative instrument, amounts in the consolidated interim financial statements have been rounded off to the nearest thousand dollars unless otherwise stated.

The financial report is presented in Australian dollars, except where otherwise stated.

Use of judgements and estimates

In preparing these interim financial statements management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. These estimates and judgements are consistent with those adopted in the preparation of the June 2017 Annual Financial Report.

NOTE 2: RESULTS FOR THE HALF-YEAR

2.1 Expenses

Expenses incurred by the Group are the main drivers of the results for the half-year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017 (continued)

NOTE 2: RESULTS FOR THE HALF-YEAR (continued)

2.1.1 Share-based payment expense

The share-based payment expense included within the Consolidated Statement of Profit or Loss can be broken down as follows:

	31 December 2017	31 December 2016
	\$'000	\$'000
Share options expense	2,589	9,696
Performance rights expense	42	-
	2,631	9,696

Share Options

The following table shows options affecting the share-based payment expense for the half-year ending 31 December 2017 and the value attributed to each option granted, by category of holder:

Holder	No. of options	Exercise price	Expiry	Fair Value (\$/option)	Total Fair Value (\$'000)	Fair Value expensed (\$'000)
Directors	2,000,000	0.90	08/12/2020	0.4211	842	348
KMP	3,500,000	0.45	31/08/2020	0.1181	413	229
Subtotal – options issued current year	5,500,000				1,255	577
Options issued in prior years						2,012
TOTAL						2,589

Performance Rights

The Pilbara Performance Rights Plan (“Plan”) was introduced following approval at the AGM on 23 November 2017.

Performance rights were granted to Mr Ken Brinsden under the Plan over ordinary shares for no consideration subject to the following vesting conditions:

Vesting Condition	Criteria
Service Condition	A two-year period commencing from the vesting start date.
Market Condition	Relative Total Shareholder Return (TSR).
Strategic Objective Conditions	Measured over the Service Condition period, including: <ul style="list-style-type: none"> - Production capacity development (Growth) based on the following performance indicators: <ul style="list-style-type: none"> ▪ Target shipment of Stage 1 product; and ▪ Final investment decision of the Board in respect of Stage 2 (5Mtpa). - Sustainability of operations (Sustainability) based on the following performance indicators: <ul style="list-style-type: none"> ▪ Achieve product specifications for target production capacity; ▪ Diversify customer sales; and ▪ Participation in downstream processing initiatives.

The following table shows performance rights affecting the share-based payment expense for the half-year ending 31 December 2017 and the value attributed to each performance right granted, by category of holder.

Holder	No. of performance rights	Expiry Date	Fair Value (\$/Right)	Total Fair Value (\$'000)	Fair Value expensed (\$'000)
Directors	158,461	30/06/2019	0.5700	90	19
Directors	158,461	30/06/2019	0.9650	92	23
Performance rights issued current year	316,922			182	42

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017 (continued)

NOTE 2: RESULTS FOR THE HALF-YEAR (continued)

2.1.2 Exploration and evaluation expenditure

	31 December 2017 \$'000	31 December 2016 \$'000
Costs expensed in relation to areas of interest in the exploration and evaluation phase	(3,219)	(6,773)

2.2 Net Financing Costs

Net financing costs can be analysed as follows:

	31 December 2017 \$'000	31 December 2016 \$'000
Interest income on bank accounts	1,353	1,532
Finance income	1,353	1,532
Fair value movement in derivative	(1,557)	-
Interest expense - hire purchase assets	(7)	(30)
Interest expense – borrowings	(618)	-
Net foreign exchange loss	(132)	(5)
Finance costs	(2,314)	(35)
Net finance (costs)/income recognised in profit or loss	(961)	1,497

2.3 Operating Segments

For management purposes the Company has one operating segment, being mineral exploration, evaluation and development in Australia. Segment results that are reported to the Company's operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly of corporate assets and head office expenses.

	Mineral exploration, evaluation and development	
	31 December 2017 \$'000	31 December 2016 \$'000
For the half-year ending		
Reportable segment other income	1,155	-
Reportable segment costs expensed	(3,260)	(7,035)
Reportable segment net finance costs expensed	(1,696)	-
Reportable segment loss before income tax	(3,801)	(7,035)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017 (continued)

NOTE 2: RESULTS FOR THE HALF-YEAR (continued)

2.3 Operating Segments (continued)

	Mineral exploration, evaluation and development	
	31 December 2017	31 December 2016
	\$'000	\$'000
Reconciliation of reportable segment loss		
Loss		
Total loss for reportable segments	(3,801)	(7,035)
Unallocated amounts: corporate expenses	(6,907)	(13,661)
Net finance income	735	1,497
Loss before income tax	(9,973)	(19,199)

	Mineral exploration, evaluation and development	
	31 December 2017	30 June 2017
	\$'000	\$'000

For the period ending 31 December

Reportable segment assets	340,046	246,920
Reportable segment liabilities	136,093	134,044

Reconciliation of reportable segment assets

Assets

Total assets for reportable segments	340,046	246,920
Assets for corporate segment	62,023	89,558
	402,069	336,478

Reconciliation of reportable segment liabilities

Liabilities

Total liabilities for reportable segments	136,093	134,044
Liabilities for corporate segment	1,236	2,262
	137,329	136,306

NOTE 3 ASSETS AND LIABILITIES

3.1 Exploration and Evaluation Expenditure

	31 December 2017	30 June 2017
	\$'000	\$'000
Costs carried forward in relation to areas of interest in the exploration and evaluation phase	6,361	6,331
Reconciliations: Exploration and evaluation phase		
Carrying amount at the beginning of the year	6,331	263
Acquisitions	30	10,872
Transfer to mineral rights	-	(4,804)
Carrying amount at the end of the year	6,361	6,331

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017 (continued)

NOTE 3: ASSETS AND LIABILITIES (continued)

3.2 Property, Plant, Equipment and Mine Properties

	Property, plant and equipment	Hire purchase equipment	Mine properties in development	Mineral rights	Mine rehabilitation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30 June 2017						
Cost	4,561	566	55,719	54,804	958	116,608
Accumulated depreciation	(4,054)	(521)	(6,909)	-	(751)	(12,235)
	507	45	48,810	54,804	207	104,373
Half-year ended 31 December 2017						
Opening net book amount	507	45	48,810	54,804	207	104,373
Additions	216	-	76,900	-	109	77,225
Capitalised interest	-	-	7,087	-	-	7,087
Disposals	(325)	(45)	-	-	-	(370)
Depreciation charge	(65)	-	-	-	-	(65)
Closing net book amount	333	-	132,797	54,804	316	188,250

As at 31 December 2017 the Company had outstanding contractual capital commitments of \$100.1 million which are expected to be settled prior to 31 December 2018.

3.3 Other Financial Assets

	31 December 2017	30 June 2017
	\$'000	\$'000
Available-for-sale equity securities		
Opening balance	6	6
Additions	150	-
Revaluation recognised in other comprehensive income	319	-
Disposals	(6)	-
Closing balance	469	6

On 21 September 2017, the Company completed the sale of the Tabba Tabba Tantalum assets to Tungsten Mining NL. Consideration for the sale included \$0.3 million in cash, 3,750,000 ordinary shares in Tungsten Mining NL (\$0.15 million) and additional ordinary shares in Tungsten Mining NL (\$0.15 million) to be issued 6 months after the execution date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017 (continued)

NOTE 4: WORKING CAPITAL

4.1 Cash, Cash Equivalents and Restricted Cash

	31 December 2017	30 June 2017
	\$'000	\$'000
Bank balances	17,212	118
Call deposits	54,754	87,130
Cash and cash equivalents in the Statement of Financial Position	71,966	87,248
Restricted cash	129,880	134,322
	<u>201,846</u>	<u>221,570</u>

The restricted cash balance of \$129.9 million represents funds received following settlement of a US\$100 million senior secured bond in June 2017. Funds received were required to be held in a US\$ denominated escrow bank account in the name of the Company's 100% wholly owned subsidiary Pilgangoora Operations Pty Ltd. Following the satisfaction of pre-disbursement conditions precedent on 6 October 2017, the majority of these funds were transferred to an AUD\$ denominated escrow account. Access to the funds held in escrow is restricted until the satisfaction of a cost to complete test, following which funds will be withdrawn from the escrow account to meet construction and development payments.

NOTE 5 CAPITAL AND RESERVES

5.1 Ordinary Shares

	31 December 2017	30 June 2017
	000	000
Fully paid ordinary shares	1,644,522	1,466,538
Movements in ordinary shares on issue:		
On issue at 1 July	1,466,538	1,148,051
Issued for cash	138,449	189,900
Issued for assets	7,578	104,167
Exercise of share options	31,957	24,420
On issue at reporting date	<u>1,644,522</u>	<u>1,466,538</u>
	31 December 2017	30 June 2017
	\$'000	\$'000
Ordinary shares	333,347	261,756
On issue at 1 July	261,756	146,476
Issued for cash	56,857	66,465
Issued for assets	3,000	50,000
Exercise of share options	12,870	1,946
Share issue costs	(1,136)	(3,131)
At reporting date	<u>333,347</u>	<u>261,756</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017 (continued)

NOTE 5 CAPITAL AND RESERVES (continued)

5.1 Ordinary Shares (continued)

During the half-year ending 31 December 2017 the Company completed the following components of its \$95 million equity raising announced in June 2017 at an issue price of 35 cents per ordinary share;

- **Tranche 2 Placement** – issue of 38.7 million ordinary shares to raise \$13.5 million which was settled on 2 August 2017 following the receipt of shareholder approval; and
- **Share Purchase Plan** – issue of 43.8 million ordinary shares to raise \$15.3 million which was settled on 2 August 2017.

On 15 August 2017, the Company completed settlement of the Novo Lito Ltd (formerly Dakota Minerals Limited) Lynas Fund tenement acquisition following the transfer of the four remaining tenements to Pilbara Minerals. Total consideration of \$3 million was paid via the issue of 7,577,671 shares at a share price of 39.59 cents.

On 30 October 2017, the Company completed a \$28.0 million equity subscription with Great Wall Motor Company and issued 56 million ordinary shares at an issue price of 50 cents per ordinary share.

5.2 Reserves

	31 December 2017	30 June 2017
	\$'000	\$'000
Share-based payment reserve	23,462	32,501
Investment revaluation reserve	319	-
	23,781	32,501
Share-based payment reserve		
Balance at 1 July	32,501	21,799
Share based payment expense following issue of options and performance rights	2,631	12,415
Transfer to accumulated losses following exercise of options	(11,670)	(1,713)
Balance at reporting date	23,462	32,501
Investment revaluation reserve		
Balance at 1 July	-	-
Revaluation recognised in other comprehensive income	319	-
Balance at reporting date	319	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017 (continued)

NOTE 5 CAPITAL AND RESERVES (continued)

5.3 Loans and Borrowings

	31 December 2017 \$'000	30 June 2017 \$'000
Current		
Hire purchase liability	-	64
Total borrowings - current	-	64
Non-Current		
Hire purchase liability	-	33
Secured debt (US \$ denominated bond)	122,722	124,331
Total borrowings - non-current	122,722	124,364

The US \$100 million senior secured bond facility forms part of the funding package for the development of the Pilgangoora Project. The bonds were issued by the Company's wholly owned subsidiary, Pilgangoora Operations Pty Limited and are administered by the bond trustee, Nordic Trustee ASA. The coupon rate is 12% per annum with interest payable quarterly in arrears. Pursuant to the bond terms, the proceeds are to be applied towards capital and development costs associated with the Pilgangoora Project. The bond facility is secured against the assets of the Pilgangoora Project.

The movement in the secured debt from 30 June 2017 largely reflects an unrealised foreign exchange gain of \$1.8 million.

DIRECTORS' DECLARATION

In the opinion of the Directors of Pilbara Minerals Limited ('the Company'):

1. The financial statements and notes thereto, as set out on pages 11 to 18, are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standard **AASB 134: Interim Financial Reporting**, the Corporations Regulations 2001; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half-year then ended.
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303 (5) of the Corporations Act 2001.



Anthony Kiernan
Chairman
22 February 2018



Independent Auditor's Review Report

To the shareholders of Pilbara Minerals Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Pilbara Minerals Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Pilbara Minerals Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2017 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2017
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 5 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Pilbara Minerals Limited (the Company) and the entities it controlled at the Half-year's end or from time to time during the Half-year Period.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- for such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Pilbara Minerals Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

R Gambitta
Partner

Perth

22 February 2018