



**Pilbara
Minerals**

...Powering a sustainable energy future

ASX / MEDIA ANNOUNCEMENT

19 FEBRUARY 2021

DECEMBER 2020 HALF-YEAR FINANCIAL REPORT

HIGHLIGHTS

- Improved market conditions and operational performance support an operating cash gross margin¹ of \$8.1M (December 2019 half-year: operating cash gross margin loss of \$1.8M).
- 114,239 dmt of spodumene concentrate shipped (December 2019 half-year: 53,222 dmt).
- Positive EBITDA of \$1.7M before depreciation and amortisation of \$12.9M and net financing costs of \$10.0M (December 2019 half-year: EBITDA loss of \$24.1M).
- Statutory net loss after tax of \$21.2M (December 2019 half-year: statutory loss of \$63.4M).
- Successful refinancing of US\$100M Nordic Bond with low-cost US\$110M Finance Facility on more favourable terms.
- \$179.6M of the \$240.2M equity raising received (before costs) to fund the acquisition of Altura Lithium Operations Pty Ltd (**ALO**), which completed in January 2021.
- 31 December 2020 cash balance of \$248.0M.

Pilbara Minerals Limited (ASX: PLS) (**Pilbara Minerals or the Company**) presents its financial report for the half-year to 31 December 2020 (**half-year**).

The Company's results and financial position for the half-year were positively influenced by:

- improved spodumene concentrate demand conditions which encouraged higher production, increased spodumene concentrate sales and contributed to a lower unit operating cost. A total of 114,239 dmt of concentrate was shipped to customers however, the SC6.0 market reference price remained weak;
- refinancing of the US\$100M Nordic Bond with a new low-cost US\$110M Finance Facility, inclusive of deferred principal repayment terms, which strengthened the Company's balance sheet; and
- the execution of an agreement to acquire the Altura Project for US\$175M² (via the purchase of shares in ALO) to facilitate the strategic consolidation of the adjoining lithium mining and processing operations. The acquisition was completed in January 2021 following a successful \$240.2M (before costs) equity raising, with \$179.6M of these funds received by 31 December 2020.

Pilbara Minerals achieved a positive cash gross margin of \$8.1M for the half-year (December 2019 half year: cash gross margin loss of \$1.8M). This \$9.9M improvement was achieved on the back of better market demand conditions, as well as improved plant performance and utilisation rates, which supported better economies of scale and resulted in a lower unit cash operating cost³ for the half-year of US\$352/dmt CIF China (A\$487/dmt at an average AUD:USD exchange rate of 0.7227).



A positive consolidated EBITDA of \$1.7M was posted for the half-year (December 2019 half-year: EBITDA loss of \$24.1M before non-cash inventory write down) after allowing for investment in inventory (\$5.1M), corporate and administration costs (\$5.5M), acquisition costs (\$1.6M), exploration and feasibility costs (\$2.1M) and share-based payment expenses (\$2.4M).

Pilbara Minerals recorded a consolidated net loss after tax for the half-year of \$21.2M after accounting for net finance costs (\$10.0M) and depreciation and amortisation expenses (\$12.9M), which represents a \$42.2M improvement compared with the December 2019 half-year loss after tax of \$63.4M.

During the half-year, Pilbara Minerals further strengthened its balance sheet after successfully refinancing the US\$100M Nordic Bond (Nordic Bond) with a low-cost US\$110M senior secured, syndicated Finance Facility (**Finance Facility**) from BNP Paribas and the Clean Energy Finance Corporation. This represented the first time that a lithium raw materials player of Pilbara Minerals' size was able to attract conventional, syndicated project financing at such a competitive cost.

This new low-cost Finance Facility provides an extended grace period before principal repayments commence from September 2022 at a significantly reduced interest rate of approximately 5% (when compared to the previous comparative period). As part of the refinance, the Company was required to pay a \$5.9M redemption call premium for the early repayment of the Nordic Bond.

Since 30 June 2020, Pilbara Minerals' cash balance increased by \$161.7M to \$248.0M. This increase largely resulted from the receipt of \$173.6M (net of costs) from the equity raising to fund the ALO acquisition received before 31 December 2020. In addition, the Company generated a positive cashflow from operations of \$8.1M, which was offset by the payment of:

- \$4.8M for investments in exploration, mine properties and asset acquisition costs;
- \$7.6M for interest and finance costs;
- \$5.9M for the premium paid to redeem the Nordic Bond; and
- \$8.0M foreign exchange loss on USD denominated cash held, following the strengthening AUD: USD exchange rate from 0.6863 at 30 June 2020 to 0.7702 at 31 December 2020.

At 31 December 2020, Pilbara Minerals held substantial USD denominated cash reserves ahead of funding the US \$155M upfront cash consideration for the ALO acquisition in January 2021.

Commenting on the half-year results, Pilbara Minerals' Managing Director, Ken Brinsden said,

"I am extremely pleased with our performance during what was a challenging period for Pilbara Minerals and the entire lithium sector. We have worked hard, done what we said we would do and, with the entire lithium raw materials supply chain now rebounding quickly, we are prepared for the opportunities in front of us.

"Our plant is performing well, we have driven down our operating costs and we now have expanded production capacity following the acquisition of the Altura Project. At full capacity this acquisition makes us the largest, independent hard-rock lithium producer in the world and a more resilient and flexible operation – with open offtake in a market that is improving day-by-day. What a great position to be in!

"Lithium raw material markets are now clearly in an upward trend as it relates to both demand and price, which is now translating to improved spodumene pricing. Further, we are fielding more supply enquiries by the day, implying Pilbara Minerals is well-placed with both low-cost operations and near-term expansion capacity to capitalise on this part of the cycle.

"Our plan over the next four to six months is to complete a comprehensive evaluation of the Altura Project to inform both our integration strategy and future operating strategy, with the aim of optimising the integration of the two operations and increasing production, while maintaining a strong balance sheet".



¹ Cash gross margin represents the operating margin from the Pilgangoora Project before inventory movements and depreciation and amortisation expense. It is an unaudited, non-IFRS measure that, in the opinion of the Company's directors, provides useful information to assess the financial performance of the Company over the reporting period. Refer to Interim Financial Report for further details.

² Comprises an upfront cash consideration of USD 155M and deferred consideration of at least \$28M (USD 20M at 28 October 2020 based on a \$0.4072 share price at that date), payable by the issue of ~69M Pilbara Minerals' shares (or cash equivalent). The fair value of the deferred consideration will vary with the Pilbara Minerals share price during the deferred consideration period, with a minimum value of \$28M payable. Refer to ASX Announcement dated 1 December 2020 for further information.

³ Cash operating costs include mining, processing, transport, state and private royalties, native title costs, port, shipping/freight and site based general and administration costs and are net of Ta₂O₅ by-product credits.

Release authorised by Ken Brinsden, Pilbara Minerals Limited's Managing Director.

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MORE INFORMATION

ABOUT PILBARA MINERALS

Pilbara Minerals is a leading ASX-listed pure-play lithium company, owning 100% of the world's largest, independent hard-rock lithium operation. Located in Western Australia's resource-rich Pilbara region, the Pilgangoora Project and Operation produces a spodumene and tantalite concentrate. The significant scale and quality of the operation has attracted a consortium of high quality, global partners including Ganfeng Lithium, General Lithium, Great Wall Motor Company, POSCO, CATL and Yibin Tianyi.

While it continues to deliver a low-cost, quality spodumene to market, Pilbara Minerals is pursuing a growth and diversification strategy to become a sustainable, low-cost lithium producer and fully integrated lithium raw materials and chemicals supplier in the years to come.

Through execution of this strategy, Pilbara Minerals is positioned to become a major player in the rapidly growing lithium supply chain, underpinned by increasing demand for clean energy technologies such as electric vehicles and energy storage as the world pursues a sustainable energy future.