



**ASX/Media Announcement**

**7 September 2016**

## **FINANCIAL REPORT FOR THE YEAR ENDING 30 JUNE 2016**

Australian lithium developer Pilbara Minerals Ltd (ASX: PLS) today released its financial report for the 12 months ending 30 June 2016, including its Directors' Report, Remuneration Report and Financial Statements. The Company's main focus during this financial year was on the continued exploration and development of its flagship 100%-owned Pilgangoora Lithium-Tantalum Project in the Pilbara region of Western Australia.

Highlights during the year included the completion of several major resource upgrades, the publication of a maiden Ore Reserve estimate and positive Pre-Feasibility Study, the completion of capital raisings totalling more than \$114.6 million and the commencement of a Definitive Feasibility Study ("DFS") to confirm the technical and financial viability of a standalone 2Mtpa mining and on-site processing operation at Pilgangoora.

The DFS is currently well advanced and will be announced to the market later this month following review by the Pilbara Minerals Board.

While there was no operating revenue generated during the year – reflecting Pilbara's current status as an explorer-developer – the Company provides the following brief overview of its financial results for the year, which are outlined in more detail in the Financial Report.

Excluding non-cash accounting adjustments, the consolidated entity recorded an operating loss for the 12 months to 30 June 2016 of \$15.9 million (2015 restated: \$2.8M loss). This related largely to expensed exploration and development costs during the year on the Pilgangoora Project (\$10.6 million), together with administration and corporate expenses.

After accounting for a number of non-cash items, the Company reported a consolidated loss for the year of A\$55.61 million (2015 restated: A\$6.62 million loss). The non-cash items included impairment charges relating to the Tabba Tabba Tantalum Project (\$12.14 million); share-based payment expenses relating to the issue of options (\$26.56 million); and other non-cash items totalling \$1.01 million.

The Company had cash on hand as at 30 June 2016 of \$100.04 million and minimal debt of \$0.35 million (hire purchase arrangements). This puts it in a very strong position to progress its fast-track development strategy for Pilgangoora, where it is aiming to commence initial construction activities by the end of 2016 with commissioning targeted for Q4 2017.

As previously flagged to the market, the Tabba Tabba impairment expense was incurred as a result of the Company's decision in April 2016 to suspend site activities at the Tabba Tabba Tantalum Mine in light of an engineering review which determined that further expenditure was required to modify the existing processing plant before the commissioning process could be finalised.

At the time, Pilbara announced that it would instead focus its resources on its flagship Pilgangoora Lithium-Tantalum Project, where the economics of tantalum concentrate production are vastly superior to Tabba Tabba.

In order to comply with Australian Accounting Standards, significant non-cash values were also ascribed to unlisted share options issued during the year to the Company's Directors, Key Management Personnel, employees as well as selected service providers and contractors.

### **Pilbara Minerals Limited**



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The allocation of these options enabled the Company to preserve cash during the critical early stages of its development and was recognised as being an important component of the Company's remuneration framework. All options issued to Directors during the year received shareholder approval.

Given the strong performance of the Company's share price, the conversion of some of these options has also contributed significant cash to Pilbara (totalling \$8.1 million) with the proceeds being utilised to support the fast-track development strategy for Pilgangoora.

Pilbara's Managing Director & CEO Ken Brinsden said: "Pilbara is in an exceptionally strong financial position, with more than \$100 million in cash at the close of the reporting period and an aggressive growth strategy centred around our flagship Pilgangoora Lithium-Tantalum Project.

"We are about to embark on a transformational period as we complete the Pilgangoora Definitive Feasibility Study, secure project financing and commence development of one of the world's most exciting emerging lithium development projects. That should put us firmly on the pathway to production and cash-flow, which we expect to commence during the 2018 financial year," he said.

### **More Information:**

#### **ABOUT PILBARA MINERALS**

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

#### **ABOUT LITHIUM**

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

#### **ABOUT TANTALUM**

The Tantalum market is boutique in size with around 1,300 tonnes required each year. Its primary use is in capacitors for consumer electronics, particularly where long battery life and high performance is required such in electronics, automotive, aerospace, chemical manufacturing and other industries.

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