



PILBARA MINERALS
LIMITED

PILBARA MINERALS LIMITED
ACN 112 425 788

NOTICE OF GENERAL MEETING

A General Meeting of the Company will be held at the University Club of Western Australia, on Wednesday, 16 October 2019 at 9:30am (WST).

This Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 8 6266 6266.

PILBARA MINERALS LIMITED

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NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of shareholders of Pilbara Minerals Limited (**Company**) will be held at the University Club of Western Australia on Wednesday, 16 October 2019 at 9:30am (WST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Monday, 14 October 2019 at 9:30am (WST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1.

AGENDA

1. Resolution 1 – Ratification of Institutional Placement

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 121,732,941 Shares at an issue price of \$0.30 per Share on the terms and conditions detailed in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who participated in the Institutional Placement or any associate of that person.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. Resolution 2 – Approval of Tranche 1 of the CATL Placement

In the event Resolution 3 is withdrawn, to consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes Shareholders approve the issue of 66,666,667 Shares to Contemporary Ampere Technology (Hong Kong) Limited at an issue price of \$0.30 per Share on the terms and conditions detailed in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who may participate in the CATL Placement or any associate of that person.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. Resolution 3 – Ratification of Tranche 1 of the CATL Placement

In the event Resolution 2 is withdrawn, to consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 66,666,667 Shares to Contemporary Amperex Technology (Hong Kong) Limited at an issue price of \$0.30 per Share on the terms and conditions detailed in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who participated in the CATL Placement or any associate of that person.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. Resolution 4 – Approval of Tranche 2 of the CATL Placement

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 116,666,667 Shares to Contemporary Amperex Technology (Hong Kong) Limited at an issue price of \$0.30 per Share on the terms and conditions detailed in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who may participate in the CATL Placement or any associate of that person.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. Resolution 5 – Approval for Placement of Shortfall under the Share Purchase Plan

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That, for the purpose of Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to 66,666,667 Shares at an issue price of the lower of: (i) \$0.30 per Share; and (ii) a 1.0% discount to the VWAP of Shares traded during the five ASX trading days immediately prior to and including the Closing Date, pursuant to any Shortfall (if any) under the Share Purchase Plan in the manner detailed in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who may participate in the proposed issue or any person associated with that person.

The Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

BY ORDER OF THE BOARD



Alex Eastwood
Company Secretary
Dated: 13 September 2019

PILBARA MINERALS LIMITED

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EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting.

It should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2:	Action to be taken by Shareholders
Section 3:	Background
Section 4:	Resolution 1 – Ratification of the Institutional Placement
Section 5:	Resolutions 2 and 3 – Approval or Ratification of Tranche 1 of the CATL Placement
Section 6:	Resolution 4 – Approval of Tranche 2 of the CATL Placement
Section 7:	Resolution 5 – Approval for Placement of Shortfall under the Share Purchase Plan
Schedule 1:	Definitions

A Proxy Form is located at the end of this Explanatory Memorandum.

2. Action to be taken by Shareholders

2.1 Review Notice and Explanatory Memorandum

Shareholders should read the Notice and this Explanatory Memorandum before deciding how to vote on the Resolutions.

2.2 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (**Proxy**) to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a Proxy;
- (b) a Proxy need not be a member of the Company; and

- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Where the proportion or number is not specified, each proxy may exercise half of the votes.

Proxy Forms must be received by the Company no later than 9:30am (WST) on Monday, 14 October 2019, being at least 48 hours before the Meeting.

The Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

3. Background

3.1 Overview of Equity Raising

As detailed in the Company's ASX announcements of 4 September 2019 and 5 September 2019, the Company is undertaking equity raising activities to raise further funds for the Company. The equity raising includes:

- (a) a placement of approximately 305.1 million Shares at an issue price of \$0.30 per Share to qualified institutional, professional and sophisticated investors, including CATL, in Australia and selected foreign jurisdictions to raise approximately \$91,500,000 (**Placement**); and
- (b) a share purchase plan offer pursuant to which Eligible Shareholders (as at a record date of 3 September 2019) will each be offered the opportunity to subscribe for up to \$30,000 worth of Shares, at the lower of: (i) \$0.30 per Share; and (ii) a 1.0% discount to the VWAP of Shares traded during the five ASX trading days immediately prior to and including the Closing Date, to raise up to \$20,000,000 (before associated costs) (**Share Purchase Plan**).

The funds raised will be used primarily for:

- (a) general working capital to strengthen the Company's balance sheet and enhance financial flexibility to provide support for the Company's Pilgangoora Project as it ramps-up to Stage 1 nameplate capacity;
- (b) assisting with funding the Company's initial 21% equity interest in the proposed POSCO downstream joint venture, involving a primary lithium hydroxide downstream chemical processing facility in South Korea which will process spodumene concentrate from the Pilgangoora Project and integrate Pilbara further into the downstream value-add supply chain (as announced to the ASX on 27 August 2019);
- (c) further process plant rectification and improvement projects in relation to Stage 1 of the Pilgangoora Project, including the installation of additional low-intensity magnetic separation units that will assist in improved recovery, and wet high intensity magnetic system upgrades, replacement of valves (and piping) and classification process improvements (as announced in the June 2019 quarterly report); and
- (d) completion of engineering studies required to complete the Revised Stage 2 Expansion Feasibility Study by December 2019 in respect of the Pilgangoora Project and the completion of committed long-lead orders, paving the way for a final investment decision in early 2020 for an incremental and staged ramp-up of Stage 2 production aligned with customer requirements (refer to ASX announcement dated 27 August 2019).

Further information regarding the use of proceeds is detailed in the Company's ASX announcement of 4 September 2019.

3.2 Institutional Placement

The first aspect of the Placement involves the placement of 121,732,941 Shares to eligible institutional and sophisticated investors to raise approximately \$36,519,882 (**Institutional**

Placement). As announced by the Company to the ASX on 5 September 2019, the Institutional Placement has successfully completed and was supported by existing Shareholders and a number of new institutional investors.

3.3 CATL Placement and Subscription Agreement

The second aspect of the Placement consists of a placement of 183,333,334 Shares to CATL to raise approximately \$55,000,000 (**CATL Placement**).

The introduction of CATL as a shareholder is an important milestone for Pilbara Minerals which has the unanimous support of the Pilbara Board. The Directors of Pilbara Minerals have considered the strategic benefits of the of CATL Placement and have concluded that it is in the best interests of the Company.

Who is CATL?

CATL, which is listed on the Shenzhen Stock Exchange with a market capitalisation of US\$22.1 billion¹ and available cash of US\$4.7 billion², is China's largest battery manufacturer for electric vehicles (**EVs**). It is a highly regarded participant in the lithium ion battery industry with strong commercial relationships with leading EV manufacturers both within China and internationally including brands such as Toyota, BMW, Volkswagen and Honda. Its operations have global reach with three battery manufacturing facilities in China, two R&D centres in China and Germany and offices cross the world. CATL employees over 24,000 people worldwide and is a leader in lithium ion battery innovation and a key supplier of batteries to both the EV and battery storage markets.

Strategic benefits of the CATL Placement

The investment by CATL in Pilbara Minerals will underpin the formation of a new strategic relationship that is expected derive various strategic and commercial benefits for the Company, including (but not limited to) from the following:

- (a) **(combined expertise)**: combining Pilbara Minerals' expertise in mining, development and upstream spodumene production, with CATL's expertise in downstream lithium processing and battery manufacturing;
- (b) **(deeper integration in the lithium ion supply chain)**: deeper integration into the lithium ion supply chain by providing Pilbara Minerals with access to CATL's strong customer relationships with end users in the EV and energy storage markets;
- (c) **(adding to Pilbara Mineral's supportive shareholder base)**: de-risking the Company by adding to Pilbara Minerals' already supportive shareholder base;
- (d) **(diversifying its customer base)**: diversifying the Company's potential customer base to include one of the world's largest battery manufacturers in addition to the Company's existing high quality customers in the chemical conversion and EV industry;
- (e) **(strong interest in future offtake)**: CATL's strong interest in future offtake which has the potential to support future expansions of the Pilgangoora Project; and
- (f) **(alignment with a major player in the battery industry)**: alignment with a leading innovator and major player in the battery sector with a robust balance sheet who is supportive of Pilbara Minerals' long-term growth trajectory. With CATL's brand and positioning in the market, Pilbara Minerals and its product will benefit by being directly associated with a well-recognised and long term participant in the lithium ion supply chain with a strong growth profile.

In addition, as part of the strategic relationship, CATL has indicated its willingness to provide commercial support to the Company by purchasing spodumene concentrate product which may become available under its existing offtake agreements or otherwise, subject to mutual commercial agreement and parties entering into an offtake agreement. Further, the parties have recognised

¹ As at 3 September 2019, based on Class A common shares.

² As at 30 June 2019.

that the Company can benefit from CATL's technical and strategic expertise and financial capacity and broaden the Company's exposure to a wider range of investors, financiers and other commercial partners. CATL may also be able to assist with feasibility studies and the future development of its projects.

Key terms of the Subscription Agreement

The terms and conditions of the CATL Placement are contained in a Subscription Agreement between the Company and CATL dated 3 September 2019 (**Subscription Agreement**).

Pursuant to the Subscription Agreement, the CATL Placement is being conducted in two tranches:

- (a) conditional placement of 66,666,667 Shares to raise approximately \$20,000,000 (**Tranche 1**); and
- (b) conditional placement of 116,666,667 Shares to raise approximately \$35,000,000 (**Tranche 2**).

Both Tranche 1 and Tranche 2 are conditional upon CATL obtaining certain regulatory approvals which are customary under the laws of the People's Republic of China (**PRC Approvals**). CATL's obligations to subscribe for Shares under the Subscription Agreement do not therefore become binding until the PRC Approvals have either been satisfied or waived. However, CATL has undertaken in the Subscription Agreement to use its best endeavours to ensure that the PRC Approvals are satisfied as expeditiously as possible. Further, to demonstrate CATL's confidence in closing the transaction, CATL has provided Pilbara Minerals with a A\$5,000,000 deposit in respect of its subscription for Shares under the Subscription Agreement. Following receipt of the PRC Approvals, the placement of Shares under Tranche 1 will be issued under the Company's existing placement capacity under Listing Rule 7.1, or as otherwise approved or ratified in accordance with Resolution 2 or 3 (as applicable). The Shares are required to be issued two Business Days after the receipt of all PRC Approvals.

The issue of Shares under Tranche 2 is further conditional upon the receipt of Shareholder approval for the purposes of Listing Rule 7.1. Resolution 4 seeks shareholder approval for this purpose. The Company is required to issue the Tranche 2 Shares on the date that is two Business Days after the receipt of all PRC Approvals and Shareholder approval for the issue of the Tranche 2 Shares.

In recognition of the strategic relationship, CATL has been granted certain rights and obligations under the Subscription Agreement, including:

- (a) (**board representation**): following completion of Tranche 2, CATL can nominate one person for appointment to the Pilbara Minerals' Board as a non-executive director, who will remain in place whilst CATL continues to hold an interest in the Company of at least 7.5%;
- (b) (**anti-dilution right**): subject to the Company obtaining an ASX waiver under Listing Rule 6.18, for a period of 18 months after completion of Tranche 2, CATL will have the right to participate in future equity offers to ensure they are not diluted;
- (c) (**standstill**): a standstill for 18 months after completion of Tranche 2, will apply on future acquisitions of shares by CATL in the Company in excess of 14.9%; and
- (d) (**other**): for a period of 18 months after completion of Tranche 2, should CATL increase its holding above 10%, then it has agreed to sell its Shares into any control transaction which has been accepted by shareholders holding more than 50% of shares and recommended by at least 75% of the Directors.

In respect of the proposed anti-dilution right, a waiver application has not yet been lodged with ASX by the Company and there is no certainty, in the event such an application is lodged, that ASX will grant the requested waiver to enable the valid exercise of the anti-dilution right by CATL.

A summary of the key terms of the Subscription Agreement is set out in Schedule 2.

Directors' Recommendation and voting intentions

The Pilbara Minerals Board believes that the CATL Placement and new strategic relationship to be formed is very important for Pilbara Minerals. Subject to their fiduciary and statutory duties, the Directors are unanimously recommending shareholders support Resolutions 2 and 3 for this reason and as outlined further above.

The Directors each intend to vote all Shares held or otherwise controlled by them in favour of Resolutions 2 and 3 (as applicable).

3.4 Share Purchase Plan

In addition to the Placement, the Company intends to undertake a share purchase plan offer pursuant to which Eligible Shareholders (as at a record date of 3 September 2019) will each be offered the opportunity to subscribe for up to \$30,000 worth of Shares, at the lower of:

- (a) \$0.30 per Share; and
- (b) a 1.0% discount to the VWAP of Shares traded during the five ASX trading days immediately prior to and including the closing date (being 11 October 2019),

to raise up to \$20,000,000 (before associated costs) (**Share Purchase Plan**).

Based on an issue price of \$0.30 per Share, the Company will issue approximately 66.67 million Shares under the Share Purchase Plan, which is approximately 3.60% of the Company's total issued share capital (as at 3 September 2019).

The Company wishes to be able to place any shortfall (if any) of the Shares not taken up by Shareholders under the Share Purchase Plan to appropriate investors without reducing its placement capacity under Listing Rule 7.1 (**Shortfall**). Further information regarding the background to the Placement and the Share Purchase Plan are contained in the Company's ASX announcements released on 4 and 5 September 2019, and the investor presentation released on 4 September 2019.

4. Resolution 1 – Ratification of the Institutional Placement

4.1 General

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with Shareholder approval for the purpose of Listing Rule 7.1.

The effect of passing Resolution 1 will be to ratify the Institutional Placement and allow the Company to issue securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1, without obtaining prior Shareholder approval.

Resolution 1 is an ordinary resolution.

4.2 Specific information required by Listing Rule 7.5

In accordance with Listing Rule 7.5, the following information is provided in relation to the Institutional Placement:

- (a) 121,732,941 Shares were issued to eligible institutional and sophisticated investors on 10 September 2019 who are not related parties of the Company.

- (b) The Shares were issued for \$0.30 per Share for a total consideration of \$36,519,882.
- (c) The Shares issued pursuant to the Institutional Placement were fully paid ordinary shares in the capital of the Company and rank equally in all respects with the existing Shares on issue and were issued on the same terms and conditions as existing Shares.
- (d) The funds raised from the Institutional Placement will be used for the same purposes as detailed in Section 3.1 above:
- (e) A voting exclusion statement is included in the Notice for Resolution 1.

4.3 Director Recommendation and Voting Intentions

The Directors recommend that Shareholders vote in favour of Resolution 1. Each Director intends to vote all Shares held or otherwise controlled by him or her in favour of Resolution 1.

The Chairperson intends to exercise all available proxies in favour of Resolution 1.

5. Resolutions 2 and 3 – Approval or Ratification of Tranche 1 of the CATL Placement

5.1 General

Resolutions 2 and 3 seeks either Shareholder approval pursuant to Listing Rule 7.1 or Shareholder ratification pursuant to Listing Rule 7.4 for Tranche 1 of the CATL Placement.

As detailed above at Section 3.3, the issue of Shares under Tranche 1 of the CATL Placement is subject to the PRC Approvals. CATL has advised that the PRC Approvals are expected to take between 4 to 6 weeks to obtain. At the date of this Notice and Explanatory Memorandum, the PRC Approvals have not been obtained, and it is not known whether they will be obtained prior to or after the date of the Meeting.

The Company will withdraw either Resolution 2 or Resolution 3, and will publicly advise Shareholders of such withdrawal, prior to the date of the Meeting depending upon whether Tranche 1 of the CATL Placement has been completed.

Accordingly:

- (a) if the PRC Approvals are not obtained such that Tranche 1 completion has not occurred prior to the Meeting, Resolution 2 seeks Shareholder approval for the issue of Shares under Tranche 1 of the CATL Placement in accordance with Listing Rule 7.1; and
- (b) if the PRC Approvals are obtained such that Tranche 1 completion occurs prior to the Meeting, Resolution 3 seeks Shareholder approval to ratify the issue of Shares under Tranche 1 of the CATL Placement for the purposes Listing Rule 7.4.

As the Subscription Agreement constitutes an agreement to issue Shares and completion of Tranche 1 is not expressly subject to Shareholder approval for the purposes of Listing Rule 7.1, the Company's placement capacity under Listing Rule 7.1 has been reduced by the number of Tranche 1 Shares as a consequence of entering into the Subscription Agreement.

The effect of passing Resolution 2 or 3 will be that the issue of Shares to CATL under Tranche 1 of the CATL Placement will not be included under the Company's existing annual placement capacity set out in Listing Rule 7.1, and will allow the Company to issue further securities in the future up to the 15% annual placement capacity.

If the Tranche 1 Shares have not been issued prior to the Meeting and Resolution 2 is not approved, the Company intends to issue the Tranche 1 Shares in reliance on its Listing Rule 7.1 placement capacity.

5.2 Listing Rule 7.1 and Listing Rule 7.4

Tranche 1 of the CATL Placement, when aggregated with the Institutional Placement will, if completed prior to the Meeting, have the effect of utilising all, or a large majority, of the Company's existing Listing Rule 7.1 placement capacity.

If the Company issues Shares under the CATL Placement with Shareholder approval for the purpose of Listing Rule 7.1, or ratifies the previous issues of Shares in accordance with Listing Rule 7.4, those Shares will not be included in calculating the Company's remaining placement capacity under Listing Rule 7.1. A summary of Listing Rule 7.1 is detailed in Section 4.1 above.

Accordingly, while Shareholder approval is not required for the issue of Shares under Tranche 1, approval of Resolution 2 or 3 will enable the Company to retain flexibility with regards to its reliance on any available placement capacity under Listing Rule 7.1 in respect of further issues of equity securities.

Resolutions 2 and 3 are ordinary resolutions.

5.3 Specific information required by Listing Rule 7.3 and Listing Rule 7.5

In accordance with Listing Rule 7.3 and Listing Rule 7.5, the following information is provided in relation to Tranche 1 of the CATL Placement:

- (a) The maximum number of Shares to be issued, or the number of the Shares that may have been issued by the Company prior to the Meeting, under Tranche 1 is 66,666,667 Shares.
- (b) The Tranche 1 Shares will be issued following the receipt of the PRC Approvals, and, if not issued prior to the date of the Meeting, no later than 3 months after that date.
- (c) The issue price for each Share issued under Tranche 1 is \$0.30.
- (d) The Tranche 1 Shares will be issued to CATL.
- (e) The Tranche 1 Shares (and all Shares pursuant to the CATL Placement) will be fully paid ordinary shares in the capital of the Company and rank equally in all respects with the existing Shares on issue and will be issued on the same terms and conditions as existing Shares.
- (f) The funds raised from the CATL Placement will be used for the same purposes as detailed in Section 3.1 above.
- (g) It is expected that the Shares to be issued under Tranche 1 will be issued on or about the date that is two Business Days after receipt of the PRC Approvals.
- (h) Voting exclusion statements are included in the Notice for Resolutions 2 and 3.

5.4 Director Recommendation and Voting Intentions

The Directors recommend that Shareholders vote in favour of Resolutions 2 and 3 (as applicable). Each Director intends to vote all Shares held or otherwise controlled by him or her in favour of Resolutions 2 and 3 (as applicable).

The Chairperson intends to exercise all available proxies in favour of Resolutions 2 and 3 (as applicable).

6. Resolution 4 – Approval of Tranche 2 of the CATL Placement

6.1 General

Resolution 4 seeks Shareholder approval pursuant to Listing Rule 7.1 for Tranche 2 of the CATL Placement.

6.2 Listing Rule 7.1

As the Institutional Placement and Tranche 1 of the CATL Placement is expected to utilise all of the Company's existing Listing Rule 7.1 placement capacity (subject to Resolution 2) and none of the exceptions in Listing Rule 7.2 apply, Shareholder approval is required for Tranche 2 of the CATL Placement under Listing Rule 7.1.

A summary of Listing Rule 7.1 is detailed in Section 4.1 above.

Resolution 4 will allow the Company to retain the flexibility to issue further equity securities for proper purposes representing up to 15% of the Company's share capital during the next 12 months and will also facilitate the important strategic relationship with CATL as outlined in Section 3.3.

Resolution 4 is an ordinary resolution.

6.3 Specific Information Required by Listing Rule 7.3

In accordance with Listing Rule 7.3, the following information is provided in relation to Tranche 2 of the CATL Placement:

- (a) The maximum number of Shares to be issued by the Company under Tranche 2 is 116,666,667 Shares.
- (b) The Tranche 2 Shares will be issued following the receipt of Shareholder approval of this Resolution 4 and receipt of the PRC Approvals, and in any event, no later than 3 months after the date of the Meeting.
- (c) The issue price for each Share to be issued under Tranche 2 is \$0.30.
- (d) The Tranche 2 Shares will be issued to CATL.
- (e) The Tranche 2 Shares (and all Shares pursuant to the CATL Placement) will be fully paid ordinary shares in the capital of the Company and rank equally in all respects with the existing Shares on issue and will be issued on the same terms and conditions as existing Shares.
- (f) The funds raised from the CATL Placement will be used for the same purposes as detailed in Section 3.1 above.
- (g) Subject to receiving Shareholder approval, it is expected that the Shares to be issued under Tranche 2 will be issued on or about the date that is two Business Days after the Subscription Agreement becomes unconditional.
- (h) A voting exclusion statement is included in the Notice for Resolution 4.

6.4 Director Recommendation and Voting Intentions

The Directors recommend that Shareholders vote in favour of Resolution 4. Each Director intends to vote all Shares held or otherwise controlled by him or her in favour of Resolution 4.

The Chairperson intends to exercise all available proxies in favour of Resolution 4.

7. Resolution 5 – Approval for Placement of Shortfall under the Share Purchase Plan

7.1 General

On 13 September 2019, the Company released to ASX an offer booklet in respect of the Share Purchase Plan, to be despatched to Shareholders, setting out the terms of the offer.

Under the terms of the Share Purchase Plan:

- (a) the anticipated maximum number of Shares to be issued by the Company is 66,666,667³ Shares at an issue price which is the lower of: (i) \$0.30 per Share; and (ii) a 1.0% discount to the VWAP of Shares traded during the five ASX trading days immediately prior to and including the Closing Date (being 11 October 2019) to raise up to \$20,000,000; and
- (b) Eligible Shareholders will each be offered the opportunity to subscribe for a maximum of \$30,000 in Shares at the lower of: (i) \$0.30 per Share; and (ii) a 1.0% discount to the VWAP of Shares traded during the five ASX trading days immediately prior to and including the Closing Date (being 11 October 2019).

It is possible that applications from Eligible Shareholders will amount to less than the maximum permitted. The Company wishes to offer any Shortfall (if any) under the Share Purchase Plan to eligible sophisticated, professional or other institutional investors (both in Australia and New Zealand) at the discretion of the Board.

The Company is seeking Shareholder approval for the issue of any potential Shortfall to investors in accordance with Listing Rule 7.1. A summary of Listing Rule 7.1 is detailed in Section 4.1 above.

The effect of Resolution 5 will be to allow the Directors to issue up to 66,666,667 Shares pursuant to any Shortfall (if any) during the three months after the Meeting, without using the Company's 15% annual placement capacity under Listing Rule 7.1.

As the actual number of Shares that could become available to be issued to investors as a result of any Shortfall is not yet known, the Company is seeking approval for the maximum anticipated number of Shares which could be issued under any Shortfall (which assumes that no Shareholders subscribe for any Shares pursuant to the Share Purchase Plan and that the issue price of Shares under the Share Purchase Plan is \$0.30 per Share). The Company will not issue any Shares pursuant to any approval under Resolution 5 in the event there is no Shortfall.

Resolution 5 is an ordinary resolution.

7.2 Specific Information Required by Listing Rule 7.3

In accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 5:

- (a) The maximum number of Shares to be issued under Resolution 5 is 66,666,667 Shares.
- (b) The Shares will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (c) The issue price of the Shares that will be issued pursuant to the placement of the Shortfall will be the lower of: (i) \$0.30 per Share; and (ii) a 1.0% discount to the VWAP of Shares traded during the five ASX trading days immediately prior to and including the Closing Date (being 11 October 2019).

³ This assumes that the issue price of Shares under the Share Purchase Plan is \$0.30 per Share.

- (d) Any allottees in respect of Resolution 5 will be sophisticated, professional or other institutional investors at the discretion of the Board. None of the allottees will be related parties of the Company. No subscriber, either individually or in association with any related entity, will be allotted Shares, which would, if added to existing holdings, result in the holder and their related entities holding in excess of 19.9% of the issued capital of the Company.
- (e) The Shares issued pursuant to the placement of the Shortfall will be fully paid ordinary shares in the capital of the Company and rank equally in all respects with the existing Shares on issue and will be issued on the same terms and conditions as existing Shares.
- (f) The funds raised under this Resolution 5 will be used for the same purposes as detailed in Section 3.1 above.
- (g) A voting exclusion statement is included in the Notice for Resolution 5.

7.3 Director Recommendation and Voting Intentions

The Directors recommend that Shareholders vote in favour of Resolution 5. Each Director intends to vote all Shares held or otherwise controlled by him or her in favour of Resolution 5.

The Chairperson intends to exercise all available proxies in favour of Resolution 5.

Schedule 1 – Definitions

In the Notice and this Explanatory Memorandum:

\$ means Australian dollars.

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange operated by ASX Limited (as the context requires).

Board means the board of Directors.

CATL means Contemporary Amperex Technology (Hong Kong) Limited (Company Registration 2354977), a company incorporated in Hong Kong.

CATL Placement has the meaning given in Section 3.3.

Chairperson means the person appointed to chair the Meeting or any part of the Meeting.

Closing Date means the closing date for acceptance under the Share Purchase Plan.

Company or **Pilbara** means Pilbara Minerals Limited ACN 112 425 788.

Control has the meaning given in section 50AA of the Corporations Act.

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

Directors mean the directors of the Company.

Eligible Shareholders means Shareholders who are registered holders of Shares as at 7.00pm (Sydney time) on 3 September 2019 with a registered address in Australia or New Zealand, other than Shareholders holding their Shares either on their own account or on behalf of another person residing outside Australia or New Zealand or acting for the benefit of a person in the United States, who meet certain other conditions as expressly prescribed in the terms and conditions of the Share Purchase Plan.

Equity Securities has the meaning given to that term in the Listing Rules.

EV means electric vehicle.

Explanatory Memorandum means this explanatory memorandum.

Institutional Placement has the meaning given in Section 3.2.

Listing Rules means the listing rules of ASX.

Meeting has the meaning given in the introductory paragraph of the Notice.

Notice means the notice of general meeting which this Explanatory Memorandum accompanies.

Percentage Holding means the Equity Securities in the Company held by CATL divided by the total number of issued Equity Securities in the Company expressed as a percentage.

Pilgangoora Project means the Pilgangoora Lithium-Tantalum project.

Placement has the meaning given in Section 3.1.

PRC Approvals has the meaning given in Section 3.3.

Proxy Form means the proxy form attached to the Notice.

Related Entity means, in respect of any person, a second person that:

- (a) Controls the first person;

- (b) Is under the Control of the first person; or
- (c) Is under the Control of a third person that also Controls the first person.

Resolution means a resolution referred to in the Notice.

Schedule means a schedule to this Explanatory Memorandum.

Section means a section of this Explanatory Memorandum.

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

Share Purchase Plan has the meaning given in Section 3.4.

Shareholder means a holder of a Share.

Shortfall has the meaning given to it in Section 3.4.

Subscription Agreement has the meaning given in Section 3.3.

Third Party means a person other than CATL or any of its Related Entities.

Tranche 1 has the meaning given in Section 3.3.

Tranche 2 has the meaning given in Section 3.3.

VWAP means volume weighted average price.

WST means Western Standard Time, being the time in Perth, Western Australia.

In the Notice and this Explanatory Memorandum, words importing the singular include the plural.

Schedule 2

Summary of CATL Subscription Agreement

Conditions Precedent	<p>The Subscription Agreement is subject to and conditional on a number of conditions precedent, the following of which are outstanding as at the date of the Notice:</p> <p>In respect of Tranche 1 completion:</p> <p>(a) the Development and Reform Commission of Fujian Province has issued the Outbound Investment Filing Confirmation (境外投资项目备案通知书) to CATL with respect to the proposed issue and allotment of the Shares the subject of the agreement;</p> <p>(b) the Department of Commerce of Fujian Province has issued the Outbound Investment Certificate (企业境外投资证书) to CATL with respect to the proposed issue and allotment of the Shares the subject of the agreement; and</p> <p>(c) the State Administration of Foreign Exchange (SAFE), or the organisation or institution authorised by SAFE, has issued the Registration Certificate (业务登记凭证) to CATL with respect to the currency conversion and the remittance of the subscription amount to the Company pursuant to or in connection with the proposed issue and allotment of the Shares the subject of the agreement.</p> <p>In respect of Tranche 2 completion:</p> <p>(a) each of the Tranche 1 conditions has been satisfied or waived; and</p> <p>(b) the Company has obtained the approval of its Shareholders for the issue and allotment of the Tranche 2 Shares to CATL for all purposes, including for the purposes of ASX Listing Rule 7.1.</p> <p>The parties must use their respective best endeavours to ensure that the conditions are satisfied as expeditiously as possible following execution of the Subscription Agreement and in any event on or before the Sunset Date (as defined below).</p>
Sunset Date	<p>A party may terminate the agreement at any time after the Sunset Date (being 30 November 2019 or such later date that may be agreed between the parties) if a condition:</p> <p>(a) is not satisfied or waived in accordance with the agreement; or</p> <p>(b) becomes incapable of satisfaction or the parties agree that the condition cannot be satisfied.</p>
Consideration	<p>CATL will subscribe for the Shares (Subscription Shares) in two tranches:</p> <p>(a) an initial subscription of 66,666,667 Shares at \$0.30 per Share (being approximately \$20,000,000 in aggregate); and</p> <p>(b) a second subscription of 116,666,667 Shares at \$0.30 per Shares (being approximately \$35,000,000 in aggregate).</p>
Completion	<p>With respect to the Tranche 1 completion and the Tranche 2 completion, in each case, completion of the issue of Shares will take place on the date that is 2 business days after the date on which the last of the conditions in respect of each tranche have been satisfied or waived in accordance with the Subscription Agreement.</p> <p>On or before the business day immediately preceding the relevant completion date the Subscriber must pay the relevant subscription amount.</p> <p>The Company must apply for official quotation of the Shares on the ASX and lodge a cleansing notice in respect of the Subscription Shares.</p>
Board Nominee	<p>Following Tranche 2 completion, CATL may from time to time nominate one person for appointment to the Board as a non-executive director subject to conditions, including CATL at all times maintaining a percentage holding in the Company of at least 7.5%.</p>
Grant of Anti-Dilution Right	<p>For 18 months after Tranche 2 completion, subject to the grant of a waiver from ASX of Listing Rule 6.18, CATL will have the right to participate in any prescribed equity offer by the Company to ensure that CATL's Percentage Holding remains the same, provided that such participation is for cash consideration that is:</p> <p>(a) no more favourable than cash consideration paid by third parties; or</p>

	(b) equivalent in value to non-cash consideration offered by third parties.
Control Transactions	<p>For 18 months after Tranche 2 completion, and where CATL holds voting power in the Company of more than 10%, if a control transaction (being a takeover offer, scheme of arrangement or other transaction which would provide a third party with 50.1% or more of all Shares or the capacity to determine the outcome of decisions about the Company) is announced by a third party and:</p> <p>(a) the control transaction is recommended by at least 75% of the Directors who are entitled to vote on the matter;</p> <p>(b) the price, or implied price, per Share under the control transaction reflects the fair value of the Company;</p> <p>(c) a qualified independent expert opines that the control transaction is in the best interests of or is fair and reasonable to Shareholders; and</p> <p>(d) in the case of a takeover offer, holders of more than 50% of Shares subject to the takeover offer have accepted the takeover offer,</p> <p>then, CATL will, and will procure that its related entities also do:</p> <p>(e) in the case of a takeover offer, accept the takeover offer in respect of all Shares in which it has a relevant interest; or</p> <p>(f) in the case of a scheme of arrangement or any other proposal in respect of such control transaction requiring the approval of Shareholders, vote all Shares in which it has a relevant interest in favour of the scheme of arrangement or other proposal.</p>
Offtake Undertaking	If any spodumene concentrate product under an offtake agreement entered into between the Company or its related entities (being spodumene concentrate) becomes available, CATL agrees to provide commercial support to the Company by buying product which becomes available under a new offtake agreement, subject to mutual commercial agreement.
Termination rights	Except for express rights of termination relating to the Sunset Date, or failing to comply with a notice to complete, no party has any right to terminate the agreement .

LODGE YOUR PROXY APPOINTMENT ONLINE



ONLINE PROXY APPOINTMENT

www.advancedshare.com.au/investor-login



MOBILE DEVICE PROXY APPOINTMENT

Lodge your proxy by scanning the QR code below, and enter your registered postcode.
It is a fast, convenient and a secure way to lodge your vote.

2019 GENERAL MEETING PROXY FORM

I/We being shareholder(s) of Pilbara Minerals Limited and entitled to attend and vote hereby:

APPOINT A PROXY

The Chairperson of the meeting **OR**

PLEASE NOTE: If you leave the section blank, the Chairperson of the Meeting will be your proxy.

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) are named, the Chairperson of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the General Meeting of the Company to be held at **University Club of Western Australia on Wednesday, 16 October 2019 at 9:30am (WST)** and at any adjournment or postponement of that Meeting.

CHAIRPERSON'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES:

The Chairperson intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chairperson may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

VOTING DIRECTIONS

Resolutions

	For	Against	Abstain*
1 Ratification of Institutional Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Approval of Tranche 1 of the CATL Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Ratification of Tranche 1 of the CATL Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of Tranche 2 of the CATL Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval for Placement of Shortfall under the Share Purchase Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)	Joint Shareholder 2 (Individual)	Joint Shareholder 3 (Individual)
<input type="text"/>	<input type="text"/>	<input type="text"/>
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the shareholder. If a joint holding, all the shareholder should sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

Email Address

Please tick here to agree to receive communications sent by the company via email. This may include meeting notifications, dividend remittance, and selected announcements.

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

CHANGE OF ADDRESS

This form shows your address as it appears on Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes.

APPOINTMENT OF A PROXY

If you wish to appoint the Chairperson as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairperson, please write that person's name in the box in Step 1. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate.

DEFAULT TO THE CHAIRPERSON OF THE MEETING

If you leave Step 1 blank, or if your appointed proxy does not attend the Meeting, then the proxy appointment will automatically default to the Chairperson of the Meeting.

VOTING DIRECTIONS – PROXY APPOINTMENT

You may direct your proxy on how to vote by placing a mark in one of the boxes opposite each resolution of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given resolution, your proxy may vote as they choose to the extent they are permitted by law. If you mark more than one box on a resolution, your vote on that resolution will be invalid.

PLEASE NOTE: If you appoint the Chairperson as your proxy (or if he is appointed by default) but do not direct him how to vote on a resolution (that is, you do not complete any of the boxes "For", "Against" or "Abstain" opposite that resolution), the Chairperson may vote as he sees fit on that resolution.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Advanced Share Registry Limited or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) On each Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) Return both forms together.

CORPORATE REPRESENTATIVES

If a representative of a nominated corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A Corporate Representative Form may be obtained from Advanced Share Registry.

SIGNING INSTRUCTIONS ON THE PROXY FORM

Individual:

Where the holding is in one name, the security holder must sign.

Joint Holding:

Where the holding is in more than one name, all of the security holders should sign.

Power of Attorney:

If you have not already lodged the Power of Attorney with Advanced Share Registry, please attach the original or a certified photocopy of the Power of Attorney to this form when you return it.

Companies:

Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

LODGE YOUR PROXY FORM

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by 9:30am (WST) on Monday, 14 October 2019, being not later than 48 hours before the commencement of the Meeting. Proxy Forms received after that time will not be valid for the scheduled meeting.



ONLINE PROXY APPOINTMENT

www.advancedshare.com.au/investor-login



BY MAIL

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009; or
PO Box 1156, Nedlands WA 6909



BY FAX

+61 8 9262 3723



BY EMAIL

admin@advancedshare.com.au



IN PERSON

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009



ALL ENQUIRIES TO

Telephone: +61 8 9389 8033