



CHAIRMAN'S ADDRESS 2016 ANNUAL GENERAL MEETING

Ladies and Gentlemen:

Having joined the board in July, I have no hesitation in recognising the tremendous achievements of Pilbara Minerals over the past year in what has been a transformational period in the Company's history.

Let me accentuate in simple terms just how far Pilbara Minerals has come.

Two years ago, Pilbara Minerals was an aspiring small-scale tantalum miner which had just completed the acquisition of the Pilgangoora Lithium-Tantalum Project. Its market capitalisation was around \$11 million and it had about \$3 million in the bank.

Roll forward to today and Pilbara Minerals has:

- a world-class lithium-tantalum resource and reserve inventory – one of the biggest in the world and still growing;
- a project located in a premier mining district just 120 kilometres from Port Hedland;
- a project with outstanding economics (with low operating costs) as demonstrated by the high quality 2Mtpa Definitive Feasibility Study undertaken in September;
- a project that can easily be expanded to a 4Mtpa operation in response to increasing global demand, as supported by the Pre-Feasibility Study completed in September;
- off-take agreements in place;
- a market capitalisation approaching \$700 million;
- around \$95 million cash in the bank at the end of the September quarter; and
- some 11,500 supportive shareholders.

Over the past 18 months Pilbara Minerals has:

- successfully drilled more than 95,000m;
- delivered multiple and significant resource and reserve upgrades;
- completed complex feasibility studies to a very high standard;
- raised over \$130 million in equity;
- expanded its resource base through the upcoming acquisition of the Lynas Find tenement package from Dakota Minerals; and
- progressed all the elements required to develop a major new resource project, including permitting, off-take negotiations, financing discussions and infrastructure access negotiations.

Early next year we expect to have raised the required capital to fund the construction of the 2Mtpa standalone mine and processing operation at Pilgangoora. This will be one of the most significant new resource projects being developed in Australia and globally.

The development of the Pilgangoora Project will provide Pilbara Minerals with the opportunity to become one of Australia's next significant mid-tier mining companies in the rapidly growing lithium sector and should provide significant benefits to the local and indigenous community in the form of investment, jobs and opportunities.

Pilbara Minerals Limited



ASX Release 24 November 2016

From my own experience in the resource sector, I can say with conviction that growth trajectories as rapid as this rarely occur. They are generally the product of a happy coincidence of factors, underpinned by extraordinary vision, drive and determination – and a great deal of hard work.

As I said in this year's Annual Report, in Pilbara Minerals' case these factors included a world-class lithium discovery in a premier mining jurisdiction, an exceptional team of hard working people, a strong balance sheet, and a clear and common vision to become a leading global producer of a commodity which is in rapid demand and becoming crucially important on a world scale.

The success which the Company has enjoyed is in no small part due to the drive and vision of Pilbara Minerals' founding directors, Neil Biddle and John Young, and former Chairman, Tony Leibowitz, who clearly recognised an opportunity in lithium well before the recent market hype. Their vision enabled Pilbara Minerals to position the Pilgangoora Project as a major lithium project, ahead of the recent wave of newcomers who have joined the lithium rush.

The continuing success of the Company has been ably steered by the tireless efforts and energetic leadership of Managing Director, Ken Brinsden. Since joining the Company, Ken has made a huge impact and he has worked closely and effectively with Neil and John to re-shape the Company's board and management structure to ensure that Pilbara Minerals will have the appropriate mix of skills and talent in place to allow it to develop into a first-rate mining house.

The DFS completed earlier this year confirms Pilgangoora's exceptionally strong financial and technical merits. As a 2Mtpa mining operation, the DFS outlines globally competitive forecast cash operating costs, robust margins, a long projected mine life and exceptional economic returns – as well as the potential to ramp up production should demand for lithium raw materials continue to grow.

To this end, the Company completed a PFS for a 4Mtpa expansion option, commencing from Year 3 of the mining operation. This PFS similarly delivered very compelling results, generating a significant increase in the project's forecast Internal Rate of Return and Net Present Value. The Company is now undertaking further engineering studies on the expansion project, which will be progressed in parallel with our development activities at Pilgangoora.

An important step over the past 12 months has been our success in cementing strong partnerships within the lithium industry.

This is demonstrated by our relationship with General Lithium Corporation, a leading Chinese producer of lithium carbonate and hydroxide products and a key supplier of lithium products to the lithium-battery industry of China.

This relationship – which comprises an off-take agreement, a proposed AUD\$17.75 million equity investment into Pilbara Minerals, and an agreement to evaluate a possible future joint venture for offshore downstream processing – is considered a valuable and strategic asset to the Company, and one that is expected to deliver significant value into the future.

In addition, Pilbara Minerals has also recently announced an innovative off-take agreement to supply Direct Shipping Ore to the Chinese lithium group, Shandong Ruifu. Under this arrangement Pilbara Minerals will deliver crushed but unprocessed run-of-mine ore from July 2017 – an innovation for the lithium industry which provides early access to raw material for our customer while at the same time supporting our fast-track development strategy.



ASX Release 24 November 2016

During the year, the Company was also able to reach agreement with Mineral Resources to permanently remove the impact of the right of first refusal over all of our future lithium sales, a right they acquired following their recent acquisition of the Wodgina mining assets.

Resolution of this matter saw the extinguishment of both the 2.5% net smelter royalty and right of first refusal in exchange for the issue of shares.

Mineral Resources is an astute and highly skilled operator in the resource sector with deep experience working in the Pilbara region. I am pleased we were able to bring them onto our share register in recent times and look forward to them supporting and being part of the Company's journey.

In opening my address, I highlighted the extensive and rapid change which has occurred at Pilbara Minerals as it has transformed itself from a junior explorer based in North Fremantle to an emerging mid-tier miner, with its headquarters recently relocated to West Perth.

With such change the Company has had to respond and adapt quickly – implementing some major changes to its Board and executive management structure, as well as its administrative and governance systems.

During the year, we welcomed experienced finance executive Steve Scudamore to the board as part of our transition from an explorer to a producer. Continuing with the transition, I am also pleased that experienced mining executive, Nick Cernotta, will also be joining the board as a non-executive director in February next year. Nick brings more than 30 years' experience in developing and operating mines, including playing a pivotal role in developing mines and overseeing operational efficiencies and improvements for FMG in the Pilbara. With Nick's solid operational background, I have no doubt he will make a significant contribution in helping the company achieve its goal of becoming a leading global lithium producer.

With Nick joining the board, I would also like to advise that long serving director Bob Adamson has elected to step down in February next year after a considerable period of service. Bob has been a champion in that position and the Company thanks him and wishes him well.

In conclusion, I would like to thank the entire Pilbara Minerals team for their exceptional efforts over the past 12 months. It is due to their achievements that the Company now stands with a clear vision to commence production in 12 months' time and embark on its next exciting growth chapter.

I would especially like to thank you, our shareholders, for your continued and valued support – we hope that we can continue to deliver you further value in the year ahead.

TONY KIERNAN
Chairman

Contacts:

Investors / Shareholders

Tony Kiernan
Chairman
Ph. +61 (0)8 9336 6267

Media

Nicholas Read
Read Corporate
Ph. +61 (0)8 9388 1474