



**PILBARA MINERALS**  
LIMITED

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**PILBARA MINERALS LIMITED**  
**ACN 112 425 788**

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**NOTICE OF ANNUAL GENERAL MEETING**

**A General Meeting of the Company will be held at Claremont Yacht Club, 4 Victoria Avenue, Claremont WA 6010 on Monday, 30 November 2015 at 10.00 am (WST).**

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*This Notice of Annual 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 9336 6267.**

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# PILBARA MINERALS LIMITED

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## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of shareholders of Pilbara Minerals Limited (**Company**) will be held at Claremont Yacht Club, 4 Victoria Avenue Claremont WA 6010 on Monday, 30 November 2015 at 10.00 am (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 of the Company on 28 November 2015 at 10.00 am (WST).

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

## AGENDA

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### Annual Report

To consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2015, which includes the Financial Report, the Directors' Report and the Auditor's Report.

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### 1. Resolution 1 – Adoption of Remuneration Report

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

*"That the Remuneration Report be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum"*

#### Voting Exclusion

In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member.

A vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the person is the Chairperson and the appointment of the Chairperson as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairperson to exercise the proxy even if this Resolution is connected with the remuneration of the Key Management Personnel.

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## 2. Resolution 2 – Election of Mr John Young

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

*"That, pursuant to and in accordance with Listing Rule 14.4, article 13.3 of the Constitution and for all other purposes, Mr John Young, Director, who was appointed as a casual vacancy on 4 September 2015, retires, and being eligible, is elected as a Director on the terms and conditions in the Explanatory Memorandum."*

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## 3. Resolution 3 – Re-election of Director - Mr Neil Biddle

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

*"That, for the purpose of Listing Rule 14.4, article 13.2 of the Constitution and for all other purposes, Mr. Neil Biddle, a Director, retires by rotation, and being eligible, is re-elected as a Director"*.

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## 4. Resolution 4 – Issue of Director and Employee Options to Mr John Young

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

*"That, pursuant to and in accordance with Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, Shareholders approve the issue of 5,000,000 Director and Employee Options to Mr John Young (and/or his nominee) on the terms and conditions in the Explanatory Memorandum."*

### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by Mr John Young and any of his associates.

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.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or

- (b) the person appointed as proxy is the Chairperson and the appointment does not specify how the Chairperson is to vote but expressly authorises the Chairperson to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

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## 5. Resolution 5 – Approval of Remuneration of Non-Executive Directors

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

*"That, pursuant to and in accordance with Listing Rule 10.17, article 13.8 of the Constitution and for all other purposes, the maximum total fees payable to non-executive Directors be increased from \$250,000 per annum to \$400,000 per annum on the terms and conditions in the Explanatory Memorandum."*

### Voting Exclusion

The Company will disregard any votes cast on this Resolution by a Director and any of his associates.

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.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairperson and the appointment does not specify how the Chairperson is to vote but expressly authorises the Chairperson to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

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## 6. Resolution 6 – Ratification of Prior Placements

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

*"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of:*

- (a) 26,241,267 Shares;
- (b) 6,400,000 Timeless Africa Options; and

- (c) 11,500,000 Director and Employee Options,  
on the terms and conditions in the Explanatory Memorandum."

#### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by a person who participated in the Prior Placements and any associate of those persons.

The Company will not disregard a vote if:

- (d) 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
- (e) 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.

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### **7. Resolution 7 – Approval of Attaching Options Issue**

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

*"That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 17,045,456 Attaching Options to professional and sophisticated investors on the terms and conditions in the Explanatory Memorandum."*

#### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who may participate in the Attaching Option Issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if this Resolution is passed.

However, the Company will not disregard a vote if:

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

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### **8. Resolution 8 – Approval of 10% Placement Facility**

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

*"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities of up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."*

### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit if this Resolution is passed, except a benefit solely in the capacity of a holder of Shares, and any associate of that person (or those persons).

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.

### **BY ORDER OF THE BOARD**

**Alan Boys**  
**Company Secretary**  
**Dated: 13 October 2015**

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# PILBARA MINERALS LIMITED

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## EXPLANATORY MEMORANDUM

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### 1. Introduction

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

This Explanatory Memorandum 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	Annual Report
Section 4:	Resolution 1 – Adoption of Remuneration Report
Section 5:	Resolution 2 – Election of Mr John Young
Section 6	Resolution 3 – Re-election of Mr Neil Biddle as a Director
Section 7:	Resolution 4 – Issue of Director and Employee Options to Mr John Young
Section 8:	Resolution 5 – Approval of Remuneration of Non-Executive Directors
Section 9:	Resolution 6 – Ratification of Prior Placements
Section 10:	Resolution 7 – Approval of Attaching Options Issue
Section 11:	Resolution 8 – Approval of 10% Placement Facility
Schedule 1	Definitions
Schedule 2	Terms and Conditions of the Timeless Africa Options
0	Terms and Conditions of the Director and Employee Options
0	Terms and Conditions of the Attaching Options

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

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### 2. Action to be taken by Shareholders

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

#### 2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "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 10.00 am (WST) on 28 November 2015, being at least 48 hours before the Meeting

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

## **2.2 Voting Prohibition by Proxy holders (Remuneration of Key Management Personnel)**

A vote on Resolution 1 must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on this Resolution; or
- (b) the person is the Chairperson and the appointment of the Chairperson as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairperson to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

## **2.3 Voting Prohibition by Proxy holders (Remuneration of Key Management Personnel)**

A vote on Resolutions 4 and 5 must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on those Resolutions, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on those Resolutions; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on those Resolutions, but expressly authorises the Chairman to exercise the proxy even if those Resolutions are connected with the remuneration of a member of the Key Management Personnel.



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### 3. Annual Report

In accordance with section 317(1) of the Corporations Act the Annual Report must be laid before the annual general meeting. There is no requirement for Shareholders to approve the Annual Report.

At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report which is available online at [www.pilbaraminerals.com.au](http://www.pilbaraminerals.com.au);
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairperson about the management of the Company, or to the Company's auditor about:

- (a) the preparation and the content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies of the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than five business days before the Meeting to the Company Secretary at the Company's registered office.

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### 4. Resolution 1 – Adoption of Remuneration Report

In accordance with section 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

In accordance with section 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors of the Company. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

Shareholders will have the opportunity to remove the whole Board except the Managing Director if the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings.

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the Managing Director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report did not receive a Strike at the 2014 annual general meeting. Please note if the Remuneration Report receives a Strike at this Meeting and if a second Strike is received at the 2016 annual general meeting, this may result in the re-election of the Board.

The Chairperson will allow reasonable opportunity for Shareholders to ask questions about or comment on the Remuneration Report.

Resolution 1 is an ordinary resolution.

The Chairperson intends to abstain from voting all available undirected proxies in relation to Resolution 1.

If the Chairperson is appointed as your proxy and you have not specified the way the Chairperson is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairperson with an express authorisation for the Chairperson to vote the proxy in accordance with the Chairperson's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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## **5. Resolution 2 – Election of Mr John Young**

In accordance with Listing Rule 14.4, a Director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the entity.

Article 13.4 of the Constitution allows the Directors to appoint a person to fill a casual vacancy at any time, providing that the total number of Directors does not at any time exceed the maximum number specified by the Constitution. Any Director so appointed holds office until the next general meeting of members of the Company and is eligible for re-election at that meeting.

Mr John Young was appointed on 4 September 2015 to fill a casual vacancy. Resolution 2 therefore provides that he retires from office and seeks re-election as a Director.

Details of Mr John Young's background and experience are set out in the Annual Report.

Resolution 2 is an ordinary resolution.

The Chairperson intends to abstain from voting all available undirected proxies in relation to Resolution 2.

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## **6. Resolution 3 – Re-election of Mr Neil Biddle as Director**

Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or three years, whichever is longer.

Article 13.2 of the Constitution provides that:

- (a) every year at the Company's annual general meeting, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except the Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election;
- (b) the Directors to retire at the annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots;

- (c) a Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election; and
- (d) in determining the number of Directors to retire, no account is to be taken of:
- (i) a Director who only holds office until the next annual general meeting pursuant to clause 13.4 of the Constitution; and/or
  - (ii) a Managing Director,
- each of whom are exempt from retirement by rotation. However, if more than one Managing Director has been appointed by the Directors, only one of them (nominated by the Directors) is entitled to be excluded from any determination of the number of Directors to retire and/or retirement by rotation.

The Company currently has four Directors, one of whom is Mr John Young, a Director who only holds office until this meeting pursuant to clause 13.4. Accordingly one Director must retire.

Mr Neil Biddle, the Director longest in office since his last election, retires by rotation and seeks re-election.

Details of Mr Biddle's background and experience are set out in the Annual Report.

Resolution 3 is an ordinary resolution.

The Chairperson intends to abstain from voting all available undirected proxies in relation to Resolution 3.

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## **7. Resolution 4 – Issue of Director and Employee Options to Mr John Young**

### **7.1 Background**

As part of his remuneration for his role as the Company's Exploration Manager, it was intended that Mr Young would be granted Director and Employee Options at the same time as those that were granted to the then Directors and other key employees of the Company in August and September 2015 respectively. On 8 July 2015 Mr Young was appointed as an Alternate Director and accordingly, any issue of Options to him would have required the approval of Shareholders (pursuant to Listing Rule 10.11).

Due to timing constraints, the Company was unable to include such an agenda item in the agenda for the general meeting of the Company held on 28 August 2015 where the issue of Director and Employee Options to fellow Directors was approved.

Having regard to the above, it is the Directors' view (save for Mr Young) that it would be inequitable not to proceed with an issue to Mr Young on the same terms and conditions that have been granted to the other Directors, staff and consultants of the Company.

### **7.2 Issue of Director and Employee Options to Mr John Young**

The Company proposes to issue 5,000,000 Director and Employee Options to Mr John Young.

In accordance with Listing Rule 10.11 and section 208 of the Corporations Act, Shareholder approval is required for the issue of Options to a related party. As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required, in accordance with exception 14 of Listing Rule 7.2.

Subject to Shareholder approval of Resolution 4, the number of Director and Employee Options to be issued to Mr John Young (or his nominee) is 5,000,000.

Resolution 4 is an ordinary resolution.

The Chairperson intends to abstain from voting all available undirected proxies in relation to Resolution 4.

If the Chairperson is appointed as your proxy and you have not specified the way the Chairperson is to vote on Resolution 4 by signing and returning the Proxy Form, you are considered to have provided the Chairperson with an express authorisation for the Chairperson to vote the proxy in accordance with the Chairperson's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

### **7.3 Section 208 of Corporations Act**

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

Mr John Young is a related party of the Company due to his position as a Director of the Company.

The issue of Director and Employee Options constitutes the giving of a financial benefit for the purposes of section 208 of the Corporations Act and the Board has determined that the Company will seek Shareholder approval for the purposes of that section.

### **7.4 Listing Rule 10.11**

In accordance with Listing Rule 10.11, the Company must not issue securities to a related party of the Company unless it obtains Shareholder approval.

Pursuant to Listing Rule 7.2, exception 14, the effect of passing Resolution 4 is to allow the Company to issue a total of 5,000,000 Director and Employee Options to Mr John Young (or his respective nominee) without using up the Company's 15% Placement Capacity under Listing Rule 7.1.

### **7.5 Specific information required by Listing Rule 10.13 and Section 219 of the Corporations Act**

Information must be provided to Shareholders for the purposes of obtaining Shareholder approval as follows:

- (a) The Director and Employee Options will be issued to Mr John Young (or his respective nominees).
- (b) The number of Director and Employee Options to be issued to Mr John Young (or his respective nominee) is 5,000,000.
- (c) The Director and Employee Options will be issued no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (d) The nature of the financial benefit to be granted is the issue of 5,000,000 Director and Employee Options to Mr John Young.

The Board's policy is to remunerate Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the Directors and reviews their remuneration annually, based on

market practice, duties and accountability. Independent external advice may be sought when required. The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by Shareholders at general meeting.

Fees for Directors are not linked to the performance of the Company. However, to align all Directors' interests with Shareholders' interests, the Directors are encouraged to hold Shares in the Company and may be issued Options.

The Company believes that the issue of Director and Employee Options conserves cash in the short term and acts as an incentive to grow the Share price in the long term. This effectively links Directors' performance to the Share value and therefore to the interests of all Shareholders. For this reason there are no performance conditions required to be satisfied prior to the grant or exercise of the Director and Employee Options, but instead an incentive to increase the value of the Shares, which benefits all Shareholders.

The grant of the Director and Employee Options and the benefit arising to Mr John Young also reflects the significant contribution made by Mr John Young in raising capital for the Company for which no remuneration or compensation has been made by the Company.

- (e) The Company has engaged Stantons International Securities to value the Director and Employee Options. Stantons International Securities has determined, on the basis of the assumptions set out below, that the technical value of one Director and Employee Option is \$0.297749.

This valuation imputes a total value of \$1,488,745 to the Director and Employee Options issued to Mr John Young. The value may increase or decrease after the date of valuation as it will depend on the future price of a Share. The Black Scholes Pricing Model has been used to value the Director and Employee Options, with the following assumptions:

- (i) the risk free rate of a two year Australian Government bond is 1.82%;
  - (ii) the underlying security spot price of \$0.38 used for the purposes of this valuation is based on the Share price of the Company as at 12 October 2015, being the last practicable day prior to the date of the Notice;
  - (iii) the estimated volatility used in the valuation is 110%;
  - (iv) for the purposes of the valuation, no future dividend payments have been forecast; and
  - (v) for the purposes of the valuation, it is assumed that the Director and Employee Options were issued on or around 27 November 2015.
- (f) Under accounting standard AASB 2 (share based payments), the Company will recognise an expense in the income statement based on the fair value of the Director and Employee Options over the period from the date of issue to the vesting date. The total of the fair value of the Director and Employee Options issued as at 12 October 2015 is \$1,488,745.
- (g) The market price of Shares would normally determine whether the Directors will exercise the Director and Employee Options. If the Director and Employee Options are exercised at a price that is lower than the price at which Shares are trading on ASX, there may be a perceived cost to the Company.

- (h) Historical quoted price information for the Company's listed securities for the last twelve months is as follows:

Shares	Price	Date
Highest	\$0.38	12 October 2015
Lowest	\$0.035	22, 24 and 27 April 2015
Last	\$0.38	12 October 2015

The exercise of the Director and Employee Options will result in a dilution of all other Shareholders' holdings in the Company of 0.69% based on 716,420,087 issued Shares as at the date of the Notice. The Company also has on issue 5,861,450 Convertible Notes and 103,321,861 Options (excluding the Attaching Options). Should some or all of these Convertible Notes and/or Options be converted and/or exercised (as applicable), the dilution effect shown above will be diminished.

- (i) No funds will be raised by the issue of the Director and Employee Options as they are being issued for nil consideration. If Mr Young exercises his Director and Employee Options at the exercise price of \$0.10 the Company will raise \$500,000. Refer to 0 for the entire terms and conditions of the Director and Employee Options.
- (j) A voting exclusion statement is included in the Notice for Resolution 4.
- (k) Other than the information above and otherwise set out in the Notice, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolution 4.

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## 8. Resolution 5 – Approval of Remuneration of Non-Executive Directors

In accordance with Listing Rule 10.17 and article 13.8 of the Constitution, the Company must not increase the total amount of non-executive Directors' fees payable by it and any of its child entities without the approval of holders of its ordinary securities.

Listing Rule 10.17 also provides that the Notice must include the amount of the increase, the maximum amount that may be paid to the non-executive Directors as a whole, and a voting exclusion statement.

Resolution 5 seeks Shareholder approval for the increase in the aggregate amount of fees available to be paid to non-executive Directors by \$150,000, from the current \$250,000 per annum to an aggregate amount of \$400,000 per annum. The current amount of the fees was set in the Constitution.

The Board considers that it is reasonable and appropriate at this time to seek an increase in the remuneration pool for non-executive Directors for the following reasons:

- (a) due to the expected growth of the Company and increased responsibilities for non-executive Directors;
- (b) non-executive Directors fees may in the future need to be increased to retain Directors;
- (c) to attract new Directors of a calibre required to effectively guide and monitor the business of the Company; and

- (d) to remunerate Directors appropriately for the expectations placed upon them by both the Company and the regulatory environment in which it operates.

This proposed level of permitted fees does not mean that the Company must pay the entire amount approved as fees in each year. However, the Board considers that it is reasonable and appropriate to establish this amount as this will provide the Company with the flexibility to attract appropriately qualified non-executive Directors and to act quickly if the circumstances require it.

The remuneration of each Director for the year ended 30 June 2015 is detailed in the Annual Report.

The following number of Securities were issued to non-executive directors under Listing Rules 10.11 or 10.14 with the approval of Shareholders within the preceding 3 years.

Date of Issue	Holder	Type of Security	Number of Securities
22/9/2015	Tony Leibowitz	Options (expiry 22/3/17 strike price \$0.10)	8,000,000
22/9/2015	Robert Adamson	Options (expiry 22/3/17 strike price \$0.10)	2,000,000
2/9/2015	Tony Leibowitz	Convertible Notes expiry 2/3/2017)	200,000
2/09/2015	Tony Leibowitz	Options (expiry 2/3/7 strike price \$0.05)	2,500,000
30/05/2014	Tony Leibowitz	Convertible Notes (expiry 30/11/2015)	50,000
30/05/2014	Tony Leibowitz	Options (expiry 25/3/17, strike price \$0.03)	1,666,666
03/04/2014]	Tony Leibowitz	Shares	5,000,000
03/04/2014	Robert Adamson	Shares	1,000,000
08/11/2013	Tony Leibowitz	Shares	5,000,000
08/11/2013	Tony Leibowitz	Shares	746,601
08/11/2013	Robert Adamson	Shares	1,244,335

A voting exclusion statement is included in the Notice for Resolution 5.

The Chairperson intends to abstain from voting all available undirected proxies in relation to Resolution 5.

If the Chairperson is appointed as your proxy and you have not specified the way the Chairperson is to vote on Resolution 5, by signing and returning the Proxy Form, you are considered to have provided the Chairperson with an express authorisation for the Chairperson to vote the proxy in accordance with the Chairperson's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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## 9. Resolution 6 – Ratification of Prior Placements

### 9.1 General

Listing Rule 7.1 provides that, the 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.

In accordance with Listing Rule 7.1 the Company issued:

- (a) 934,307 Shares to Orbit Drilling Pty Ltd on 20 April 2015 and 679,686 Shares on 23 June 2015 (**Orbit Placement**);
- (b) 1,900,000 Shares to Jett Capital Advisors LLC upon the exercise of 1,900,000 Options on 30 June 2015 (**Jett Placement**);
- (c) 18,181,819 Shares and 4,545,455 Shares to various professional and institutional investors on the 23 July 2015 and 31 July 2015, respectively (**Institutional Placement**);
- (d) 6,400,000 Timeless Africa Options exercisable at \$0.05 and expiring on 2 March 2017 to Timeless Africa Safaris CC on 2 September 2015 in lieu of capital raising fees for the Tranche 2 Convertible Note Placement; (**Timeless Africa Placement**); and
- (e) 11,500,000 Director and Employee Options exercisable at \$0.10 and expiring on 22 March 2017 to employees and consultants on 21 September 2015 of the Company in recognition of their significant past contribution to the Company as well as an incentive to continue to work towards the successful realisation of the Company's development plans (**Staff and Consultant Placement**);

(collectively referred to as the **Prior Placements**)

The effect of passing Resolution 6 will be to 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 6 is an ordinary resolution.

The Chairperson intends to abstain from voting all available undirected proxies in relation to Resolution 6.

### 9.2 Specific information required by Listing Rule 7.5

In accordance with Listing Rule 7.5, information is provided in relation to the Prior Placements as follows:



- (a) The following number of Equity Securities issued to the following persons pursuant to the Prior Placements.

Issue	Holder	Number of Equity Securities
Orbit Placement	Orbit Drilling Pty Ltd	1,613,993 Shares
Jett Placement	Jett Capital Advisors LLC	1,900,000 Shares
Institutional Placement	Professional and institutional investors	22,727,274 Shares
Timeless Africa Placement	Timeless Africa Safaris CC	6,400,000 Timeless Africa Options
Staff and Consultant Placement	Employees and consultants of the Company	11,500,000 Director and Employee Options
<b>TOTAL</b>		44,141,267 Equity Securities

- (b) The Orbit Placement, Jett Placement, Timeless Africa Placement and Staff and Consultant Placement were issued for nil consideration. The Shares issued pursuant to the Institutional Placement were issued at \$0.11 per Share for a total amount of \$2,500,000.
- (c) The Shares issued pursuant to the Orbit Placement, Jett Placement and Institutional Placement were fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue and were issued on the same terms and conditions as the Company's existing Shares. The Timeless Africa Options have the terms and conditions in Schedule 2 and the Director and Employee Options have the terms and conditions in 0.
- (d) The funds raised from the Institutional Placement are to be used for exploration expenditure, mine development expenditure, the acquisition of the shares in Tabba Tabba Tantalum Pty Ltd the owner of the Tabba Tabba Tantalite project and working capital.
- (e) A voting exclusion statement is included in the Notice for Resolution 6.

## 10. Resolution 7 – Approval of Attaching Options Issue

### 10.1 General

As outlined at Section 9.1(c), the Company issued 18,181,819 Shares and 4,545,455 Shares to various professional and institutional investors on the 23 July 2015 and 31 July 2015, respectively.

The Institutional Placement was conducted under the Company's 15% placement capacity under Listing Rule 7.1. Resolution 6 seeks to ratify the issue of the Shares pursuant to the Institutional Placement.

In addition to Shares, the Company agreed to issue 3 Attaching Options for every 4 Shares issued under the Institutional Placement (**Attaching Options Issue**). The issue of the Attaching Options is subject to Shareholder approval. Resolution 7 seeks this approval.

The Chairperson intends to abstain from voting all available undirected proxies in relation to Resolution 7.

Resolution 7 is an ordinary resolution.

## 10.2 Summary of the Attaching Options

Each Attaching Option has an exercise price of \$0.15 and an expiry date that is 24 months from the date of issue. Refer to 0 for the full terms and conditions of the Attaching Options.

## 10.3 Listing Rule 7.1

As outlined at Section 9.1, the 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.

As the issue of the Attaching Options would have exceeded the Company's existing Listing Rule 7.1 placement capacity and none of the exceptions in Listing Rule 7.2 apply, Shareholder approval is required for the issue of the Attaching Options. Listing Rule 7.1 requires Shareholder approval for the proposed issue of the Attaching Options.

## 10.4 Specific Information Required by Listing Rule 7.3

For the purposes of Shareholder approval of the Attaching Option Issue and the requirements of Listing Rule 7.3, information is provided as follows:

- (a) The maximum number of securities to be issued under Resolution 7 is 17,045,456 Attaching Options.

Exercise of the Attaching Options will result in the issue of 17,045,456 Shares being issued. No additional Shareholder approval is required for the issue of Shares issued on exercise of the Attaching Options.

- (b) The Attaching Options will all be issued:
- (i) on the same day; and
  - (ii) no later than three months after the date of the Meeting (or such longer period of time as ASX may, in its discretion, allow pursuant to a waiver of Listing Rule 7.3.2).
- (c) Each Attaching Option has an issue price of nil. The Shares issued pursuant to the Institutional Placement were issued for \$0.11 per Share. If all the Attaching Options are exercised at the exercise price of \$0.15 the Company will raise \$2,556,818.
- (d) The Attaching Options will be issued to sophisticated and professional investors.
- (e) The Attaching Options have the terms and conditions in 0.
- (f) No funds were raised from the issue of the Attached Options. The funds raised from the Institutional Placement are to be used for exploration expenditure, mine development expenditure, the acquisition of the shares in Tabba Tabba Tantalum Pty Ltd the owner of the Tabba Tabba Tantalite project and working capital. Any funds raised from the exercise of the Attaching Options will be used to fund the undertaking of further exploration, feasibility studies for the Pilgangoora project, further mine development and general working capital needs.
- (g) A voting exclusion statement is included in the Notice for this Resolution.

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## 11. Resolution 8 – Approval of 10% Placement Facility

### 11.1 General

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 11.2(c) below).

Resolution 8 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Chairperson intends to abstain from voting all available undirected proxies in relation to Resolution 8.

### 11.2 Listing Rule 7.1A

#### (a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting.

#### (b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the company.

The Company, as at the date of the Notice, has on issue one quoted class of Equity Security, Shares.

#### (c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

#### (A x D) – E

**A** is the number of shares on issue 12 months before the date of issue or agreement:

- i. plus the number of Shares issued in the 12 months under an exception in Listing Rule 7.2;
- ii. plus the number of partly paid shares that became fully paid in the 12 months;

- iii. plus the number of Shares issued in the 12 months with Shareholder approval under Listing Rule 7.1 and 7.4. This does not include an issue of Shares under the entity's 15% placement capacity without Shareholder approval;
- iv. less the number of fully paid shares cancelled in the 12 months.

*Note that A is has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.*

**D** is 10%

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with Shareholder approval under Listing Rule 7.1 or 7.4.

(d) **Listing Rule 7.1 and Listing Rule 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of the Notice, the Company has on issue 713,295,087 Shares and therefore has a capacity to issue:

- (i) 107,463,013 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being sought under Resolution 9, 71,642,009 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 ((refer to Section 11.2(c) above).

(e) **Minimum Issue Price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) **10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or

- (ii) the date of Shareholder approval of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX,

(the **10% Placement Period**).

### **11.3 Listing Rule 7.1A**

The effect of Resolution 8 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

### **11.4 Specific information required by Listing Rule 7.3A**

In accordance with Listing Rule 7.3A, information is provided as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 8 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
  - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

- (c) The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable 'A' calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of the Notice.
- (d) The table also shows:
  - (i) two examples where variable 'A' has increased, by 50% and 100%. Variable 'A' is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.19 50% decrease in Issue Price	\$0.38 Issue Price	\$0.76 100% increase in Issue Price
<b>Current Variable A</b> <b>716,420,087 Shares</b>	<b>10% Voting Dilution</b>	71,642,009 Shares	71,642,009 Shares	71,642,009 Shares
	<b>Funds raised</b>	\$13,611,982	\$27,223,963	\$54,447,927
<b>50% increase in current Variable A</b> <b>1,074,630,131 Shares</b>	<b>10% Voting Dilution</b>	107,463,013 Shares	107,463,013 Shares	107,463,013 Shares
	<b>Funds raised</b>	\$20,417,972	\$40,835,945	\$81,671,890
<b>100% increase in current Variable A</b> <b>1,432,840,174 Shares</b>	<b>10% Voting Dilution</b>	143,284,017 Shares	143,284,017 Shares	143,284,017 Shares
	<b>Funds raised</b>	\$27,223,963	\$54,447,927	\$108,895,853

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%
- (iii) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
- (iv) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (v) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Listed Options, it is assumed that those Listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (vi) The issue price is \$0.38, being the closing price of the Shares on ASX on 12 October 2015.
- (e) The Company will only issue the Equity Securities during the 10% Placement Period. The approval under Resolution 9 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under

Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).

- (f) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
  - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital.
- (g) The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.
- (h) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the subscribers of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
  - (ii) the effect of the issue of the Equity Securities on the control of the Company;
  - (iii) the financial situation and solvency of the Company; and
  - (iv) advice from corporate, financial and broking advisers (if applicable).
- (i) The subscribers under the 10% Placement Facility have not been determined as at the date of the Notice but may include existing substantial Shareholders and/or new Shareholders who are not a related party or an associate of a related party of the Company.
- (j) Further, if the Company is successful in acquiring new resources assets or investments, [it is likely that the subscribers under the 10% Placement Facility will be the vendors of the new resources assets or investments.]
- (k) The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.
- (l) A voting exclusion statement is included in the Notice for Resolution 8.
- (m) At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

## Schedule 1 – Definitions

In the Notice and this Explanatory Memorandum:

**\$** means Australian dollars.

**10% Placement Facility** has the meaning given in Section 11.1.

**10% Placement Period** has the meaning given in Section 11.2(f).

**Annual Report** means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2015.

**Alternate Director** has the meaning given to that term in the Constitution.

**ASIC** means the Australian Securities and Investment Commission.

**ASX** means ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**Auditor's Report** means the auditor's report on the Financial Report.

**Attaching Options** means Options having the terms and conditions in 0.

**Attaching Options Issue** has the meaning given in Section 10.1.

**Board** means the board of Directors.

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

**Closely Related Party** means:

- (a) a child or spouse of the member; as
- (b) has the meaning given in section 9 of the Corporations Act.

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

**Constitution** means the constitution of the Company.

**Convertible Note** means a convertible note issued by the Company.

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

**Directors** mean the directors of the Company.

**Director and Employee Options** means the Options having the terms and conditions in 0.

**Directors' Report** means the annual directors' report (prepared under chapter 2M of the Corporations Act) for the Company and its controlled entities.

**Equity Security** has the same meaning as in the Listing Rules.

**Explanatory Memorandum** means this explanatory memorandum.

**Financial Report** means the annual financial report (prepared under chapter 2M of the Corporations Act) of the Company and its controlled entities.

**Institutional Placement** has the meaning given in Section 9.1(c).

**Jett Placement** has the meaning given in Section 9.1(b).



**Key Management Personnel** means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

**Listing Rules** means the listing rules of ASX.

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

**Managing Director** means the managing director of the Company

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

**Option** means an option to acquire a Share.

**Optionholder** means the holder of an Option.

**Orbit Placement** has the meaning given in Section 9.1(a).

**Previous General Meeting** has the meaning given in Section 7.1.

**Prior Placements** has the meaning given in Section 9.1.

**Proxy Form** means the proxy form attached to the Notice.

**Remuneration Report** means the remuneration report of the Company contained in the Directors' Report.

**Resolution** means a resolution referred to in the Notice.

**Schedule** means a schedule to the Notice.

**Section** means a section of this Explanatory Memorandum.

**Security** has the same meaning as in the Listing Rules

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

**Shareholder** means a holder of a Share.

**Staff and Consultant Placement** has the meaning given in Section 9.1(e).

**Strike** has the meaning given in Section 4.

**Timeless Africa Options** means the Options having the terms and conditions in Schedule 2

**Timeless Africa Placement** has the meaning given in Section 9.1(d).

**Trading Day** has the meaning given in the Listing Rules.

**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 -Terms and Conditions of the Timeless Africa Options

### 1. Exercise Price

Each Option shall have an exercise price of A\$0.05 (**Exercise Price**).

### 2. Expiry Date

Each Option shall expire on the date which is 18 months after the date of issue (**Expiry Date**).

### 3. Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

### 4. Exercise of Options

The Options may only be exercised during the Exercise Period.

### 5. No Official Quotation of Options

The Company will not apply for official quotation of the Options.

### 6. Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of each Option.

### 7. Notice of Exercise

The Options may be exercised by giving written notice to the Company at any time during the Exercise Period. The notice (**Exercise Notice**) must:

- (a) specify the number of Options being exercised and the number of Shares to be issued;
- (b) specify whether the Shares are to be issued to the holder of the Options or a nominee; and
- (c) be accompanied by payment of the Exercise Price for each Option being exercised.

Any Exercise Notice in respect of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

### 8. Shares Issued on Exercise

Shares issued on exercise of Options rank equally with the then Shares currently on issue.

### 9. Official Quotation of Shares on Exercise

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.

### 10. Timing of issue of Shares

- (a) Subject to paragraph 10(b), within 3 Business Days after the receipt of an Exercise Notice, given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised, the Company will allot and issue the Shares pursuant to the exercise of the Options and will, at the same time, issue a cleansing notice under section 708A(5) of the Corporations Act.
- (b) If the Company is not then permitted to issue a cleansing notice under section 708A(5) of the Corporations Act, the Company must either:
  - (i) issue a prospectus on the date that the Shares are issued under paragraph (a) above (in which case the date for issuing those Shares may be extended to not more than 25 Business Days after the receipt of the Exercise Notice, to allow the Company time to prepare that prospectus); or

- (ii) issue a prospectus before the date that the Shares are issued under paragraph (a) above, provided that offers under that prospectus must still be open for acceptance on the date those Shares are issued,

in accordance with the requirements of section 708A(11) of the Corporations Act.

#### 11. Participation in New Issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

However, the Company will ensure that, for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

#### 12. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu of, or in satisfaction of, dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

#### 13. Adjustment for Rights Issue

If the Company makes an issue of Shares pro rata to existing Shareholders (except a bonus issue) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E [P - (S + D)]}{N + 1}$$

- O = the old Exercise Price of the Option.
- E = the number of underlying Shares into which one Option is exercisable.
- P = average market price (as defined in the ASX Listing Rules) per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price of a Share under the pro rata issue.
- D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).
- N = the number of Shares with rights or entitlements that must be held to receive a right to one new share.

#### 14. Adjustments for Reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholders will, be varied to the extent necessary to comply with the ASX Listing Rules which apply to the reorganisation at the time of the reorganisation.

#### 15. Options Not Transferable

The Options are non-transferable.

#### 16. Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's share registry.

## Schedule 3 Terms and Conditions of the Director and Employee Options

### 1. Exercise Price

Each Option shall have an exercise price of A\$0.10 (**Exercise Price**).

### 2. Expiry Date

Each Option shall expire on 22 March 2017 (**Expiry Date**).

### 3. Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

### 4. Exercise of Options

The Options may only be exercised during the Exercise Period.

### 5. No Official Quotation of Options

The Company will not apply for official quotation of the Options.

### 6. Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of each Option.

### 7. Notice of Exercise

The Options may be exercised by giving written notice to the Company at any time during the Exercise Period. The notice (**Exercise Notice**) must:

- (d) specify the number of Options being exercised and the number of Shares to be issued;
- (e) specify whether the Shares are to be issued to the holder of the Options or a nominee; and
- (f) be accompanied by payment of the Exercise Price for each Option being exercised.

Any Exercise Notice in respect of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

### 8. Shares Issued on Exercise

Shares issued on exercise of Options rank equally with the then Shares currently on issue.

### 9. Official Quotation of Shares on Exercise

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.

### 10. Timing of issue of Shares

- (a) Subject to paragraph 10(b), within 3 Business Days after the receipt of an Exercise Notice, given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised, the Company will allot and issue the Shares pursuant to the exercise of the Options and will, at the same time, issue a cleansing notice under section 708A(5) of the Corporations Act.
- (b) If the Company is not then permitted to issue a cleansing notice under section 708A(5) of the Corporations Act, the Company must either:
  - (i) issue a prospectus on the date that the Shares are issued under paragraph (a) above (in which case the date for issuing those Shares may be extended to not more than 25 Business Days after the receipt of the Exercise Notice, to allow the Company time to prepare that prospectus); or

- (ii) issue a prospectus before the date that the Shares are issued under paragraph (a) above, provided that offers under that prospectus must still be open for acceptance on the date those Shares are issued,

in accordance with the requirements of section 708A(11) of the Corporations Act.

#### 11. Participation in New Issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

However, the Company will ensure that, for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

#### 12. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu of, or in satisfaction of, dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

#### 13. Adjustment for Rights Issue

If the Company makes an issue of Shares pro rata to existing Shareholders (except a bonus issue) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E [P - (S + D)]}{N + 1}$$

O = the old Exercise Price of the Option.

E = the number of underlying Shares into which one Option is exercisable.

P = average market price (as defined in the ASX Listing Rules) per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one new share.

#### 14. Adjustments for Reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholders will, be varied to the extent necessary to comply with the ASX Listing Rules which apply to the reorganisation at the time of the reorganisation.

#### 15. Options Not Transferable

The Options are non-transferable.

#### 16. Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's share registry.

## Schedule 4 Terms and Conditions of the Attaching Options

### 1. Exercise Price

Each Option shall have an exercise price of A\$0.15 (**Exercise Price**).

### 2. Expiry Date

Each Option shall expire on the date which is 24 months after the date of issue (**Expiry Date**).

### 3. Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

### 4. Exercise of Options

The Options may only be exercised during the Exercise Period.

### 5. No Official Quotation of Options

The Company will not apply for official quotation of the Options.

### 6. Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of each Option.

### 7. Notice of Exercise

The Options may be exercised by giving written notice to the Company at any time during the Exercise Period. The notice (**Exercise Notice**) must:

- (g) specify the number of Options being exercised and the number of Shares to be issued;
- (h) specify whether the Shares are to be issued to the holder of the Options or a nominee; and
- (i) be accompanied by payment of the Exercise Price for each Option being exercised.

Any Exercise Notice in respect of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

### 8. Shares Issued on Exercise

Shares issued on exercise of Options rank equally with the then Shares currently on issue.

### 9. Official Quotation of Shares on Exercise

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.

### 10. Timing of issue of Shares

- (a) Subject to paragraph 10(b), within 3 Business Days after the receipt of an Exercise Notice, given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised, the Company will allot and issue the Shares pursuant to the exercise of the Options and will, at the same time, issue a cleansing notice under section 708A(5) of the Corporations Act.
- (b) If the Company is not then permitted to issue a cleansing notice under section 708A(5) of the Corporations Act, the Company must either:
  - (i) issue a prospectus on the date that the Shares are issued under paragraph (a) above (in which case the date for issuing those Shares may be extended to not more than 25 Business Days after the receipt of the Exercise Notice, to allow the Company time to prepare that prospectus); or

- (ii) issue a prospectus before the date that the Shares are issued under paragraph (a) above, provided that offers under that prospectus must still be open for acceptance on the date those Shares are issued,

in accordance with the requirements of section 708A(11) of the Corporations Act.

#### 11. Participation in New Issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

However, the Company will ensure that, for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

#### 12. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu of, or in satisfaction of, dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

#### 13. Adjustment for Rights Issue

If the Company makes an issue of Shares pro rata to existing Shareholders (except a bonus issue) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E [P - (S + D)]}{N + 1}$$

- O = the old Exercise Price of the Option.
- E = the number of underlying Shares into which one Option is exercisable
- P = average market price (as defined in the ASX Listing Rules) per share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before ex rights date or ex entitlements date.
- D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the prorated issue).
- N = the number of Shares with rights or entitlements that must be held to receive a right to one new share.

#### 14. Adjustments for Reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholders will, be varied to the extent necessary to comply with the ASX Listing Rules which apply to the reorganisation at the time of the reorganisation.

#### 15. Options Not Transferable

The Options are non-transferable.

#### 16. Lodgment Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's share registry.

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**PROXY FORM**

The Company Secretary  
Pilbara Minerals Limited

**By delivery or post:**

C/- Advanced Share Registry Limited  
PO Box 1156  
Nedlands 6909, Western Australia

**By post:**

Advanced Share Registry Limited  
110 Stirling Highway  
Nedlands 6009, Western Australia

**By facsimile**

+61 8 9262 3723

**By Email**

admin@advancedshare.com.au

I/We

of

Please mark  to indicate your directions. Further instructions are provided overleaf.

Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the meeting.

**Step 1 – Appoint a Proxy to Vote on Your Behalf**

I/we being Shareholder/s of the Company hereby appoint:

The Chairperson  
(mark box)

OR if you are **NOT** appointing the Chairperson as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairperson, as my/our proxy for the meeting to be held at Claremont Yacht Club 4 Victoria Avenue, Claremont WA on 30 November 2015 at 10.00 am (WST), to act generally at the meeting on my/our behalf and 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). If 2 proxies are appointed, the proportion or number of votes that this proxy is authorised to exercise is \* [ ]% of the Shareholder's votes\*/ [ ] of the Shareholder's votes. (An additional Proxy Form will be supplied by the Company, on request).

**Important – If the Chairperson is your proxy or is appointed your proxy by default**

The Chairperson intends to abstain from voting all available undirected proxies in relation to all Resolutions. If the Chairperson is your proxy or is appointed your proxy by default, unless you indicate otherwise by ticking either the 'for', 'against' or 'abstain' box in relation to the Resolution, you will be authorising the Chairperson to vote in accordance with the Chairperson's voting intentions on the Resolution even if the Resolution is connected directly or indirectly with the remuneration of a member of key management personnel.

If the Chairperson is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy how to vote as your proxy in respect of a Resolution, please place a mark in the box.

By marking this box, you acknowledge that the Chairperson may exercise your proxy even if he or she has an interest in the outcome of the Resolution/s and that votes cast by the Chairperson for those Resolutions other than as proxy holder will be disregarded because of that interest.

**If you do not mark this box, and you have not directed your proxy how to vote, the Chairperson will not cast your votes on the Resolution and your votes will not be counted in calculating the required majority if a poll is called on the Resolution.**

**Step 2 – Instructions as to Voting on the Resolutions**

The proxy is to vote for or against the Resolutions referred to in the Notice as follows:

		For	Against	Abstain*
Resolution 1	Adoption of Remuneration Report			
Resolution 2	Election of Mr John Young			
Resolution 3	Re-election of Mr Neil Biddle as a Director			
Resolution 4	Issue of Director and Employee Options to Mr John Young			
Resolution 5	Approval of Remuneration of Non-Executive Directors			
Resolution 6	Ratification of Prior Placements			
Resolution 7	Approval of Attaching Options Issue			
Resolution 8	Approval of 10% Placement Facility			

\* If you mark the Abstain box, 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.

**Authorised signature/s**

This section **must** be signed in accordance with the instructions below to enable your voting instructions to be implemented.

The Chairperson intends to abstain from voting all available undirected proxies in relation to all Resolutions.

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

**Proxy Notes:**

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be return by:

- (a) post to C/- Advanced Share Registry Limited, PO Box 1156, Nedlands 6909, Western Australia; or
- (b) in person to Advanced Share Registry Limited, 110 Stirling Highway, Nedlands 6009, Western Australia; or
- (c) facsimile to Advanced Share Registry Limited on facsimile number (+61 8) 9262 3723; or
- (d) email to [admin@advancedshare.com.au](mailto:admin@advancedshare.com.au) in pdf form,

so that it is received not less than 48 hours prior to commencement of the Meeting.