



ASX/Media Announcement

13 June 2017

SUCCESSFUL COMPLETION OF FULLY SUBSCRIBED SENIOR SECURED BOND ISSUE TO RAISE US\$100 MILLION

Bond Issue underpins project finance for the Pilgangoora Lithium-Tantalum Project, paving the way for a final investment decision and the start of major site works

HIGHLIGHTS:

- The senior secured Bond Issue has closed fully subscribed following strong investor demand, raising a total of US\$100 million.
- The Bond Issue was well supported by a combination of large Australian and international funds, including those focussed on natural resources and the renewable energy sectors.
- The support from institutional buyers demonstrates the strong development case for the Pilgangoora Project and the important role the Project will play in growing high quality, low cost lithium raw material supply for global markets in the near term.
- Net proceeds of the Bond Issue, together with existing cash and other equity proceeds, will be applied towards funding the development and construction of Pilbara's 100%-owned Pilgangoora Lithium-Tantalum Project in Western Australia's Pilbara region (the "Project").
- The bonds are to be secured against all Project assets, share pledges and a guarantee from Pilbara Minerals.
- Settlement of the Bond Issue is expected on or about 21 June 2017 and is subject to customary closing conditions.

Australian lithium developer, Pilbara Minerals Limited (ASX: PLS) ("**Pilbara Minerals**" or "**the Company**") is pleased to advise that it has successfully completed its senior secured Bond Issue, with the offering closing fully subscribed due to significant investor demand and raising a total of US\$100 million ("**Bond Issue**").

The proceeds of the Bond Issue will underpin the Project financing package required to develop the Company's world-class Pilgangoora Lithium-Tantalum Project in Western Australia, which is now poised to move into full-scale development.

The successful Bond Issue was underpinned by an extensive due-diligence process and, with the participation of key Australian and international investors focused on the global natural resources and renewables sectors, reflects the strength of the Pilgangoora Project and its importance to global lithium markets.

Pilgangoora is now at the forefront of near-term lithium supply and, given the Project's scale, high quality product and expected very low cost of supply, is clearly viewed as one of the world's leading lithium development projects.

Pilbara's Managing Director, Mr Ken Brinsden said: "We are very pleased with the response from debt investors in the book-build process for this Bond Issue. This represents a strong endorsement of the Pilgangoora Project's outstanding economics and credentials as one of the largest and most important new hard rock lithium and tantalum projects in the world, and the rapid progress which Pilbara Minerals has made to advance this globally significant lithium Project towards development."

Pilbara Minerals Limited



Key Terms of Senior Secured Bond Issue

Key terms of the US\$100 million senior secured bonds are summarised below:

Issuer:	Pilgangoora Operations Pty Ltd, a wholly-owned subsidiary of Pilbara Minerals Limited.
Guarantors:	Pilbara Minerals Limited and Pilgangoora Holdings Pty Ltd.
Issue Amount:	US\$100 million.
Use of Proceeds:	The net proceeds from the Bond Issue will be applied towards capital and development costs in relation to the Pilgangoora Project.
Tenor:	5 years with maturity date in June 2022.
Security:	Senior secured.
Issue Price:	US\$1.00 at 100% of par value.
Coupon:	12.0% pa.
Settlement Date:	Settlement is expected to occur on or about 21 June 2017.
Conditions precedent to disbursement of funds:	Drawdown of bond proceeds subject to satisfaction of customary conditions precedent for a fully secured project bond of this nature – including completion of security documentation, Pilbara Minerals contributing project equity (which together with the bond proceeds are expected to represent all of the funding required for development of the Project), project equity being fully spent on the Project and satisfaction of a customary cost to complete test for each draw-down.
Drawdown:	First drawdown expected in approximately October 2017.
Repayment Schedule:	Interest only payments for the first 3 years, with straight line amortisation over years 4 and 5 of 50% of the debt balance and a bullet payment at the maturity date (June 2022).
Early Prepayment:	Pilbara Minerals may buy-back the debt on-market at any time or redeem the bonds early (subject to make whole payments and call premia depending on the time of the prepayment).
Covenants	Customary positive and negative covenants and undertakings and events of default for a secured Project bond of this nature.
Financial Covenants:	Limited financial covenants comprising book equity ratio, liquidity reserve and current ratio.
Dividends	A maximum of 50% of net profits permitted subject to A\$30 million in cash being held by the Issuer post such a distribution and no dividends allowed prior to 31 December 2018.
Change of control	Upon change of control of Pilbara Minerals Limited, bondholders have a put option to require repayment @ 101%.
Governing Law	Norwegian law for Bond Terms and Australian law for security package.

The Bond Issue was arranged with the assistance of BurnVair Corporate Finance and Pareto Securities.



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ABOUT PILBARA MINERALS

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

ABOUT LITHIUM

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

ABOUT TANTALUM

The Tantalum market is boutique in size with around 1,300 tonnes required each year. Its primary use is in capacitors for consumer electronics, particularly where long battery life and high performance is required such as smart phones, tablets and laptops.

FORWARD LOOKING STATEMENTS AND IMPORTANT NOTICE

This announcement may contain some references to forecasts, estimates, assumptions and other forward-looking statements. Although the Company believes that its expectations, estimates and forecast outcomes are based on reasonable assumptions, it can give no assurance that they will be achieved. They are indicative and may be affected by a variety of variables and changes in underlying assumptions that are subject to risk factors associated with the nature of the business, which could cause actual results to differ materially from those expressed herein. All references to dollars (\$) and cents in this announcement are to Australian currency, unless otherwise stated.

Investors should make and rely upon their own enquiries before deciding to acquire or deal in the Company's securities.