



SHARE SALE AGREEMENT EXECUTED TO ACQUIRE ALTURA LITHIUM OPERATIONS

Pilbara Minerals Limited ("**Pilbara Minerals**" or the "**Company**") (ASX: PLS) is pleased to announce that it has entered into a Share Sale Agreement with Altura Mining Limited (Receivers and Managers Appointed) (Administrators Appointed) ("**Altura**") and Richard Tucker and John Bumbak in their capacity as joint and several receivers and managers of Altura ("**Receivers**") for the acquisition of the shares in Altura Lithium Operations Pty Ltd ("**ALO**"), which owns Altura's Pilgangoora Lithium Project ("**Altura Project**"), for US\$175 million¹.

Pilbara Minerals has also proposed a Deed of Company Arrangement ("**DOCA**" and "**DOCA Proposal**") to Clifford Rocke and Jeremy Nipps in their capacity as administrators of Altura ("**Administrators**"), under which Pilbara Minerals will now contribute A\$6.0 million to a DOCA fund, principally in support of the entitlements owing to those Altura employees who have been made redundant by the Receivers following the Altura Project being placed into care and maintenance to mitigate operational cash losses. The increased contribution to the DOCA fund from A\$4 million to A\$6 million is provided on the basis that the second creditor's meeting is held no later than 11 December 2020 to facilitate the commencement and timing of Pilbara Minerals' capital raising.

The signing of the Share Sale Agreement and submission of the DOCA Proposal follows a formal process run by the Receivers, in connection with the Administrators, to market the Altura Project and its assets for sale and recapitalisation opportunities ("**Receivership Process**"). The completion of the Receivership Process and signing of the Share Sale Agreement represents the next step towards Pilbara Minerals ultimately acquiring the Altura Project.

TIMETABLE AND NEXT STEPS

The pathway to complete the acquisition of the shares in ALO requires an approval of the DOCA Proposal at a meeting of ALO creditors during December 2020 and completion thereafter of the proposed A\$240 million equity raising by Pilbara Minerals. These final steps will enable the completion of the Share Sale Agreement, at which point Pilbara Minerals would acquire the Altura Project (through ownership of all of the shares of ALO) on an unencumbered basis.

The second creditors' meeting at which creditors will vote on the DOCA Proposal is expected to occur on or before 11 December 2020. The senior secured loan noteholders of Altura ("**Loan Noteholders**") have agreed to vote in favour of the DOCA Proposal.

If the DOCA Proposal is not approved, under the Implementation Agreement announced on 28 October 2020, Pilbara Minerals and the Loan Noteholders have agreed to proceed

¹ Comprises upfront cash consideration of US\$155m and ~69 million Pilbara Minerals shares in deferred consideration which had an implied minimum value of US\$20 million at the time of signing the Implementation Agreement announced on 28 October 2020. Refer to Appendix A, "Summary of the Share Sale Agreement" for further information.



with Pilbara Minerals' acquisition of the Altura Project by changing from a Share Sale Agreement to an Asset Sale Agreement with the Receiver. Completion of the asset sale is not conditional on the DOCA Proposal being approved.

As previously announced to the ASX on 28 October 2020, Pilbara Minerals intends to fund the acquisition through a combination of a fully committed A\$240 million equity raising ("**Equity Raising**") and existing cash reserves (after allowing for transaction costs and working capital requirements).

Coincident with the approval of the DOCA Proposal, Pilbara Minerals will complete a A\$119 million cornerstone placement to AustralianSuper Pty Ltd in its capacity as trustee for AustralianSuper ("**AustralianSuper**") and Resource Capital Fund VII L.P. ("**RCF VII**") ("**Placement**"). Following the completion of the Placement, Pilbara Minerals intends to launch a A\$121 million accelerated non-renounceable entitlement offer, which is to be fully underwritten by Macquarie Capital (Australia) Limited and sub-underwritten by AustralianSuper and RCF.

As previously announced, the Equity Raising will take place at a fixed price of A\$0.36 per share, representing a 11.4% discount to the five (5) day VWAP of shares on close of trading prior to the announcement of the conditional agreement to acquire the Altura Project on 28 October 2020, with eligible Pilbara Minerals' shareholders able to participate.

Further details on the equity raising including proposed timing and eligible shareholders who may participate in the entitlements offer will be announced following the second meeting of creditors of ALO.

Upon the release of this announcement, the Company requests the reinstatement of trading of its securities.

Release authorised by Ken Brinsden, Pilbara Minerals Limited's Managing Director.

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INFORMATION REGARDING THE ALTURA PROJECT

The information regarding the Altura Project in this announcement has been prepared by the Company using publicly available information and has not been independently verified. The Company has undertaken only limited due diligence in relation to the Altura Project and may not be aware of all the material information, facts and circumstances. Accordingly, the Company does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information on the Altura Project in this announcement should not be considered comprehensive.

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 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.

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This announcement has been prepared for publication in Australia and may not be released or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

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APPENDIX A: SUMMARY OF THE SHARE SALE AGREEMENT

Overview	Pilbara Minerals entered into a Share Sale Agreement (" SSA ") with Altura Mining Limited (Receivers and Managers Appointed) (Administrators Appointed) for the acquisition of all of the shares in ALO on 30 November 2020. As noted above ALO is the owner of the Altura Project.
Purchase price	<p>Purchase price equivalent to US\$175m, comprising:</p> <ul style="list-style-type: none">• a cash component of US\$155m, payable on Completion of the SSA; and• deferred consideration of approximately US\$20m, being approximately 69 million new shares in Pilbara Minerals (at a deemed issue price of A\$0.4072) payable 12 months after the signing of the SSA ("Maturity Date"). At the time of signing the Implementation Agreement announced on 28 October 2020, the deferred consideration had an implied minimum value of A\$28m (US\$20m). The deferred consideration can be settled by Pilbara Minerals with cash in lieu of shares at Pilbara Minerals' election. The cash consideration would be adjusted to reflect any increase in the prevailing market price of the Company's shares at the time of payment. Pilbara Minerals may satisfy the deferred consideration at any time prior to the Maturity Date. If the deferred consideration is paid early by Pilbara Minerals within the first six months of completion, there is a top-up mechanism whereby Pilbara Minerals pays additional value representing the positive share price difference between the date of early redemption and the actual share price that is determined six months post completion under the SSA. This additional value can also be settled by Pilbara Minerals in cash or shares at its election. <p>Subject to adjustments to the deferred consideration amount, the purchase price is not subject to any post completion adjustments.</p>
Conditions precedent	<p>The sale is conditional upon:</p> <ul style="list-style-type: none">• Pilbara Minerals completing the Equity Raising to raise in aggregate a total of at least A\$240m; and• the approval by ALO creditors of the Deed of Company Arrangement in respect of Altura Lithium Operations.
Completion	Completion will occur two business days after the satisfaction or waiver of all of the conditions precedent or any other date agreed in writing between Altura and Pilbara Minerals.
Pre-completion conduct	Altura agrees to hold and administer the ALO shares and will not sell, lease, dispose or part with possession of the shares or assets and rights relating to the Altura Project and use all reasonable endeavours to ensure that the shares and assets and rights relating to the Altura Project are available for transfer to Pilbara Minerals at completion, subject to permitted exceptions.
Termination	Either party may terminate the SSA due to a failure of the conditions precedent or if the other party fails to cure a default within five business days of a notice requiring that party to complete.
Other material terms	A break fee amounting to 2% of the purchase price is payable if a party terminates the SSA as a result of a breach by the other party of its obligations under the SSA. Typical warranties and indemnities from the parties for a transaction of this type. Provisions relating to confidentiality, dispute resolution and protection of the receivers and managers of Altura Mining Limited.