

ASX / MEDIA ANNOUNCEMENT

Thursday, 28 July 2022

JUNE 2022 QUARTERLY ACTIVITIES REPORT

Bumper quarterly production and pricing delivers strong operating cashflow
Next phase of expansion at Pilgangoora approved

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KEY POINTS

Production and sales

- Production of 127,236 dry metric tonnes (dmt) of spodumene concentrate (56% increase from the March 2022 Quarter: 81,431 dmt), including first concentrate from the Ngungaju Plant's fines circuit.
- Spodumene concentrate shipments of 132,424 dmt (127% increase from the March 2022 Quarter: 58,383 dmt). This included a ~20,000 dmt cargo originally scheduled for departure in late March 2022, which ultimately departed on 7 April 2022.
- Annual FY22 production of 377,902 dmt (34% increase from FY21: 281,098dmt), at the upper end of the guidance range of 340-380,000 dmt.
- Annual FY22 shipments of 361,035 dmt (28% increase from FY21: 281,440 dmt).
- Average spodumene concentrate reference sales price of US\$4,267/dmt¹ a 61% increase Quarter on Quarter (SC 6.0², CIF China basis) (March 2022 Quarter: US\$2,650/dmt CIF China SC6.0 basis).

Lithium market

- Strong pricing achieved from both Battery Material Exchange (**BMX**) sale auctions undertaken during the Quarter. Realised price of US\$5,955/dmt received for product sold in the May 2022 auction (SC5.5, FOB Port Hedland basis), with a price of US\$6,350/dmt (SC5.5, FOB Port Hedland basis) then received from a subsequent pre-auction sale in June 2022.
- Market demand for battery raw materials remained strong, with Chinese lithium prices stabilising close to all-time highs.

Project development

- Final Investment Decision (FID) made to increase the Pilgangoora Project's nameplate production capacity from ~580,000 to 680,000tpa of spodumene concentrate (**P680 Project**) at an estimated capital cost of \$103M.
- Decision also made to introduce ore sorting technology and replace the existing contracted crushing facility with a larger 5Mtpa company-owned crushing facility.

¹ Average price includes a 20,000 dmt shipment that was priced and scheduled for a March delivery but was delayed and sailed in April due to port constraints. The average SC 6.0 CIF price for the Quarter excluding this shipment was US\$4,523/dmt.

² The SC 6.0 CIF China price is an industry accepted reference price. The actual concentrate grade delivered to customers is generally less than 6% lithia content, in which case the actual price received is adjusted pro rata to the 6% reference price. Please refer to section 1.3 for further pricing commentary.

The new crushing and ore sorting facility is expected to support future expansions at Pilgangoora (P1000 Project) at a total combined capital estimate of \$194M.

- Downstream JV (**JV**) between POSCO and Pilbara Minerals formed in April 2022, including Pilbara Minerals' subscription for its initial 18% equity interest in the JV. Detailed engineering, procurement, site preparation and road works commenced during the Quarter in Gwangyang, South Korea to construct and operate a combined 43,000 tpa LHM primary lithium hydroxide chemical processing facility.
- Binding Memorandum of Understanding signed with Calix for the formation of a JV for the potential development of a demonstration plant to produce a value-added lithium phosphate or other preferred salts (**Mid-Stream Product**) at the Pilgangoora Project, with a potential pathway for commercialisation.
- \$20M grant awarded to Pilbara Minerals and Calix by the Australian Government to support the further development and demonstration of the proposed Mid-Stream Project.

Corporate

- Highly experienced mining and resource sector executive Dale Henderson to be appointed as the new Managing Director and CEO, succeeding Ken Brinsden who will formally step down on 30 July 2022.
- Combination of increased production and higher selling prices delivered a substantial increase of \$589.3M in the Quarter-end cash balance to \$874.2M, inclusive of \$282.4M of irrevocable bank letters of credit for shipments completed up to 30 June 2022 (March Quarter: \$284.9M inclusive of \$75.2M irrevocable bank letters of credit).

1. Operations Overview

During the June Quarter 2022 (**the Quarter**), Pilbara Minerals Limited (**Pilbara Minerals or the Company** | ASX: PLS) continued to progress work programs and activities to increase spodumene concentrate production at the Pilgangoora Project, in response to surging global demand for lithium raw materials.

Production for the Quarter was 127,236 dmt of spodumene concentrate, representing a 56% increase over the March 2022 Quarter and bringing full-year production for the 2022 Financial Year (**FY22**) to 377,902 dmt, which is at the upper end of annual production guidance (340-380,000dmt).

The Quarter's strong production performance was achieved despite various operational challenges, including impacts from COVID-19 and associated labour shortages experienced across the mining sector.

In response to increasing demand from customers, the Company modified its production and marketing strategy by lowering its targeted product grade to optimise product yield, thereby maximising sales volumes to take full advantage of current market pricing. The average grade of product sold during the Quarter was ~5.4% Li₂O.

1.1 Sustainability

The Company's decarbonisation pathway was progressed during the Quarter to support its aim to target net zero in the decade beginning 2040. Following the development of the high-level pathway, the Company is now looking at specific projects and study work to determine the most effective and efficient ways to achieve the target which are aligned with Pilbara Minerals' business strategy to sustainably grow and diversify.

During the Quarter, Pilbara Minerals also continued work on refreshing its sustainability strategy and its materiality topics for the 2023 Financial Year and beyond. This work included engagement with both internal and external stakeholders to better understand the business priority areas for sustainability.

The Company continued to engage with its native title partners including the Nyamal People. A meeting was held with the Nyamal Aboriginal Corporation (NAC) and its Board of Directors who represent the Traditional Owners of the land on which the Pilgangoora Project is located. The meeting provided an opportunity to update the Nyamal People on current operations and the recent P680 Project FID, as well as to discuss employment and economic (supply) opportunities that will arise from this further investment, and to seek their feedback.

Pilbara Minerals acknowledged the release of the Parliamentary Report 'Enough is Enough' and the 24 recommendations following the inquiry into sexual harassment against women in the fly-in fly-out (FIFO) mining industry. The Company is currently reviewing the recommendations and findings, both internally and in collaboration with the Western Australian Resources Industry.

During the Quarter, Pilbara Minerals hosted Safe and Respectful Behaviours (SARB) workshops that focused on preventing sexual harassment in the workplace, with the intent of fostering a safe and respectful culture. A total of 60 workshops were held on-site and in the Perth office, with almost 450 employees and key contractors attending the sessions. Pilbara Minerals has a zero-tolerance approach to sexual harassment in the workplace. The workshops supplemented the Company's "Unmute Yourself" campaign launched in 2021.

1.1.1 Health and safety

Three recordable safety incidents occurred during the Quarter, resulting in the Company's Total Recordable Injury Frequency Rate increasing to 4.4 (March 2022: Quarter: 3.5).

The Company has continued to closely monitor the COVID-19 situation (including virus transmission among employees and contractors) and responded accordingly to any changes in directives by the State and Federal governments.

During the Quarter, the Company's operations were impacted by the effects of COVID-19, principally in the form of shortfalls in operational personnel across Pilgangoora facilities, with Company absenteeism from COVID-19 peaking during May 2022. In the month of July (outside the reporting period), the Company has continued to experience impacts from COVID-19, with another resurgence in cases being experienced more broadly within Western Australia.

1.1.2 6MW Solar farm

During the Quarter, Pacific Energy began construction of the 6MW solar photovoltaic farm, which is the first major step in the Company's pathway to decarbonising the Pilgangoora Project. While there have been some delays due to international port closures and shipping constraints, Pilbara Minerals is expecting final equipment installation and commissioning of the solar array early in the December 2022 Quarter.

During the Quarter, Powerline Plus was awarded the contract for the overhead power line construction (connecting the Pilgan and Ngungaju Plants), with mobilisation to site expected to occur during July 2022.



Above: Aerial view of 6MW solar farm under construction.



Above: 6MW solar farm under construction.

1.1.3 People and culture

Strong progress continued to be made by the Company during the Quarter with its recruitment campaign to support operational expansions. Pilbara Minerals' employee numbers increased by 32% during the Quarter and 163% over the last 12 months, with a total of 447 employees as at 30 June 2022.

While Pilbara Minerals has been largely successful with the recruitment of full-time personnel in support of its expanded operations, peak labour availability across contractor workgroups including mining, construction, shutdown and breakdown maintenance groups continues to be challenging in light of further intensifying skills shortages in the

Western Australian mining industry, compounded by the impacts of COVID-19. The Company continues to work with its key contractors to find innovative solutions to try to maintain appropriate personnel levels that support ongoing operations.

1.2 Mining

Total material mined across the combined Pilgangoora Project was 7,293,353 wet metric tonnes (**wmt**) (March Quarter: 6,076,398 wmt).

Total ore mined for the Quarter was 1,172,450 wmt (March Quarter: 815,387 wmt) at an average grade of 1.38% Li₂O (refer **Table 1**).

Total material movement increased quarter on quarter in support of planned additional waste movements, as previously disclosed. However, total material movements were still below planned quantities due to the continued impacts of COVID-19, which also affected Pilbara Minerals' mining contractor (MACA). The impacts of COVID-19 are expected to continue through the September 2022 Quarter.

1.3 Processing

Total processing plant feed of 792,428 dmt (March Quarter: 613,202 dmt) resulted in the combined production of 127,236 dmt of spodumene concentrate (March Quarter: 81,431 dmt) across the two processing plants (refer **Table 2**).

The Pilgan Plant has largely performed to expectations following completion of the plant improvements project. Pilgan Plant production capacity is now estimated to be in the range of 360-380ktpa (dmt) of concentrate.

Activities for the Ngungaju Plant comprised operation of the coarse circuit only for April and May, with the fines circuit producing first concentrate in early June 2022 following completion of the commissioning of the floatation circuit.

The Ngungaju Plant's ore throughput has continued to increase, achieving the daily nameplate throughput run rate capacity during the month of June 2022. Attention at the Ngungaju Plant has now turned to improving plant runtime and recovery optimisation, with ramp up to the planned 180-200ktpa (dmt) concentrate production rate expected to be achieved during the September 2022 Quarter.

Tantalite production for the Quarter was lower than planned, principally due to changing ore feed sourced from the South Pit, which has minimal tantalite content. Tantalite production volumes are expected to remain low for the September 2022 Quarter with similar ore feed sources expected.

Quantities for mining, ore processed, shipments and concentrate stocks for the Quarter are detailed below (refer **Tables 1, 2 and 3** respectively).

Table 1: Total ore mined and processed

	Units	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22
Ore mined	wmt	639,188	779,368	815,387	1,172,450
Waste mined	wmt	2,929,647	3,892,865	5,261,012	6,120,903
Total material mined	wmt	3,568,836	4,672,233	6,076,398	7,293,353
Ore processed	dmt	443,691	566,027	613,202	792,428

1.4 Shipments and sales

During the Quarter a total of 132,424 dmt of spodumene concentrate was shipped under existing offtake agreements, as well as to customers on a spot sale basis (including via the Company's BMX digital sales platform) (refer **Table 2**).

As noted above, Pilbara Minerals modified its production and marketing strategy in response to increasing demand from customers by lowering its targeted product grade to optimise product yield, thereby maximising sales volumes to take full advantage of current market pricing. The average grade of product shipped during the Quarter was ~5.4% Li₂O, with a pro-rata pricing adjustment made against the SC6.0 reference price.

Total tonnes shipped for the Quarter included a ~20,000 dmt shipment originally scheduled for late-March 2022 departure which was delayed due to public berth access constraints at Port Hedland. This shipment subsequently sailed on 7 April 2022, with final pricing for this cargo consistent with the previous March 2022 Quarter price guidance of ~US\$2,650/dmt (SC6.0, CIF China basis).

The average sales price for the Quarter was ~US\$4,267/dmt³ (SC6.0, CIF China basis), with a realised price of US\$3,911/dmt (CIF China basis) when adjusted pro rata for actual lithia content. This average price excludes the 5,000 dmt cargo sold via the BMX pre-auction on the 23 June 2022 for US\$6,350/dmt on a SC5.5, FOB Port Hedland basis (~US\$7,017/dmt on a SC6.0 CIF China basis equivalent), with this cargo due to sail in August 2022.

Offtake customer cargoes to date have typically been provisionally priced against a 6% lithia reference price, with final pricing then adjusted pro-rata where the shipments lithia content is lower.

Current market dynamics suggest that favourable pricing for spodumene concentrate will continue during the September 2022 Quarter.

There were no Tantalite concentrate sales for the Quarter.

Table 2: Production and shipments

	Units	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22
Spodumene concentrate produced	dmt	85,759	83,476	81,431	127,236
Spodumene concentrate shipped	dmt	91,549	78,679	58,383	132,424
Tantalite concentrate produced	lbs	33,557	24,629	2,654	4,217
Tantalite concentrate shipped	lbs	36,876	29,038	12,880	(2,428)¹

¹ March 2022 Quarter Adjustment

³ June Quarter average price of US\$4,267/dmt includes a 20,000 dmt shipment priced and scheduled as a March delivery but which was delayed and sailed in April due to port constraints. The average SC 6.0 CIF price for the June Quarter excluding this shipment was US\$4,523/dmt.

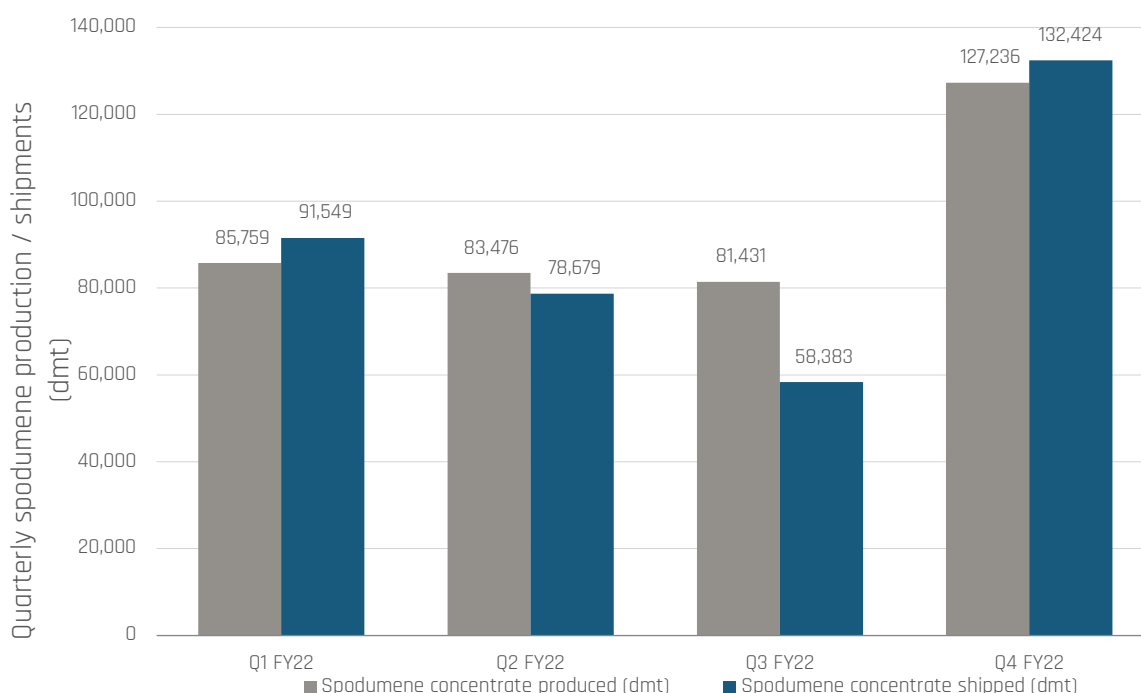


Figure 1: Quarterly spodumene concentrate production and shipments (dmt)

Table 3: Stocks position

	Units	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22
Spodumene concentrate stocks	dmt	12,557	16,496	37,508	30,776¹
Tantalite concentrate stocks	lbs	16,269	11,860	1,633	8,278

¹ Closing balance includes reconciliation adjustments of (1,544) dmt during the Quarter for final survey adjustments, storage handling at the mine site, moisture reconciliation and draft survey at port.

2. Market Commentary

Market demand for battery raw materials remained exceptionally strong throughout the Quarter. Pilbara Minerals received a sales price equivalent to over US\$7,000/dmt (SC6.0 CIF China⁴) for a cargo sold in late June 2022, as well as multiple approaches from new customers seeking product.

Following the sharp spike in prices seen during the March 2022 Quarter, Chinese lithium prices stabilised in the June Quarter. This was due to a combination of factors including China's lockdown measures following a surge in COVID-19 cases and a slowdown in demand from the EV sector.

In recent weeks prices have stabilised at near all-time high levels, with lithium carbonate trading at ~US\$70,000/t and lithium hydroxide at ~US\$71,000/t.

⁴ Actual sales price was US\$6,350/dmt (SC 5.5) FOB Port Hedland - refer to ASX announcement dated 23 June 2022.

The continued strong demand outlook for lithium raw materials, particularly for the EV sector, was evident during the Quarter with China reporting increase in EV sales to 546,000 units in the month of June, which accounted for nearly 30% of total vehicle sales. Sales for market leader BYD Co Ltd more than tripled to 134,000 units. In addition, Tesla was reported as having sold around 78,000 China-made vehicles in June 2022 which is up 142% from the May sales of 32,165 China-made vehicles, and up 135% from a year ago.

Future demand for battery raw materials for EV's appears to be gathering pace with Ford Motor Company recently announcing various deals with mining companies to help boost its annual global EV production rate to 600,000 units by late 2023 and to more than two million units by the end of 2026. Earlier this year, the US-based automobile manufacturer increased its planned EVs investment from its prior target of US\$30bn to US\$50bn through 2026.

2.1 Results of BMX sales

Pilbara Minerals undertook its fifth BMX auction during the Quarter and completed a sixth spot sale via a BMX pre-auction process. Both activities attracted strong interest with participation from a range of buyers.

A cargo of 5,000 dmt at a target grade of ~5.5% lithia was presented for auction on the BMX platform on 24 May 2022, with Pilbara Minerals accepting the highest bid of US\$5,955 /dmt (SC5.5, FOB Port Hedland basis). On a pro-rata basis for lithia content (inclusive of freight costs) this equates to a price of approximately US\$6,586 /dmt (SC6.0, CIF China basis).

A second shipment of 5,000 dmt on a 5.5% lithia basis was made available via a pre-auction sale to a select group of registered BMX participants, prior to the proposed BMX auction date of 23 June 2022. The Company accepted a pre-auction offer of US\$6,350/dmt (SC5.5, FOB Port Hedland basis) for this cargo, which equates to an approximate price of US\$7,017/dmt on a SC6.0 CIF China basis after a pro-rata adjustment for lithia content. This shipment is expected to sail in August 2022.

The strong prices received for both cargos provide further evidence of the robust demand for lithium raw materials currently being experienced across the global lithium-ion supply chain.

3. Project Development

3.1 Ngungaju Plant Restart

Production from the Ngungaju Plant's coarse concentrate circuit was consistent with plan, with wet commissioning (introduction of ore) of the fines flotation circuit commencing in early April 2022, followed by optimisation work during the remainder of the Quarter.

The Company expects the ramp up of the Ngungaju Plant to achieve nameplate production of 180-200,000 tpa during the September 2022 Quarter, with further optimisation work required to support the consistent achievement of name-plate production metrics.

3.2 Pilgangoora Incremental Expansion (P680 Project)

During the Quarter, Pilbara Minerals' Board approved the capital investment for the P680 Project. This investment in the Pilgan Plant should result in processing improvements that deliver a 100,000 tpa increase in average annual life of mine (LOM) spodumene concentrate production. This will ultimately increase the annual production run rate from

the Pilgan Plant to approximately 460,000 to 480,000 dmt, with the combined Pilgangoora Project expected to produce approximately 640,000 to 680,000 dmt, commencing from the December Quarter 2023.

This investment supports Pilbara Minerals' long term growth strategy to incrementally increase production capacity at the Pilgangoora Project in line with customer and market demand.

The P680 Project is expected to leverage existing infrastructure to achieve higher production volumes at reduced unit operating costs through the introduction of a new primary rejection circuit. This will involve an additional heavy media separation (HMS) circuit installed adjacent to the Pilgan Plant's existing HMS circuit. The new primary rejection circuit is expected to increase annual production by 100,000 dmt of spodumene concentrate at an expected capital cost of \$103M.

As part of the delivery of the P680 Project, the Company will also seek to replace the existing contracted crushing service with a larger company-owned crushing facility designed for 5Mtpa of throughput crushing capacity, to help satisfy future expansions. Along with the newly installed crushing facility, the Company will also introduce ore sorting technology to the front-end of the Pilgan Plant designed to reject basalt (and other non-lithium hosting materials) earlier in the production process. The capital investment for both the larger 5Mtpa crushing facility and ore sorting technology is expected to be \$194M, which should deliver processing efficiencies, improved lithia recoveries and unit cost savings (including the cost saving from changing the existing contracted crushing service to a company-owned crushing facility). The crushing and ore sorting facilities will also provide the Company with flexibility to continue to expand its Pilgangoora Operations to up to 1Mtpa of spodumene concentrate production capacity.

The Company will self-manage delivery of the P680 Project to help mitigate cost and schedule overruns, with key long-lead procurement to be undertaken prior to the award of key construction contracts.

The additional product to be generated from the P680 Project will support the chemical conversion facility currently under development in South Korea in JV with POSCO (refer ASX announcement 11 April 2022). In addition, the Company continues to receive strong interest in longer-term spodumene concentrate supply contracts from its existing customer base, as well as from other market participants.

The P680 Project's capital investment will be funded from cashflow and debt facilities, with the Company also considering a broader restructure of its existing debt facilities.

3.3 Pilgangoora Incremental Expansion (P1000 Project)

The P680 Project's estimated combined capital cost of \$297.5M includes approximately \$50M of pre-investment capital to assist with the proposed next phased expansion at the Pilgangoora Project, with targeted production capacity of up to 1Mtpa (**P1000 Project**).

While the P1000 Project remains subject to a separate Final Investment Decision (FID), suitable market conditions, and regulatory approvals, this pre-investment of capital should mitigate significant cost escalations associated with retrofitting expansion capacity for both the primary rejection, crushing and ore sorting circuits. In addition, it is expected to avoid future operational interruptions associated with infrastructure duplication and brownfield interactions. FID for the P1000 Project is targeted for late December 2022.

3.4 Mid-Stream Project

Pilbara Minerals and its project partner Calix were awarded a \$20M grant under the Australian Government's Modern Manufacturing Initiative (MMI) - Manufacturing

Translation Stream to support the development of the Mid-Stream Project. The grant value achieved was the maximum award value for the nationally contested scheme, providing a significant funding contribution and strong endorsement for the project. The award remains subject to the parties entering into a formal MMI funding agreement.

Following the award of the grant, Pilbara Minerals and Calix have agreed key commercial terms for a JV in an updated binding Memorandum of Understanding (**MoU**). Key commercial terms agreed under the updated MoU were set out in the Company's ASX Announcement dated 1 June 2022.

The JV will be formalised upon Pilbara Minerals and Calix finalising and entering into a formal JV Agreement which is expected to occur during the September 2022 Quarter.

3.5 Downstream Joint Venture with POSCO Update

During the Quarter, Pilbara Minerals announced that the key conditions precedent for the completion and formation of its downstream JV with POSCO had been satisfied and that completion occurred on 13 April 2022.

The JV has been funded from a combination of equity from both POSCO (initial 82% equity interest) and Pilbara Minerals (initial 18% equity interest), with the balance of funding expected to be secured from non-recourse debt funding which will be arranged by POSCO from Korean commercial banks.

Pilbara Minerals' initial 18% equity participation in the JV was funded from the \$79.6M 5-year Convertible Bond provided by POSCO, which was drawn down at the time the JV was formed.



Above: Proposed 43ktpa LHM Lithium Hydroxide Chemical Facility in Gwangyang, South Korea.

During the Quarter, Pilbara Minerals executives visited the Yulchon Industrial Complex in Gwangyang, as part of a larger Australian trade delegation to South Korea. Site development is underway for the proposed 43ktpa LHM Lithium Hydroxide Chemical Facility with initial site works, including roads, now largely complete. Engineering is complete with contracts and procurement work packages currently being awarded.

For further details of the Company's strategic interest in the downstream JV with POSCO, refer to ASX Announcements dated 11 and 13 April 2022.

4. Exploration and Geology

4.1 Overview

Exploration activities included regional surface geochemistry and diamond drilling at the Pilgangoora Project. The Company has also reached an agreement with Trek Metals Limited to sell a 100% interest in tenement E45 / 4640.

4.2 Pilgangoora Project (Pilbara Minerals 100%)

Pilbara Minerals completed the co-funded State Government Exploration Incentive Scheme (EIS) drilling program to test the depth extent of the Pilgangoora rare-metal pegmatite system during the Quarter. Diamond drilling was undertaken by Mt Magnet Drilling Pty Ltd using a SD1000 multi-purpose drilling rig from surface to a total depth of 1,003 metres (**Figure 2**). This included 107.9m of PQ, 561.2m of HQ and 334m of NQ core. Drill core has been cut and quarter core sampled through each of the intercepted domains. Analytical results are expected to be available in the September Quarter.

The Company also engaged the services of Rock on Ground Drilling Pty Ltd to undertake continuous RC grade control drilling. Programs have been designed for the Central, South and Eastern deposits with drilling set to commence in July 2022.

A systematic grid-based surface sampling program has been designed and scheduled to commence over the southern extension of the Pilgangoora project area in the September 2022 Quarter. The area overlies prospective geology that has yet to be drill tested.



Figure 2: Drill collar location and diamond rig at Central Pit

Table 4: Drill Hole Collar June 2022

Prospect	Hole ID	Hole_Type	North GDA94 Z50	East GDA94 Z50	Dip	Azimuth	Depth
Central	PLSEIS001	DD	7,670,350	698,185	-70	285	1003

4.3 Regional Projects (Pilbara Minerals 100%)

Desktop studies were undertaken over selected regional tenements. Surface geochemistry programs are scheduled to take place during the September 2022 Quarter over three of Pilbara Minerals' regional exploration licences, along with RC exploration drilling, water exploration and production bore drilling programs.

4.4 Mt Francisco JV (Pilbara Minerals Limited 70%, Atlas Iron 30%)

No exploration work was undertaken at Mt Francisco during the Quarter.

5. Corporate

5.1 Appointment of Managing Director and CEO

During the Quarter, Pilbara Minerals announced that highly experienced mining and resource sector executive Dale Henderson will be appointed as the Company's new Managing Director and CEO.

Mr Henderson has assumed the role of CEO and will be formally appointed as Managing Director from 30 July 2022.

The appointment of Mr Henderson, who has held the role of Chief Operating Officer (COO) at Pilbara Minerals since 2017, follows a wide-ranging and thorough executive search process initiated in February 2022 after Pilbara Minerals' long-serving Managing Director and CEO Ken Brinsden advised his intention to step down from the role.

Mr Brinsden will formally step down as Managing Director on 30 July 2022, however he has been working closely with Mr Henderson during the Quarter to ensure a smooth and effective transition takes place.

With Mr Henderson's promotion to the role of Managing Director and CEO, Pilbara Minerals are currently considering the optimal structure of its operational leadership team, including filling the role of COO.

5.2 Financial Results from Operations

Pilbara Minerals shipped 132,424 dmt of spodumene concentrate during the Quarter at an average spodumene concentrate grade of ~SC5.4 Li₂O.

Actual average reference pricing for spodumene concentrate deliveries during the Quarter was US\$4,267/dmt (SC6.0, CIF China basis), with an average realised price of US\$3,911/dmt (CIF China basis) following a pro-rata adjustment for lithia units.

Pursuant to the terms of sale, negative final pricing adjustments associated with provisionally priced cargoes shipped during the Quarter total ~\$19.8M (March Quarter: positive provisional pricing adjustments of \$13.3M), with cash payments for these amounts expected to be made during the September 2022 Quarter (pending final pricing outcomes).

A unit operating cost (FOB Port Hedland and excluding royalties)⁵ of US\$462/dmt was achieved for the 98,122dmt of concentrate shipped from the Pilgan Plant's operation during

⁵ Unit operating costs (FOB Port Hedland excluding royalties) include mining, processing, transport, native title costs, port charges, and site based general and administration costs and are net of Ta₂O₅ by-product credits. It is calculated on an incurred basis (including accruals), and includes inventory movements, and credits for capitalised deferred mine waste development costs.

the Quarter, being A\$648/dmt at a quarterly average AUD:USD exchange rate of 0.7146 (March Quarter: US\$458/dmt; A\$632/dmt at an average quarterly AUD:USD exchange rate of 0.7243). This is in line with the revised guidance of A\$650-A\$680/dmt (FOB Port Hedland excluding royalties) disclosed in the ASX Release dated 29 June 2022.

As noted in the ASX Release dated 29 June 2022, costs for the Quarter included a substantial investment in mining activities and people to support the planned expanded operation for both the Ngungaju Plant ramp-up and associated increase in production capacity from the P680 Project.

Inflationary pressures were prevalent during the Quarter, including a 40% increase in the net diesel fuel price compared to the March 2022 Quarter (which was negatively impacted by a short term 50% reduction in the fuel tax rebate). Cost escalation also resulted from higher reagent costs (including related logistics), as well as increased salary and wage costs associated with the buoyant labour market for the WA mining industry (inclusive of bonus structures to attract and retain employees).

COVID-19 was responsible for significant absenteeism during the Quarter, impacting the efficiency of the operations and contributing to the higher unit cost. Unit costs were also affected by the absence of tantalum production during the Quarter, as the operations deliberately targeted ore feed from the South Pit to maximise lithia units to take full advantage of favourable lithium market conditions.

Including freight and royalty costs⁶, the unit operating cost for the Quarter was US\$780/dmt (CIF China), being A\$1,092/dmt at a quarterly average AUD:USD exchange rate of 0.7146 (March Quarter: US\$687/dmt; A\$949/dmt at an average quarterly AUD:USD exchange rate of 0.7243).

The significant increase in the selling price realised for spodumene concentrate sold has resulted in higher royalty costs for the Quarter, representing a US\$86/dmt cost increase compared to the March 2022 Quarter.

Unit operating costs reported during FY2022 have excluded costs incurred at the Ngungaju operation during its period of restart, ramp up and commissioning. Given that the Ngungaju Plant is expected to operate at nameplate capacity of 180-200ktpa during the September Quarter, the Company expects to report a combined unit operating costs during FY2023 inclusive of both the Pilgan and Ngungaju operations.

5.3 Cash Balance

Pilbara Minerals closed the Quarter with a strong cash balance of \$874.2M, inclusive of \$282.4M of irrevocable bank letters of credit for shipments completed within the Quarter. This represents a \$589.3M increase over the equivalent balance of \$284.9M as at 31 March 2022, and was achieved on the back of increased production and higher selling prices.

During the Quarter, Pilbara Minerals received:

- proceeds of \$561.8M from customer sales associated with the sale of 98,122 dmt of Pilgan Plant spodumene concentrate (inclusive of \$8.5M of receipts following finalisation of final pricing adjustments for March Quarter cargoes that were provisionally priced);
- net receipts of \$145.0M (sales receipts less operating cost payments) attributable to the restart, commissioning and ramp-up of the Ngungaju operation, following the

⁶ Royalty costs include a 5% state government royalty on the FOB selling price, a 1% native title royalty on the FOB selling price, and a 5% private royalty on the FOB selling price which is applied to a part of the resource/reserve acquired following the Altura Lithium Operation acquisition.

sale of 34,302 dmt of Ngungaju spodumene concentrate;

- net receipt of \$3.4M following the drawdown of the POSCO convertible bond (\$79.6M) and payment of the Company's 18% equity contribution of \$76.2M (net of costs) following formation of the downstream joint venture with POSCO; and
- \$8.1M of unrealised foreign exchange movement on US\$ denominated cash reserves, following a weakening in the Australian dollar at Quarter end.

Major cash outflows and movements during the Quarter included:

- \$59.1M on operating costs at the Pilgan Plant;
- \$48.1M on capital costs related to the Pilgan Plant Improvement Project, the re-start and commissioning of the Ngungaju Plant, and capitalised mine waste stripping costs associated with mining activities (\$28.7M);
- Interest costs of \$2.2M under the USD Syndicated Debt Facility and \$1.2M in respect of right of use lease assets;
- \$9.5M on the repayment of other borrowings, including payments made for right of use lease assets and the partial repayment of a customer prepayment;
- \$7.4M on payroll, administration and corporate costs (inclusive of bonus structures to attract and retain employees); and
- \$1.5M on exploration and evaluation work and feasibility studies.

During the Quarter, the Company received a letter from its lenders to formally waive the cash sweep mechanism under the USD Syndicated Debt Facility for the remainder of the 2022 calendar year (CY22). Accordingly, there were no cash sweep debt repayments during the Quarter. The first scheduled debt repayment of US\$5M is due in the September 2022 Quarter.

The US\$25M Working Capital Facility provided by BNP Paribas remains undrawn.

Contacts

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Release authorised by Dale Henderson, Pilbara Minerals Limited's Chief Executive Officer.

MORE INFORMATION

About Pilbara Minerals

Pilbara Minerals is the leading ASX-listed lithium company, owning 100% of the world's largest, independent hard-rock lithium operation. Located in Western Australia's resource-rich Pilbara region, the Pilgangoora Project and Operation produces a spodumene and tantalite concentrate. The significant scale and quality of the operation has attracted a consortium of high quality, global partners including Ganfeng Lithium, General Lithium, POSCO, CATL and Yibin Tianyi.

While it continues to deliver a low-cost, quality spodumene to market, Pilbara Minerals is pursuing a growth and diversification strategy to become a sustainable, low-cost lithium

producer and fully integrated lithium raw materials and chemicals supplier in the years to come.

Through execution of this strategy, Pilbara Minerals is positioned to become a major player in the rapidly growing lithium supply chain, underpinned by increasing demand for clean energy technologies such as electric vehicles and energy storage as the world pursues a sustainable energy future.

Important Information

The capital cost estimates in this announcement for the P680 Project are indicative only, based on the Company's studies and budgeting and the P680 FID economic model. It is developed in the context of an uncertain operating environment including in respect of COVID-19 related risks (community distribution and supply chain disruption) and the commissioning and ramp of the Primary Rejection and the Crushing & Ore Sorting Projects, as well as the ramp up of the Ngungaju Plant. The information is provided as an indicative guide to assist sophisticated investors with modelling of the Company. It should not be relied upon as a predictor of future performance.

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.

Information in this presentation regarding production targets and expansions in nameplate capacity of the Pilgan Plant in respect of the P680 and P1000 projects are underpinned by the Company's existing Ore Reserves that have been prepared by a Competent Person in accordance with the JORC Code (2012 Edition) and were released by the Company to ASX on 6 October 2021. The relevant proportions of proven Ore Reserves and probable Ore Reserves are 13% proven Ore Reserves and 87% probable Ore Reserves. The Company confirms it is not aware of any new information or data that materially affects the information included in that release or report and that all material assumptions and technical parameters underpinning the Ore Reserves estimates continue to apply and have not materially changed.

Scoping and other technical studies in respect of the Mid-Stream Project have been undertaken to determine the potential viability of the demonstration plant and to reach a decision to proceed with more definitive studies and enter into a joint venture agreement. Each scoping study has been prepared to an accuracy level of +/-40% (for Capital costs) and +/-30% (for Operating costs). Each scoping and technical study is based on low-level technical and economic assessments and is insufficient to provide assurance of an economic development case at this stage or provide certainty that the conclusions of the studies will be realised. The results of the studies should not be considered a profit forecast or production forecast.

All references to dollars (\$) and cents in this announcement are to Australian currency, unless otherwise stated.