Pilbara Minerals
Powering a sustainable energy future

ASX / MEDIA ANNOUNCEMENT

Monday, 24 July 2023

June 2023 Quarterly Activities Report

RECORD QUARTER FOR PRODUCTION AND SALES

KEY PRODUCTION AND FINANCIAL OUTCOMES[1,2]

		Year			Quarter		
	Units	FY22	FY23	(%)	Q3 FY23	Q4 FY23	(%)
Production	kt	377.9	620.1	***64***	148.1	162.8	***10***
Sales	kt	361.0	607.5	***68***	144.3	176.3	***22***
Realised Price[3]	US$/t	2,382	4,449	***87***	4,840	3,256[4]	***(33)***
Revenue	A$B	1.2	4.0	***238***	1.0	0.8	***(18)***
Unit operating cost (FOB)[5]	A$/t	555	613	***11***	632	628	***(1)***
	US$/t	403	413	***3***	432	420	***(3)***
Unit operating cost (CIF)[6]	A$/t	844	1,091	***29***	1,144	976	***(15)***
	US$/t	613	735	***20***	783	653	***(17)***
Cash balance	A$B	0.6	3.3	***464***	2.7	3.3	***24***

KEY HIGHLIGHTS (Q4 FY23 vs Q3 FY23)

- Production of spodumene concentrate increased by 10% to 162.8k tonnes (**kt**) in Q4 FY23, the highest quarter since commissioning, driven by continued improvements in processing, with production for FY23 meeting the top end of upgraded production guidance.
- Sales of spodumene concentrate increased 22% to 176.3kt in Q4 FY23 driven by ongoing customer demand. On an ~SC5.3% basis, the average estimated realised price for spodumene concentrate for the quarter was US$3,256/dmt (CIF China). On an SC6.0 equivalent basis, the average estimated sales price was US$3,714/dmt (CIF China).
- Revenue was 18% lower against prior quarter, with a 33% decline in average realised selling price offset by sales volume increases - FY23 revenue increased 238% to $4.0B.
- Unit operating cost (FOB) was stable at $628/t in Q4 FY23, with a 15% improvement on a CIF basis to $976/t primarily due to declining royalty and shipping costs.
- Cash increased 24% to $3.3B in Q4 FY23, driven by an increase in proceeds from sales offsetting a step up in capital investment.
- P680 primary rejection facility, P1000 expansion project and POSCO JV lithium hydroxide plant remain on schedule. Final investment decision (**FID**) for the Mid-Stream Demonstration Plant is imminent.
- Partnership process commenced for a potential downstream joint venture for up to 300,000 tonnes per annum (**tpa**) of future unallocated spodumene concentrate from the P1000 expansion.

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- Major resource development drilling campaign of 153 holes for 46,904m completed with results being modelled for an updated JORC Mineral Resource and Ore Reserve estimate.

1. Sustainability

1.1 Health and Safety

Pilbara Minerals Limited (or the **Group**) reported eight recordable injuries during the three-month period ended 30 June 2023 (**Q4 FY23**). The results of the quarter and a reconciliation of injury performance resulted in an increase to the rolling 12-month Total Recordable Injury Frequency Rate (**TRIFR**) to 4.69 in Q4 FY23 from 3.47 in Q3 FY23.

Field Interactions completed increased for the quarter period, with site leadership being more actively engaged with operators and identifying at-risk behaviours. Quality safety interactions achieved for the period equated to 1.42 completed per 1,000 hours trending above target (1.0) versus 2.03 for Q3 FY23.

1.2 Community and Traditional Owner Engagement

Following the reporting period, the Strelley Renewable Energy and Lithium Battery Project at Strelley Community and school was commissioned. The Group attended the opening ceremony on 19 July 2023. The school is located between Port Hedland and the Pilgangoora Operation. The new system comprises a 44.2kW of solar PV (96 solar panels) and 144kWh lithium battery storage system.

This joint investment by Pilbara Minerals and its project partner Pacific Energy will reduce the Strelley Community's reliance on diesel power generation. The new system will provide the school for traditional owners with significant cost savings by decreasing diesel usage and reducing maintenance costs for the ageing diesel generators. It is estimated that the savings will equate to more than 170 litres of diesel per day with the school intending to invest the money saved into its Two-way Science and On-Country Learning curriculum programs. It is also expected to reduce the Strelley Community's carbon emissions by more than 150 tonnes per year.

2. Operations and Sales

2.1 Production

The Group recorded a 10% increase in total material mined in the quarter. This supported a 4% increase in ore mined at 1,271k dry metric tonnes (**dmt**) in Q4 FY23, compared to 1,226k dmt in Q3 FY23. Continued productivity improvements such as new equipment and optimisation of shift changeovers have underpinned improvements in mining activity.

The Group also showed a strong increase in concentrate production volume in the quarter driven by improvements in processing plant feed volumes, processing plant run-time and improved lithia recoveries (compared to prior quarter). Total processing plant feed increased by 5.5% from 847.0k dmt in Q3 FY23 to 893.5k dmt in Q4 FY23; Processing plant runtime increased from 82% in Q3 FY23 to 85% in Q4 FY23; and lithia recoveries averaged 70% versus 66% in the previous period. These factors combined to support an increase in total production of 162.8k dmt of spodumene concentrate in Q4 FY23 up by 10% from 148.1k dmt in Q3 FY23.

Tantalite production decreased in Q4 FY23 with 7,224 lbs produced relative to 8,575 lbs in Q3 FY23.

For the full year FY23 period, the Group recorded 620.1k dmt of concentrate production, 64% higher than FY22 and at the top end of production guidance. The increase in production for the full year was driven by a combination of product grade strategy and improvements in productivity.

2.2 Sales

Group sales volume increased strongly in the period, up 22% from 144.3k dmt of spodumene concentrate in Q3 FY23 to 176.3k[7] dmt in Q4 FY23. This increase reflected continued strong end customer demand, production volume increases and the timing of shipments. The average grade of product shipped during Q4 FY23 was ~SC5.3% Li_2O.

There were no sales of tantalite concentrate during the quarter. It is expected that tantalite sales will resume in the first half of FY24.

2.3 Unit Operating Costs

Unit operating costs for the Group were $976/t on a CIF basis in Q4 FY23, a 15% improvement on the prior quarter reflecting increased sales volume and lower royalty costs. Unit operating costs on a FOB basis in Q4 FY23 were broadly flat at $628/t versus $632/t in Q3 FY23. Cost pressures such as labour shortages in the WA mining sector, supply chain disruptions and general inflation are persistent and continue to be closely monitored.

For the full year period, unit operating costs were $613/t on a FOB basis, toward the bottom end of guidance of $600-$640/dmt.

2.4 Pricing

Prices for spodumene concentrate sold by the Group softened quarter on quarter. The average estimated realised sales price for spodumene concentrate in Q4 FY23 was US$3,256/dmt (CIF China and based on ~SC5.3% product grade) down 33% on Q3 FY23 at US$4,840/dmt (CIF China and based on ~SC5.3% product grade). This period-on-period decline was exacerbated by higher prices at the beginning of Q3 FY23 with the downward pricing trend stabilising during Q4 FY23.

On an SC6.0 equivalent basis, the average estimated sales price for spodumene concentrate in Q4 FY23 was US$3,714/dmt (CIF China).

3. Project Development

3.1 P680 Expansion Project (Pilgangoora)

Construction works associated with the P680 Expansion Project (**P680 Project**) continued in the quarter.

All civil earthworks and concrete construction works for primary rejection are 100% complete. Structural, mechanical, piping and electrical works continue to progress to plan. Brownfield tie-ins and screen upgrades were successfully installed and commissioned in the April shutdown. Off-site works included the progression of long-lead orders and steel fabrication.

The Group has prioritised construction of the primary rejection facilities that deliver the incremental uplift in production capacity of 100ktpa with some resourcing diverted from the crushing and ore sorting facility. Expected delivery dates are:

- Commissioning of the primary rejection facility remains on target for Q1 FY24 with full capacity targeted for the end of Q2 FY24.
- Commissioning of the new company-owned crushing and ore sorting facility is now expected in Q4 FY24 (previously Q2 FY24) with ramp-up scheduled during Q1 FY25 (previously Q4 FY24). Upgrades to the existing crushing circuit are planned to be implemented in Q1 FY24 to increase the overall throughput of the network.
- These changes have been factored into the FY24 mine plan and do not have any material impact on projected production.

Figure 1: HPGR building construction.

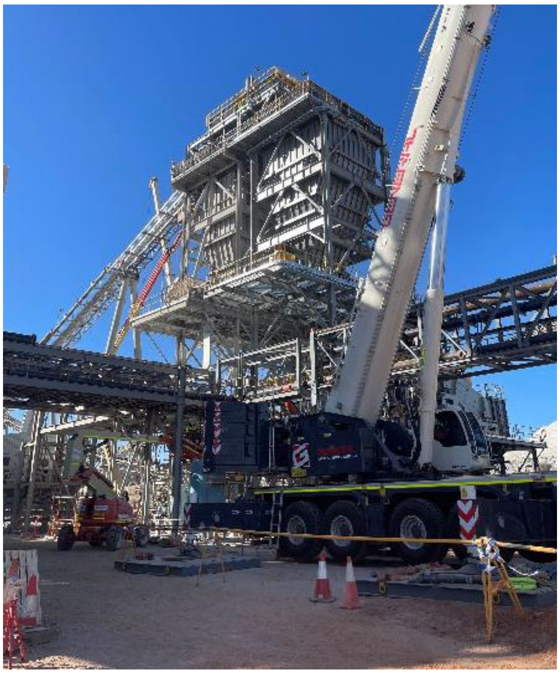

Figure 2: Primary Rejection infrastructure.

3.2 P1000 Expansion Project (Pilgangoora)

Following FID late in Q3 FY23, the P1000 Project continued to progress well against the plan.

Progress for the quarter included:

- Procurement for all long-lead items complete.
- Detailed design.
- Bulk earthworks and concrete tenders issued.

The P1000 Project is on schedule to increase the annual nameplate production run rate from Pilgangoora Operations to approximately 1Mtpa[8] with first ore targeted for Q3 FY25.

3.3 Mid-Stream Project

During the quarter, the Group, with its joint venture partner Calix, continued to progress the Mid-Stream Demonstration Plant Project (**Demonstration Plant Project**).

Work undertaken during the quarter focused on progressing the Demonstration Plant Project to a FID by both JV Companies Boards. Both parties remain committed to finalising the studies to support the FID, which is now at an advanced stage, with a decision expected to be made shortly.

3.4 Downstream Joint Venture with POSCO

Procurement and major construction works continued during the quarter in respect of the 43k tpa Lithium Hydroxide Monohydrate Chemical Facility in Gwangyang, South Korea in joint venture with POSCO.

Train 1 (21.5k tpa) is 35% complete and remains on schedule with commissioning expected to commence from Q3 FY24. Procurement and construction work during the quarter included:

- Completion of construction of the civil structure for the calcining and roasting unit.
- Erection of the steel structure for the raw material warehouse conveyor, residue warehouse, crystalliser, electrical rooms, and analysis room.

Train 2 (21.5k tpa) is now over 65% complete and commissioning is expected to commence in Q2 FY24. Construction work during the quarter included:

- Erection of steel frames for the pre-heater, milling and product storage facility.
- Installation of the vertical mill and components for the calcining and acid roasting kilns.
- Installation of equipment for sulphuric acid concentration, crystallisation, bipolar membrane electro dialysis and the finished product baghouse.

Figure 3: Construction site at the POSCO Pilbara Lithium Solutions LHM facility as at 20 July 2023.

4. Exploration and Geology

4.1 Pilgangoora and Regional

The Group completed a major resource development drilling campaign comprising a total of 153 holes for 46,904m during the quarter. Results from the program, designed to drill test down-dip extensions of key pegmatite domains within the mine footprint area and other near mine target areas, are in the process of being modelled for an updated JORC Mineral Resource and Ore Reserve estimate scheduled for release in Q1 FY24.

RC and diamond drilling programs within the Pilgangoora Operation's mine corridor will continue during Q1 FY24. In addition, exploration RC drilling is being undertaken to the south of Pilgangoora to sterilise for additional waste landform area. Surface geochemistry and geological mapping programs are scheduled to commence on several regional exploration licences in Q1 FY24.

5. Corporate

5.1 Revenue

Group revenue declined by 18% in the quarter from $1,033.9M in Q3 FY23 to $844.0M in Q4 FY23 with a 22% increase in sales volumes partially offsetting a 33% decline in average estimated realised price.

5.2 Cash

Strong revenue led the Group to close the quarter with a cash balance of $3,338.6M, a $655.5M increase over the $2,683.0M balance as at 31 March 2023. Proceeds from receipts from customers of $1,121.8M less income taxes paid of $120.9M, cash operating costs of $201.9M and other operating cash flows of $18.3M (cash inflow) resulted in a cash inflow from operating activities of $817.2M. Below cash flow from operating activities includes investing cashflows of $160.0M, net proceeds from borrowings (a cash inflow) of $19.7M and interest, leases and other financing cash flows of $21.4M (a cash outflow) resulting in a net increase in cash of $655.5M in the quarter.

5.3 Downstream Partnering Initiatives

Pilbara Minerals is pursuing additional downstream partnering opportunities to maximise shareholder returns in respect of unallocated product from the P1000 Project. Up to 300kt of future annual spodumene concentrate production has been allocated to this initiative.

During the quarter, the Company officially commenced a partnering process seeking expressions of interest from battery materials supply chain participants in relation to both spodumene supply and downstream partnerships. The Group is focussed on partnering with a party or parties for a new downstream lithium processing facility (or facilities) in a mutually agreed location. Strong demand has been experienced to date from a range of different potential partners including lithium converters, chemicals companies, cathode manufacturers, Original Equipment Manufacturers (OEM) and battery companies. This initiative aligns with Pilbara Minerals' long-term strategy to grow and diversify its business to become a fully integrated participant in the lithium raw materials and chemicals supply chain.

The partnering initiative is expected to be concluded by the end of Q2 FY24.

5.4 Quarterly Investor, Analyst and Media Webcast

Access the quarterly investor, analyst and media webcast at 7.00am (AWST) / 9:00am (AEST) on Tuesday, 25 July 2023:

- Retail shareholders and investors – Webcast link
- Analysts, brokers, fund managers and media – Teleconference link

Release authorised by Mr Dale Henderson, Pilbara Minerals Limited's Managing Director and CEO.

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ABOUT PILBARA MINERALS

Pilbara Minerals owns 100% of the world's largest, independent hard-rock lithium operation. Located in Western Australia's resource-rich Pilbara region, the Pilgangoora 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 and Yibin Tianyi. While it continues to deliver a quality spodumene concentrate 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.

IMPORTANT INFORMATION

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 and updated in the Company's 2022 Annual Report. The relevant proportions of proven Ore Reserves and probable Ore Reserves are 11% proven Ore Reserves and 89% 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.

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

ENDNOTES

[1] All financial information is unaudited and may be subject to change in the final audited financial statements.

[2] Arrows on right hand side of table denote the direction of movement from Q3 FY23 to Q4 FY23.

[3] The table below shows the SC6.0 CIF China equivalent price, adjusted pro-rata for an assumed SC6.0 lithia content, compared to the realised price (CIF China) in each period with corresponding lithia content.

	Units	FY22	FY23	(%)	Q3 FY23	Q4 FY23	(%)
SC6.0 CIF China	US$/t	2,605	5,015	***93***	5,522	3,714	***(33)***
Realised Price CIF China	US$/t	2,382	4,449	***87***	4,840	3,256[4]	***(33)***
Lithia Content	%	~5.6%	~5.3%	**-**	~5.3%	~5.3%	**-**

[4] Average estimated realised price for ~5.3% Li_2O grade (SC5.3 CIF China) as at 18 July 2023. This includes 49,253 dmt shipped in June which reflects reference pricing data up to 18 July 2023, and is subject to final adjustment to take into account reference pricing data up to 31 August 2023. The final adjusted price may be higher or lower than the estimated realised price based on future price movements.

[5] Unit operating cost (FOB Port Hedland excluding royalties) include mining, processing, transport, port charges, and site based general and administration costs and are net of any tantalite by-product credits. It is calculated on an incurred basis (including accruals), and includes inventory movements, and credits for capitalised deferred mine waste development cost, and it excludes depreciation of fixed assets and right of use leases, and amortisation of deferred stripping. FY22 YTD unit cost only includes costs associated with the Pilgan plant because the Ngungaju plant was being recommissioned during this period.

[6] Unit operating cost (CIF China) includes the unit operating costs (FOB Port Hedland excluding royalties) plus freight and royalty costs. 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 only applied to a part of the resource/reserve acquired following the Altura Lithium Operation acquisition. FY22 YTD unit cost only includes costs associated with the Pilgan plant because the Ngungaju plant was being recommissioned during this period.

[7] Total sales included a spot sale of 28.0k dmt based on a pricing model linked to tolling lithium hydroxide.

[8] Based on 5.7% lithia concentrate grade. Actual production achieved in any year will depend on the actual concentrate grade and mined grade and is variable over the mine plan.