



ASX/Media Announcement

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# Pilgangoora lithium project set for commissioning in 2017 following award of processing plant contract

## *Milestone award of EPC contract to RCR Tomlinson*

### HIGHLIGHTS:

- Engineering, procurement and construction contract for Pilgangoora Lithium-Tantalum Project in WA awarded to Australian-owned engineering company RCR Tomlinson
- Contract contains a target cost of A\$138 million with a guaranteed maximum price of A\$148 million – in line with the estimate (+/-15%) contained in the Project's Definitive Feasibility Study
- RCR Tomlinson and its sub-contractors have extensive experience in the engineering, procurement, construction, and commissioning of mineral processing plants
- Contract puts Pilgangoora on track for commissioning in December quarter, 2017

Pilbara Minerals Limited (ASX: PLS) is pleased to announce that it has taken another significant step towards becoming a world-class lithium producer with the award of the engineering, procurement and construction (EPC) contract for its Pilgangoora Lithium-Tantalum Project in WA to RCR Tomlinson Ltd ("RCR").

Finalisation of the EPC contract for the 2 million tonne per annum lithium-tantalum plant puts Pilbara on track to commission Pilgangoora in the December quarter of this year.

The contract contains an incentivised target cost of A\$138 million with a guaranteed maximum price of A\$148 million. These figures are comfortably in line with the estimates contained in the project's Definitive Feasibility Study (+/-15%).

The EPC contract has been awarded in two stages with the initial Stage 1 being a two month FEED (Front-End Engineering and Design) program, which will determine the final scope of work, timeline and target price (eliminating or reducing risk items identified in the tender). However, this process is expected to have no impact on the overall A\$148 million guaranteed maximum price contained in the EPC contract. Pilbara's total commitment for Stage 1 is fixed at approximately A\$10.3 million.

Once project funding has been secured, a final investment decision made by the Pilbara Board and Stage 1 satisfactorily completed, Pilbara has the option but not the obligation to commit to the Stage 2 construction, which is for the balance of the contract price and planned to commence in May 2017.

RCR is an Australian-owned, highly-experienced and renowned engineering, procurement and construction company. RCR's extensive experience includes the recent delivery of two ore processing plants (combined 65Mtpa) for Fortescue at its Solomon operations in the Pilbara region of WA, valued at over \$700 million, which received industry recognition for the speed of construction.

For Pilgangoora, RCR has chosen sub-contractors Primero and Minnovo to provide technical and engineering support. Both have experience in the engineering and process design sectors. Importantly, Primero is also one of the few engineering firms in Australia with direct experience in lithium plant construction, commissioning and operations as a result of its recent work at the Mt Cattlin site and the previous experience of their personnel at the Talison Greenbushes mine.

Pilbara Managing Director Ken Brinsden said the terms of the EPC contract were extremely competitive.

### Pilbara Minerals Limited



“The combined experience of RCR, Primero and Minnovo has made for a very compelling offering,” Mr Brinsden said. “Primero’s experience in building and operating lithium plants, Minnovo’s design experience, and the construction capability of RCR ensures Pilbara will be well served.

“With projecting funding discussions well advanced and final environmental approvals now underway, Pilbara looks forward to starting the major construction works by the end of this quarter.”

**Other contract awards**

In addition, the Company is pleased to announce that as part of its early works commitments it has awarded the first stage of the 300-room camp relocation package and reestablishment works to OTOC Australia. Stage 1 of the contract is for a lump sum commitment of approximately A\$4.8 million and will see OTOC de-construct, transport, erect, commission and handover an initial 60 rooms plus common facilities from the recently purchased Roy Hill RC3 rail camp (refer ASX announcement dated 28 October 2016), which resides approximately 90km from the proposed Pilgangoora site camp location.

OTOC were selected following a competitive tendering process, and have considerable and recent camp construction experience in the Pilbara having delivered two of the four rail construction camps for Roy Hill, building removal and replacement at West Angeles for Rio Tinto, and detailed design and installation of a 330-room facility for BHP Billiton’s Macedon construction village.

The initial 60 rooms and common facilities are due to be completed by late March 2017, with the balance of the camp due to be completed (subject to approvals and permitting) during Q2 2017.

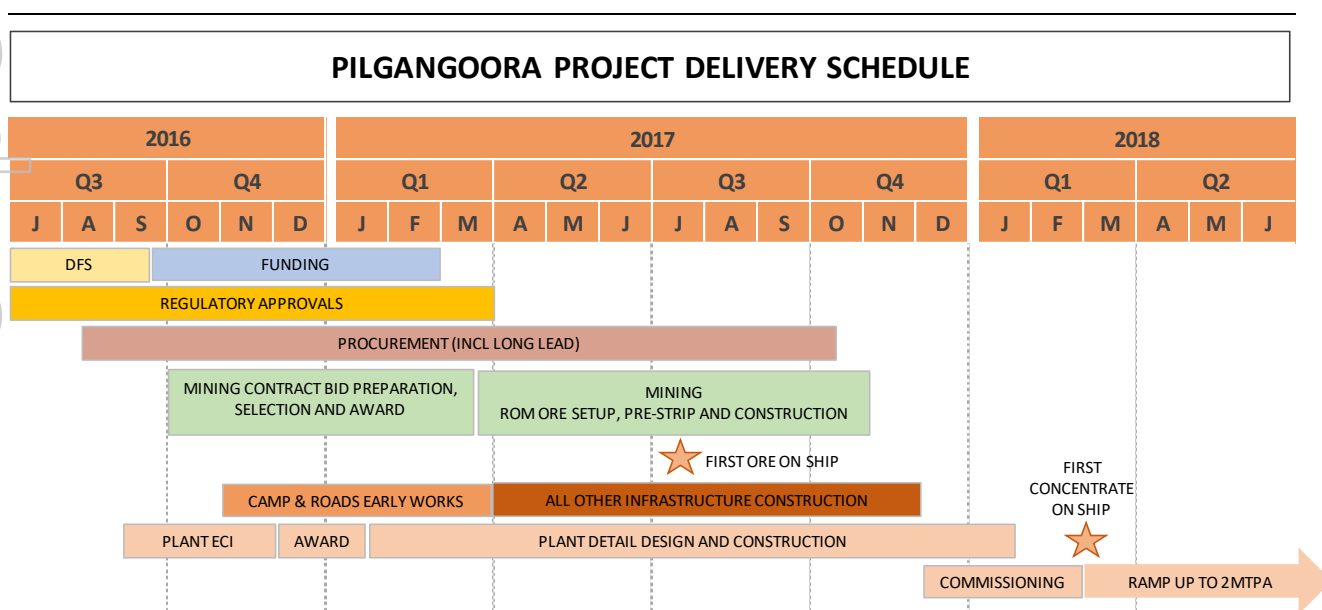
Remaining contract packages for the Pilgangoora Project are either under negotiation or will be the subject of tender processes shortly.

**PILGANGOORA PROJECT DELIVERY, SCHEDULE UPDATE**

As a result of the early contractor involvement (ECI) process for the Pilgangoora plant, Pilbara Minerals has received further detailed design, construction and commissioning schedules from the RCR delivery team.

Following Pilbara’s commitment to several long-lead items and RCR’s ability to deliver the plant construction over approximately 35 weeks (once major site works commence), plant commissioning is expected to start in the December quarter of 2017.

Pilbara continues to work on the balance of the project’s funding requirements, which includes several financing streams such as (but not limited to) conventional bank project financing, non-bank lending and customer/off-take financing. Further details of the updated project delivery schedule are provided below:





**Additional Information:**

**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.

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**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.