ASX / MEDIA ANNOUNCEMENT

THURSDAY, 19 JANUARY 2023

December 2022 Quarterly Activities Report

STRONG SALES AND IMPROVED PRICING OUTCOMES SUPPORT $851.1M INCREASE IN CASH BALANCE TO $2.226B

ACCESS THE QUARTERLY INVESTOR, ANALYST AND MEDIA WEBCAST AT 6:30AM (AWST)/ 9:30AM (AEDT) ON FRIDAY 20 JANUARY 2023:

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

KEY PRODUCTION AND FINANCIAL OUTCOMES

<table>
<thead>
<tr>
<th>Category</th>
<th>Quantity/Price Description</th>
<th>Change</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Production</strong></td>
<td>162,151 dry metric tonnes (dmt) of spodumene concentrate (September Quarter 2022: 147,105 dmt)</td>
<td>+10%</td>
<td>Q on Q</td>
</tr>
<tr>
<td><strong>Shipments</strong></td>
<td>148,627 dmt of spodumene concentrate (September Quarter 2022: 138,249 dmt)</td>
<td>+8%</td>
<td>Q on Q</td>
</tr>
<tr>
<td><strong>Sales</strong></td>
<td>Average realised spodumene concentrate sales price ~US$5,668/dmt ~SC5.4 basis (CIF China) (September Quarter 2022: ~US$4,266/dmt ~5.3% basis CIF China)</td>
<td>+33%</td>
<td>Q on Q</td>
</tr>
<tr>
<td><strong>Unit Operating Cost</strong></td>
<td>A$579/dmt (FOB Port Hedland and excl. royalties) (September Quarter 2022: A$612/dmt)</td>
<td>-5%</td>
<td>Q on Q</td>
</tr>
<tr>
<td><strong>Cash Balance</strong></td>
<td>Substantial $851.1M increase in the Quarter-end cash balance to $2.226B (September Quarter 2022: $1.375B)</td>
<td>+62%</td>
<td>Q on Q</td>
</tr>
</tbody>
</table>

OTHER KEY OUTCOMES

- Improved pricing outcomes following negotiated price reviews with major offtake customers.
- Board approved pre-FID P1000 Expansion Project funding of $38.3M to maintain project schedule, with FID scheduled for the March Quarter 2023.
- Pilbara Minerals and Calix established a formal joint venture to support the future development of the Mid-Stream Demonstration Project.
- A$250M Australian Government debt facility approved to support the P680 Expansion Project.
- Capital Management Framework established, inclusive of an inaugural dividend policy.
1. Key Results Summary

Table 1: Key results December Quarter 2022 summary table

<table>
<thead>
<tr>
<th>Units</th>
<th>YTD FY22</th>
<th>YTD FY23</th>
<th>Y on Y change</th>
<th>Q1 FY23</th>
<th>Q2 FY23</th>
<th>Q on Q change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production and shipments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spodumene concentrate produced</td>
<td>dmt</td>
<td>169,235</td>
<td>309,255</td>
<td>83%</td>
<td>147,105</td>
<td>162,151</td>
</tr>
<tr>
<td>Spodumene concentrate shipped</td>
<td>dmt</td>
<td>170,228</td>
<td>286,876</td>
<td>68%</td>
<td>138,249</td>
<td>148,627</td>
</tr>
<tr>
<td>Financial</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average realised selling price CIF China</td>
<td>US$/dmt</td>
<td>$1,232</td>
<td>$4,993</td>
<td>305%</td>
<td>$4,266</td>
<td>$5,668</td>
</tr>
<tr>
<td>Unit operating cost (FOB Port Hedland and excl. royalties)</td>
<td>A$/dmt</td>
<td>$476</td>
<td>$595</td>
<td>(25%)</td>
<td>$612</td>
<td>$579</td>
</tr>
<tr>
<td>Unit operating cost (CIF China)</td>
<td>A$/dmt</td>
<td>$666</td>
<td>$1,136</td>
<td>(70%)</td>
<td>$1,100</td>
<td>$1,169</td>
</tr>
<tr>
<td>Average exchange rate</td>
<td>AUD:USD</td>
<td>0.7319</td>
<td>0.6705</td>
<td>(8%)</td>
<td>0.6836</td>
<td>0.6570</td>
</tr>
<tr>
<td>Cash balance</td>
<td>A$</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Average US$ realised price for December Quarter 2022 of based on a ~5.4% product grade (CIF China) (September Quarter: ~US$4,266/dmt on a ~5.3% basis CIF China). Equivalent SC6.0 CIF China price for the December Quarter 2022 was US$6,273/dmt. The SC6.0 CIF China price is an industry accepted reference price. The actual concentrate grade delivered to customers is generally less than 6% lithia content ranging between 5.0% to 6.0% lithia, in which case the actual price received is adjusted pro-rata to the 6% reference price. Please refer to section 4.1 for further pricing commentary.

2 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 Ta$_2$O$_5$ 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.

3 Unit operating cost for September Quarter 2022 has been restated to reflect the impact of the updated ore reserve on the capitalised deferred mine waste development costs.

4 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 applied to a part of the resource/reserve acquired following the Altura Lithium Operation acquisition.
2. Sustainability

2.1 Health and Safety

During the December Quarter 2022 (the Quarter), health and safety performance was consistent with a small improvement in the Total Recordable Injury Frequency Rate (TRIFR) to 3.5 from the previous quarter (September Quarter: TRIFR of 4.2). Safety interactions were also consistent for the Quarter with 1.17 interactions completed per 1,000 hours trending above the internal target of 1.00. Safety interactions are a measure of leadership safety conversations and provide a lead indicator for the promotion of a strong safety culture.

Work to ensure compliance with the Workplace Health and Safety law reforms has continued, with the release of an updated site Health and Safety Management Plan in accordance with the Mine Safety Management System guidelines.

2.2 Community and Traditional Owner Engagement

Engagement with traditional owners and representative bodies continued throughout the Quarter, including cross-cultural awareness training sessions on site and in the corporate office. Heritage surveys were also completed for the future expansions of the Pilgangoora Project.

2.3 Decarbonisation Strategy

The 6MW solar photovoltaic farm, which is the first major step to decarbonising the Pilgangoora Project, began generating and supplying power to the Pilgangoora Project during the Quarter. The solar farm is expected to displace approximately 3.8M litres of diesel fuel annually, saving an estimated 9,900tpa of CO₂ emissions over the 15-year contract period.

3. Mining

Total material mined across the combined Pilgangoora Project was 7,456,690 wet metric tonnes (wmt) (September Quarter: 7,982,879 wmt), including 6,360,951 wmt of waste material.

Total ore mined for the Quarter was 1,095,739 wmt (September Quarter: 1,442,545 wmt) at an average grade of 1.41% Li₂O.

4. Processing

Total processing plant feed of 902,924 dmt (September Quarter: 801,968 dmt) resulted in combined production from both processing plants of 162,151 dmt of spodumene concentrate (September Quarter: 147,105 dmt).

Tantalite production for the Quarter was 17,721 lbs (September Quarter: 17,222 lbs).
4.1 Shipments and Sales

During the Quarter, a total of 148,627 dmt (September Quarter: 138,249 dmt) of spodumene concentrate was shipped under both existing offtake agreements and through spot sales, including 25,000 dmt related to participants in Pilbara Minerals’ Battery Material Exchange (BMX).

Pilbara Minerals continued with its production and marketing strategy to maximise sales volumes by targeting a lower product grade to optimise product yield. 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.

The average realised sales price for the Quarter was ~US$5,668/dmt on a ~5.4% basis (CIF China) (September Quarter: ~US$4,266/dmt on a ~5.3% basis CIF China). The SC6.0 equivalent price once adjusted pro-rata for actual lithia content was ~US$6,273/dmt (CIF China) (September Quarter: ~US$4,813/dmt).

Price reviews were completed with major offtake customers during the Quarter, resulting in improved pricing outcomes (refer ASX Announcement: 21 December 2022). This revised offtake pricing is effective from December 2022 and onwards.

Tantalite concentrate sales totalled 18,374 lbs (September Quarter: 6,174 lbs).

Figure 1: Quarterly spodumene concentrate production and shipments (dmt)
5. Project Development

5.1 P680 Expansion Project (Pilgangoora)

Construction of the P680 Expansion Project progressed during the Quarter. The Company announced in late December 2022 (refer ASX Announcement: 21 December 2022) a revised capital cost estimate which was largely due to increased cost of materials and equipment, acceleration costs to maintain project schedule, increased quantities of work as engineering progresses, as well as additional trade labour hours being required for construction in the current labour market. Included in the revised capital cost estimates are allowances for growth and a contingency of 8%.

The revised capital cost estimate is set out in Table 2 below.

Table 2 - P680 Project revised capital estimate

<table>
<thead>
<tr>
<th>Area</th>
<th>Revised Capital (A$M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Rejection</td>
<td>150</td>
</tr>
<tr>
<td>Crushing and Ore Sorting</td>
<td>254</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>404</strong></td>
</tr>
</tbody>
</table>

Pilbara Minerals remains on target to achieve the P680 Expansion Project schedule for both facilities:

- Commissioning of the Primary Rejection facility is targeted for the September Quarter 2023 with full capacity targeted for the December Quarter 2023, resulting in an expected additional 100,000tpa of spodumene concentrate production from the Pilgan Plant (once ramp-up is complete).
- Commissioning of the new company-owned Crushing and Ore Sorting facility is targeted for the December Quarter 2023 (with ramp-up during the March Quarter 2024). This facility will be capable of processing up to 5Mtpa of ore at the Pilgan Plant, supporting further process improvements and concentrate quality. This facility is also critical to supporting the P1000 Expansion Project that could ultimately deliver production of 1Mtpa of spodumene concentrate.

The Company remains focused on maintaining the delivery schedule for the P680 Project to capitalise on current strong lithium market dynamics.

5.2 P1000 Expansion Project (Pilgangoora)

In support of its growth strategy, Pilbara Minerals progressed the P1000 Expansion Project to increase total spodumene concentrate production capacity across the Pilgangoora Project to 1Mtpa.

During the Quarter, Pilbara Minerals’ Board approved pre-FID funding of $38.3M for the P1000 Expansion Project to maintain the project delivery schedule. This expenditure will support front-end engineering design and procurement of long-lead equipment.

Work on the P1000 Expansion Project feasibility study was progressed, including engineering and pricing estimations. The Company is targeting completion of the feasibility study which will pave the way for a FID for the P1000 Expansion Project during the March 2023 Quarter.
5.3 Mid-Stream Project

During the Quarter, Pilbara Minerals and Calix entered into a joint venture agreement for the development of a Demonstration Plant at the Pilgangoora Project. The aim of the Demonstration Plant is to produce a superior “value-added” lithium salts product for market that is lower in cost, carbon energy intensity and waste product utilising Calix’s flash calcination technology.

If the Demonstration Plant is commercially successful, it may lead to potential future commercialisation of the process with the Joint Venture licensing the technology to the global spodumene industry.

Key commercial terms in relation to the joint venture were provided in the Company’s ASX Announcement dated 28 November 2022.

5.4 Downstream Joint Venture with POSCO Update

Further procurement and construction progress was made during the Quarter in respect of the 43,000 tpa Lithium Hydroxide Monohydrate (LHM) Chemical Facility (Chemical Facility) in Gwangyang, South Korea in joint venture with POSCO.

During the Quarter, progress primarily included:

- ongoing procurement including in respect of supplementary packages for the calcination kiln; and
- various civil works including piling, concrete foundation formwork and structural steelwork in relation to the calcination kiln site, raw material storage facilities and auxiliary facilities such as head and sub-centre headquarters.

Commissioning of the Chemical Facility is expected to remain on schedule and budget with the first train of 21,500 tpa expected to commence commissioning from late CY2023 and the second train of 21,500 tpa to commence commissioning from March Quarter 2024.

During the Quarter, Pilbara Minerals’ Non-Executive Chair Mr Tony Kiernan AM and Managing Director and CEO Mr Dale Henderson visited the Chemical Facility in Gwangyang and were invited to attend and present at the POSCO Green Materials Forum 2022.

6. Exploration and Geology

Pilbara Minerals initiated a major resource development drilling program during the Quarter at its Pilgangoora Project, with the objective being to upgrade and expand the resource inventory for reserve consideration. The program will test down-dip extensions of key pegmatite domains within the mine footprint as well as numerous other priority exploration targets. Drilling commenced in mid-November and as at the end of the Quarter a total of 12 holes had been completed for 5,210 metres. Analytical results of the holes drilled to date remain outstanding.

Results from the systematic grid-based surface sampling program undertaken over the southern extension of the Pilgangoora Project area have been received with several encouraging lithium soil anomalies outlined. Drill testing is scheduled following the completion of the resource drilling program.
7. Corporate

7.1 Executive leadership appointments

The recruitment process for the expanded executive team (refer September Quarter Activities Report: 25 October 2022) to support the business growth mandate continued during the Quarter.

Progress for the Quarter included the commencement of Mr Vince de Carolis in the position of Chief Operating Officer. The recruitment process for the remaining executives is well advanced and the market will be updated as and when appointments are made.

7.2 S&P/ASX Indices Rebalance

During the Quarter, a rebalance of the S&P/ASX Indices resulted in Pilbara Minerals entering the S&P/ASX 50 Index for the first time.

7.3 A$250M Australian Government Debt Facility

Pilbara Minerals announced a 10-year debt facility which has been approved by the Australian Government, through the Export Finance Australia (EFA) and Northern Australia Infrastructure Facility (NAIF) agencies to support the P680 Expansion Project (refer ASX Announcement: 11 November 2022).

The facility is still subject to final negotiation of facility terms, completion of detailed financing documents, as well as satisfaction of conditions precedent for financial close and drawdown, with the NAIF funding also subject to final approval from the Western Australian Government. Completion of the facility should be achieved during the March Quarter 2023.

This support from the Australian Government is expected to enhance the capital structure of the Company and provide Pilbara Minerals with additional financial flexibility as it looks to expand and diversify its operations further down the battery materials supply chain.

7.4 Capital Management Framework

Pilbara Minerals announced its Capital Management Framework, including the Company’s inaugural dividend policy during the Quarter (Refer ASX Announcement: 16 November 2022).

Having utilised all prior year tax losses, Pilbara Minerals will commence paying income tax in February 2023. As a result, the Company is expecting to apply the Capital Management Framework to paying a fully franked dividend for the first time based on the 2023 Financial Year results.

7.5 Financial Results from Operations

Pilbara Minerals shipped 148,627 dmt of spodumene concentrate during the Quarter at an average grade of ~SC5.4 Li₂O, achieving an average realised sales price of US$5,668/dmt (~SC5.4% basis CIF China). This equates to a SC6.0 equivalent price of US$6,273/dmt (CIF China) following a pro-rata adjustment for actual lithia content.

Pursuant to the terms of sale, positive final pricing adjustments associated with
provisionally priced cargoes shipped during the Quarter totalled ~$56.8M (September Quarter: positive provisional pricing adjustments of $9.7M), with cash receipts for these amounts expected during the March Quarter 2023 (pending final pricing outcomes).

A unit operating cost (FOB Port Hedland and excluding royalties) for the combined Pilgangoora Project of US$380/dmt was achieved for the 148,627 dmt of spodumene concentrate shipped during the Quarter, being A$579/dmt at a quarterly average AUD:USD exchange rate of 0.6570 (September Quarter: US$418/dmt; A$612/dmt at an average quarterly AUD:USD exchange rate of 0.6836).

Costs for the Quarter continued to be impacted by labour shortages in the WA mining sector, supply chain disruptions and general inflationary cost pressures, as well as an elevated mining strip ratio as the Company continues to undertake substantial investment in mining activities. Unit operating costs for the Quarter were lower compared to the September Quarter 2022 and benefited from economies of scale from improved production, lower maintenance costs with one less shutdown during the Quarter, lower fuel costs following reinstatement by the Australian Government’s temporary reduction in diesel fuel tax credits, but offset by higher labour costs and the effects of general inflationary pressures.

Including freight and royalty costs, the unit operating cost for the Quarter was US$768/dmt (CIF China), being A$1,169/dmt at a quarterly average AUD:USD exchange rate of 0.6570 (September Quarter: US$752/dmt; A$1,100/dmt at an average quarterly AUD:USD exchange rate of 0.6836). Whilst freight rates reduced during the Quarter, royalty costs increased in line with the higher spodumene concentrate selling price.

### 7.6 Cash Balance

Strong sales and higher selling prices led Pilbara Minerals to close the Quarter with a cash balance of $2.226B, an $851.1M increase over the equivalent balance of $1.375B at 30 September 2022. This balance increases to $2.437B when $210.6M of irrevocable bank letters of credit for shipments completed during the Quarter are included (30 September 2022: $1.508B inclusive of $132.2M of irrevocable bank letters of credit).

During the Quarter, Pilbara Minerals received:

- proceeds of $1.135B from spodumene concentrate sales to customers (inclusive of $1.1M of receipts following completion of final pricing adjustments for September Quarter 2022 cargoes that were provisionally priced);  
- interest income of $11.0M;  
- proceeds of $1.0M from the exercise of share options; and  
- $5.4M foreign exchange gain, including settlement of foreign exchange contracts to convert USD denominated customer receipts.

---

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.

6 The unit operating cost for the September Quarter 2022 has been restated to reflect the impact of the updated ore reserve on the capitalised deferred mine waste development cost.

7 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 applied to a part of the resource/reserve acquired following the Altura Lithium Operation acquisition.
Major cash outflows and movements during the Quarter included:

- $185.5M for operating costs to produce and sell spodumene concentrate;
- $73.1M on capital costs, including works for the P680 Expansion Project, capitalised deferred mine waste development costs associated with mining activities ($34.5M), as well as other sustaining and development capital projects across the Pilgangoora Project;
- interest costs of $5.5M (including $3.4M under the USD Syndicated Debt Facility and $1.5M in respect of right of use lease assets);
- $4.3M of premium costs associated with foreign currency call option contracts;
- $18.6M on the repayment of borrowings, including the second principal repayment under the USD Syndicated Debt Facility ($7.4M), payments made for right of use lease assets ($10.1M) and the partial repayment of a customer prepayment ($1.1M);
- $8.2M on payroll, administration and corporate costs (inclusive of bonus structures to attract and retain employees); and
- $6.4M on exploration and evaluation work and feasibility studies.

During the Quarter, Pilbara Minerals paid the second scheduled debt repayment of US$5M under the terms of the USD Syndicated Debt Facility. The Company’s net cash position at 31 December 2022 was $2.079B.

7.7 Update to FY2023 Guidance

The Company expects to provide any update to its FY2023 Guidance with the release of its FY2023 half year result in late February 2023.

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

CONTACTS

Investors / shareholders
Dale Henderson
Managing Director and CEO

Gavin Spoors
Investor Relations
Ph. +61 (0)8 6266 6266

Media
Nicholas Read
Read Corporate
Ph. +61 (0)8 9388 1474

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 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 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.
Through execution of this strategy, Pilbara Minerals has 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

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.

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), inflationary macroeconomic conditions and arising from commissioning and ramp of the Primary Rejection and the Crushing & Ore Sorting Projects. 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.

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.

Scoping and other technical studies in respect of the Mid-Stream Demonstration Plant 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.