

Pilbara continues to ride the lithium wave

Company/ASX Code	Pilbara Minerals Limited / PLS
AGM time and date	2.00 pm Thursday 23 November 2023
Location	The University Club of WA, Hackett Drive, Nedlands
Registry	Computershare Investor Services Pty Ltd
Type of meeting	Hybrid
Monitor	Kevin Bowman, Dr Lynda Newland
Pre-AGM Meeting	Yes, with Chairman Tony Kiernan and James Fuller, Investor Relations Manager.

Monitor Shareholding: The individuals (or their associates) involved in the preparation of this voting intention have shareholdings in this company.

1. How we intend to vote

No.	Resolution description	
1	Adoption of the remuneration report	For
2	Re-election of Director Ms Sally-Anne Layman	For
3	Re-election of Director Mr Stephen Scudamore	For
4	Renewal of the Employee Award Plan and	For
5	Amendments to existing securities under the Employee Award Plan	For
6	Issue of LTI Performance Rights to Mr Dale Henderson	For
7	Issue of Share Rights to Mr Anthony Kiernan	For
8	Issue of Share Rights to Mr Nicholas Cernotta	For
9	Issue of Share Rights to Ms Sally-Anne Layman	For
10	Issue of Share Rights to Ms Miriam Stanborough	For
11	Approval of Potential Termination Benefits	For
12	Increase in Non-Executive Directors' Fees	For

2. Summary of Issues and Voting Intentions for AGM.

Pilbara Minerals has had a tremendous year, on the back of the continual increase in demand for lithium products. It is now a ASX50 company and has grown enormously since the mid-2020s when its share price was 25 cents.

The company paid its first dividend of 25 cents in the financial year. With the growth in its share price, the total return to shareholders for the year was 127%. Revenue increased by 242% to \$4.1 billion and net profit by 326% to \$2.4 billion. As at 30 June, cash reserves were \$3.3 billion. The mine life has been extended to 34 years. Although the share price has fallen to around \$3.70 since 30 June along with the rest of the market and the decline in the price of lithium, the return over the past 18 months or so, has been exceptional.

Ore production was 620,147 dry metric tonne (dmt), up 64% and the aim is to increase production to 1 million dmt by March 2025.

The ASA will support the Remuneration Report.

The **Employee Award Plan** needs to be approved by shareholders every 3 years and the ASA will support this Resolution. One of the Monitors has disclosed that his daughter works for Pilbara and benefits from the Plan. The Amendment to the Plan will allow employees to benefit from any dividends paid prior to vesting.

Considering Pilbara Minerals is now in the ASX50, the package offered to the MD, Mr Henderson is fair.

Given the need to attract and maintain suitable Directors, the company seeks to increase the Directors fees. Whilst we believe the proposed increase for the Chairman is substantial (49%), Pilbara has grown very significantly in the past couple of years and by way of comparison the slightly larger Northern Star has a NED fee pool of \$3m (PLS is seeking approval for the pool to be lifted to \$1.7m) and the Chair fee is \$575,000 (PLS proposes \$425,000.)

Mr Henderson achieved 70.7% of his STI based on

- Safety
- Gender balance
- Production
- Unit cost, and
- Individual Performance

And 100% of his LTI, based on

- Relative TSR
- Absolute TSR
- Customer diversification, and
- Global cost competitiveness.

The company allows the Directors to salary sacrifice part of their Board fees but this requires shareholder approval. The price of the shares is calculated as the weighted average price in November each year.

Most companies in the Resource sector are now allowing part of the shares yet to vest to be paid to on termination at the Board's discretion.

3. Matters Considered

Accounts and reports

Financial performance

(As at FYE)	2023	2022	2021	2020	2019
NPAT (\$m)	2,400	561.8	(51.45)	(99.26)	(28.93)
UPAT (\$m)	n/a	n/a	n/a	n/a	n/a
Share price (\$)	\$4.88	\$2.29	\$1.45	\$0.25	\$0.55
Dividend (cents)	25c	0	0	0	0
Simple TSR (%)	127%	58%	480%	(54.1%)	(37.4%)
EPS (cents)	79.91	18.98	(2.00)	(4.67)	(1.63)
CEO total remuneration, actual (\$m)	3.953m	1.551m	2.209m	1.168m	1.368m

Simple TSR is calculated by dividing (change in share price plus dividend paid during the year, excluding franking, by the share price at the start of the year.

Key board and senior management changes

Current MD & CEO, Mr Dale Henderson took over from the previous MD, Mr Ken Brinsden on 31 July 2022.

Ms Sally-Anne Layman a non-executive Director, was first appointed in April 2018 and is due for re-election. She has a background in finance, 27 years of international and cross-commodity experience, and is a director at 3 other companies on the ASX.

Mr Stephen Scudamore, is also a non-executive Director, first appointed in July 2016. He was formerly an accountant for KPMG, has been on the Board for Pilbara Minerals for 8 years, and currently is on the Board of 2 other companies on the ASX.

Sustainability/ESG

Pilbara Minerals is moving towards alignment with the goals of the Taskforce on Climate-related Financial Disclosures (TCFD), and has implemented an emissions monitoring system for the Pilgangoora Operation.

The company continues to reduce its reliance on diesel. The 6mw solar farm, provides over 10% of its power needs and this will increase over the next few years.

Its plant with POSCO in S Korea requires 8 tonne of lithium ore to produce 1 tonne of lithium Hydroxide and its relationship with Calix to produce a mid-stream development plant in the Pilbara, if it proceeds, will reduce the amount of “waste” and therefore the shipping costs substantially and its carbon footprint.

Sub-working groups are focusing on: water, decarbonisation, reporting and disclosure, technology and innovation, inclusion and wellbeing.

As part of its approach to risk-management, Pilbara Minerals has rolled out a new Cyber-Security Response Plan.

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Appendix 1 Remuneration framework detail

CEO rem. Framework for FY24	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	\$1.25m	33.3%	\$1.25m	28.5%
STI – cash or equity	\$1.25m	33.3%	\$1.25m	28.5%
LTI	\$1.25m	33.3%	\$1.875m	43%
Total	\$3.75m	100%	\$4.375m	100%

*It is at the board’s discretion whether the STI is paid in cash or share rights. In 2023, it was paid in cash. ASA prefers 50% to be paid in cash and 50% to be paid in deferred equity.