



A very challenging year for this emerging lithium miner

Company/ASX Code	Pilbara Minerals Limited/PLS
AGM date	Thursday 21 November 2019
Time and location	2pm, Sheraton, 707 Wellington St, Perth WA 6000
Registry	Advanced Share Registry Services
Webcast	No
Poll or show of hands	Poll on all items
Monitor	Kevin Bowman, assisted by John Ferguson
Pre AGM Meeting?	Yes, with Managing Director Ken Brinsden, Company Secretary Alex Eastwood.

Item 1	Consideration of accounts and reports
ASA Vote	For

Summary of ASA Position

It was a very challenging year for the company. While operations fared well, the market presented challenges in terms of spodumene demand and pricing with China's domestic market facing significant headwinds as it readjusts to the new government subsidy regime. Closer to home, PLS's key customers Ganfeng and General Lithium have experienced delays with their new chemical conversion facilities resulting in their inability to take their full offtake. This resulted in Pilbara Minerals moderating its production to ensure it managed its cash flow.

During the year the share price fell from 86 cents to 55 cents.

There were no capital raisings or buy backs during the year and the company did not pay a dividend.

Summary

(As at FYE)	2019	2018	2017	2016	2015
NPAT (\$m)	- 28.93	- 19.42	- 25.95	- 43.47	- 5.51
Share price (\$)	0.55	0.87	0.38	0.62	0.12
Dividend (cents)	0	0	0	0	0
TSR (%)	-36.8	128.9	-38.7	416.7	300
EPS (cents)	-1.63	-1.19	-2.11	-5.28	-0.94
CEO total remuneration, actual (\$m)	1.368	1.729	3.311	1.947	-

For 2019, the CEO's total actual remuneration was **15.5 times** the Australian Full time Adult Average Weekly Total Earnings (based on May 2019 data from the Australian Bureau of Statistics).

Resolution 1	Adoption of remuneration report
ASA Vote	Against

The PLS remuneration report is fairly clear and provides a generally sound overview of their remuneration policies. Overall, PLS has aimed to create a remuneration framework that aligns itself with the 50th to 75th percentile of companies in the S&P/ASX 200. The maximum total remuneration that executives are eligible for is positioned to be aligned with this group while the fixed remuneration is targeted at or about the 50th percentile of this group of comparators.

The CEO can earn a maximum short-term and long-term incentive (STI and LTI) that is 100% of his total fixed remuneration (TFR) each. For other key management personnel (KMP), the maximum STI and LTI targets can only be 60% of their TFR.

The STI plan ensures that there are some hurdles the KMP have to pass before the grant is awarded. These hurdles are weighted differently with 30% measured against safety, 60% measured against production and costs and 10% measured against personal leadership and management performance. ASA would prefer 30% or less of the weighting being measured against non-financial indicators. However, we are happy with a safety measure using objective measures such as total recordable injury frequency rate (TRIFR). ASA would also prefer a clearer understanding of what each of these measures mean and how decisions are made in relation to the award.

The LTI plan is awarded 50% in cash and 50% in ordinary shares. The LTIs are measured against two targets, a Total Shareholder Return (TSR) target which assesses relative performance against a defined peer group of companies with vesting only occurring between the 50th and 85th percentile. This accounts for 50% of the overall LTI award. The other 50% is set on performance targets that are based on project and strategic objectives that include targets like shipment, production and processing initiatives and targets as well as diversifying customer sales and more.

The CEO's maximum targets ensure that his overall remuneration does not exceed \$1.8m (maximum STI award is \$600,000 and maximum LTI award is the same). ASA would prefer a minimum LTI vesting

period of longer than 3 years with the LTI award being paid fully in performance rights or shares and the STI award being paid half in cash and half in deferred equity (one or two year deferrals).

For all these reasons the ASA will vote Against the Remuneration Report.

Item 2	Re-election of Mr Anthony Kiernan as a Director
ASA Vote	For

Summary of ASA Position

Mr Kiernan is a former solicitor with extensive experience gained over 35 years in the management and operation of listed public companies.

As both a lawyer and general consultant, he has practiced and advised extensively in the fields of resources and business generally. He is a member of the remuneration and Nomination Committee

Mr Kiernan is also Chairman of the Fiona Wood Foundation which focuses on research into burns injuries. He is also a Director of Saracen Mineral Holdings Limited and Venturex Resources Limited.

Item 3	Re-election of Mr Nicholas Cernotta as a Director
ASA Vote	For

Summary of ASA Position

Mr Cernotta has more than 30 years' experience in the mining industry, spanning various commodities and operations in Australia, Africa, South East and Central Asia, Saudi Arabia and Papua New Guinea.

He holds a Bachelor of Mining Engineering and has held senior executive roles with extensive operational experience in both the public and private sectors of the mineral resources industry.

Previous roles held include Director of Operations at Fortescue Metals Group Ltd, Chief Operating Officer at MacMahon Contracting and Director of Operation at Barrick Gold.

Mr Cernotta is a member of the Audit and Risk Committee and is Chairman of the Remuneration and Nomination Committee.

He is also a Director of Panoramic Resources Limited, New Century Resources Ltd and Northern Star Resources Ltd.

Item 4	Issue of Employee Options and Performance Rights to Mr Ken Brinsden under Employee Award Plan.
ASA Vote	Against

Summary of ASA Position

Since ASA believes that the overall reward is not excessive or unreasonable but as we have objections relating to the remuneration plan, we will vote against for this resolution.

Item 5	Re-Approval of Employee Award Plan.
ASA Vote	Against

Summary of ASA Position

As ASA is not voting for the remuneration report, we will not be supporting the re-approval of the Employee Award Plan, which forms part of the company's remuneration arrangements. This resolution seeks to exclude any shares issued under the scheme from the 15% limit for issuing capital without shareholder approval.

The individuals (or their associates) involved in the preparation of this voting intention do not have a shareholding in this company.

ASA Disclaimer

This document has been prepared by the Australian Shareholders Association Limited ABN 40 000 625 669 ("ASA"). It is not a disclosure document, it does not constitute investment or legal advice and it does not take into account any person's particular investment objectives. The statements and information contained in this document are not intended to represent recommendations of a particular course of action to any particular person. Readers should obtain their own independent investment and legal advice in relation to the matters contemplated by this document. To the fullest extent permitted by law, neither ASA nor any of its officers, directors, employees, contractors, agents or related bodies corporate:

- makes any representations, warranties or guarantees (express or implied) as to the accuracy, reliability, completeness or fitness for purpose of any statements or information contained in this document; or*
- shall have any liability (whether in contract, by reason of negligence or negligent misstatement or otherwise) for any statements or information contained in, or omissions from this document; nor for any person's acts or omissions undertaken or made in reliance of any such statements, information or omissions.*

This document may contain forward looking statements. Such statements are predictions only and are subject to uncertainties. Given these uncertainties, readers are cautioned not to place reliance on any such statements. Any such statements speak only to the date of issue of this document and ASA disclaims any obligation to disseminate any updates or revisions to any such statements to reflect changed expectations or circumstances.