



Piedmont Lithium Ltd (PLL.ASX)

Strategically located US lithium asset

Event:

- We provide an overview of Piedmont Lithium Ltd (PLL).

Investment Highlights:

- PLL has secured 715 acres in the historic mining area of the tin spodumene belt (TSB) in North Carolina as part of its Piedmont lithium project.** The project is along trend from the historic Hallman-Beam and Kings Mountain lithium spodumene mines which produced from the 1950s to 1990s. Nearby are Albemarle's and FMC's operating downstream lithium process plants.
- Results from both historic and PLL's own drilling in the project have mostly intersected significant lithium mineralisation across a number of pegmatite layers.** Results confirm four major corridors of lithium mineralisation across the project with a cumulative strike length of 4km.
- A number of moderate to steeply dipping pegmatite layers are evident, and cumulative thicknesses range from 5m to 25m.** Mineralisation is open in all directions with drilling to date being down to 100m vertical depths. PLL is continuing its drill program and is aiming to define an Exploration Target by end CY2017 and a maiden JORC Resource in early 2018.
- Attractive infrastructure to contribute low costs.** The project lies only 40km west of the major city of Charlotte, home to Albemarle Corporation and FMC Lithium division headquarters. Major transmission lines and natural gas pipeline run immediately south of the project, while the project is traversed by paved roads. There is nearby access to highways, rail, and Charlotte airport. We expect both relatively low power and labour costs from the local workforce.
- Business friendly state.** Both the highly regarded Fraser Institute and *Forbes* rank North Carolina 2nd among all US states for business. State tax is only 3% and recently legislated to be 2.5% in 2019.
- The US market is short supply of local lithium, with net imports (mostly from Chile and Argentina) greater than 50% of consumption.** There is appetite for local supply, as demonstrated by FMC's offtake agreement to secure lithium from Nemaska's Whabouchi spodumene project in Quebec. PLL is well placed to exploit this strategic need should it define a minable and attractive resource.
- Board and management combine extensive experience in successfully founding, developing and commercialising junior resource companies plus relevant experience in the TSB including mining and downstream processing.** Key Board members include Taso Arima, Ian Middlemas, and Keith Phillips.

Earnings and Valuation:

- We currently do not forecast earnings or derive a valuation.** However we have compared PLL's valuation to those of North American and ASX listed peers and believe that it has strong potential to appreciate as the project is derisked.

Recommendation:

- We recommend PLL as a Speculative Buy** given we expect the attractive location, strong Board, and drill results bode well for the project. While we have no price-target, we expect key catalysts to re-rate the share price include further drill results; exploration target; defining a maiden JORC Resource; feasibility studies; financing; and development.

Recommendation	Speculative Buy
Previous	na
Risk	Very High
Price Target	na
Previous	na
Share Price (A\$)	\$ 0.160
ASX Code	PLL
52 week low - high (A\$)	0.06-0.17
Capital structure	
Shares on Issue (M)	454
Market Cap (A\$M)	73
Net Cash/(Debt) (A\$M)	5
EV (A\$M) proforma*	68
Options (M)	80
Performance rights (M)	2
Fully diluted EV (\$M)	81
12mth Ave Daily Volume ('000)	499

Board

Ian Middlemas	Non-Executive Chairman
Keith Phillips	Managing Director
Taso Arima	Executive Director
Robert Behets	Non-Executive Director
Levi Mochkin	Non-Executive Director
Mark Pearce	Non-Executive Director

Substantial shareholders

NASDAQ Securities Australia Pty Ltd	11.6%
Arredo Pty Ltd	4.4%

Share Price Graph



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The analyst owns no securities in PLL.

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