

component. This will facilitate PLL to soon complete a Scoping Study on Piedmont. We believe the company is at least targeting a ten year mine life at a 1Mtpa rate. Given the Exploration Target, this is certainly achievable.

PLL undertook a \$16M equity placement in October 2017 which will expedite development of the project including the new drill campaign and studies. The company also has acquired further land acreage in Piedmont, increasing its holding by 26% to 903 acres. PLL is still engaged in conversations with landowners to acquire more land in the area.

Timeline:

We expect the drill campaign to comprise the bulk of activity in the 1QCY2018, which would then lead to a maiden JORC Resource in 2QCY2018, with a scoping study to follow soon after.

Once the scoping study is completed, PLL can then begin permitting.

Metallurgical testing of drilled core samples is underway at SGS Lakefield laboratory in Ontario, while the Mineral Research Laboratory in North Carolina is performing spodumene concentrate testing.

Further valuation upside:

The peer comparison suggests that PLL is trading near that implied for explorers or those in studies (\$0.215/sh). However we note two major factors that can provide upside to PLL's valuation over the next 12 months.

First, the location of Piedmont project in the favourable jurisdiction of North Carolina, surrounding infrastructure, and proven project development experience of the Board suggests the company can relatively quickly progress and permit the project, should it define a sufficient pitiable resource.

Second, we have undertaken the comparative peer valuation on the current exploration target only. As was shown in Figure 4, the potential for PLL to further add resources outside the target exists. This is not to mention the additional acreage it is seeking to secure for Piedmont. Any uplift to the exploration target should have positive impact on valuation.

Consequently we believe that PLL's valuation could move forward over the next 12 months, to be more in line with the average of its peers (\$0.30).

Recommendation:

We maintain our Speculative Buy on PLL, and derive a 12-month price target (PT) of \$0.300/share (previously no PT). Our price target is based on applying average peer EV/resource multiple to PLL's Exploration Target.

Catalysts for the share price:

- Further drill results;
- Defining a maiden JORC Resource;

- Scoping and Feasibility studies;
- Met test results;
- Permitting; and
- Financing and offtake agreements.

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