

Piedmont Lithium Ltd

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Piedmont's lithium strategy attracts broker coverage

Piedmont Lithium Ltd (ASX:PLL OTCMKTS:PLLLY) is attracting broker attention due to its U.S. lithium strategy with Foster deriving a 12-month price target of \$0.30 per share.

Sydney-based Foster has maintained the speculative buy rating it previously placed on Piedmont.

It has also moved Piedmont to formal research coverage status as it was formerly covered under 'Talking Point'.

The company, which aims to build an integrated lithium business centred on the Piedmont Lithium Project in the Carolina Tin-Spodumene Belt, closed at \$0.21 on Thursday.

READ: Piedmont Lithium adds U.S. expertise to enhance lithium strategy

Foster's latest report follows U.S. investment firm Roth Capital Partners initiating coverage of Piedmont with a buy rating and an ADR price target of \$US23.

In North America Piedmont shares trade as American depository receipts (ADRs) with each ADR having the same value as 100 ASX shares.

The ADRs were at US\$17.11 in Thursday trading.

The following is an extract from Foster's report.

Investment Highlights:

Piedmont Lithium (PLL) announced successful completion of its 12,262m Phase 2 drill campaign at its Piedmont project, with further assay results showing lithium mineralisation consistent with previous holes.

A new drill campaign of 20,000m was launched last month, with the aim of 1) Defining a maiden JORC Resource; and 2) Testing further extensions of pegmatites down dip and along strike.

PLL announced an Exploration Target of 10-15Mt at 1.0-1.25% for the Piedmont project, based on preliminary geological modelling of drill results so far. The target was estimated by CSA Global. We do not see the Target as indication of the final size of the project resource, but more as a starting base from what has been drilled to date. This is because mineralisation remains open along strike and depth.

We expect a maiden JORC Resource to be announced in early-mid CY2018, post the new drill campaign. 13,000m of the 20,000m drilling will be targeting infill, and we expect the Resource to comprise a significant Indicated

Price: A\$0.125

Market Cap: A\$69.9M

1 Year Share Price Graph



Share Information

Code: PLL

Listing: ASX

52 week High Low
A\$0.24 A\$0.12

Sector: General Mining

Website: www.piedmontlithium.com

Company Synopsis:

Piedmont Lithium Ltd (ASX:PLL) is listed on the Australian Securities Exchange.

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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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