

Piedmont Lithium Ltd

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Piedmont Lithium to add muscle as it approaches construction decision

- Its drilling activities aim to upgrade its resource base and extend project life
- Permit applications are with the US Army Corps of Engineers and North Carolina Division of Water Resources
- Its land acquisition scheme has increased project size
- The project offers a potential new source of locally-sourced lithium for US buyer
- Piedmont is expecting to add strategic and financial advisory capacity as it approaches a construction decision

What does Piedmont Lithium do?

Piedmont Lithium Ltd (ASX:PLL) (FRA:PL4) (FRA:PL4A) (NASDAQ:PLL) specialises in exploration and development on the world-class Carolina Tin-Spodumene Belt in the United States. It is run by Keith D Phillips, a 30-year mainstay on Wall Street who worked on more than US\$100 billion of transactions and boasts experience leading mining investment teams at Merrill Lynch (NYSE:MER-K) and JPMorgan (NYSE:JPM) (LON:JESC) (NYSEARCA:AMJ) (LON:JII) on his CV.

What does Piedmont Lithium own?

The key asset is the wholly-owned Piedmont Lithium Project which lies in North Carolina on a lithium belt home to two historical lithium mines run from the 1950s to the 1990s.

Carolina Tin-Spodumene Belt (TSB) has easy access to power and infrastructure, including two processing plants opened during the region's lithium heyday.

These plants continue to supply product to US customers and are just 20 kilometres from Piedmont project.

The company, established about three years ago by investment company **Apollo Group**, hopes to fast-track development of the project and become a domestic supplier to local markets in a Tier 1 jurisdiction valuing energy security for battery metals.

Piedmont Lithium hopes to capitalise on an expected global shortfall of lithium as demand heats up and aims to progress plans to produce lithium hydroxide, which attracts higher prices.

A key goal is to significantly expand the 13-year project life modelled in the company's September 2018 **updated a scoping study for its namesake project.**

Piedmont project's revised scoping study metrics increased the value of its project by 14% to an after-tax US\$888 million (A\$1.25 billion) using a net present value (NPV8) calculated at an 8% discount.

The corresponding internal rate of return was an after-tax 46%, with lithium hydroxide cash costs of US\$3,960 a tonne

Price: A\$0.125

Market Cap: A\$86686800M

1 Year Share Price Graph



Share Information

Code: PLL

Listing: ASX

52 week High Low
A\$0.19 A\$0.09

Sector: Mining

Website: www.piedmontlithium.com

Company Synopsis:

Piedmont Lithium is an emerging lithium company focused on the development of its 100%-owned Piedmont Lithium Project in North Carolina, with the goal of becoming a strategic domestic supplier of lithium to the increasing electric vehicle and battery storage markets in the U. S.

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for a two-year payback.

Battery-grade lithium hydroxide monohydrate grading at least 56.5% was 100,000-110,000 yuan (US\$14,826-16,308) a tonne in late December.

Piedmont Lithium's scoping study came after a high-grade mineral resource was identified last June. Resources factored into the study were 16.2 million tonnes at 1.12% lithium.

Steady-state spodumene concentrate production was forecast at 170,000 tonnes a year grading 6% lithium for a steady-state 22,700 tonnes a year of lithium hydroxide over a 13-year project life.

Piedmont Lithium **restarted drilling at the project** in January 2019, hoping to use a 25,000-metre phase IV program to increase its resource and expand project life.

As part of that program, the company has **delivered its best ever intersections at the project**.

High-grade mineralisation has been found in 23 holes at Piedmont's Core and Central properties.

Reported on in March 2019, outstanding grades from four Central property holes in newly-discovered pegmatites included 43.2 metres at 1.73% lithium oxide, the thickest high-grade interception reported to date for Piedmont project.

Other stand-outs at Central property were 14.1 metres grading 1.63% lithium and 28.1 metres grading 1.35% lithium, in two more holes.

Nineteen exploration target holes at Piedmont project's 868-acre Core property also delivered "strong results consistent with historical drilling".

The company has also consolidated landholdings at the project, **increasing its ground by 15%** in the December quarter of 2018 to 1,383 acres.

Drill targets from the properties formed part of the 2019 cold-season drilling program.

The land grabs helped make Piedmont Lithium the biggest lithium landholder in the Carolina TSB, holding 1,824 acres.

Piedmont Lithium **raised \$12.2 million (US\$8.7 million)** from a placement which had its **last tranche of \$400,000** added to mix in February 2019.

The placement was designed to fund infill drilling to expand and upgrade the project resource base and fund permit applications, pilot-scale metallurgy, extra engineering studies and more land consolidation.

Piedmont Lithium had \$9.6 million at the end of 2018 and aimed to spend US\$4 million in the March quarter, earmarking US\$2.9 million for exploration and evaluation.

The company hopes to later produce a feasibility study for the project.

It is tracking towards a mid-2019 update for an update to the resource and scoping study for the project.

The company is appointing new financial and legal advisors as it progresses its development strategy and structures its financial plans.

Piedmont Lithium's next quarterly report is expect by the end of April 2019.

Inflection points

Upgrade to resource base to extend forecast mine life

Key regulatory approvals, including already-submitted permit applications

US Government decision-making on the importance of locally-sourced lithium for the nation's national security

Metallurgical test work results and lithium concentrate qualities and consistencies

Feasibility study delivery schedules and funding

Final investment decisions for staged developments

Access to infrastructure, including local plant capacity

President & CEO Keith D Phillips confident of the value of project

"We continue to make good progress in several areas critical to our strategy, and remain on-track to begin construction in early-2020, consistent with the schedule we established in late-2017," Piedmont president & CEO Keith D Phillips said in a project development update two weeks ago.

"As the only conventional lithium project in the USA, we have attracted considerable strategic interest and have engaged in initial conversations with parties in the lithium, mining, chemicals, battery, automotive, and private equity sectors.

"We plan to appoint financial and legal advisors in the coming weeks to assist in the evaluation of strategic and financial plans as we approach a construction decision."

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