



Pilbara Minerals Ltd (PLS.ASX)

Site visit confirms progress and efforts into derisking

Event:

- Pilgangoora site visit; Company update.

Investment Highlights:

- **We attended a site visit at Pilgangoora on July 20th and came away suitably impressed with the scale of the project, early earthworks progress, grade control drilling, and the road, camp, and port infrastructure.**
- **Grade control drilling minimising Resources risk.** PLS' grade control drilling on the Central pit has been as tightly spaced as 12.5m. Reconciliation of results with that of Resources and Reserves has been very high across tonnages, contained lithia, and grade.
- **We visited Port Hedland berths 1 and 2 which are operated by Qube Logistics and from which concentrate will be transported in rotainers and loaded on to handymax ships by mobile crane.** We also inspected camp facilities of which 60 rooms were constructed and the balance (total of 300) to be completed by end September.
- **PLS has awarded Stage 2 plant construction to RCR Tomlinson and the bulk civil earthworks to NRW.** We expect first pour of concrete this month, and that of structural concrete for the plant in September.
- **Financing completed.** In July PLS completed an equity and debt financing totaling \$227M comprising \$132M debt and \$95M equity. The proceeds will fund Pilgangoora capex, as well as exploration, working capital, corporate, and liquidity reserves. The only outstanding financing is \$18M equity placement from General Lithium which we expect to be finalised by the end of the 3QCY17.
- **Increase in Reserves extends mine life to 40 years.** JORC Reserves for Pilgangoora have increased to 80.3Mt (prior 69.8Mt), extending mine life by five years at 2Mtpa. The increase in Reserves makes the expansion case more compelling in bringing forward cashflows. This, together with increased offtake interest and further scope to add Resources, has seen PLS now commence studies to examine a 5Mtpa case expansion instead of the previous 4Mtpa.
- **Recent news puts demand outlook in favourable spotlight.** This includes French and UK governments seeking to ban sales of petrol and diesel vehicles by 2040, as well as Volvo announcing all cars to contain an electric engine by 2019.

Earnings and Valuation:

- **We have reduced FY18e and FY19e earnings principally by removing the DSO project from our forecasts, as well as higher interest expense on the debt than we had previously forecast.** We await material progress on DSO before revisiting it.
- **Our risked valuation has slightly decreased to \$0.82/share (prior \$0.86)** mostly due to the equity raising being higher than we had forecast, as well as further risking the DSO project.

Recommendation:

- **We maintain our Buy recommendation and our 12-month price target is now \$0.82 (prior \$0.86) in-line with our valuation.** Catalysts placements to General Lithium finalised; offtake for tantalum and technical grade spodumene; study results on 5Mtpa expansion; plant commissioning.

Recommendation	Buy
Previous	Buy
Risk	High
Price Target	\$0.82
Previous	\$0.86
Share Price (A\$)	\$ 0.385
ASX Code	PLS
52 week low - high (A\$)	0.3125-0.6
Valuation (A\$/share) - risked	\$0.82
Methodology	DCF
Capital structure	
Shares on Issue (M) proforma*	1,548
Market Cap (A\$M) proforma*	596
Net Cash/(Debt) (A\$M) proforma*	116
EV (A\$M) proforma*	480
Options (M)	101
Fully diluted EV (\$M)	519
12mth Ave Daily Volume ('000)	9,935

Y/e Jun (A\$M)	2016a	2017e	2018e	2019e
Sales	0.0	0.0	0.0	232.6
Adj EBITDA	-41.8	-34.9	-19.1	130.3
Adj NPAT underlying	-44.3	-33.0	-33.5	92.8
Adj EPS diluted \$	-0.05	-0.02	-0.02	0.05
PER x diluted	nm	nm	nm	6.9
EV/EBITDA x	nm	nm	nm	4.1

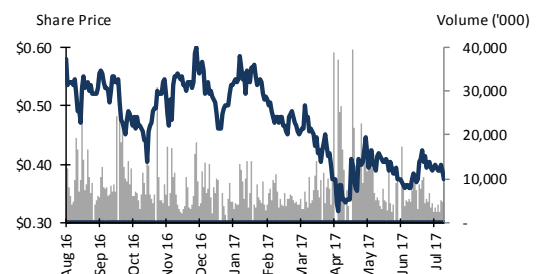
*incl shares & proceeds from \$95M placement & SPP

*Adj = underlying FSB estimate

Board	
Tony Kiernan	Non-Executive Chairman
Ken Brinsden	Managing Director
Nick Cernotta	Non-Executive Director
Steve Scudamore	Non-Executive Director
John Young	Executive Director

Substantial shareholders	
Mineral Resources Ltd	8.2%

Share Price Graph



Analyst: Mark Fichera +612 9993 8162

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The analyst owns 233,034 shares in PLS.



Pilbara Minerals (PLS)

Full Year Ended 30 June

Profit and Loss A\$M	2016a	2017e	2018e	2019e
Sales	0.0	0.0	0.0	232.6
Other revenue	0.0	0.1	0.0	0.0
Operating Costs	41.8	35.0	19.1	102.3
Underlying EBITDA	-41.8	-34.9	-19.1	130.3
D&A	0.1	0.1	0.4	14.0
Underlying EBIT	-41.9	-35.0	-19.5	116.3
Net interest exp/(income)	2.2	-2.0	14.1	15.0
Profit before tax	-44.1	-33.0	-33.5	101.3
Tax exp / (benefit)	0.2	0.0	0.0	8.5
Underlying NPAT	-44.3	-33.0	-33.5	92.8
Non-recurring exp/(benefit)	11.3	0.0	0.0	0.0
Reported NPAT	-55.6	-33.0	-33.5	92.8
Underlying EPS diluted (\$)	-0.05	-0.02	-0.02	0.06

Cashflow A\$M	2016a	2017e	2018e	2019e
Underlying EBITDA	-41.8	-34.9	-19.1	130.3
Change in WC	1.6	0.0	-6.0	-12.0
Tax paid	-0.2	0.0	0.0	-8.5
Other	-0.8	6.7	5.0	0.0
Net interest	0.1	2.1	-14.1	-15.0
Share based payments	26.6	9.7	0.0	0.0
Operating Cashflow	-14.6	-16.4	-34.2	94.7
Purchase of PP&E	-4.6	-45.0	-189.0	-4.4
Acquisition	0.0	-7.9	0.0	0.0
Investments	-2.0	0.0	0.0	0.0
Other	-1.0	0.2	0.3	0.0
Investing Cashflow	-7.6	-52.7	-188.7	-4.4
Equity issue	122.7	68.4	46.3	0.0
Debt proceeds	4.0	132.3	132.0	0.0
Debt repayments	-0.7	-136.9	0.0	0.0
Other	-7.0	-7.6	0.0	0.0
Financing Cashflow	119.0	56.2	178.3	0.0
Net Cashflow	96.8	-12.9	-44.6	90.3

Balance Sheet A\$M	2016a	2017e	2018e	2019e
Cash	100.0	87.1	42.4	132.8
Receivables	1.5	1.6	0.0	33.1
Inventories	0.0	0.0	0.0	0.0
PPE	0.8	95.8	284.4	274.8
Capitalised exploration	0.3	5.3	5.3	5.3
Intangibles	0.0	0.0	0.3	0.3
Total Assets	102.7	194.1	343.9	447.1
Accounts payable	3.0	3.0	13.6	10.8
Provisions	1.0	2.9	1.6	8.4
Debt	0.3	0.1	132.1	132.1
Other	0.0	4.3	0.1	6.6
Total Liabilities	4.3	10.3	147.4	157.8
Reserves and capital	168.2	286.6	332.9	332.9
Retained earnings	-69.8	-102.8	-136.3	-43.5
Minorities	0.0	0.0	0.0	0.0
Total Equity	98.4	183.8	196.5	289.3

Financial Metrics	2016a	2017e	2018e	2019e
Sales growth %	nm	nm	nm	nm
EPS growth %	nm	nm	nm	-377%
EBITDA margin	nm	nm	nm	56%
EBIT margin	nm	nm	nm	50%
Gearing (ND/ND+E)	nm	-90%	31%	0%
Interest Cover (EBIT/net int)	nm	nm	-1x	8x
Average ROE %	nm	nm	-18%	38%
Average ROA %	nm	nm	-7%	29%
Wtd ave shares (M)	823	1,230	1,548	1,548
Wtd ave share diluted (M)	920	1,331	1,650	1,650

Earnings multiples	2016a	2017e	2018e	2019e
P/E x	nm	nm	-19.1	6.9
EV/EBITDA x	nm	nm	-26.2	4.1
EV/EBIT x	nm	nm	-27.7	4.6

Company Valuation	A\$M	A\$/sh	A\$M	A\$/sh
DCF, WACC 10% nominal	Unrisked	Unrisked	Risked	Risked
Segment	A\$M	A\$/sh	A\$M	A\$/sh
Pilgangoora 2Mtpa - base case Reserves	1,104	\$0.66	994	\$0.59
Pilgangoora 4Mtpa - incremental value Re	421	\$0.25	126	\$0.08
DSO project	112	\$0.07	34	\$0.02
Resources ex-Reserves	372	\$0.22	75	\$0.04
Unallocated corporate/tax losses	-60	-\$0.04	38	-\$0.02
Cash - Placement & SPP June 2017	95	\$0.06	95	\$0.06
Cash - General Lithium equity raise	18	\$0.01	16	\$0.01
Cash - exercised options	47	\$0.03	43	\$0.03
Cash - other end Jun 17	23	\$0.01	23	\$0.01
Company Valuation	2,133	\$1.27	1,367	\$0.82
Ordinary shares incl. Jun 2017 placement	1,548		1,548	
Shares - exercise of options M	101		91	
Shares - General Lithium equity raise M	36		32	
Pro-forma diluted shares M	1,685		1,671	

Commodity Assumptions	2016a	2017e	2018e	2019e
Prices				
Spodumene 6% Li ₂ O (US\$/t), CFR	595	674	736	683
Tantalite (US\$/lb)	62	67	73	78
A\$ (US\$)	0.75	0.75	0.74	0.74
Production				
Concentrate spodumene 6.0%, kt	0	0	0	229
LCE kt	0.0	0.0	0.0	34.0
Tantalite t	0.0	0.0	0.0	90.8
Costs - AISC US\$/t, CFR 6% spodumene	nm	nm	nm	232

JORC Resources & Reserves	Ore Mt	Li ₂ O %	Li ₂ O kt	LCE Mt
Pilgangoora				
Measured	17.6	1.39%	244	0.60
Indicated	77.7	1.31%	1,017	2.52
Inferred	61.1	1.13%	691	1.71
Total Resources	156.3	1.25%	1,952	4.83
Total Reserves	80.3	1.27%	1,020	2.52

Capital structure	M
Ordinary shares (incl placement & SPP pro-forma)	1,548.3
Options (strike \$0.15 to \$0.65, expiries Dec 2017 to Dec 2019)	101.2
Fully diluted shares pro-forma	1,649.5

Source: Company; Foster Stockbroking estimates



SITE VISIT HIGHLIGHTS

- We attended a site visit at PLS' Pilgangoora project on 20th July which provided us a chance to examine the size of the orebody, early civil works and exploration being undertaken, as well as roads, camp, and port infrastructure.
- We returned impressed with the progress PLS has and is currently undertaking, as well as the scalability of the Pilgangoora project.
- Most notable is the effort the company has put into minimising Resources and Reserves risk, via its grade control drilling.

Large scale, still scope for further Resource increase

- From Port Hedland airport, we drove on the sealed Great Northern Highway for ca. 115kms before turning into a 23km unsealed road to reach PLS' Pilgangoora camp. On the unsealed road we traversed BHP's and FMG's rail lines for which PLS has access agreements in place. The company will initially spend \$7-8M to upgrade the unsealed road to a standard which would support half quad trucks. Later, PLS will upgrade the road to bitumen.
- We viewed and walked the ground at some of the Pilgangoora deposits, especially the major pits Central and Eastern, and noted the significant outcrops of spodumene laden pegmatite. These pits will be the first to be mined. The Central pit is approximately 1.2km in strike length and 800m wide, itself containing about 78Mt of Pilgangoora's 156Mt Resources, or around 50%.
- PLS continues to undertake exploration, sterilisation, and infill drilling, and there is still the possibility that Central and Eastern pits may ultimately merge into one super pit. The potential for further Resources and Reserves to be added to the current 156Mt Resource and 80Mt in Reserves still exists.

Tightly spaced drilling minimises Resource risk

- At the Central deposit, the company explained how it is undertaking tightly spaced 12.5m drilling to an average depth of 30m depth for grade control. Results achieved very high reconciliation across tonnages, grade, and contained lithia with that estimated in the original JORC Resource and Reserves, there being no material changes. This provides us with high confidence in the company's derisking of geology and eventual commissioning of the project.

Camp – 60 rooms commissioned

- We inspected the camp facilities, located at the northern end of Pilgangoora, which were purchased from Roy Hill and have the capacity to accommodate 300 people. Rooms were in very good condition, with 60 having already been constructed and the balance to be completed by September 2017. The camp includes typical amenities such as gym. PLS expects accommodation will peak at 300 during plant construction, and then reduce to 200 after contractors leave the site post construction.

Construction and earthworks contracts awarded - Mining, power, and haulage to follow

- On July 24 RCR Tomlinson was awarded the Stage 2 plant construction contract, and NRW the bulk civil earthworks contract. We witnessed the concrete batch plant on site and expect first pour for general construction this month, with pour of structural concrete for the plant to



follow in September. Pours for the mill and crusher expected to be the biggest. NRW are managing bulk civil earthworks fleet and concrete pours.

- Outstanding contracts to be awarded include mining, haulage, and power, and we expect these to be imminent. Mining should dovetail with construction and we expect it to begin by end September 2017. Bulk waste mined will be used as part of building the tailings storage facility.
- PLS is envisaging power to be initially generated from diesel, with the potential to later move to a hybrid of diesel and gas. We expect that power costs could be less than estimated in DFS.
- Some synergies may be realised between the PLS and Mineral Resources (MIN) via sharing a water pipeline. The latter has its own lithium deposit at Wodgina which lies 35km west of Pilgangoora. PLS has secured water access from a third party which could be potentially supplied to Wodgina given its proximity. Similarly some of MIN's water bores are closer to Pilgangoora and could be used for the latter. Sufficient water for Stage 1 (2Mtpa) has already been identified. MIN is supportive of PLS, as evidenced by taking up placement to maintain pro rata.

Visit to Port Hedland berths

- The Western Australia State Government's Port Hedland Berths 1 and 2 is where Pilgangoora's concentrate will be shipped. The berths are managed and operated by Qube Logistics. We witnessed trucks carrying Sandfire's concentrate coming to the berth's lay down areas, with front end loaders unloading the containers (rotainers or rotaboxes) and stacking them.
- We expect Pilgangoora concentrate to be transported in rotainers and stored at Wedgefield which is about 16km from Berth 2. The rotainers will then be transported to Berth 2 and loaded into handymax ships via a mobile crane. The crane will pick up the rotainers, rotate them and uncover the lid, tipping the contained concentrate into the ship. Gross weight of the rotainers is expected to be 25-35t.
- Scope for port capacity expansion exists at Port Hedland, with Government looking at new berth at Lumsden Point. This could accommodate future Pilgangoora expansion, especially when the mine increases to 4-5Mtpa rate.

Tantalum and technical grade spodumene offtake still being negotiated

- Tantalum offtake is still to be concluded. GAM has the first right of refusal and we still expect it to be the natural buyer.
- One tonne sample of technical grade spodumene SC7.0 has been shipped to European glass manufacturer from Eastern pit. Pilot plant work has yielded 7.2% L₂O at >75% recoveries. PLS eventually expects production of SC7.0 in CY2019, which is likely to be mined on a campaign basis, once the company has already established steady state production of SC6.0. PLS expects it could receive a 20% price premium on SC7.0 vs SC6.0.



FINANCING COMPLETED VIA DEBT AND EQUITY

- In July PLS completed equity and debt financing of Pilgangoora which totalled \$227M (comprising \$132M debt and \$95M equity). This was approximately \$46M greater than our prior assumption of \$181M (\$109M debt and \$72M equity), the major difference being we had not previously factored in a minimum liquidity reserve.
- The proceeds will be used to fund Pilgangoora's capital expenditure, exploration, corporate costs, working capital, contingencies, financing costs, as well as maintain a liquidity reserve.

US\$100M (A\$132M) debt financing from bond

- PLS successfully issued senior secured bond of US\$100M, or A\$132M. The bond was cornerstoned by one of the world's largest natural resource funds as well as the Australian Government's Clean Energy Finance Corporation.
- The bond proceeds currently sit in an escrow account off the balance sheet and will appear in liabilities once PLS begins to draw it down. Draw down is to be in three tranches, the first expected to be in October 2017. The bond is secured against the project's assets. A liquidity reserve and costs overrun account of \$25M minimum is to be maintained.
- The bond term is five years, maturing June 2022, with interest of 12.0% p.a. Repayments comprise interest only for first three years, with 50% of debt to be straight line amortised in years four and five and the balance repaid as bullet June 2022. Interest is paid quarterly in arrears.

\$95M in equity

- In addition to debt, PLS raised \$95M in equity, comprising an \$80M placement and \$15M share purchase plan (SPP) at \$0.35/share. The placement included US\$20M (A\$27M) from Ganfeng which had been previously agreed to as part of the company's offtake agreement with the former, as well as Mineral Resources (MIN) subscribing in the placement to at least maintain its pro rata interest (8%, or ca. \$6M).
- The placement is in two tranches, with \$66.5M unconditionally placed, and the balance \$13.5M to settle August 3rd, at around same time as SPP.
- Only the equity placement from offtaker General Lithium of \$18M now remains outstanding. This has been a slow process as General Lithium seeks to satisfy its China regulatory approvals. We understand progress, albeit slow, is being made and we expect a conclusion by 3Q CY2017.

**Figure 1: Forecast PLS Expenditure and Funding**

Fund sources:	\$M
Cash end April 2017	51
Ganfeng placement	27
Other placement proceeds	53
SPP	15
General Lithium placement	18
Bond issue	133
Total	297
Expenditures	
Pilgangoora capex balance (\$27M spent to end Apr 2017)	207
Corporate and exploration	16
Other	4
Working capital and funding costs	19
Interest payments	16
Management and liquidity reserve	35
Total	297

Source: Company; Foster Stockbroking estimates

Decision to mine Paves way for construction

- Following the successful completion of the project's financing, PLS announced its decision to mine in June, paving the way for the company to achieve its first spodumene and tantalite shipments in May 2018. PLS should now have an unfettered pathway to first production. PLS' key milestones include mining this quarter, achieve commissioning of the plant 1Q (March) 2018, and expectation of first shipment 2Q (May) 2018. We are slightly more conservative and maintain our expectation of first shipment in July 2018. We expect a 12 month ramp up to reach the 2Mtpa rate.

RESERVES INCREASE EXTENDS MINE LIFE TO 40 YEARS

- In June, PLS increased its JORC reserves for Pilgangoora to 80.3Mt, up from 69.8Mt, following the extensive drilling completed since the prior Reserves estimate. The incremental Reserves adds another five years to mine life at the 2Mtpa rate, extending it to 40 years.
- PLS also increased its SC6.0 price assumption to US\$537/t from the US\$460/t previously used in July 2016 in determining the pits. This is more realistic given the strength of the lithium market, but still remains conservative relative to both spot prices and consensus long-term forecasts. Strip ratio for the pit design was estimated to be 3.9, just below the 4.1 determined for the August 2016 Reserves.

Figure 2: Pilgangoora JORC Reserves

Category	Ore (Mt)	Li₂O %	Li₂O t	Ta₂O₅ ppm	Ta₂O₅ Mlbs
Proven	17.3	1.30	230	141	5.4
Probable	62.9	1.25	790	119	16.5
Total	80.3	1.27	1,020	123	21.8

Source: Company



DFS underway to evaluate 5Mtpa operation

- In light of 1) The increase in JORC Reserves, 2) Further scope to increase resources, and 3) Continued strong offtake interest, PLS is now undertaking a DFS to examine a 5Mtpa operation. This expansion would replace that of the 4Mtpa previously studied and we expect it will provide greater NPV lift for the incremental capex required. The results of the 5Mtpa DFS are expected in 1H CY2018.

RECENT MARKET NEWS POSITIVE FOR LITHIUM SECTOR

- Recent market news concerning electric vehicles (EVs) has reignited interest in the lithium sector. These include declaration by governments and carmakers in eschewing petrol vehicles and adopting EVs.
- Volvo (owned by China auto manufacturer Geely) has announced all its cars will contain an electric engine by 2019, the line up to include both HEV and EVs.
- The French Government has stated it intends to end the sales of new petrol and diesel vehicles by 2040.
- Similarly, the UK government wants sales of new petrol and diesel vehicles banned also by 2040.
- Major global lithium supplier SQM, announced a joint venture with ASX-listed Kidman Resources to develop its Earl Grey spodumene deposit in Western Australia. Traditionally a brine-sourced supplier of lithium, we view the JV as positive for spodumene, highlighting the attraction of lower capex and shorter lead time of bringing supply on compared to brines, as well as diversifying geological and sovereign risk.
- Meanwhile Ganfeng and General Lithium are ramping up lithium carbonate and hydroxide production over the next few years. The former has capacity of 35ktpa LCE and is commissioning additional 20ktpa LCE, plus has plans for further development.

CONSENSUS DEMAND FORECASTS SHOULD ABSORB ONCOMING SUPPLY

- Consensus forecast LCE published by PLS in its recent investor presentation highlight demand to increase by 308kt from 236kt in 2017 to 544kt in 2025. This increase in demand should absorb not only new supply from new emerging hard rock spodumene sources such as Pilgangoora, Wodgina, and Earl Grey but also other hard rock mines and longer dated increased production from brines.



UPGRADE TO LITHIUM PRICE FORECASTS

- We have upgraded our spodumene SC6.0 price forecasts, most markedly in FY18e and FY19e, with prices respectively upped 8% and 7% to US\$736/t and US\$682/t. Our long-term price is up slightly to US\$615/t. Our forecasts are approximately in-line with consensus but still remain well below recent prices settled by Galaxy Resources and Neometals which are estimated to be US\$925/t and US\$750/t on CFR basis for SC6.0.
- We have also increased our long-term A\$ forecast to US\$0.75 (prior US\$0.74).

Figure 3: Spodumene 6.0% Li₂O US\$/t CIF Forecasts

Y/e Jun	2016a	2017e	2018e	2019e	2020e	2021e	LT nom.
New	595	674	736	682	622	600	615
Old	593	648	684	638	603	592	607
Change	0%	4%	8%	7%	3%	1%	1%

- Source: Foster Stockbroking estimates.

DSO AN OPPORTUNITY BUT NOT A MAIN FOCUS

- The DSO opportunity remains for PLS but is not a main focus. Shandong Ruifi's agreement has been unable to provide the pre-payment and obtain the required China regulatory approvals. Other parties continue to express interest.

EARNINGS FORECASTS CHANGES

Removal of DSO project from forecasts

- We have reduced our FY18e and FY19e earnings forecasts, mostly due to removing the DSO project from our forecasts, as well as higher interest expense resulting from the bond issue than we had previously assumed. Given the delays on the DSO and the major focus on the concentrate project, we now prefer to wait for any significant progress on the DSO before again including it in our earnings projections.
- Consequently our FY18e NPAT has declined to -\$33.5M (prior \$23.3M) while that of FY19e has fallen to \$92.8M (prior \$122.4M).

**VALUATION – RISKED NPV₁₀ \$0.82/SHARE**

- Our risked NPV₁₀ valuation of PLS has slightly decreased to \$0.82/share (prior \$0.86), mostly due to June 2017 equity raise being greater in size than we had previously assumed, as well as risking the DSO project to 30% (prior 90%). This has more than offset the increase in the value of the Pilgangoora project due to the upgrade in our lithium price forecasts.
- Note that while we have removed the DSO project from our earnings forecasts, we still believe some risked value needs to be attributed in our valuation given the opportunity remains alive.
- Our unrisked valuation has increased to \$1.27/share (prior \$1.14). This is attributable to the Resources ex-Reserves, which in our unrisked case are now all mined at the 4Mtpa rate. However we risk this by 20% in our risked valuation, should the 4Mtpa case not go ahead and/or not all the Resources are converted to Reserves and mined.
- We have only factored the 4Mtpa expansion case in our valuation, preferring to wait for any studies on a 5Mtpa scenario before considering addressing the latter.

Figure 4: PLS Company Valuation

Segment	Unrisked A\$M	Unrisked A\$/sh	Risked A\$M	Risked A\$/sh	1- Risk factor
Pilgangoora 2Mtpa - base case	1,104	\$0.66	994	\$0.59	90%
Pilgangoora 4Mtpa - incremental value	421	\$0.25	126	\$0.08	30%
DSO project	112	\$0.07	34	\$0.02	30%
Resources ex-Reserves	372	\$0.22	75	\$0.04	20%
Unallocated corporate/tax losses	-60	-\$0.04	-38	-\$0.02	63%
Cash – Placement & SPP Jun 2017	95	\$0.06	95	\$0.06	100%
Cash – General Lithium equity raise	18	\$0.01	16	\$0.01	90%
Cash – Exercise of options	47	\$0.03	43	\$0.03	90%
Net cash – other end Jun 2017	23	\$0.01	23	\$0.01	100%
Company Valuation	2,133	\$1.27	1,367	\$0.82	64%
Ordinary shares incl placement & SPP M	1,548		1,548		100%
Shares - exercise of options M	101		91		90%
Shares – General Lithium equity raise	36		32		90%
Pro-forma diluted shares M	1,685		1,671		99%

Source: Foster Stockbroking estimates.

**RECOMMENDATION – MAINTAIN BUY RECOMMENDATION, PT \$0.82/SHARE**

- We maintain our Buy recommendation on PLS, reducing our price target \$0.82 (prior \$0.86) in-line with our valuation. The decision to mine and completion of debt and most of the equity financing (General Lithium equity still to be finalised) paves the way for the company to strive to meet its shipment target. Our site visit has increased confidence in the project. However we should not underestimate the scale of the project and PLS and its contractors will no doubt will have their hands full managing construction and schedules.
- Key share price catalysts are:
 - Finalisation of General Lithium placement;
 - Award of power and mining contracts;
 - Commencement of mining;
 - Finalisation of tantalum and technical grade spodumene offtake; and
 - Release of 5Mtpa DFS.
 - Commissioning of plant; and
 - First concentrate shipment.



FOSTER STOCKBROKING DIRECTORY

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