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Piedmont on the prowl

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Despite the malaise in the lithium sector through the back half of 2020, the soon to be redomiciled Piedmont Lithium Ltd is charging towards construction.

Piedmont is on track to start building its namesake lithium project in North Carolina, US, during the second half of this year, having already secured a lucrative sales agreement with Tesla Inc to supply spodumene concentrate to the leading EV maker for potentially as long as a decade.

The company is also expected to finalise the redomiciling of its primary listing to the US next month as the various pieces of its plan to become the leading domestic producer of lithium hydroxide for the re-emerging North American battery materials market gathers serious momentum.

Piedmont's stock on the ASX has surged 700% since September when the company announced it was set to supply spodumene concentrate to Tesla for five years from as early as mid-2022, plus an option over a further five years.

The binding agreement with Tesla is for roughly one-third of the proposed 160,000 tpa production output and is expected to generate 10-20% of the total sales revenue from Piedmont's integrated mine-to-hydroxide project.

Speaking to **Paydirt** from his US base, Piedmont president and chief executive Keith Phillips revealed that Tesla had reached out to the company because it was chasing more local supply.

"Given we're in the US and they're in the US, we thought that was a good idea to be part of their supply chain," Phillips said.

"People will say a lot of things about Tesla, in my experience they're all good. We have a great relationship and they're encouraging us to not only supply them with spodumene concentrate, but they're hopeful we will become a strong independent producer of lithium hydroxide.

"The biggest constraint to their ability to grow EV sales will be their ability to source battery materials. It won't be very hard to fund windshields and tyres and steering wheels, but it's going to be hard to fund the

batteries which ultimately drive the cars they're making.

"Clearly they're going to need more and more lithium and they want to get as much of it as they can from the US, and obviously that's good for us because that's where we are."

As 2020 drew to a close and with the market spotlight firmly on the company following the Tesla agreement, Piedmont quickly decided to rattle the tin for \$81.2 million via an underwritten US public offering. Funds from the raising are being directed towards separate feasibility studies on the concentrate operations and the lithium chemical plant.

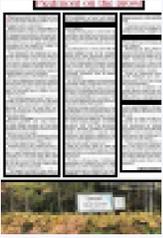
The 160,000 tpa quarry and spodumene concentrator study is expected to be completed midway through the year and is being led by a combined group which includes long-time company partners Primero Group Ltd and Marshall Miller & Associates. The DFS on the integrated chemical operations is also due to kick off this quarter.

Piedmont recently made a number of key appointments to its management team, including Malissa Gordon (manager, community and government relations), Jim Nottingham (senior project manager, concentrate operations), John "Pratt" Ray (production manager, chemical operations) and Brian Risinger (vice-president, corporate communications and investor relations) as the company works diligently towards its goal of being "shovel-ready" by year's end.

While the company plans to retain the ASX listing it has had for the past four years, Piedmont will soon call the NASDAQ its primary bourse.

"We have a strong group of institutional shareholders in Australia and some great individual and retail shareholders as well, they've really been our lifeblood, but we've established a strong position here in the US now and the reality is that 90% of our trading volume is on the NASDAQ," Phillips said.

"American investors are more provincial, I would say, than Australian investors. An American investor wouldn't want to own an Australian or Canadian company be-



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cause they just don't have that background. They're far more comfortable with an American company."

Piedmont has also joined forces with another ASX-listed North American lithium hopeful in Sayona Mining Ltd via a \$US12 million investment and binding supply agreement for 50% of that company's spodumene production from its proposed operations in Quebec, Canada.

Under the agreement announced last month, Piedmont now owns 19.9% of Sayona and 25% of that company's Quebec-based subsidiary.

Sayona has completed a DFS on its Authier lithium project near the long-standing mining town of Val d'Or and is currently bidding for the mothballed North American Lithium (NAL) operations.

"We saw Sayona as kind of an orphan in the capital markets, not well understood and not really followed by investors," Phillips said.

"Given our plans to build our hydroxide capacity, we want to convert not only our own spodumene but potentially others around the world. We looked at the map, we talked to a lot of people around the world and Sayona kept coming up in these discussions we were having.

"Their development timeline is very similar to ours and so we took the opportunity to sign an offtake agreement and invest on what we think are very attractive terms. It's an exciting situation and we're very happy to be helping each other to build a bigger business."

– Michael Washbourne



Piedmont has made a \$US12 million investment in ASX-listed, Quebec-focused lithium hopeful Sayona Mining

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