



TRADING OPPORTUNITIES	RECOMMENDATION
PILBARA MINERALS LTD	TRADING BUY
ASX Code: PLS	Price: \$ 4.20

Company Summary

Pilbara Minerals is an ASX-listed miner currently operating lithium ore mine Pilgangoora in Western Australia. At full proposed capacity, the mine is expected to produce ~1mtpa of spodumene (based on ore feed processing capacity at two plants: Pilgan and Ngungaju) once fully ramped up by mid this decade. It also has a JV exploration project in WA and a JV with POSCO to construct a downstream conversion facility in South Korea which is expected to commission in late CY23. PLS could take its initial 18% interest up to 30%. PLS is also progressing studies on producing a mid-stream product.

- Opportunity**
- Operating Lithium mine with strong cash flow and profitability. Strong result announced 23RD Feb - EBITDA of \$1.81bn, NPAT of \$1.24bn. PLS pays Inaugural dividend, with 11cps (full-franked) announced.
 - Unwarranted sell off in Lithium companies on unconfirmed reports on Chinese platforms that i) spodumene auctions were conducted with no bidding; ii) the largest battery manufacturer CATL is cutting prices requiring benchmarking of much lower lithium prices; iii) a fall in the low-volume, industrial grade Wuxi carbonate future pricing.

- Risks**
- Weakness spodumene lithium prices.
 - Sell off in the broader Lithium sector / risk off in growth assets
 - Delays in reaching expanded nameplate capacity and additional capital expenditure may be required.
 - Higher-than-expected operating costs at Pilgangoora.

- Key Parameters**
- Entry Price: \$ 4.20 - \$ 4.30
 - Time Frame: Short Term Trade
 - Risk: Speculative
 - Target Return \$ 4.80 - \$5.00
 - Stop Loss Close Price < \$ 4.00





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