

## Drilling to commence in Fraser Range

### Significant leverage to drilling success

#### Recommendation

**Speculative BUY**

#### Price

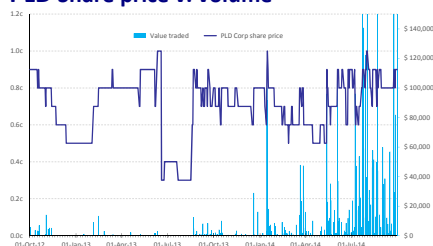
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- PLD Corporation is focused in the Fraser Range district in the south of Western Australia. It has an option to purchase a tenement package of 1,200km<sup>2</sup>, the fifth largest in the Albany-Fraser Belt.
- PLD has started a 1,000m RC drilling and Deep EM Survey at its M20 nickel target.
- PLD has identified a significant VMS Cu-Zn target with a strike of 3.5km of mineralisation
- PLD has recently defined 18 new bedrock EM conductors, prospective for Massive Sulphide and graphite deposits

#### Snapshot

Market Cap	\$5.3m
Shares on Issue	587.6m
Cash on hand	\$0.75m
52 Week High	1.0c
52 Week Low	0.3c
1 month / 6 month VWAP	0.8c / 0.7c

#### PLD Share price v. volume



PLD signed an option agreement over approximately 1,200km<sup>2</sup> of tenements in the Albany Fraser Belt, WA, considered prospective for Ni-Cu deposits in August 2013. On 21 August 2014, PLD extended the option period until May 2015 through the issue of 8.75m shares at 0.8c per share.

PLD has a significant land holding in a highly prospective area, and a small market capitalisation. This makes PLD highly leveraged to exploration success.

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#### Drilling Program Underway at Rocky Gully Central

- RC Drilling and Deep EM Survey is now underway at the M20 nickel target which was defined by systematic geological, geochemical and geophysical program. Results are due in October.

#### Multiple Bedrock EM Conductors at Rocky Gully North

- PLD has identified 18 potential bedrock EM conductors and 8 have been prioritised for sampling, EM and drill testing. These are prospective for massive sulphide and graphite deposits.
- Drilling of a number of Ni-Cu targets is being organised.

#### Significant VMS Copper-Zinc Mineralisation at Rocky Gully North

- The C1 Cu-Zn target exceeds 3.5km in strike length. It covers a magnetic sequence, an EM conductor and extensive copper and zinc mineralisation identified from shallow drilling
- Mineralisation is open along strike and at depth

#### Significant High Grade Graphite Mineralisation at Rocky Gully West

- PLD have completed the historical review of the F1 Graphite Deposit. Up to 50% carbon rich in graphite of 15.2% and 13.2% flake has been identified. Desktop and field work to identify drill targets continues.

#### Beer & Co Conclusions

- Beer & Co rate PLD as a Speculative Buy due to its large tenement area, large number of identified targets, significant potential value and an experienced Board to make it happen, combined with a low market capitalisation giving it significant leverage.

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# PLD Corporation – Drilling for Nickel

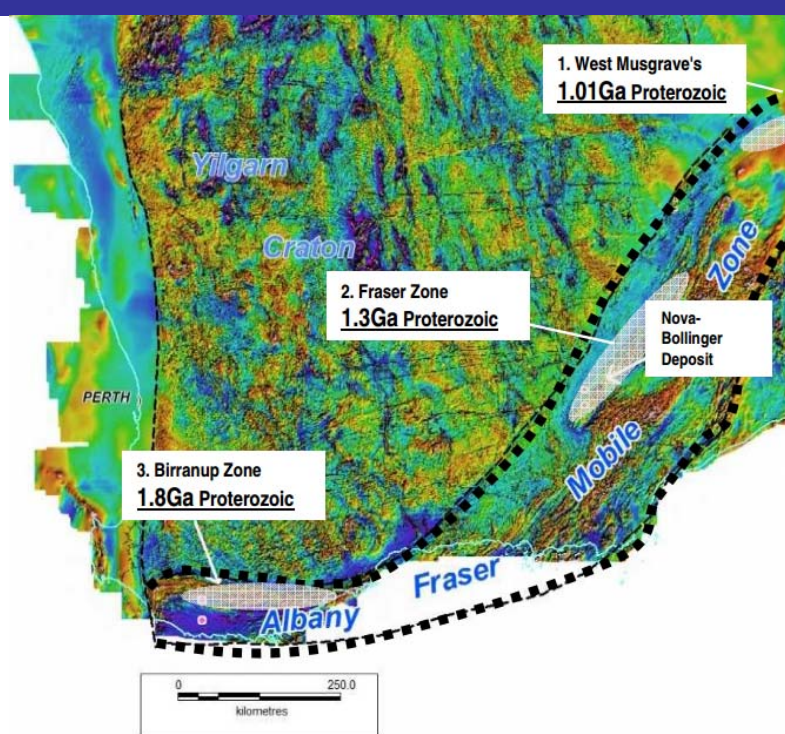
## The Albany Fraser Belt

The Albany-Fraser Belt stretches over 1,500km from Rocky Gully in the west to Tropicana in the east, along the south-east margin of the Yilgarn Craton in WA. It is dominated by Proterozoic rocks that formed along or close to the Yilgarn margin. As shown in Figure 1, it contains 3 main zones of Proterozoic rocks :

**The Albany-Fraser belt is on the S-E margin of the Yilgarn Craton**

- the Fraser Zone,
- the Birranup Zone; and
- the Tropicana Zone.

**Figure 1 : Albany Fraser Belt in WA**



**The Albany-Fraser belt is under-explored.**

**In less than 10 years, 2 major deposits have been found, the Tropicana gold and the Nova-Bollinger nickel deposits.**

**These deposits are under cover with minimal surface expression.**

Source : PLD presentation, June 2014

The Albany Fraser Belt is one of the most underexplored belts in Western Australia due to its relative remoteness, lack of outcrop, paucity of known mineralisation and a perception that the high metamorphic grades of the rocks limited prospectivity.

The discovery of the Tropicana-Havana gold deposit by Anglo-Gold Ashanti/Independence Group (IGO.ASX) in 2005 and the Nova-Bollinger Ni-Cu deposit by Sirius Resources (SIR.ASX) in 2012 has changed this.

Concurrent work by Geoscience Australia has renewed interest in the region for massive sulphide deposits.

## PLD – in the Albany Fraser belt early

During 2013, PLD took an option over 1,200km<sup>2</sup> of tenements in the south-west of the Albany-Fraser belt, from Heron Resources (HRR.ASX).

**PLD bought an option over a 1,200km<sup>2</sup> package of tenements in western end of the Albany-Fraser belt in August 2013**

The timing coincided with the discovery and delineation of Nova-Bollinger by Sirius Resources (SIR.ASX), in the same geological terrain, confirming the prospectivity of this mineral belt.

The significance of the Albany-Fraser belt is shown by the growth in SIR's market capitalisation from \$5m to \$1.3B in just over 2 years on the back of the discovery of Nova-Bollinger.

## Rocky Gully

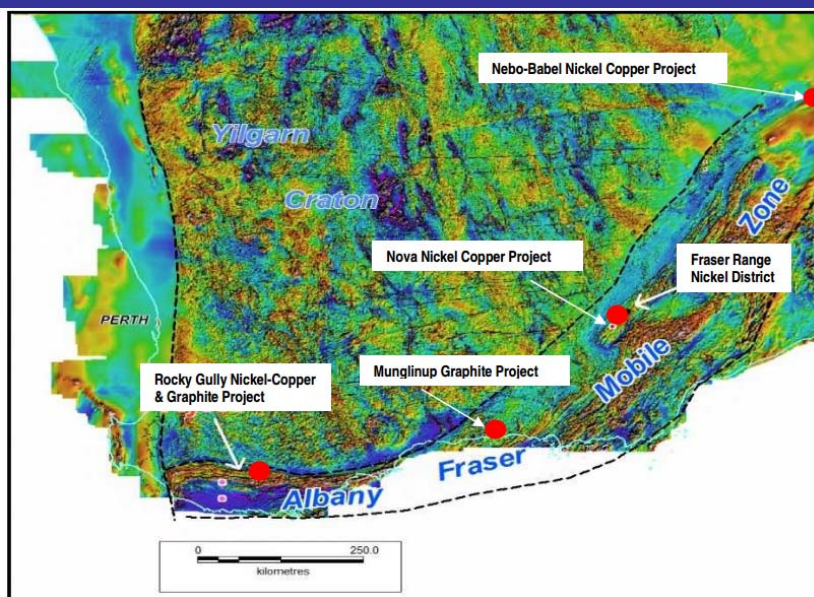
**Rocky Gully is the focus**

As shown in Figure 2, the Rocky Gully project is in the SW part of the Albany Fraser Belt. It is underlain by the Proterozoic rocks of the Birunup Gneiss aged 1.8Ga and has late stage mafic to ultramafic intrusions which are favourable hosts for nickel-copper sulphide mineralisation.

**PLD has been reviewing available information and undertaking preliminary geological assessment of Rocky Gully**

**Historical EM covers 30% of the tenement area**

**Figure 2 : PLD's highest priority target : Rocky Gully**



Source : PLD ASX announcement, 21 August 2014

**From this, 18 bedrock conductors have been identified**

**Targets can be identified as previous explorers did not have in the mind deposits like Nova**

Historical EM which covers only 30% of the tenements. It has identified 18 bedrock conductors, prospective for massive sulphides or graphite deposits. These targets are to be tested progressively over the next 6-12 months. As PLD's tenements are progressed through a systematic campaign of geological, geochemical and geophysical surveys to drill ready status.

Many targets have been identified from this work. All targets have been partially explored by the likes of Anglo and Rio Tinto, prior to the discovery of Tropicana and Nova, but no systematic exploration has been undertaken with the Nova, Tropicana and Trilogy deposit models in mind.

Previous drilling has identified sulphides with fine grained Ni and Cu sulphides identified from petrographical analyses

Previous drilling showed that sulphides regularly occur in altered peridotite and pyroxenite gneisses underlying the mineralised laterite. Fine grained nickel and copper sulphides identified in petrography included pentlandite, millerite and chalcopyrite in association with pyrrhotite and pyrite.

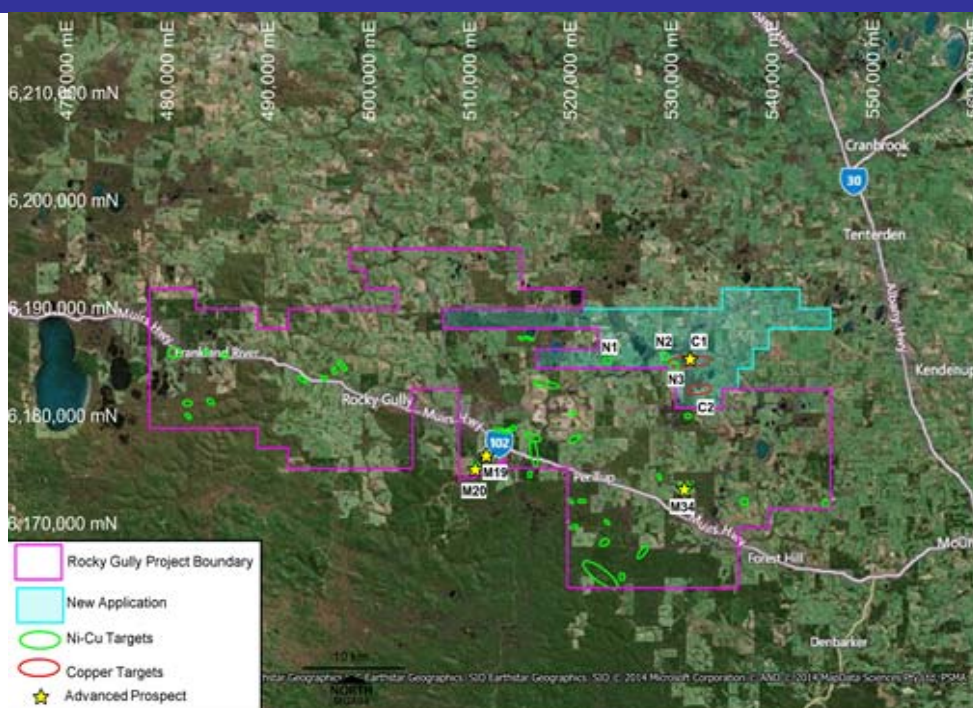
Targets generated to date include :

- about 30 highly prospective, Nova-type magmatic nickel-copper (Ni-Cu) targets;
- 2 Trilogy-type VMS/SEDEX copper-zinc (Cu-Zn) deposits;
- 2 Tropicana-type structurally related gold and
- 70km of strike of stratabound graphite

Figure 3 shows the location of the high priority targets at Rocky Gully.

Figure 3 : PLD's Rocky Gully tenements

PLD's work has identified about 30 Nova type targets, as well as other types of targets



Source : PLD presentation, June 2014

### M19 and M20 Nickel Targets

PLD has started an RC drilling campaign for 1,000m, targeting coincident magnetic intrusive, EM anomaly and geo-chem anomaly

M19 and M20 have been identified from a systematic evaluation of previous exploration followed by validation and definition of targets via current geological mapping, geophysics and geochemical work. An RC drilling campaign of up to 10 RC holes for approximately 1,000m of drilling is currently underway.

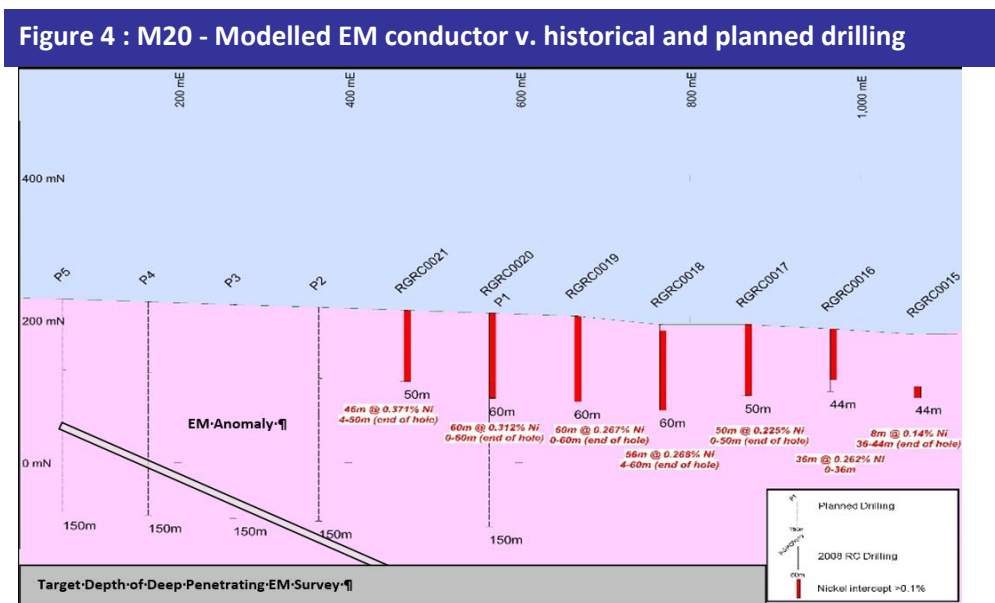
The drilling targets a coincident magnetic intrusive, EM anomaly and high geochemical anomaly. The program will aim to

- verify previously reported Ni-Cu sulphides,
- extend known mineralisation along strike and at depth, and
- better understand the geochemistry and stratigraphy.

PLD will use this drilling to facilitate a deep EM survey

PLD will also undertake a deep penetrating EM Survey to detect deep massive sulphide conductors, such as the conductor which demonstrated the Bollinger (which was invisible to conventional EM) to a depth of 1000m. Conventional EM has to date been ineffective in the clear identification of bedrock EM conductors at M19 and M20, largely due to the presence of saline water and carbonaceous material, and generally mixed conductivity present at M19 and M20.

Figure 4 shows the modelled EM conductor together with the drilling undertaken to date and also the planned drilling in the current programme. It shows that the present programme is expected to get much closer to the EM conductor.



There are many similarities between PLD’s M20 target in Rocky Gully and the very successful Nova discovery by SIR

Source : PLD presentation, June 2014

Figure 5 shows a comparison of PLD’s M20 target in Rocky Gully with SIR’s Nova-Bollinger discovery.

**Figure 5 : Comparison of M20 and Nova-Bollinger**

Characteristics	M20- Rocky Gully (PLD)	Nova (SIR)
Ultramafic lithologies and structures	✓	✓
Coincident Ni-Cu anomalies in laterites	✓	✓
Presence of massive Ni-Cu sulphides	✓	✓
Regional Ni-Cu bearing structures and deposits	New district	New district
Strong magnetic anomalies	✓	✓
EM anomalies	✓	✓

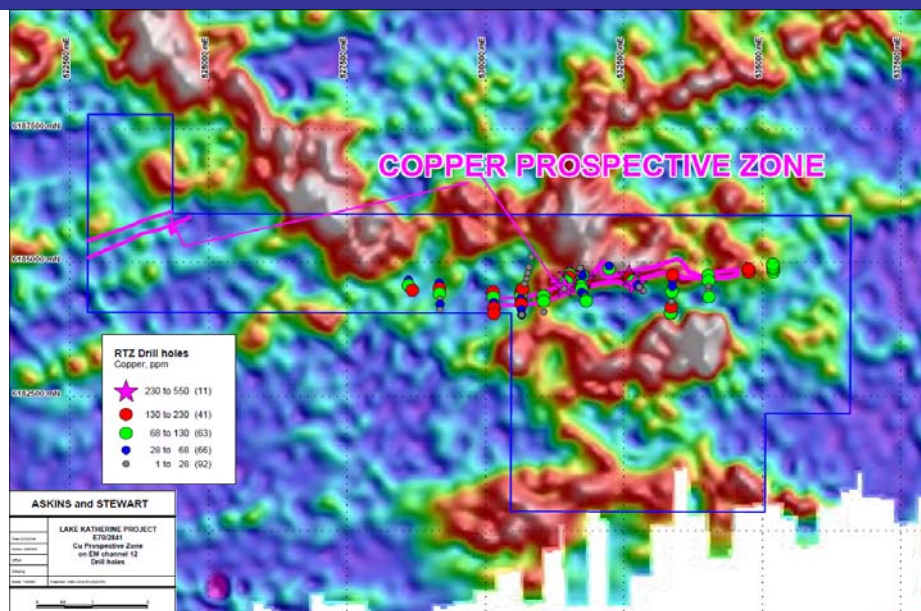
Source : PLD Corporation

PLD advise that the results of both the drilling and EM survey will be released to the market in October.

## C1 Copper-Zinc Target

The C1 Cu-Zn target has a prospective strike length of over 3.5km, defined by a magnetic sequence, an EM Conductor which may represent sulphides, surface geochemical sampling (up to 900ppm Cu), as shown in Figure 6.

Figure 6 : C1 Cu-Zn target, over 3.5km of strike



PLD has identified over 3.5km of prospective strike based on an EM conductor, magnetic survey, surface soils sampling and shallow drilling.

C1 is prospective for Cu and Zn

Source : PLD presentation, June 2014

PLD will test C1 further with soil sampling and a ground EM survey

Partial shallow drill testing generated open ended intercepts up to 550ppm Cu and 1,650ppm Zn. Based on previous exploration, the mineralisation appears open at depth and along strike, as peak Cu values and mineralisation are at end of holes, or at the end of fences of holes. No drilling has previously been undertaken beneath 50m of the weathered bedrock

PLD will undertake soil sampling and auger drilling program along the 3.5km strike extent, followed by a ground EM Survey to better define the conductor and a reconnaissance drilling program aimed at confirming and extending at depth and along strike, the copper-zinc mineralisation.

## Potential Value

Figure 7, which comes from PLD's June 2014 presentation, shows that Nova type nickel deposits are generally highly valued.

Figure 8 shows the tenement holdings in the Albany-Fraser range by ASX listed explorers. Figure 9 shows the market capitalisation of these companies.

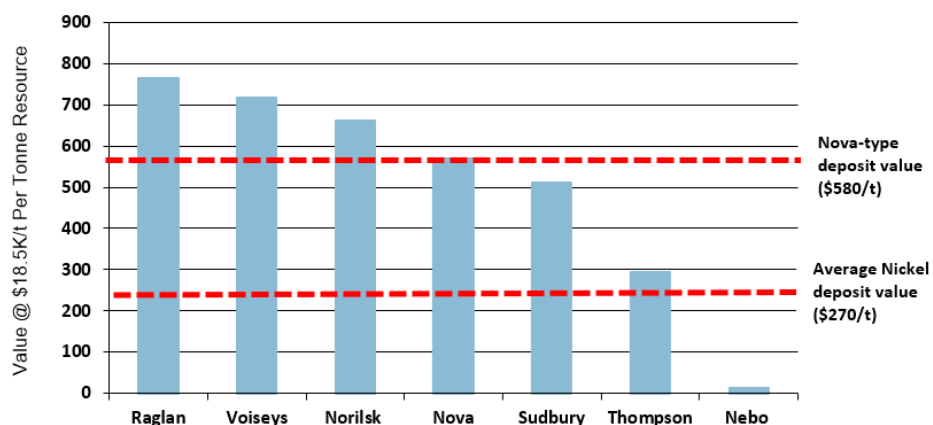
When Figure 8 is compared with Figure 9, it shows that PLD has a very large tenement are given its very modest market cap.

This gives PLD significant leverage to exploration success.

PLD has a small market cap, and a large land area

**Figure 7 : Value of Nova type nickel deposits**

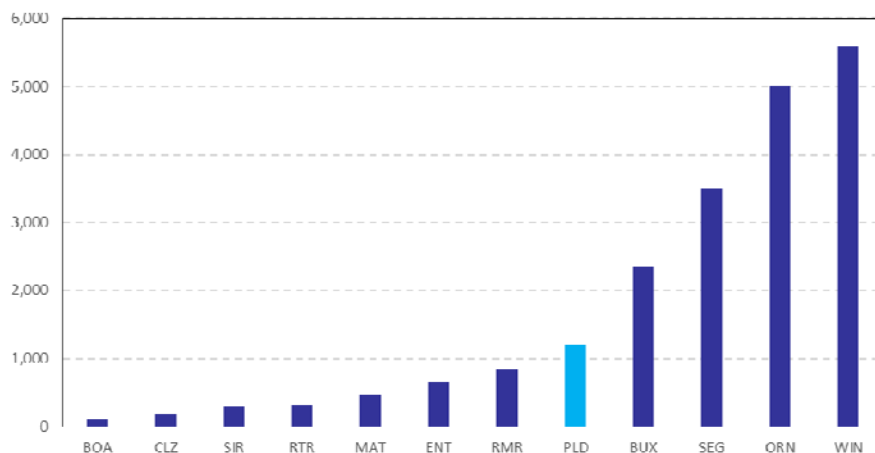
Nova type deposits have significant potential value



Source : PLD presentation, June 2014

**Figure 8 : Tenement areas in the Albany-Fraser belt (in km<sup>2</sup>)**

PLD has a significant land position in the Albany-Fraser belt



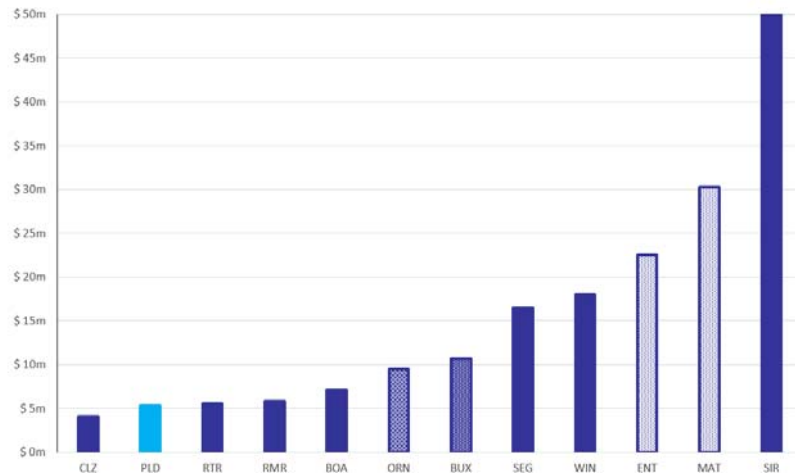
Source : IRESS, Beer & Co

Figure 9 shows the market capitalisation of ASX listed companies active in the Albany-Fraser belt.

Due to the scale, the chart does not allow the market cap of SIR, of \$1.3B, to be shown on this scale. However, it still shows that PLD is one of the smallest.

The colourings of the bars is intended to show the extent of that company's focus on the Albany-Fraser belt.

Figure 9 : Market Capitalisation of Albany-Fraser explorers



Source : IRESS, Beer & Co

PLD is totally focussed on the Albany-Fraser belt

PLD is cheap

PLD has started drilling its highest priority targets

PLD has an experienced Board

PLD has significant leverage to drill success

Beer & Co rates PLD as a Speculative BUY

## Conclusions

PLD has a very modest market capitalisation, especially when the size of its tenement holding in the Albany-Fraser belt is taken into consideration.

PLD has done its basic geological work and is now ready to drill highly prospective targets for Nova style Ni-Cu and also for Cu-Zn.

PLD has an experienced Board to be able to realise the value.

PLD is highly leveraged to exploration success and is now about to start drilling.

Beer & Co initiates research on PLD with a Speculative BUY recommendation.

The very significant climb in the valuation of SIR over a period of 2 years, from about PLD's current level to \$1.3B dramatically shows the potential rewards.



## Board and Management

### **Non-Executive Chairman     Andrew Daley**

Mr Daley is a Mining Engineer and Investment Banker. He has a Bachelor of Science (Honours), is a Chartered Engineer and is a Fellow of the Australian Institute of Mining and Metallurgy. He has over 30 years of experience in resources having worked with Anglo American, Rio Tinto and Conoco Minerals and Flour Australia in project evaluation and mining development. Mr Daley then moved into project finance with National Australia Bank, Chase Manhattan and from 1999 was a Director of the Mining Team at Barclays Capital in London. Mr Daley was also a Director of Investor Resources Finance Pty Ltd ("IRF"), a company based in Melbourne which provided financial advisory services to the resources industry globally.

### **Managing Director             Matt Gauci**

Mr Gauci is a Mining Executive and holds a BSc and an MBA from the University of Western Australia. He has more than 15 years' experience in the mining industry and has successfully financed and managed private and public mining exploration companies in Australia, Africa and South America, raising more than \$100m via a range of institutional, private equity, state owned and retail investors in Asia, Europe and North America. As an Executive Director, Mr Gauci has managed the exploration, development and feasibility of a number of resource projects in precious metals, base metals and bulk commodities. Mr Gauci is a Member of the Australian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Company Directors (AICD).

### **Non-Executive Director         Chris Bain**

Mr Bain is a geologist and mineral economist. He has over 30 years experience in resources having worked in underground mining geology in Mt Isa and Tasmania and exploration around Broken Hill. Mr Bain has been instrumental in mining project divestitures and acquisitions, evaluation and valuations, capital raisings including several initial public offerings and ASX listings. Mr Bain was also a Director of Investor Resources Finance Pty Ltd ("IRF"), a company based in Melbourne which provided financial advisory services to the resources industry globally. Mr Bain is a member of the Australian Institute of Mining and Metallurgy and the Australian Institute of Company Directors.

## Technical Advisers

### **Mathew Longworth**

Mr Longworth is a geologist with 25 years experience in resources and corporate management. Mathew was previously COO and CEO of Heron Resources Limited (ASX:HRR) and was instrumental in the generation and exploration of HRR's Albany Fraser Nickel Copper exploration projects, including Rocky Gully, where PLD has an Option Agreement. Mr Longworth is currently Director/Principal Consultant with Xstract Mining Consultants.

### **Tony Donaghy**

Mr Donaghy is an internationally recognised expert in the global search for nickel and platinum group elements, with over 15 years' experience covering all continents and all aspects of the industry – from leading continental-scale grassroots targeting exercises, through greenfields and brownfields exploration project design evaluation and due diligence.

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The analyst responsible for this research report certifies that all of the views expressed reflect his personal views about the securities and the issuer.

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