Plateau Energy Metals Inc.

Government Decision On Plateau's Concessions Is Remarkably Thin Gruel

PLU-TSXV: $0.28
Under Review (prev.Spec.Buy)
N/A Target (prev.$2.00)

Projected Return: N/A

Poorly Justified Grounds For Cancellation of Plateau's Concessions: We reviewed "RESOLUCION 359-2018-MEM/CM" ("the decision"), in which the Ministry of Energy and Mines' (MEM) Mining Council (CM) cancelled 7 of Plateau's 32 concessions under administrative procedure for failing to register its fee receipts for the years 2016/2017 on time. In our opinion, the decision was poorly grounded, omitting materially pertinent facts and events, and ran roughshod over administrative principles that could have provided relief.

Bureaucratic Black-Hole: Omitted from the decision was that Plateau received from the MEM the Non-penalty Resolution (0187-2018/MEM-DGM) authorizing its 2016/17 payments, ***less half an hour before the receipts were due at INGEMMET***, giving it insufficient time to complete payment at the bank and register its receipts. After paying its fees at the bank, Plateau was denied proper registration of its 32 receipts because it brought 8 of them into INGEMMET after its service ticket was given, and after INGEMMET officially closed its window of operation, despite INGEMMET continuing to register other parties' receipts through the evening.

Plateau Could Have Been Granted Relief: Based on our reading of pertinent documents (including government documents in Spanish) we believe the Principle of Informalism could have provided Plateau with relief, insomuch as a government administration's own processes harmed Plateau's right to have its receipts filed on time and in compliance with government processes. We are also at a loss to explain why MEM prescribes the Principle of Impartiality preventing relief to companies failing to discharge their obligations when given adequate time to do so, but proscribes it when not given adequate time, as was the case with Plateau.

A Painting of Bureaucracy That Could Make Salvador Dali Blush: Surreally, the decision stated that Plateau could have paid its fees between the months of April and June, thus avoiding the administrative procedure cancelling its concessions. In that time however, Plateau was appealing penalties with the MEM that INGEMMET wanted to erroneously apply for minimum work requirements (also omitted in the decision). Under the MEM and INGEMMET's own procedures, Plateau would not have been authorized to pay its fees until the corrected Non-penalty Resolution was delivered to Plateau and presented to INGEMMET.

We Believe Management Acted in the Interest of Shareholders: The Non-penalty Resolution that Plateau sought (between February and June of 2018) from the MEM's Director of Mining Promotion erased some $2.2M in penalties that INGEMMET was incorrectly seeking. That in May of 2019, INGEMMET accepted payment for 2018 on all of Plateau's concessions in question, further indicates that management had reasonable grounds to maintain the assumption of good standing and ownership over those concessions.

Reluctantly Moving Rating to UNDER REVIEW: **We believe that even without the Ocacasa-4 concession, Plateau still has a potentially compelling – albeit smaller – project on its hands.** In applying potential valuation scenarios to the current situation, from only increasing the country risk premium, to removing up to 50% of our assumed mineable Falchani resource and reducing the Macusani in-situ value, we can derive a range of valuations between $1.50/shr and $0.70/shr. However, the MEM-CM's thinly argued position leaves us without enough confidence about how this situation will unfold - unusual, for an ostensibly mining friendly country like Peru - to justify a reasonably grounded rating and target price to investors. **We remain hopeful that the situation will be rationally decided in Plateau's favour, improving along with it the risk perception of Peru, and look forward to re-instating a rating and price target with commensurate potential upside in the near future on resolution of the issue.**

Market Data

Market Capitalization (C$M)	$23.9
Cash & Equivalents (C$M)	$2.0
Total Debt (C$M)	$0.0
Enterprise Value (C$M)	$21.9
Basic Shares O/S (M)	79.5
Fully Diluted Shares O/S (M)	92.3
Avg. 3-M Daily Volume (000)	72.4
52-Week Range (C$)	$0.20 - $1.59
Div. Yield 12M-Fwd (%)	0.0%

Company Description

Plateau Energy Metals is a lithium and uranium exploration and development company. The Company's prinicpal assets are its Macusani Plateau properties which include the PEA-level Macusani Uranium Project, and the advanced exploration stage Falchani Lithium Project which contains 4.7M tonnes of Lithium Carbonate Equivalent. Plateau is led by Alex Holmes (CEO), and Alan Ferry (Chairman).

Price History



Source: FactSet, Historical Data – Company Filings, Forecasts/estimates – Echelon Wealth Partners
Figures in C$ unless otherwise noted

Gabriel Gonzalez, CFA | 647-484-7285 | ggonzalez@echelonpartners.com

Related Documents and Definitions

Refer to Plateau Energy Metals' July 31, 2019 press Release for related documents: The July 31, 2019 press release contains links to the relevant time and date stamped documents associated with the administrative procedure's events in question.

Principle of Informalism in Peru: The Principle of Informalism in Peru (which Plateau has cited), as defined by the General Administrative Procedure Law No. 27444:

"1.6 Principle of Informalism. - The rules of procedure must be interpreted favorably to the admission and final decision of the claims of the administered, so that their rights and interests are not affected by the requirement of formal aspects that can be remedied within the procedure, provided that excuse does not affect third party rights or the public interest."

<< 1.6 Principio de Informalismo. - Las normas de procedimiento deben ser interpretadas en forma favorable a la admisión y decisión final de las pretensiones de los administrados, de modo que sus derechos e intereses no sean afectados por la exigencia de aspectos formales que puedan ser subsanados dentro del procedimiento, siempre que dicha excusa no afecte derechos de terceros o el interés público. >>

http://transparencia.mincetur.gob.pe/documentos/newweb/portals/0/LEY_27444_DERECHOS_DEL_ADMINISTRADO.pdf

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Company: Plateau Energy Metals Inc. | PLU:TSXV

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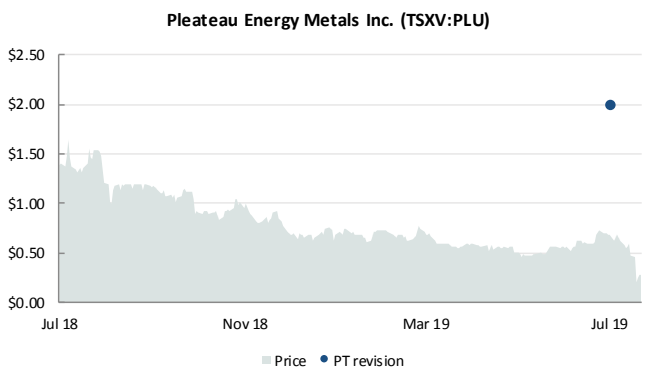
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Buy	The security represents attractive relative value and is expected to appreciate significantly from the current price over the next 12 month time horizon.
Speculative Buy	The security is considered a BUY but in the analyst's opinion possesses certain operational and/or financial risks that are higher than average.
Hold	The security represents fair value and no material appreciation is expected over the next 12-18 month time horizon.
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Tender	Echelon Wealth Partners recommends that investors tender to an existing public offer for the securities in the absence of a superior competing offer.
Dropped Coverage	Applies to former coverage names where a current analyst has dropped coverage. Echelon Wealth Partners will provide notice to investors whenever coverage of an issuer is dropped.

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Number of recommendations	54	39	14	0	6	2	0
% of Total (excluding Restricted)	48%	35%	12%	0%	5%		
Number of investment banking relationships	12	14	4	0	2	2	0
% of Total (excluding Restricted)	38%	44%	13%	0%	6%		

PRICE CHART, RATING & PRICE TARGET HISTORY



Date	Target (C$)	Rating
Jul 12, 2019	$2.00	Spec Buy
Aug 2, 2019		Under Review

Data sourced from: Factset

Toronto Wealth Management
1 Adelaide St East, Suite 2000
Toronto, ON M5C 2V9
416-572-5523

Toronto Capital Markets
1 Adelaide St East, Suite 2100
Toronto, Ontario M5C 2V9
416-572-5523

Montreal Wealth Management and Capital Markets
1000 De La Gauchetière St W., Suite 1130
Montréal, QC H3B 4W5
514-396-0333

Calgary Wealth Management
525 8th Ave SW, Suite 400
Calgary, AB T2P 1G1
403-218-3144

Calgary Wealth Management
123 9A St NE
Calgary, AB T2E 9C5
1-866-880-0818

Oakville Wealth Management
1275 North Service Road, Suite 612
Oakville, ON L6M 3G4
289-348-5936

Edmonton Wealth Management
8603 104 St NW
Edmonton, AB T6E 4G6
1-800-231-5087

London Wealth Management
495 Richmond St, Suite 200
London, ON N6A 5A9
519-858-2112

Ottawa Wealth Management
360 Albert St, Suite 800
Ottawa, ON K1R 7X7
613-907-0700

Vancouver Wealth Management and Capital Markets
1055 Dunsmuir St, Suite 3424, P.O. Box 49207
Vancouver, BC V7X 1K8
604-647-2888

Victoria Wealth Management
730 View St, Suite 210
Victoria, BC V8W 3Y7
250-412-4320

Saskatoon Wealth Management
402-261 First Avenue North
Saskatoon, SK S7K 1X2
306-667-2282