



Thanksgiving, November 23, 2017

P.S. I like Soft Rock. Bacanoracobre

Everyone following lithium by now knows about Brines. And Spodumene – I’ve written a lot about Hard Rock.

I’ve said before, “Clay will have its Day,” but please, can we all call it now “Soft Rock” instead? Because that’s what it is – not a brine, not quite rock, but softer. So less crushing and grinding. So, in principle, lower in cost than hard rock, but higher than brine.

Simple as that. Easy Listening -- Soft Rock. I whispered these words I’d heard from Bacanora to Lithium Americas management several months ago and heard very recently LAC CEO Tom Hodgson speak them publicly to 150+ people to describe their Lithium Nevada. More on that Free Thanksgiving Bird at the end of this long weekend Lithium-ion Bull.

Bacanora has multitudes of scarcity value not currently reflected by Mr. Market. It is the only AIM-listed Emerging Producer, and has a high-grade soft rock lithium resource that is enormous. It can produce for 100+ years, if it gets up and running at scale, which seems a good probability. Their \$20M pilot plant has been running and testing for more than two years and their Japanese off-take partner Hanwa is happy with multiple high spec battery quality samples they’ve received.

BCN’s Definitive Feasibility Study is due out quite soon. But ball-parking some upward cost adjustments to the company’s Pre-Feasibility Study, a reasonable guess would be ~USD 400M capex to produce at a cash cost of ~USD 4,000/t (PFS USD 3,200).

This, for a stage One 17,500/t battery-quality lithium carbonate from 2019, which would be followed by another 17,500 Stage Two soon thereafter. Bacanora’s most recent presentation:

<http://bacanoraminerals.com/cms/wp-content/uploads/2017/05/corporate-presentation.pdf>

BCN, in about 3 years, should be where Orocobre is today – en route to Stage One capacity of 17.5 kta and preparing for Stage Two to take production to 35 kta. And, like ORE, BCN has selected to partner with Japan, rather than China, with a single strategic equity investor and off-take partner.

Though, it is relevant to mention, BCN will own 100% of its flagship project¹, whereas ORE’s share of Olaroz is 66.5%.

¹Bacanora has 100% for first 17 years, then 70% thereafter

ORE has a USD 1.1B Enterprise Value today, is cash flowing and paying down debt. 100% equivalent for Olaroz would be USD 1.65B

BCN has a USD 180M Enterprise Value today and needs to raise ~USD 400M.



In a most highly dilutive case, in which BCN were to fully fund this USD400M with 100% equity around current valuations, its post-money equity value would be ~USD 600M. The valuation uplift from USD600M to Olaroz's USD 1.65B (ORE's \$1.1B market cap divided by its 66.5% stake) would be 175%, or 58% per year for 3 years.

Consider: The Gold Standard in institutional investor money for resource developers is BlackRock Global Funds - World Mining Fund, based in London. \$7B Assets Under Management.

The Lithium Standard in institutional money for resource developers is Yet-To-Be-Determined.

Black Rock has been among the most prolific funders of lithium juniors. In a still super-low interest rate environment, a fund like this has a target IRR of about 13%. This comprises a mix of mega-miners of the world for which high single digits is expected – including a 2-3% dividend yield -- so really 5-6% share price appreciation.

65% of the \$7B World Mining Fund's capital is in their Top 10 Holdings:

Security Name	Value (USD, mm)	% Port	Cumulative
BHP Billiton, LTD	\$ 1,091,949,252	15.75	
Glencore PLC	\$ 595,232,194	8.58	24%
Rio Tinto plc	\$ 588,949,056	8.49	33%
Vale S.A. ADR	\$ 502,365,000	7.24	40%
BHP Billiton Plc	\$ 452,621,153	6.53	47%
First Quantum Minerals, LTD	\$ 297,705,448	4.29	51%
Teck Resources, LTD CL B	\$ 290,320,462	4.19	55%
Newmont Mining Corporation	\$ 273,199,500	3.94	59%
South32, LTD	\$ 214,372,902	3.09	62%
Lundin Mining Corporation	\$ 212,311,951	3.06	65%

3% of The World Mining Fund is exposed directly to Lithium and Cobalt, of which 50% is ALB.

Albemarle Corp	\$ 101,325,000	1.46	Specialty Chemicals
Galaxy Resources Limited	\$ 26,555,642	0.38	Other Non-Ferrous Metals
Katanga Mining Ltd.	\$ 22,821,872	0.33	Gold, Silver, and Precious Stones
Nemaska Lithium, Inc.	\$ 14,274,992	0.21	Other Non-Ferrous Metals
Bacanora Minerals, LTD	\$ 12,108,132	0.17	Other Non-Ferrous Metals
Cobalt 27 Capital Corp.	\$ 11,948,891	0.17	Other Non-Ferrous Metals
Nemaska Lithium, Inc. WT EXP 2019	\$ 1,756,731	0.03	Other Non-Ferrous Metals
Total Lithium & Cobalt	\$ 190,791,260		
% of Total AUM	3%		
Gold, Silver, and Precious Stones	\$ 1,621,248,313		
% of Total AUM	23%		

Some more thoughts on this in a separate section below.

Coming back to BCN, now consider a more realistic case. Say 50/50 debt/equity, so it would only be USD200M in equity dilution. If BCN were to raise this USD200M at around today's USD200M market



cap, that USD 400M equity value could grow to USD 1.45B, a 360% 3-year return, or 120% per year. Far too crazy good deal for investors like Black Rock who are seeking 13% annual returns.

It is not unreasonable to believe that Bacanora’s market cap could rise to, say, Nemaska’s USD 500M at time of full funding, so equity dilution would be far less.

And even if BCN’s capex numbers grow to, say, \$500M instead of \$400M and were forced to raise additional equity – like ORE had to in January 2016 -- and even if they manage \$5 k/t or even \$6 k/t cash costs, BCN will still make plenty of money selling specialized battery grade lithium carbonate (not spodumene) at market prices (consensus forecast ~\$12-14K) to a very reliable Japanese trader who sells to every cathode maker.

60%+ EBITDA margins in about 3 years, just like ORE today. Eventually, \$100-200M+ EBITDA/year. That’s a very attractive prize. In low sovereign risk Mexico. In geographically well located Sonora, a familiar, mining-friendly jurisdiction a short commute from Phoenix, Arizona. Stable. Reliable.

USD 400M is a triflingly small amount of money for this substantial prize. I bet that in 2018 far more institutional investors will be willing to make this bet than was the case throughout 2017 – and on better terms than currently reflected by BCN’s market cap.

Bacanora has perhaps the best share register of any lithium development junior:

Name	Value USD, mm	Shares	Share Change Prior Quarter-End	% S/O
M&G Investment Management, LTD	\$ 14,064,478	13,456,784	5,057,142	10.1%
BlackRock Investment Management (U.K.), LTD	\$ 13,731,603	13,138,292	-70,000	9.9%
Hanwa Co., Ltd.	\$ 12,890,218	12,333,261	0	9.3%
Capital Research Global Investors (U.S.)	\$ 8,961,114	8,573,925	8,573,925	6.5%
MARK HOHNEN	\$ 1,583,365	1,514,951	1,320,951	1.1%
Fidelity International Limited (U.K.), LTD	\$ 1,093,236	1,046,000	1,046,000	0.8%
JAMES LEAHY	\$ 1,074,607	916,346	290,000	0.7%
JAMIE STRAUSS	\$ 108,447	102,857	42,857	0.1%
			WEALTH !	

And, one of my most important K.I.S.S. principles: **Insider Buying.**

Sophisticated investors like nothing more than betting on proven jockeys. A few of London’s largest, most influential, super smart institutions, have placed a bet with BCN. All have ample means and interest to follow their money.

As does Japan’s leading battery chemicals trader Hanwa. More on Hanwa below.

BCN has a strong Board of proven resource entrepreneurs with mining, operations and finance expertise.

Chairman Mark Hohnen as a Director of both Extract Resources and Kalahari Minerals helped lead the sale of the Husab Uranium Project in Namibia to the Chinese – POST FUKASHIMA – for \$1B!



And, unlike many other uranium developers in the 2011 boom, the Husab Uranium Project is actually being built, with full production expected by next year. Very impressive.

<http://namibianminingnews.com/husab-uranium-mine-set-operations/>

http://www.world-nuclear-news.org/C-Kalahari_agrees_CGNPC_buyout-1212118.html

Kalahari agrees CGNPC buyout

12 December 2011

A major stake in one of the world's largest uranium projects has been secured by **China Guangdong Nuclear Power Corporation (CGNPC)** after an agreement on a cash buyout of **Kalahari Minerals**.

The 243.55 pence (\$3.806) per share **offer for Kalahari** comes through **Taurus Mineral**, a newly incorporated company formed by CGNPC's subsidiary, CGNPC-URC, and Chinese equity investment fund the China-Africa Development Fund. **It values the London-based firm at approximately £632 million (\$989 million)...**

Kalahari executive chairman **Mark Hohnen** echoed those sentiments, recognising the CGNPC-URC offer as attractive in the light of the "unexpected circumstances in Japan and their impact on uranium equities". He said that Kalahari's directors viewed CGNPC-URC as an "excellent partner for the realisation of the full potential of the **Husab Uranium Project** to the benefit of all stakeholders".

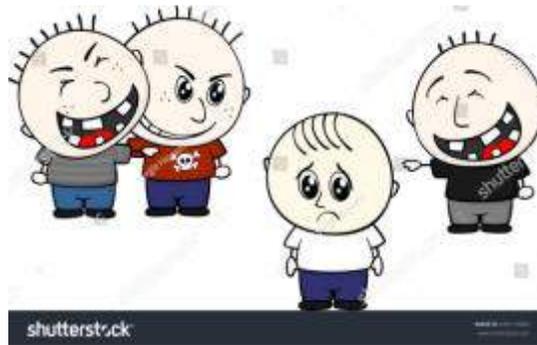
Sidebar 1: There are a number of other uranium entrepreneurs who are in the lithium space today –Piedmont Lithium (Mantra), Millennial Lithium (Energy Fuels), Lithium X (Uranium One, Energy Fuels), LSC Lithium (Uramin), Argosy (Azarga). More on this **Uranilithium** analogy another time.

Sidebar 2: James Calaway, ORE's former Chairman, like Mark Hohnen, left that success to become Chairman of another Soft Rock lithium play. Global Geosciences, currently more richly valued than BCN. Bacanoracobre, again!



Like its musical analogue, Soft Rock gets teased by Hard Rock bullies.

“Never-been-done-before” Ha-ha!



The Simpsons (Nelson): <https://www.youtube.com/watch?v=VIXOOwthtaE>

This is glass half empty, **Aging Skeptic** mining investor mentality.

In normal Venture Capital-land, “Never-been-done-before” is a huge positive. **DISRUPTIVE!**

Proprietary Technology = #premiumvaluation

The beauty of public venture capital lithium-land is that there is a huge universe of Millennials and other self-directed “Joe Battery-Pack” investors - like **The Lithium Spot** – that can evaluate and invest in increasingly liquid lithium equities – the highest margin investment vehicles to play the Electric Vehicle investment theme. Just when you started to think value was getting hard to find, a somewhat overlooked and under-promoted gift can be in plain sight.

From what I understand from direct conversations with management, site visit notes shared with my good friend **Isuru Seneviratne** of **Radiant Value Fund**, and analyst research, Bacanora’s process not only works, but actually produces a better quality/spec product – it’s not just getting to battery quality lithium, but with minimal other impurities. This matters.

Mr. Market is affixing very low valuations to Soft Rock projects. I argue zero in the case of Lithium Americas’ Lithium Nevada below. But just as there have been and will continue to be Soft Rock hits atop the Billboard Charts, I suspect there will be some winners in Soft Rock or others with proprietary lithium process.

At \$180M market cap, **Bacanora** is meaningfully behind **Nemaska’s** \$500M+ market cap and the earlier stage \$225M pre-PFS Rhyolite boron-lithium project owned by **Global Geosciences**. I expect we will be hearing a lot more about all these credible projects.

But prefer BCN and LAC’s risk-reward at these relative valuations.



Are You Experienced?

The still-nascent lithium industry is notoriously short on technical skills.

Not many CEOs have more operating experience in the lithium sector than Bacanora CEO Peter Secker, who achieved great success as one of the founders of Jake Klein's Sino Gold, sold to Eldorado for \$3B+ back in the day. He then entered a Jimi Hendrix-like Experience at the School of Hard Rocks, as CEO of Canada Lithium which sought to bring the Quebec Lithium Project into production.

Are you Experienced?: <https://www.youtube.com/watch?v=lu8i2KIQwgY>

Peter led Canada Lithium until its merger with Lukas Lundin's RB Energy in December 2013, handing the reins to the Redback Mining team, whose principals were fresh from their hugely successful sale to Kinross for \$7B. RB Energy had an iodine business and their thesis was to create a mini-SQM, with both lithium and iodine assets.

In the Manic Depression of 2014, RB Energy, bleeding cash with falling iodine prices, under the weight of debt, was unable to raise equity to plug a working capital hole during production ramp and filed for bankruptcy 10 months later after the merger in October 2014.

Manic Depression: <https://www.youtube.com/watch?v=S01SCE-a0EE>

North American Lithium, the private company emerging from bankruptcy which received funds from China's CATL, has reportedly begun spodumene sales and is prospectively listing via RTO on the TSX-V.

Again, like Orocobre – and Galaxy's Mt. Cattlin too - which has had stumbles, valuable lessons were learned the hard way about lithium development. Don't rush. Take it slow. Make sure everything works. Budget for sufficient working capital for commissioning ramp, on top of initial capex. Don't take too much debt.

Peter Secker, and the ex-FMC operating team he's assembled on site in Sonora, led by Project Manager Eric Carter, have been operating a pilot plant for two years and meeting the very demanding spec from their off-take partner Hanwa. This is the most advanced plant ever built to process soft lithium rock into high spec battery quality lithium carbonate.

ORE's Richard Seville recently gave a nod to Mr. Lithium's Lithium Star Alliance analogy. Partnerships are key. BCN doesn't have to build a sales force to sell its product. All they need to worry about is strong execution in operating their plant. Some background and deal terms on the BCN/Hanwa partnership:

In 2014, BCN sent a sample to one of the biggest cathode manufacturers in Japan. They typically take 12 months to certify samples, but this was done in 1st pass – 3 months. This cathode maker recommended BCN find other buyers through a trader. This led to Hanwa (largest battery material distributor in Japan), who distribute Cobalt and Graphite to battery makers, but is lacking lithium. In April 2017, Hanwa invested C\$16.9m for 9.9% for a take-or-pay offtake for 100% of Stage 1. Hanwa has the option to take 100% of Stage 2 if it increases its ownership to 19.9%.



Hanwa is Deeply Experienced with Asian Battery Markets

Hanwa did some investor marketing in London in late August, which prompted an upgrade in early September by an analyst in London, of which I excerpt as follows:

Raising Target Price

Lifting target price by 9% to 120p

Hanwa's battery market exposure should prove useful to BCN

Bacanora Minerals' (BCN) recent marketing with BCN board member Junichi Tomono (from offtake partner Hanwa (8078-TYO | NR)) reinforced the reasons why BCN and Hanwa teamed up for the Sonora offtake and equity investment. Hanwa already sells multiple battery materials into the Asian end market (primarily nickel and cobalt), with end customer exposure spanning from the chemical industry to the cathode/battery producers. Key customer relationships which BCN stands to benefit from are those with Nichia, Tanaka, Sumitomo and Panasonic. However, Hanwa also expects to be able to benefit from the Sonora lithium carbonate supply due to the low levels of impurities, in a market in which Hanwa expects the tolerable levels of contaminants will continue to reduce. We were impressed to hear that the Sonora lithium carbonate passed Hanwa's first spec screening, where almost all other carbonate samples that Hanwa has tested have failed at first screening.

Hanwa battery market exposure broad

Bacanora Minerals (BCN) recently marketed in London with its offtake partner Hanwa Co. Ltd (Hanwa) and recently appointed board member from Hanwa, Junichi Tomono. Hanwa gave its view on the Battery Materials supply chain for nickel and cobalt to which it already has exposure, but also on the lithium market to which it is building exposure through BCN. Hanwa gave its own view on the lithium and battery market development outlooks, but from a BCN perspective we considered three charts particularly relevant.

The first was Hanwa's existing end customer exposure to which it plans to sell lithium from BCN's Sonora project. As figure 1 below sets out, Hanwa already sells multiple battery materials into the Asian end market, but primarily nickel and cobalt. Hanwa's end customer exposure currently spans from the chemical industry to the cathode/battery producers and eventually into the automotive industry.

Figure 1: Hanwa existing partner firms to which BCN gains exposure



Source: Hanwa Presentation

Key customer relationships are with Nichia, Tanaka, Sumitomo as well as Panasonic. As the automotive industry invests in its own battery production, Hanwa expects to increase its direct exposure as well as indirect exposure to automotive. In order to do this, however, Hanwa claims it needs the highest spec product going forward in a market in which it expects tolerable levels of contaminants will continue to reduce. We were impressed to hear that the Sonora lithium carbonate passed Hanwa's first spec screening, where almost all other carbonate samples that Hanwa has tested have failed at first screening.



Soft Rock Nicknames

Bacanora Chairman Mark Hohnen is like a Soft Rock Star you may be vaguely aware of, not know much about, or often forget about, but then one or two great songs comes on that you love and you remember and realize how great he is.

Like **Van Morrison**, a performer who's developed a certain demeanor as he's aged.

Mark Hohnen's hit with Husab Uranium Project via Kalahari/Extract was like Van Morrison's **Moondance**:

<https://www.youtube.com/watch?v=Vo3JznMhpWc>

But Van the Man's Greatest Hit was a song I can't help but be in a good mood when I hear.

A song which could also be Mark Hohnen's Greatest Hit.

Another beautiful lady lithium deposit.

Sonora Lithium Project.

Brown Eyed Girl: <https://www.youtube.com/watch?v=kqXSBe-qMGo&list=RDkqXSBe-qMGo&t=64>

Flashback:

July 1990. Last stop on 3-month, post-college European Tour.

22-year-old Gen-X Lithium-ion Bull in Berlin, the city in which the young Beatles perfected their craft, as brilliantly re-told by **TIPPING POINT** author Malcolm Gladwell in his follow-up OUTLIERS.

Alexander Platz, where the Berlin Wall had just been torn down and East and West Germany united.

400,000+ people.

Roger Waters & star-studded special guests perform **The Wall**:

Comfortably Numb with Van Morrison:

https://www.youtube.com/watch?time_continue=19&v=wpFo_E9Fq2k



The Boxer from Forest Hills High School

A performer with the same initials as Peter Secker corresponds perfectly as the #1 rank with my Google search for "Top Soft Rock Bands".

A man born and raised in Forest Hills!

And was the headline act at Forest Hills Stadium May 30, 2016!

<https://artsbeat.blogs.nytimes.com/2016/02/22/paul-simon-returning-to-forest-hills-stadium-after-46-years/>

Paul Simon. P.S.... Soft Rock

Peter Secker. P.S.... Soft Rock...

"Man walks down the street says why am I soft in the middle now, why am I soft in the middle the rest of my life is so hard. I need a photo opportunity. I want a shot at redemption. Don't want to end up a cartoon in a cartoon graveyard"

You Can Call Me AI: <https://www.youtube.com/watch?v=uq-gYOrU8bA>





Flashback

August 15, 1991. Lithium-ion Bull in Central Park New York. 1,000,000+ people.

The Boxer: <https://www.dailymotion.com/video/xubzq8>

*"In the clearing stands a boxer
And a fighter by his trade
And he carries the reminders
Of ev'ry glove that laid him down
Or cut him till he cried out
In his anger and his shame
"I am leaving, I am leaving"
But the fighter still remains, mmm mmm"*

Still Crazy After All These Years: <https://www.youtube.com/watch?v=yVK3tTBJe4>

*"...I'm not the kind of man
Who tends to socialize
I seem to lean on old familiar ways
And I ain't no fool for love songs
That whisper in my ears
Still crazy after all these years
Still crazy..."*

Back another Orocobre

Bacanora

Soft Rock



#proxyforLithiumNevada



(Short) Squeeze Box

I will have more to say about **Orocobre** in the near future, but for now it's worth sharing the biggest laugh I got last week when I heard CEO Richard Seville talk about his "Badge of Honor" that ORE was the most shorted ASX stock this Spring, with 23% short interest. And when he referenced – and seemed to relish – the short squeeze that has occurred, but still has some ways to run, with still 11% or so short.

Which made me think of The Who's Squeeze Box.

And led me to find this hilarious gem on youtube that left another 2.5-minute smile on my face:

<https://www.youtube.com/watch?v=JSYgRYlhMW4>

But now, this American Thanksgiving Lithium-ion Bull, a stroll down memory lane...



Led Zeppelin II: Thank You

[Flashback: June 30, 2015](#)

Led Zeppelin I. Side One, Song One:

Good Times, Bad Times: <https://www.youtube.com/watch?v=1ppjI6KZHIE>

VANCOUVER, BRITISH COLUMBIA and TORONTO, ONTARIO--(Marketwired - Jun 30, 2015) - Western Lithium USA Corporation ("Western Lithium") (WLC.TO)(WLCDF) and Lithium Americas Corp. ("Lithium Americas") (LAC.TO) are pleased to announce that they have entered into an arrangement agreement to combine their respective companies. The transaction is structured as a statutory plan of arrangement under which Western Lithium will acquire all of the outstanding shares of Lithium Americas in an all-stock transaction that **values Lithium Americas at approximately C\$80 million.**

Based on the closing price of **Western Lithium's** common shares on the Toronto Stock Exchange (the "TSX") of **C\$0.64** on June 29, 2015, the offer implies consideration of **C\$0.50 per Lithium Americas common share** which represents a **premium of 58%** based on the volume weighted average prices of each respective company on the TSX for the 20-day period ending on June 29, 2015

[Flashback: Two years ago today, Thanksgiving 2015](#)

Western Lithium, the surviving name at that time of the merged Western Lithium Americas, **down 50%**, CAD 75M market cap in the 5 months following above merger announcement. From Wikipedia:

"Led Zeppelin's front cover, which was chosen by Jimmy Page, features a black-and-white image of the burning Hindenburg airship. The image refers to the origin of the band's name when Page, Jeff Beck and The Who's Keith Moon and John Entwistle were discussing the idea of forming a group, Moon joked, "It would probably go over like a lead balloon", and Entwistle allegedly replied, "a lead zeppelin!"

Lead Balloon Western Lithium Americas, The Hindenberg Disaster:

<https://www.youtube.com/watch?v=CgWHbpMVQ1U&t=5s>



Oh, the Humanity!

Led Zeppelin I. Side One, Song Four:

Dazed and Confused: <https://www.youtube.com/watch?v=yO2n7QoyieM>

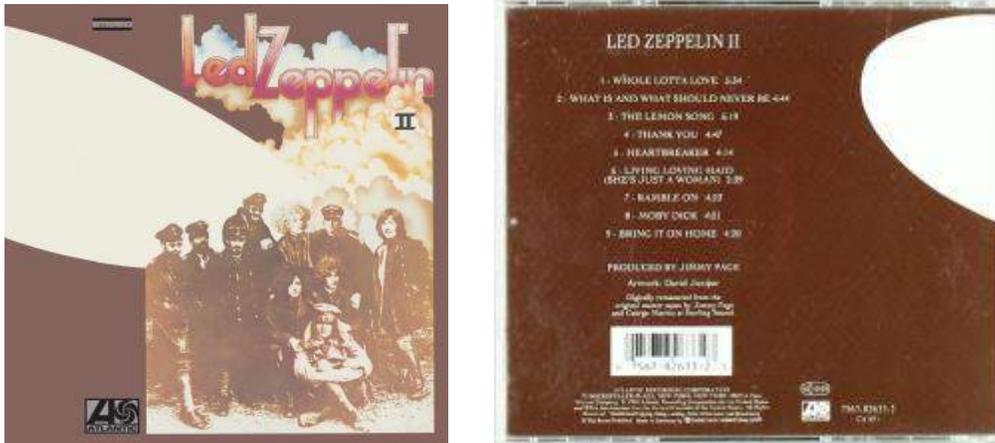


Two Years Later, Today, November 23, 2017

Led Zeppelin II. Side One, Song One:

Whole Lotta Love: https://www.youtube.com/watch?v=HQmmM_qwG4k

CAD Unicorn: 1,000,000,000+ Market Cap



NYSE America-bound



Led Zeppelin II. Side One, Song Four:

Thank You: <https://www.youtube.com/watch?v=u1z4vkPWkLQ>

*...And so today, my world it smiles...
...Thanks to you, it will be dawn...
...Inspiration's what you are to me...
...Happiness, no more is sad...*

Sidebar: Nominated for 16 Tony Awards. Mr. \$10 Bill.

Hamilton!: <https://www.youtube.com/watch?v=b5VqyCQV1Tg>



And, for the Encore

Canada's own Neil Young has always expressed strong views that have rubbed some in the USA the wrong way. *Southern Man* was rebuked famously by Lynyrd Skynyrd's *Sweet Home Alabama*. This friction came to mind reflecting on the 2015 Western Lithium Americas "Merger of Equals" album. As did this clip from one of the greatest movies of all time:

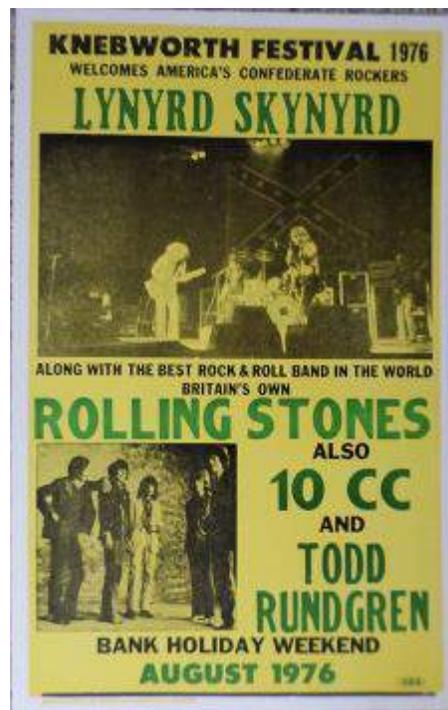
This is Spinal Tap ("Shark Sandwich"): <https://www.youtube.com/watch?v=tWqKiqTfXuA>

As a lead concert promoter from Lynyrd Skynyrd, I had front row seats and back stage passes to this shotgun marriage and 9-month tour. I'll spare you most of the details – this is *Lithium-ion Bull*, not *Rolling Stone Magazine*, after all.

But suffice it to say, when the gorgeous, exotic Smooth Operator Sade showed up just after Rod Stewart Macri's surprise victory in Argentina (a new narrative, Coming Soon!), it was clear Led Zeppelin II would have a new lead singer, and Cauchari would get first (\$10) Billing.

As luck would have it, Reno, NV permits marriage annulments with record speed. Mining projects, on the hand, take a lot longer. Though once in hand, there are few better places to operate.

Lynyrd Skynyrd I just learned had equal billing with the Rolling (Pegmatite) Stones, back in the day.



Their style of lithium-rich Hectorite Rock has a big self-directed investor fan base throughout the USA.



From an investment point of view, I love when I can find within a lithium equity that Mr. Market gives zero value for a second or third asset. Lithium land = Inefficient Market Hypothesis. Economics 101 is wrong. It **IS** possible to get a free lunch.

Western Lithium's flagship asset was its Kings Valley clay deposit. A King Size, manly deposit. Not a **Southern Man** but near **Iron Man** Tony Stark's Gigafactory. Spitting distance from **Burning Man**, in northwest NV:

"The late summer event is described as an experiment in community and art, influenced by ten main principles: "radical" inclusion, self-reliance, and self-expression, as well as community cooperation, civic responsibility, gifting, decommodification, participation, immediacy, and leaving no trace." - Wikipedia

Burning Man is located in - I kid you not - **Black Rock City (WEALTH!)**. And attracts, if you'll excuse a politically incorrect expression to help with this lithium narrative, younger chicks.



August 2018: Site visit to Lithium Nevada + Sight Visit to Burning Man?

(Whole Lotta) LOVE: <https://burningman.org>



Ex-Tesla executive Dr. Lithium David Deak left a pending job switch to Apple to join Lithium Americas as CTO. Think about that for a second. Together with millennial hydrologist Alexi Zawidzki, they are tasked to transform this lithium-rich clay into an economic asset capable of producing at least 50K LCE per year.

If successful, LAC on NYSE could turn into the President Donald Trump most adores:



Merger of Equals: \$10 + \$10

Or better, given his fondness for Generals:



50K LCE tons + Euphoric Tipping Point

Lithium Americas renamed Kings Valley, Lithium Nevada.

I suggested in an earlier Lithium-ion Bull about this project:

Led Zeppelin I. Side Two, Song One...

Your Time is Gonna Come: <https://www.youtube.com/watch?v=5cvEVivHVsu>



...But today I go a step further to portray this Lynyrd Skynyrd chick Lithium Nevada as the epic encore song to end all encore song. Which Rolling Stone Magazine describes on their website “complete with a fiery five-minute, three-guitar solo, it is easily the most requested live song in existence.”

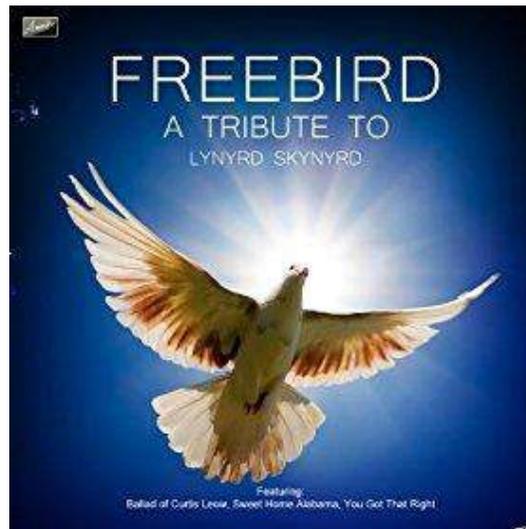
Get out your Bic lighter! Turn on your iPhone flashlight!

Lithium Americas. America’s Lithium?

Lithium Nevada

Free Bird (Awesome Version!): <https://www.youtube.com/watch?v=qr3dWscslo8>

...Lord Knows I Can't Change...



...Lord Help Me I Can't Change...

Read on just a bit more to learn about WEALTH...



Black Rock – World Mining Fund

Total World Mining Fund AUM	\$ 6,934,051,785	
Gold, Silver, and Precious Stones	\$ 1,621,248,313	23%
Total Lithium & Cobalt	\$ 190,791,260	3%
Albemarle	53%	Specialty Chemicals
Galaxy	14%	Other Non-Ferrous Metals
Katanga	12%	Gold, Silver, and Precious Stones
Nemaska	8%	Other Non-Ferrous Metals
Bacanora	6%	Other Non-Ferrous Metals
Cobalt 27 Capital	6%	Other Non-Ferrous Metals
	100%	

Black Rock has been among the most foresighted and prolific investor in the lithium sector. But, based on the above -- data as of July 31, 2017 – they have made a tiny bet. Just 3% of AUM on the lithium AND cobalt theme. I read this as a good indicator of how much new institutional funds could flow in next year. Most of Black Rock’s peers have zero exposure. **Sidebar:** Black Rock’s brine and Argentina exposure is limited to Galaxy. LAC and/or ORE would seem an obvious fit. **Kidman** too.

Imagine if, like EV penetration forecasts, Black Rock increased its allocation from 3% to just 9%. At that level it will still be more than half their gold exposure. It would represent an incremental \$400M investment capital. Dry powder to help fully fund the next Emerging Producers. Imagine if all their peers followed suit. I think we’ll see that in 2018. And some new “Battery Materials” specialty funds too.

It’s worth highlighting that this is a “Mining” fund, not a “Specialty Chemicals” fund. There’s a tug of war on as to how lithium should be classified. Perhaps even ALB with its “Specialty Chemical” label raises eyebrows to watchers of this fund in which 65% of the top 10 are mega-cap traditional miners.

I think there should be no doubt that a company like Nemaska or Bacanora and/or any brine producer selling lithium carbonate or hydroxide, like Lithium Americas and Orocobre must be considered and rated with a mid- to high-teens “specialty chemical” multiple. Like-wise vertically integrated **Kidman** in a few years. But even for those like **Pilbara, Altura, Neometals, Galaxy**, for the next several years, their super high-margins and rapid cash-flow growth should warrant an “aggressive growth” multiple because no one knows what great companies these first operators and lithium pioneers will turn into – or be taken over for. The lithium industry is young. These Emerging Producers are like Starbucks when they went public at \$250M via a \$50M IPO.

It is certainly a possibility that more open Chinese wallet post recent Congress and panic to secure supply will result in competition for the best lithium assets. The healthy interest in **Potash Corp’s** SQM stake sale – most recently rumored from Rio vs. the Chinese -- is the type of interplay we’re likely to see in 2018 among the Emerging Producers.

Optimism. Glass Half Full: No one should complain there are too many lithium companies hoping to find something that can contribute to saving the planet when you look at the totality of the industry that is gold, an investment that has repeatedly disappointed over long time horizons. 20-25% fund allocation? Today, in my view, Gold is – at best, and certainly no certainty on that -- an Armageddon investment product. **I’m an optimist. Investment in lithium and other battery metals = ALPHA.**



Institution: BlackRock Investment Management (U.K.), LTD			
Funds Managed: BlackRock Global Funds - World Mining Fund		As of July 31, 2017	
Security Name	Value (USD, mm)	% Port	Industry Name
BHP Billiton, LTD	\$ 1,091,949,252	15.75	General Mining
Glencore PLC	\$ 595,232,194	8.58	Other Non-Ferrous Metals
Rio Tinto plc	\$ 588,949,056	8.49	Other Non-Ferrous Metals
Vale S.A. ADR	\$ 502,365,000	7.24	Ferrous Metals
BHP Billiton Plc	\$ 452,621,153	6.53	General Mining
First Quantum Minerals, LTD	\$ 297,705,448	4.29	Other Non-Ferrous Metals
Teck Resources, LTD CL B	\$ 290,320,462	4.19	Other Non-Ferrous Metals
Newmont Mining Corporation	\$ 273,199,500	3.94	Gold, Silver, and Precious Stones
South32, LTD	\$ 214,372,902	3.09	Aluminum
Lundin Mining Corporation	\$ 212,311,951	3.06	Other Non-Ferrous Metals
Randgold Resources Limited ADR	\$ 209,115,000	3.02	Gold, Silver, and Precious Stones
Newcrest Mining, LTD	\$ 177,403,773	2.56	Gold, Silver, and Precious Stones
Boliden AB	\$ 169,022,435	2.44	Other Non-Ferrous Metals
Agnico-Eagle Mines, LTD	\$ 163,465,319	2.36	Gold, Silver, and Precious Stones
Franco-Nevada Corporation	\$ 153,670,583	2.22	Gold, Silver, and Precious Stones
Iluka Resources, LTD	\$ 146,770,223	2.12	Other Non-Ferrous Metals
Sociedad Minera Cerro Verde S.A.A.	\$ 118,763,490	1.71	Other Non-Ferrous Metals
Wheaton Precious Metals Corp	\$ 115,863,330	1.67	Gold, Silver, and Precious Stones
Albemarle Corp	\$ 101,325,000	1.46	Specialty Chemicals
Bradespar SA PRF NPV	\$ 99,720,707	1.44	Asset Management
Fresnillo plc	\$ 89,646,810	1.29	Gold, Silver, and Precious Stones
Ivanhoe Mines Ltd. CL A	\$ 69,483,036	1.00	Other Non-Ferrous Metals
Fortescue Metals Group, LTD	\$ 59,834,767	0.86	Ferrous Metals
Northern Star Resources Ltd	\$ 59,720,082	0.86	Gold, Silver, and Precious Stones
Industrias Penoles, S.A.B. de C.V.	\$ 59,142,707	0.85	Gold, Silver, and Precious Stones
Eldorado Gold Corporation	\$ 52,200,549	0.75	Gold, Silver, and Precious Stones
Alamos Gold Inc. CL A	\$ 49,753,726	0.72	Gold, Silver, and Precious Stones
Oz Minerals, LTD	\$ 48,540,184	0.70	Gold, Silver, and Precious Stones
Nevsun Resources Ltd.	\$ 44,448,749	0.64	Other Non-Ferrous Metals
Sierra Metals Inc.	\$ 31,273,318	0.45	Building Materials
PJSC MMC Norilsk Nickel ADR	\$ 30,340,400	0.44	Other Non-Ferrous Metals
B2Gold Corporation	\$ 30,135,997	0.43	Gold, Silver, and Precious Stones
Polyus PJSC GDR	\$ 27,887,507	0.40	Gold, Silver, and Precious Stones
Metals X, LTD	\$ 27,390,847	0.40	Other Non-Ferrous Metals
Galaxy Resources Limited	\$ 26,555,642	0.38	Other Non-Ferrous Metals
Oceanagold Corporation	\$ 25,253,179	0.36	Gold, Silver, and Precious Stones
Petra Diamonds Limited	\$ 25,103,833	0.36	Gold, Silver, and Precious Stones
KAZ Minerals PLC	\$ 24,238,898	0.35	Other Non-Ferrous Metals
Katanga Mining Ltd.	\$ 22,821,872	0.33	Gold, Silver, and Precious Stones
Mountain Province Diamonds, Inc.	\$ 22,758,837	0.33	Gold, Silver, and Precious Stones
Detour Gold Corporation	\$ 19,848,463	0.29	Gold, Silver, and Precious Stones
Vedanta Resources plc	\$ 16,687,806	0.24	Other Non-Ferrous Metals
Arizona Mining Inc.	\$ 15,061,464	0.22	Other Non-Ferrous Metals
Pretium Resources, Inc.	\$ 14,418,101	0.21	Gold, Silver, and Precious Stones
Nemaska Lithium, Inc.	\$ 14,274,992	0.21	Other Non-Ferrous Metals
Bacanora Minerals, LTD	\$ 12,108,132	0.17	Other Non-Ferrous Metals
Cobalt 27 Capital Corp.	\$ 11,948,891	0.17	Other Non-Ferrous Metals
Metro Mining Limited	\$ 10,345,914	0.15	Other Non-Ferrous Metals
Volcan Compania Minera S.A.A.	\$ 9,957,671	0.14	Other Non-Ferrous Metals
MAG Silver Corp.	\$ 4,120,833	0.06	Gold, Silver, and Precious Stones
Equatorial Resources, LTD	\$ 2,066,783	0.03	Coal
Nemaska Lithium, Inc. WT EXP 2019	\$ 1,756,731	0.03	Other Non-Ferrous Metals
Nyrstar NV	\$ 778,284	0.01	Other Non-Ferrous Metals



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