



Lithium Bull, April 4 – Carolina in My Mind

I'm taking a page from my friend Chris Berry, who published a prescient, end of quarter perspective suggesting that, contrary to often cited forecasts of rapid lithium supply coming on stream, a bigger risk to the EV adoption thesis is a potential persistent under-supply of downstream lithium chemical's due in part to the slow pace of investment dollars into junior lithium development.

<http://www.discoveryinvesting.com/blog/2017/3/30/lithium-q1-2017-review-and-risks-the-train-keeps-a-rollin>

Sure, a large number of early-stage players are finding friend and family speculators for exploration. But big dollar, "smart money" financial players haven't committed much development capital to the space - yet.

Lithium's quite a bit different than what most traditional mining financial experts understand - specialty chemicals is not commodity mining - that's why they carry so much higher valuation multiples (10-15X EBITDA).

Chris paid homage to Aerosmith's "Train Keeps a Rollin" in his latest piece.

In similar vein, James Taylor's "Carolina in My Mind"...

<https://www.youtube.com/watch?v=SgqnVlt3BX0>

...entered my consciousness with another Tarheels NCAA March Madness victory.

...and as I continue to study the geology and drill results emanating from the "Charlotte Quadrangle," the "Carolina Tin-Spodumene Belt".

In 1982, around the time the Kings Mountain mine halted production, and my only recollection of lithium at the age of 14 was from a bi-polar relative, I recall James Worthy and Michael Jordan and the Tarheels victory over Georgetown, led by soon-to-be New York Knick franchise player Patrick Ewing. A real disappointment Pat never brought the Knicks a championship. But how great was it to watch Air Jordan make the winning shot!

<https://www.youtube.com/watch?v=hTX5rD0INeY>

Albemarle calls King's Mountain the second highest grade hard rock lithium mine next to Greenbushes.

In 1989, the USGS published:



"The Charlotte quadrangle contains virtually all the reserves of pegmatitic lithium in the United States and a large part of the world's reserves. The proved and probable reserves of nearly 70 million short tons of spodumene pegmatite, grading about 20 percent spodumene or 1.5% Li₂O, probably can be increased substantially by an extensive exploration program."

The Tarheels once again have made North Carolina Great Again for Men's College Basketball.

I suspect there's a good chance some will Make North Carolina Great Again for lithium mining development.

Meanwhile, in Argentina...

LAC experienced some March Madness of its own as a modest delay in publishing its DFS and an erroneous rumor-monger's tweet about Ganfeng's intentions saw LAC fall over a few short weeks from \$1.24 to as low as 0.79 cents, below the 0.85 cents at which LAC's strategic partners, Ganfeng and Bangchak are providing full funding. That funding has also been pushed modestly to "this month," from "on or about March 31".

LAC looked to me to be a layup at Friday's close of \$1.00. But, yet again, a head fake. Or more like a bad, belated April Fool's day joke, as it fell 10% to \$0.91 yesterday.

Cormark's MacMurray Whale seems to think it's a slam dunk. Following the DFS, he upgraded his top lithium pick last week (attached) from a CAD 1.70 to 2.00 target, with a medium-term suggestion for CAD 3.00+ as LAC enters production.

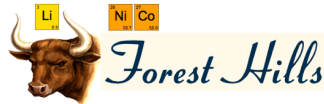
LAC's DFS affirmed what SQM has been saying for nearly one year -- at USD 2,495 opex, Minera Exar, a true 50:50 Joint Venture — in which LAC is uniquely building significant brine development IP — will be one of the lowest cost producers in the world with a minimum, super long 40-year mine life.

I know a few of you are listening.

..."Uncertainty of supply is far greater than uncertainty about demand"... — SQM Investor Day, September 2016.

But not nearly enough of you - yet.

I suspect one day LAC management may make similar taunts to those Elon Musk tweeted yesterday to those living in Shortville or otherwise more enamored with more richly valued lithium comps.



Tesla sets record deliveries in Q1 2017. Trading at all-time highs

<https://www.nytimes.com/2017/04/02/business/tesla-reports-jump-in-vehicle-production.html>

Finally, **Millennial Lithium**

ML was the latest of five TSX-listed brine developers to complete a private placement last quarter. Insider buying is something I watch fairly closely to ensure interest alignment and the team at ML, who has participated in every funding round to date, has done so again.

<https://www.canadianinsider.com/private-eye/2017-04-03/cfo-and-director-buying-millennial-lithium-ml>

Of the five TSX-listed Argentina brine developers who aspire to be the next Lithium Americas and raised capital in Q1, ML is the second best performing relative to price of their most recent placement, and still the one with the lowest market cap.

	PP Price	Date	Amount (CAD)	Current Price	Relative to PP Price	Market Cap (CAD)
Millennial Lithium	\$ 1.25	3/27/17	\$ 6	1.48	18%	\$ 62
Advantage Lithium	\$ 0.75	2/17/17	\$ 20	0.57	-24%	\$ 75
Lithium X	\$ 1.90	3/14/17	\$ 15	1.74	-8%	\$ 123
NeoLithium	\$ 1.10	2/22/17	\$ 25	1.4	27%	\$ 124
LSC Lithium	\$ 1.30	2/27/17	\$ 40	1.48	14%	\$ 174
Lithium Americas	\$ 0.85	1/18/17	\$ 376	0.97	14%	\$ 344



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