



Friday the 13th July, 2018

No Doubt. This Time is Different.

Dear Morgan Stanley:



@HowardKlein10's non-electric vehicle

Don't Speak



No Doubt - Don't Speak

540,661,667 views

1.5M 73K SHARE ...

Click here: <https://www.youtube.com/watch?v=TR3Vdo5etCQ>



On December 2, 2015, a phrase was coined by the most venerable financial institution in the world. Throughout 2016 and 2017 it became the most popular tag line in presentations from 150+ contenders and pretenders in lithium land.

December 2, 2015

Americas

What if I Told You ... Lithium is the New Gasoline

Lithium is the lightest solid element on earth with double the energy density of the next closest alternative; it is also one of the most abundant elements on earth. These unique properties ideally position it for portable energy storage applications that will be a key enabler of the electric car revolution and replace gasoline as the primary source of transportation fuel.

venerable: “accorded a great deal of respect, especially because of age, wisdom, or character”.

synonym: **Goldman Sachs**

Two and a half years later, on July 2, 2018, Goldman Sachs did it again.

“THIS TIME IS DIFFERENT”

Source: Goldman Sachs Global Investment Research

While we always hesitate to claim “this time is different,” we see several key reasons why this may actually be true for lithium. First, assuming the Electric Vehicle (EV) market expands as anticipated, lithium is a core and non-substitutable element for battery chemistry given its high energy density properties. Second, lithium production was minimal prior to the EV revolution, with only 200kt produced in 2016 – well below other commodities such as Iron or Steel (1.6bn tonnes respectively). Combining these two factors results in a growth rate of >4x from 2017 to 2025E. As our commodities team wrote in October 2017 (Metals: EV and metals: A two-way street), we have rarely seen a demand growth profile of this magnitude and it should ultimately result in capital, labor, and logistical bottlenecks that the market must overcome. In fact, one would have to go back to the early 1900s to find a period when oil/natural gas production even close to quadrupled in a 10-year span.

...is the new

“Lithium is the new Gasoline”

My interpretation of Goldman’s note:

Lithium Equity Market: Disorder Bi-Polar.

1H 2018: Debby Downer. Glass Half Empty. Air Supply, Supply, Supply.

2H 2018: Breaking Bad. Glass Half Full. No Doubt. Demand, Demand, Demand.

ALB has asymmetric risk:

\$211 Upside case. \$77 Downside case.

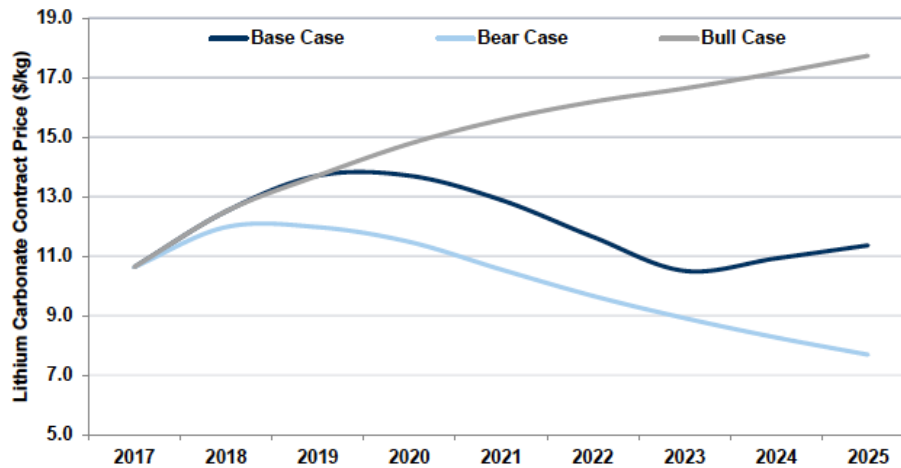
That’s 120%+ upside vs. 18% downside.



Goldman references **Benchmark Minerals** for lithium pricing. Their general conclusion is that the incentive price should be higher for longer with a seeming worst downside case of \$10K LCE, but a more likely \$12-15K LCE for next 5-7 years. Goldman also flags the \$2K+ hydroxide premium.

Exhibit 30: Base/Bull/Bear pricing forecasts

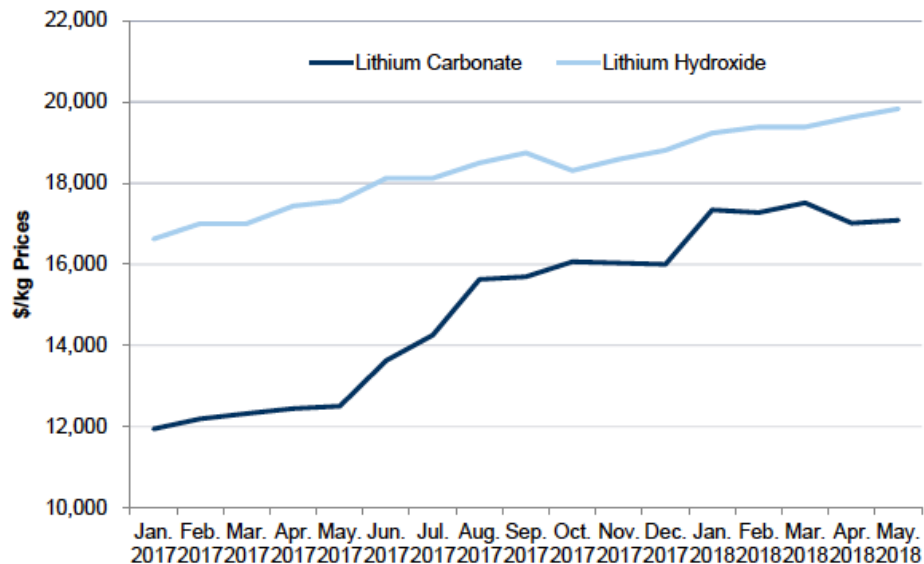
We anticipate contract prices to stay firm relative to spot prices



Source: Benchmark Mineral Intelligence, Goldman Sachs Global Investment Research

Exhibit 29: Lithium carbonate and hydroxide spot prices since Jan. 2017

Lithium prices have risen rapidly over the last year or so – creating concerns for investors of a similarly quick reversal



Source: Benchmark Mineral Intelligence



Goldman upgraded its base case 2025 Lithium forecast by 15% to 912K but their research narrative leans to their rose-colored upside case of 1.25M LCE:

Exhibit 19: EV assumptions by scenario

	2025 Penetration Rate	2025 Battery Size (kWh)	2025 Lithium Content (kg/kWh)	2025 Total Lithium Demand (LCE)
Base Case	11%	47	1.0	912
Downside Case	8%	35	0.8	595
Upside Case	16%	51	1.0	1255
Old Estimates	8%	51	1.0	793

Source: Goldman Sachs Global Investment Research

"...we raise our EV penetration rate from 8% to 11%".

In making this forecast, the Goldman Americas Chemicals team based in Houston overrode their Global Autos team's 8% base case, suggesting this quant top-down view does not correspond to the qualitative bottoms up they hear from lithium producers and buyers and auto OEMs heavily focused on Supply Chain Management: **SECURITY OF SUSTAINABLE SUPPLY.**

Goldman gives an extra kicker to their demand forecasts, though, not from EVs, but Trucks, Energy Storage and Consumer Electronics:

*"our inclination is that with the widespread capital inflows for **lithium-ion batteries** within EV production, **innovation** with that specific technology **should advance at a far faster pace than other technologies** such as flow batteries."*

That is, Goldman is suggesting lithium's **ubiquity** and **reliability** – its **non-substitutability** – will have new battery and cathode developers continue to think of new ways that use lithium. This contrasts with cobalt, which they are seeking to replace.



Lithiumionbull @HowardKlein10 · Jul 4

Chinaforia. Plant 3X larger than \$TSLA's successful Australia plant. Using #Lithium-ion.

Most forecasters-like \$ALB's 800K by 2025-include little or zero grid storage.

Upside demand surprises + Downside supply surprises = sustained hi lithium prices



PG&E to replace 3 gas plants with world's biggest battery projects

The projects would eliminate the need to keep three Calpine plants running as reliability must-run resources and shore up congestion issues.

utilitydive.com



I bought \$ALB last week for the first time ever.

Goldman as an institution takes the **Future Mobility** and **Energy Storage** investment thematic seriously. ALB is a **GS SUSTAIN 50** name:

*GS SUSTAIN is a global investment strategy focused on the generation of long-term alpha through identifying high quality industry leaders. The GS SUSTAIN 50 list includes leaders we believe to be well positioned to deliver long-term outperformance through **superior returns on capital, sustainable competitive advantage and effective management of ESG risks vs. global industry peers.***

No Doubt **ALB** senior management and board seek to live up to this label each quarter.

**NOT INVESTMENT ADVICE. DYOR.
BUT FEEL FREE TO LISTEN TO GOLDMAN SACHS.**



Goldman Sachs is clearly **BULLISH LITHIUM**. But they said very little about **FMC** other than to re-iterate their Buy. FMC Lithium's IPO is planned for October – four months away.

#justintimeiposupplychainmanagement

Quiet.



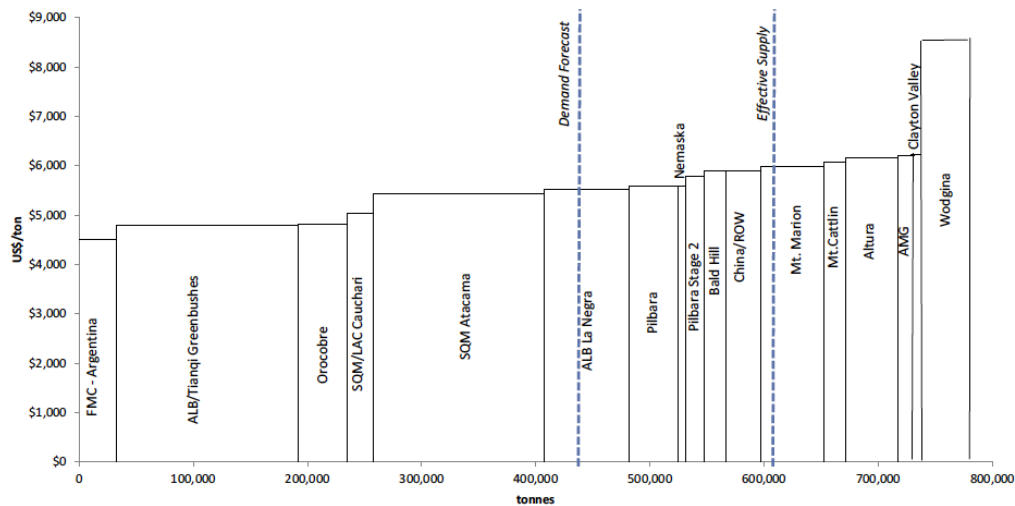
Period.

If you look closely at their cost curve chart for 2021, you'll see FMC's Hombre Muerto represented as the lowest cost operation in the world. They show a flatter cost curve now with royalty-challenged-SQM producing lithium on behalf of the Chilean People, to the right of all the Argentina brines.

Goldman Sachs

Americas Chemicals

Exhibit 22: 2021E operating cost curve
We forecast a flatter curve in 2021



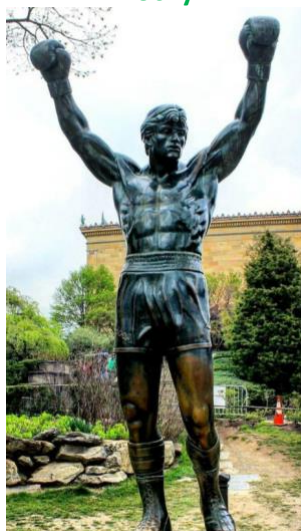
Source: Company data, Goldman Sachs Global Investment Research



Coming This Fall!

Philadelphia Freedom

Rocky





Several senior Goldman personnel listened to relevant research firms, forecasters and leading industry executives at the Industrial Minerals 10th Annual **Lithium** Conference in Las Vegas. And hosted dinners with major producers and emerging producers.

Their research sources **Orocobre's** lithium market presentation slides, which continue to be a great public service. In addition to **Benchmark Minerals** they cite the world's most prestigious management consultancy **McKinsey's** work amongst Goldman's EV penetration estimates. **Lithium Americas** personnel were referenced too on incentive and long-term price, IRRs and challenging financing environment for juniors.

Sidebar - McKinsey's **Ben Hoffman** gave a good audio interview with **Investment News Network** which is worth a listen.

<https://youtu.be/IBEDX8J5-lw>

McKinsey is coy about near term forecasts, but suggests 2030 base-case LCE of 1.3M with upside case at 1.9M. Their long, longer term pricing of \$10-14K, but cautioned that there will likely be a wide range of premium and discounted price dependent on battery quality, low impurities.

Once upon a time in October 2016, Goldman sourced the most famous ex-FMC employee, **Global Lithium, LLC**. I suggest they reconnect. Malcolm Gladwell popularized the concept of Outliers based on 10,000 hours of practice. If there is one thing for certain in the lithium industry it is that experience matters.

What is true of technical processing skill is also true of analyzing an opaque industry undergoing disruptive change dominated by Asian players. Mr. Lithium's been at this 28 years – 10 of which in Japan and China. He's right to point out Goldman – and every major bank -- needs to do better, in particular on the supply-side and cost curves. Simplifying assumptions and extrapolations from two companies under research coverage – ALB and FMC – are thoughtful, but not enough. You should communicate more articulately about the major Chinese players better.

Goldman "discounted" fully funded **Nemaska's** "claims". And took a pass on mentioning Lithium Americas highly promoted **Thacker Pass**. They did profile **Global Geoscience, Lithium Australia's SiLeach**, alongside Nemaska under "new technology". And rightly included **Neometals** 10,000 hydroxide plant, but mistakenly describe it as a new technology, which it is not. Neometals is taking the 3 years experience of Mt. Marion material with **Ganfeng** and creating a look-alike plant near mine mouth, like **Albemarle** and **Tianqi** are doing at Kemerton and Kwinana.



BUT A BIG CONGRATULATIONS GOLDMAN!

YOU GOT THE BIG THINGS RIGHT!

Lithium LONG @GoldmanSachs Trumps Lithium WRONG @MorganStanley

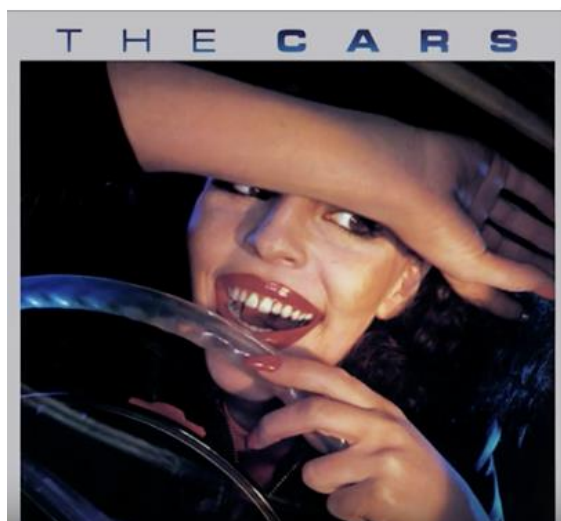
GS Sustain 50 ALB – blue-chip lithium proxy.

ALB **Mr. Mojo Risin'** should catalyze lithium glass half full animal spirits.

Higher Beta **Emerging Producers** and **Advanced Developers** should outperform.

2018: The Song Remains the Same

Q4 2018 = Q4 2017: Let the Good Times Roll



Click here: <https://www.youtube.com/watch?v=7BDBzgHXf64>

But choose your stocks wisely



Unprecedented Commodity Cycle

Goldman Sachs Equity Research

2 July 2018 | 11:50PM CDT

Americas Chemicals

Lithium sell off overdone: Getting back on board with ALB upgrade to Buy; reiterate FMC at Buy

The last few years have proven highly volatile for lithium equities. After ALB's share price more than tripled from the fall of 2015 to the fall of 2017 (while the S&P500 advanced just 34%), the shares, along with the other lithium equities, have reversed meaningfully in the last few quarters. We attribute this to a jarring sentiment shift from optimistic enthusiasm for the potential of lithium to fuel the electric vehicle (EV) revolution to growing concerns about aggressive lithium supply expansions that threaten to expose lithium as just another commodity metal.

However, our analysis suggests that capacity fears are overdone. Our updated rigorous supply/demand analysis suggests the lithium market will remain quite attractive and offer strong earnings for its industry leaders. The recent sell off therefore presents a compelling risk/reward set up, in our view; accordingly, we upgrade ALB to Buy (from Neutral) and reiterate our Buy rating on FMC; we see upside potential of 34% and 30%, respectively, for these two leading US lithium producers.

Exhibit 1: ALB/FMC stock performance has been dramatic

Recent supply concerns after tremendous gains have punished share prices in the last few months



Source: FactSet, Goldman Sachs Global Investment Research

Interestingly, the sell-off in ALB and FMC in recent months has not been met with any downward earnings revisions. Indeed, over the last six months, consensus earnings estimates for 2018 and 2019 have actually moved higher for both companies, and the sell-off has been driven by a meaningful derating and erosion in valuation multiples. We attribute this earnings resilience to the contractual nature of

Robert Koort, CFA
+1(713)654-8480 | robert.koort@gs.com
Goldman Sachs & Co. LLC

Christopher Evans, Ph.D.
+1(713)654-8487 | christopher.evans@gs.com
Goldman Sachs & Co. LLC

Dylan Campbell
+1(713)654-8481 | dylan.campbell@gs.com
Goldman Sachs & Co. LLC

Goldman Sachs

Americas Chemicals

the companies' respective lithium businesses (which have secured long-term contracts with key cathode counterparties) and still increasing near-term lithium prices.

Moreover, we came away from a recent lithium industry conference in Nevada more convinced that the potential wave of lithium supply, which has caused anxiety for lithium investors and punished lithium equity values, will likely enter the market in a more measured fashion as commercialization challenges remain, particularly for new entrants with limited lithium mining and processing experience. Coupled with ongoing rising demand expectations as auto OEMs look to electrify their fleets, we expect lithium markets to remain sufficiently tight to handsomely reward incumbent producers. Moreover, industry consultants at the conference rejected the notion that lithium will behave like more typical commodity metals, with prices falling to marginal cost levels as new supply enters the market. This atypical cyclical outcome reflects the need to continually incentivize new investment to feed the fast-rising demand curve for lithium as EV adoption accelerates.

PM Summary: Attempting to value an unprecedented commodity cycle

Like any other commodity cycle, there is a sense of concern across our investor base about "how to time the cycle." Under our cyclical approach, we would generally recommend investors buy a stock prior to margins hitting lows and then sell the stock after margins surpass reinvestment economics. Based on our analysis, it is clear that current lithium economics are well beyond reinvestment levels. Normally, we advise investors to steer clear of the equity in this environment; however, after recent underperformance, coupled with an unprecedented growth outlook for lithium, we now see a risk-reward balance that skews favorably toward the upside. We recommend investors Buy ALB and FMC, with 34% and 30% potential upside, respectively.



I've paid homage to investment legend Sir John Templeton before.

"Bull Markets are born on Pessimism, grow on Skepticism, mature on Optimism and die on Euphoria."

Stage 1: Pessimism

Stage 2: Skepticism – 1H 2018

Stage 3: Optimism – 2H 2018

Stage 4: Euphoria – 2019 Party like it's 1999

I do so twice more:

Dear Morgan Stanley:

"If we become increasingly humble about how little we know, we may be more eager to search"

Note to Self. And Goldman Sachs:

"The four most dangerous words in investing are 'This Time is Different'"



The Great Chinese Wall of Chile Supply

Page 1

Morgan Stanley | RESEARCH

FOUNDATION

Global Lithium

SQM to Define Global Li Prices: What Is the Sweet Spot?

In this report we address SQM's lithium sweet spot price debate and offer a model to test your own assumptions. **SQM has economic incentives to reduce prices to \$8.9k/ton**, compatible with our bearish view on lithium, bottoming at \$7.3k in 2021e.

Latin America Industry View

LatAm Agribusiness: In-Line

Pricing power, who has it? We believe that (i) SQM will return soon to its 1997-2015 role of price setter in the global lithium market; (ii)

China is already falling, gradually moving the consensus in our bearish direction; the debate remains when contractual prices will fall, and by how much. SQM's 2Q18 results could be a wake-up call on the impact of the new fee structure as lithium margins will fall sharply even with higher, probably peaking, delivered prices.

Is it wrong to ask, what economic incentives does Morgan Stanley have?

Page 25

"Morgan Stanley is acting as financial advisor to Tianqi Lithium Corporation ("Tianqi") in relation to the proposed acquisition of 62,556,568 of "A shares" of Sociedad Química y Minera de Chile S.A. from Nutrien Ltd., as announced on May 17, 2018. The proposed transaction is subject to regulatory approvals and other customary closing conditions. This report and the information provided herein is not intended to (i) serve as an endorsement of the proposed transaction, or (ii) result in the procurement, withholding or revocation of a proxy or any other action by a security holder. Tianqi has agreed to pay fees to Morgan Stanley for its financial services, including a transaction fee that is contingent upon consummation of the transaction. Please refer to the notes at the end of the report.

Blue-chip United States of America Bank. Advising largest Chinese producer that controls the world's best hard rock lithium mine to purchase 3 board seats at SQM the world's best brine with two Tier One green field growth assets. Hmm.

"SQM will return soon to its 1997-2015 role of price setter in the global lithium market."

I argue that SQM's price setting ability **TODAY** is stronger than it's ever been. And better than ALB and FMC, who emphasize their 3-5 year customer contracts, at conservative prices.

SQM Quarterly Lithium Sales

	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Revenue (m)	\$ 164	\$ 179	\$ 168	\$ 151	\$ 146	\$ 177	\$ 145	\$ 114	\$ 79
Volume (kt)	10	13.2	12.7	11.5	12.3	14.5	12.1	12.1	10.9
Price (kt)	\$ 16.42	\$ 13.59	\$ 13.21	\$ 13.14	\$ 11.90	\$ 12.19	\$ 11.99	\$ 9.41	\$ 7.24
Price Growth	21%	3%	1%	10%	-2%	2%	27%	30%	



SQM has stated numerous times that they and the industry as a whole have consistently underestimated demand. Q1 2018 **PRICE** was up spectacularly. But Q1 2018 **VOLUMES** were down 18% from Q4 2017. SQM is reacting aggressively just to maintain their 25% market share.

From multiple conversations with industry insiders over many months, I believe it is highly unlikely SQM can technically, or environmentally, grow as fast as Morgan Stanley suggests in Chile. Nor do they have the economic incentive to over-produce as Morgan Stanley implies, but rather the opposite. To the extent SQM seeks lithium market dominance with a 7-10 year view, it will be from the strength of operating control of 3 (or more) world class assets, not Atacama alone.

Morgan Stanley's supply model for 2019 and 2020 is unrealistic -- suggesting 100K tons will be added in each of 2019 and 2020, half from brines, half from hard rock. No chance, IMO that SQM, ALB, FMC, ORE can collectively add 50K tons in 2019 and another 50K tons in 2020. As SQM repeatedly says and past production hiccups from each of these attests, **brines are hard**.

Exhibit 33:

Morgan Stanley lithium supply-demand model

	unit	2013	2014	2015	2016	2017	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e
Supply														
Brine/Clay operations	kt	84	91	95	109	139	164	202	248	297	345	380	410	426
Brine/Clay expansions/projects (uncommitted)	kt				0	0	3	6	17	33	55	74	94	106
Growth in brine supply	%	-4%	9%	5%	14%	27%	20%	24%	28%	24%	21%	13%	11%	6%
Hardrock operations														
Hardrock expansion/projects (uncommitted)	kt	55	71	75	77	192	225	223	262	309	328	316	301	301
Total converted hardrock supply (LCE)	kt	55	71	75	68	76	94	149	194	236	266	283	291	298
Growth in mineral supply	%	42%	28%	6%	3%	147%	20%	19%	23%	19%	8%	-1%	-4%	0%
Total World Supply	kt	139	162	171	177	215	252	347	446	550	646	714	770	803
Growth in lithium supply	%	10%	16%	5%	4%	21%	17%	37%	29%	23%	17%	11%	8%	4%
Consumption by end-use														
Rechargeable Battery	kt	47	51	68	79	101	126	161	213	244	281	332	402	482
of which Electric Vehicle demand	kt	3	7	18	29	49	72	104	154	181	216	264	331	407
Growth in battery demand	%	23%	8%	33%	16%	28%	25%	28%	32%	15%	15%	18%	21%	20%
Industrial Demand	kt	83	85	99	110	130	135	139	142	143	147	151	155	159
Total World Demand	kt	130	136	167	189	231	261	300	355	387	428	483	557	641
Growth in lithium demand	%	10%	5%	22%	13.5%	22.0%	13.0%	14.9%	18.4%	9.0%	10.6%	12.9%	15.3%	15.1%
Market balance	kt	9.1	25.7	4.0	-11.9	-15.7	-8.3	47.0	91.1	163.0	218.0	231.0	213.1	162.4
Lithium carbonate (Chile contract price)	US\$/t fob	\$5,376	\$5,645	\$6,180	\$6,995	\$12,325	\$14,757	\$11,250	\$8,524	\$7,332	\$7,699	\$7,861	\$8,231	\$8,379
Implied China spot 99.5% battery-grade	US\$/t	\$5,878	\$5,619	\$8,091	\$18,709	\$17,790	\$17,504	\$12,054	\$9,132	\$8,065	\$8,469	\$8,647	\$9,054	\$9,217
Implied spodumene price (cif China)	US\$/t			\$428	\$506	\$868	\$903	\$744	\$627	\$550	\$562	\$574	\$601	\$612

Source: Company data, Morgan Stanley Research estimates (e), CRU, Roskill

And even if Western Australia spodumene ramps at that 50K LCE level it is unlikely that conversion capacity is available by 2020, which implies continued tight carbonate and hydroxide markets, but possibly more spodumene than is immediately necessary. Such "spodumene oversupply" could impact spodumene prices for a period, but not necessarily - buyers may stockpile proven, battery-quality spodumene inventories in anticipation of converters soon coming on-line.

I don't sense Morgan Stanley thinks too hard about spodumene - the word appears only 3 times in their long note. Nevertheless, their "model" spits out very precise spodumene price forecasts.

READ EMILY HERSH...

<https://www.linkedin.com/pulse/i-read-morgan-stanleys-sqm-li-price-sweet-spot-report-emily-hersh/>

...for more about Morgan Stanley's Sweet Spot Black Box.



I'm looking forward to **Pilbara** and **Altura**'s imminent first sales.



Lithiumionbull @HowardKlein10 · Jul 4

A free hat goes a long way to endear free publicity on twitter. Brainstorming the next libull.com. Thinking how right [@KenBPilbara](https://twitter.com/KenBPilbara) [@PilbaraMinerals](https://twitter.com/PilbaraMinerals) Hard Rock view of the [Lithium](https://twitter.com/Lithium) world has been and continues to be "Don't underestimate how fast [China](https://twitter.com/China) moves" [\\$PLS](https://twitter.com/SPLS)



I observe that Mr. Market has begun pricing in Pilbara movement from construction to imminent sales, coincident with the timing of this July 4th tweet ☺



The Lithium-ion Bull surmises that SQM's "Sweet Spot" is \$12-15K with 25% market share of a 600-1,000K market by 2025 from three Tier One assets diversified by geography and product type. Which equates to 150-250K carbonate and hydroxide tons.

- SQM 50% share of Mt. Holland 20-40K+ hydroxide
- SQM 50% share of Cauchari 12.5-25K+ carbonate
- SQM 100% share of Atacama 100-150K carbonate & hydroxide

Note: 100-150K in Atacama would represent a 2-3X increase within 7 years. That's no easy challenge considering SQM has grown to their current 50K production very slowly over 20 years through multiple smaller expansions. And future expansion will be lithium specific, rather than as a potash by-product.

Lithium is NOT Iodine

A principal Morgan Stanley thesis is that SQM crushed iodine prices and will do so again in lithium. This is a false parallel in my view. From 2011:

SQM boosts first quarter iodine production amid tight market

By MARK WATTS
Published: Friday, 03 June 2011

World's largest producer expects strong demand and prices for the rest of 2011

SQM sold 35% more iodine by volume in the first quarter of 2011 compared to the same period last year amid robust demand for the mineral, the world's largest producer reported.

The iodine market is tiny, mature and barely growing compared to the lithium market and SQM has much greater market share – ~60%! Market may have been "tight" in 2011, but it was growing slowly when SQM expanded. Text book Economics is that slow growing markets turn into market share battles and price wars. Incumbent Oligopoly SQM exerted its demonstrable iodine market power.

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Share
Chile	15,473	15,503	17,399	15,793	16,000	17,500	20,700	20,000	20,000	18,758	59%
Japan	9,282	9,500	8,232	9,216	9,277	9,315	9,334	9,814	10,610	9,993	31%
USA	1,200	1,200	1,200	1,250	1,270	1,270	1,270	1,270	1,350	1,250	4%
China	560	560	560	560	590	600	600	600	600	600	2%
Turkmenistan	270	270	270	270	470	480	500	500	500	510	2%
Iran					300	300	300	300	300	360	1%
Azerbaijan	22	116	149	191	200	240	249	221	247	210	1%
Indonesia	75	75	75	75	61	44	3	56	45	45	0%
Russia	105	105	105	105	105	105	105	105	105	14	0%
Uzbekistan	2	2	2	2	2	2	2	2	2	2	0%
Market Size	26,989	27,331	27,992	27,462	28,275	29,856	33,063	32,868	33,759	31,742	
YOY Growth		1%	2%	-2%	3%	6%	11%	-1%	3%	-6%	

Source: British Geological Survey



SQM has no such power in today's Lithium market which is growing so fast, is far from mature and, as I said earlier, SQM is struggling simply to maintain a 25% market share. But they are nevertheless price maximizers.

SQM has No Doubt made big announcements about capacity additions to 180K by 2021. Perhaps they dream to play ARAMCO's "swing supplier" OPEC role. But lithium is neither iodine nor oil.

Brines are hard.

There's no such thing as a **Saudi Arabia of Lithium**...

Rolling Stones - **Sympathy for the Devil**

Click Here: <https://www.youtube.com/watch?v=e5AlisWNvM4>



Joe Lowry @globallithium · Jul 5

What is happening here gives me no joy but it is cautionary tale about greed and personality cults.

Airguide and have been used for their own internal purposes.

2. Does the board of directors of AVZ ("Board") consider it appropriate for Mr Langford, as principal of Airguide, to publish:

- information which could be misrepresented or misconstrued as a mineral resource estimate in the absence of AVZ having reported a mineral resource estimate; or
- production cost and enterprise value metrics for AVZ in the absence of AVZ having published a technical study containing such information.

If the response is "yes", please explain the basis for that response.

AVZ Minerals Limited ABN 81 125 176 793
Level 2, Suite 9, 389 Oxford Street, Mt Hawthorn, WA, 6016 T + 61 8 9380 6789 F + 61 8 9380 6761
E: admin@avzminerals.com.au W: www.avzminerals.com.au

No, the Board of AVZ does not consider it appropriate.

3. If the answer to question 2 is 'no', what action does the Company intend to take to ensure that AVZ and its directors, employees, contractors and advisors do not disclose:

- information which could be misrepresented or misconstrued as a mineral resource estimate in the absence of AVZ having reported a mineral resource estimate;
- financial information in the absence of AVZ having published a technical study containing such information; and

\$AVZ – Simandou of Lithium





Disclaimer

Lithium-ion Bull (Forest Hills) is a periodic publication, written through my advisory firm RK Equity Advisors, LLC. I may act, or may have acted in the past, as a financial advisor, or capital raiser for certain of the companies mentioned herein and may receive, or may have received, remuneration for services from those companies. I, RK Equity as well as their respective partners, directors, shareholders, and employees may hold stock, options or warrants in issuers mentioned herein and may make purchases and/or sales from time to time, subject, of course, to restricted periods in which we may possess material, non-public information. As of July 12, 2018 RK Equity or its principals own securities in Albemarle, Lithium Americas, Kidman and SQM. The information contained herein is not financial advice and whether in part or in its entirety, neither constitutes an offer nor makes any recommendation to buy or sell any securities.