



December 5, 2018: The Big LONG, Part One: Lithium is Queen(s)

Bohemian Rhapsody (in theaters now!)

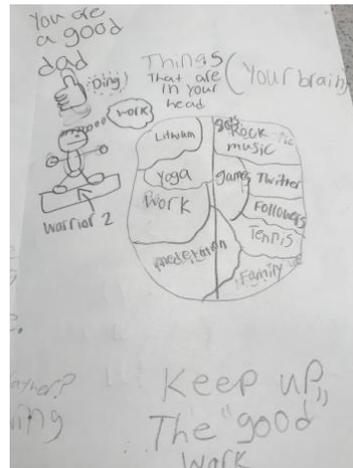
Until global financial markets “risk off” everywhere appeared in October it was clear in much of 2018’s **Disorder Bi-Polar** that ingesting lithium and investing in cannabis was a more relaxing and rewarding wealth creation strategy than the other way around -- however much fun it can be listening and writing about **Lithium Rock**. With recreational use now a fact in Canada, I have more certainty than ever that comfortably numb TSX investors, alongside their jealous ASX, NYSE, NASDAQ, HKSE and AIM peers will again soon be singing along with Howard Lewis and the News:

I Want a New Drug

Over the past weeks I experienced the psychological impact of a milestone birthday for which I share three tributes that significantly softened the blow.



Jamie Klein, 13



Leo Klein, 9

Hey You

Happy BIG 50. I’m listening to **Pink Floyd** in your honor **On the Run** to Asia. **I Wish You Were Here**. Doing **The Great Gig in the Sky**, so drinking some vino to make me **Comfortably Numb** for the 12 hour flight. I’ve got lots of time to **Breathe (in the air)**, chill and meditate (which you introduced me to) on this flight. Mr. Market has been more like a canine **Mother** to lithium lately, which I’m sure has caused you much **Brain Damage**, against your **High Hopes**, as the **‘Run Like Hell’** sentiment **Echoes**, but will not **Eclipse**, the previous downturns. When EV demand shifts into **Interstellar Overdrive**, it will speak louder than words against current forecasters, who never seem lost for words. Gone are the Model T days when you could pick **Any Colour You Like** as long as it was black, and **Welcome to the Machine** of Model X. **Let There Be More Light** electric vehicle adoption **One of These Days**, and the **Money** will follow the main theme of electrification. The stars may have turned to **Dogs** today, but this is not **Goodbye Blue Sky**, **The Happiest Days of our Lives** are still ahead....Jay



With Jay Chmelauskas
 Ex-President and Architect of Western Lithium Americas (LAC)
 Vancouver Arena, 2010, Roger Waters The Wall Tour

[Hotel California](#) CATHODES was a such a lovely place to re-connect with and re-evaluate [Since I've been Loving You](#), [Babe I'm Gonna Leave You](#), [Trampled Under Foot](#).



As Roger Water's US & Them tour approached Buenos Aires and Santiago mid November, ahead of the G2 + 18 Donald/Xi Summit, yours truly Karma Chameleon followed more \$LAC Insider Buying in late October, thinking that, from below \$4, if not Heaven, a Stairway to BMO and Jefferies' \$6 target is not an unreasonable expectation in the near term **(NOT ADVICE, DYOR)**.



With John Kanellitsas
 Current Executive Vice Chairman and Architect of Western Lithium Americas, May 2018

*Easy come, easy go, little high, little low
 Any way the wind blows...*



I'm no trained Global Equity or US Political strategist, but that won't stop me from sharing my Bull's Lair man-cave analysis while listening to Jimi Hendrix:

US and Global Equity Markets

1. Anything divided by zero = infinity
2. Interest rates have been at zero a long time
3. US stock market index growth the last 10 years has largely been driven by a few tech names, divided by zero discount rate, trading at near infinite multiples,
4. Exacerbated by momentum trading algorithms. Velocity.
5. Most other sectors have had good, but more pedestrian returns.
6. Commodities & Emerging Markets are among the worst performing asset classes for a long time.
7. Last year's fiscal stimulus and de-regulation = glass half full/risk on. Bitcoin \$17,000
8. This year's Fed tightening, trade war & mid-terms = glass half empty/risk off. Bitcoin \$3,500
9. With interest rates at 3% and everywhere other than the US looking not so good, the Fed is likely to pause. Pause = stimulus = good for equities.
10. China is suffering worse than US due to trade friction. China likely to stimulate. Good for commodities, equities.
11. Global oil markets show declining demand and oversupply largely due to MADE IN THE USA.
12. Global lithium markets the reverse: 25%+ demand; delayed supply. USA IMPORT-RELIANT.
13. Atacama Chile is the riskiest lithium producing jurisdiction globally.
14. EurAsia's outlook for Argentina is Neutral. Coin Flip. Election noise 2019 - Referendum on Macri.
15. AUD & CAD near all-time lows against USD. Unlikely to get much weaker. More likely to get stronger = tailwind to Joe Battery pack USD investors in ASX and/or TSX equities.
16. But Australian and Canadian hard rock producers and chemical processors will experience cost inflation.



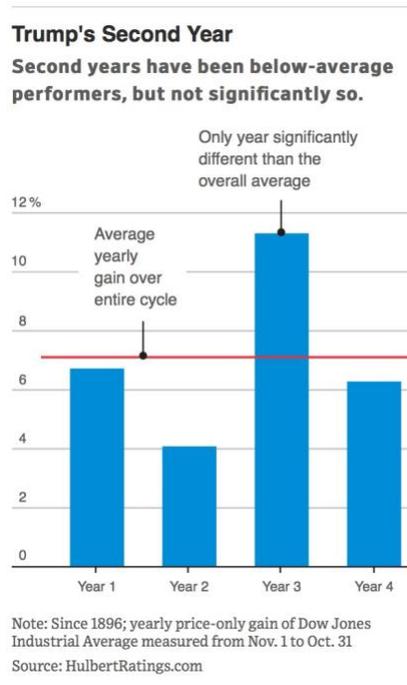
US Political Markets

1. US mid-terms neither “Blue Wave” nor “Red Wave,” but Purple Haze. Queen Pelosi Haze.
2. My kindergarten classmate **Independent Neal Simon** did not become the next Senator in Maryland, but in his [concession speech](#) said his campaign made a “chip in the dam” toward a moderate centrist movement to [Unite America](#) and put **Country Over Party**.
3. On balance, House Democrats won if they were moderates, with some exceptions like my neighbor Only-in-America-Land-of-Opportunity Queen Ocasio:
4. Trump, also a Queens native, can’t rely exclusively on his Archie Bunker base to win in 2020.
5. ***Is it just possible that 2019/2020 could witness All in the Family compromise between California Meatheads and New York Dingbats?***
6. **Gingrich/Clinton** 1995 Congress got shit done. **Pelosi/Trump** 2019 History Repeat or Rhyme?

Deep Purple: [Smoke on the Water, Fire in the \(California\) Sky](#)

[U.S. Climate Report Warns of Damaged Environment and Shrinking Economy – Nov 23](#)

7. **Year 3 of Presidential cycles** are generally **good for equity markets**. Sell in May, Go Away... but Buy from November through April...





Electric Geopolitics

China NEV Meet USA National ZEV?

- **China** believes the ever-ubiquitous lithium-ion battery will clean its air while helping them to achieve **Future Mobility and Energy Storage** world dominance.
- China will continue to invest in and bid up natural resource equities. Tianqi, supported by the Chinese State, is paying up BIG for SQM = Security of Supply Cost of Capital mentality.
- **In Tesla, based in Pelosi San Francisco in Governor Moonbeam's Chinafornia**, the USA has global EV leadership. Model 3, blowout Q3. 20% operating margins. Gigafactory 3 in Shanghai.

Cool Graphic: Tesla Charging Leadership



- **Tesla/Panasonic-supplier Albemarle**, headquartered in **Charlotte, North Carolina** recognizes and is willing to pay up billions to work in investment friendly jurisdictions and partner for non-China lithium hydroxide supply.



- GM Accelerates Transformation to #EV

Zero Crashes. Zero Emissions. Zero Congestion.

- To beat China in human-driven EVs, must USA be like China?
- Could a malleable President come to see the term "Government Motors" as less epithet and more "**Progressive Republican?**"

Queen Mary Barra: Hi Profile Female CEO Sensibilities!

National ZEV is a MAGA JOBS Idea: 7 million EVs by 2030!

More Charging Station Funding in Highway/Infrastructure Bill!

Incentive USA Battery & Cathode Plant Investment!

- Cutting Edge GM: Cruise Autonomous Vehicles: GM bought for less than \$1B, Softbank investing \$2.25B at \$11.5B valuation. Self-driving competitor to Alphabet's Waymo.



"I Believe in an All-Electric Future"

Grateful Dead - Man Smart, Woman Smarter

That's Right, the Women are Smarter...

EV Super Model

Mary Barra



August 2014

Born Mary Teresa Makela
December 24, 1961 (age 56)
Royal Oak, Michigan, United States

Education Bachelor of Science in Electrical Engineering, Kettering University
MBA, Stanford University

Occupation Chairman and CEO, General Motors

Board member of 10; General Dynamics, Disney, Stanford University Board of Trustees,^[1] Kettering University Board of Trustees^[2]

Spouse(s) Anthony E. Barra

Children Nicholas Barra and Rachel Barra

Website [Website](#)



20 EV Models by 2023.



Sexier than the Volt/Bolt, please!

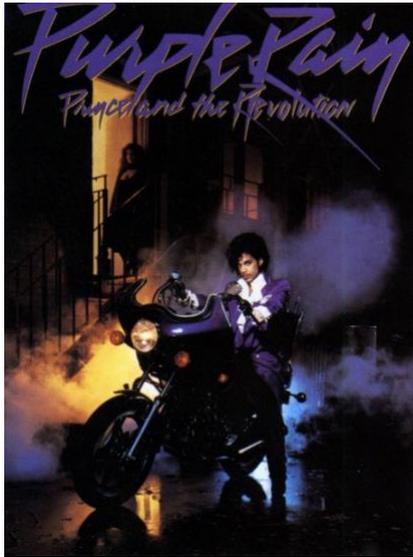


I Would Die 4 U

Queen Mary.
Queen Nancy.
Prince Donald.

Purple Reign

2019: Prince and the EVolution:



GM E-Bike

Let's Go Crazy!



Trump, Looking Beyond
GM, Seeks to End All
Electric Car Tax
Credits, Kudlow Says

Wall Street Journal





KISS Elton John

A fellow Gen-X institutional investor friend who, pre-GFC, was a junior resource dabbler, told me he’s intrigued by lithium but confused and loath to engage observing pervasive disharmonious lithium market discourse. Gun-shy. Like Elton John @TheGarden, I said something to the effect..

*Daniel my brother you are older than me
Do you still feel the pain of the scars that won't heal?*

We bonded a bit about **Aging Sceptic** gold lovers for which we share similar sentiment:



November 2018, Madison Square Garden

As for white gold #lithiumisthenewgasoline, he appreciates that I’m now saying we’ve pretty much bottomed - perhaps we’ll re-test, but I don’t expect the top 10-15 lithium names to hit new 52-week lows. Yet, with tax loss selling upon us we may wait until late January/early Feb, a new Congress and State of the Union and then a 180-reversal to positive sentiment and upside volatility. 9-month Morgan Stanley/CORFO Fake News wet blanket is over and refuted. Lithium market is tight. High prices.

Analyzing lithium equities I suggested...

Keep It Simple Stupid



Cannibas GENE, May 2018

...that Institutional and Joe-Battery-Pack investors surveying lithium investment opportunities should spend more time looking at hard rock plays and more selectively at brines. And even more selectively unconventional clays, or untested new technologies. Prefer those producing or developing more specialized performance lithium hydroxide than more standardized carbonate...

...READ: [URGENT – Foreigner. Feels Like the First Time.](#)



KISS Queen - [We Will Rock You](#)



One takeaway over the past three years in lithium land is that ASX-listed hard rock projects have performed well. A spectacular turnaround story, **Galaxy's** phoenix-like rise from near-death working through **Mt. Cattlin's** issues with **General Mining** was a beauty to watch. I completely missed that early trade, though recently took a token position into \$GXY's significant dip (**Not Advice, DYOR**).

Sidebar: Congratulations to Cam Henry and his team at **PRIMERO** group, who completed over the summer a successful 2X over-subscribed IPO. PRIMERO is an engineering group with deep hard-rock lithium mining and processing credentials. Think Mt. Cattlin. Bald Hill. Pilgangoora. And others. Whenever there's a "commodity rush," those with the picks and shovels – or technical knowhow in an industry suffering a skills shortage – do very well.

Mineral Resources/Neometals have made **Mt. Marion** a big success with China Girl **Ganfeng**. **Pilbara** too, alongside General Lithium, Great Wall Auto, POSCO – and Ganfeng.

Remembering Aretha, we must also pay RESPECT to **Altura** and the Godfather of Lithium Soul James Brown, who, channeling Queen with David Bowie [Under Pressure](#) dialed **\$1772** in Hong Kong and also said [Let's Dance](#) with the Off-take Partner of First Resort. Fantastic opportunistic deal-making once again from **Ganfeng**. A smart long-game offensive and defensive move, securing further supply diversity with two partners for 6% low iron **Pilgangoora** feed, alongside more 6% than 4% from Mt Marion.

Bald Hill is also progressing well which Mr. Market will continue to recognize with **Tawana/Alliance** merger completion, though spodumene price fall fears may mute upside. **Kidman's Mt Holland** is partnered now with Tesla & Mitsui, along with additional financial support from **SQM**.

KISS [Crocodile Rock](#): Plain vanilla, clean and green spodumene

SUCCESS, SUCCESS, SUCCESS, SUCCESS, SUCCESS



BILLION DOLLAR M&A

The Elephant in the Room gets in bed with Foxy Lady **Wodgina** (rhymes with?)

Australia's **Mineral Resources** Jumps on US\$1.15B Albemarle Deal – Investing News Network

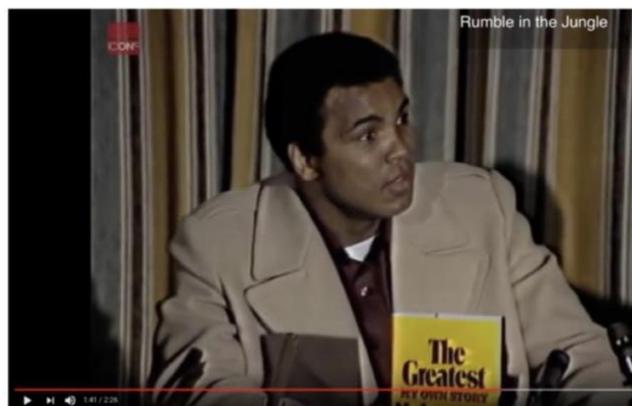
@HowardKlein 10 Tweet, November 21:

[\\$ALB](#) sees Blue Sky in a Green Field, following for the first time [\\$SQM](#) and [#Ganfeng](#) in partnering with a [#lithium](#) development asset. This is a logical and synergistic JV w/ [\\$MIN](#) w/ Geopolitical and Lithium Oligopoly balance of power implications...

CLICK HERE: [My LinkedIn note on ALB/MIN Wodgina JV](#)

And Here: [Flashback March 5, 2018 Lithium-ion Bull: Lithium Nirvana, Nevermind?!](#)

Sidebar: I've spoken some, but infrequently about **Mineral Resources** (recall the Thrilla in the Pilbara!). But I'm coming to learn that CEO **Chris Ellison** might, in his own non-promotional way, be **The Greatest** in the **Rumble in the Kangaroo Jungle**:



Thrilla in Manila - Muhammad Ali on Joe Frazier

Chris "Muhammed Ali?" Ellison: <https://www.youtube.com/watch?v=IMFsUI9CqLI>



The Big Chill-e vs. Argentina

[Chilean regulators reject Albemarle's plans to boost lithium output – Reuters, David Sherwood](#)

“From a market point of view, this should be positive for lithium prices,” Klein said. “But ultimately, this is a reminder that brines are environmentally, technically and geopolitically challenging.”

Atacama. The driest desert on earth. Once considered the greatest place in the world to process and brine lithium. Rife with uncertainty and stakeholder meddling. Royalties. Water. Deep Chile/China state. Uncle Scrooge McPonce. The Tern bird. Brownfield expansion permitting.

I’m tending to avoid \$SQM for this reason. \$ALB too, though I like **Greenbushes to China and Kemerton hydroxide**, see hidden potential in hydroxide from spodumene in their **North Carolina King’s Mountain** brownfield mine, but prefer playing Wodgina through \$MIN.

I spent a lot of time over the past 2+ years enamored with TSX-listed **Argentina** development stories. No Doubt this activity was – and is -- a worthwhile endeavor. But it’s harder work now from New York keeping an eye on Vancouver, Toronto, London, Perth or Sydney promoters’ activities in Jujuy, Catamarca & Salta provinces, @ms.latin’s leaks notwithstanding.

I prefer Argentina brine exposure to Chile, though I value [Rodney Hooper’s](#) lithium equity analysis and have added Chile’s **Lithium Power International** to my watch list. But I still much prefer Hard Rock.

Each brine is a unique science project that takes a long time to achieve only ~50% recoveries. Relatively high upfront capex. Relatively low IRR’s compared to spodumene producers. Much longer payback period. Remote, high altitude terrain prone to weather disruptions, and emerging market political risk.

Consider: **Pilbara, Altura, Tawana, Kidman, Mineral Resources, Galaxy** vs. **Orocobre**.

Higher probability with Hard Rock.



A problem with brines in Argentina is Argentina. Economics. Politics. 2019 Presidential Election.

The Argentina narrative has devolved quickly in 3 short years:

[Macri Sings Queen's Somebody to Love](#)



2016/17: Vamos Argentina!



2018: Vamonos Argentina!



IMF to the Rescue

Which makes me want some, but not too much Argentina exposure in 2019. 2020/21? Fingers crossed.

I see best risk/reward in the only two producers, **Livent** and **Orocobre (Not Advice, DYOR)**.

I assume there will be a quite positive outcome for **Galaxy's** Sal da Vida, but believe a lot is already priced into \$GXY at USD 750M market cap, and there's some risk of spodumene price fall possibly hitting Mt. Cattlin cash flow next year.

An investor can get significant exposure to **Lithium Americas** for free by owning **Ganfeng**. **\$LAC** is likely deep value with a long, long view, but 2019 is largely Cauchari construction pictures amidst election noise and IMO is likely to remain, as it almost always has been, a trading vehicle nearer term.

Among earlier stage, I've not sold my **Neolithium** (Not Advice, DYOR), but wonder how many more PEA-stage Argentine brine carbonate projects will be needed/funded in a world where better risk/reward Hard Rock Hydroxide Advantage developers are available.

Coming Soon: The Big LONG, Part Two: Ganfeng, Livent, Orocobre, Nemaska



Disclaimer

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