

# Strategic Metals & Rare Earths Letter

## INTERNATIONAL

*the independent information and advisory publication on investing in Strategic Metals & Rare Earths*

**INVESTMENT ALERT – January 30, 2018**

[www.argentalithium.com](http://www.argentalithium.com)



### Argentina Lithium & Energy Corp. (C\$ 0.445)

TSX : LIT  
FSE : OAY1

H+L prices (12 months) : C\$ 0.60 – 0.075

Net issued shares : 75.4 million  
Fully diluted : 85.5 million

Market capitalization : C\$ 32 million  
(US\$ 26 million)

**2018 price target : C\$ 1.00**

## INVESTMENT ALERT

- ▶ **Argentina Lithium** financing oversubscribed to raise C\$ 4.1 million
- ▶ Company's two properties integrated in prolific **Lithium Triangle** will see up to 10,000 metres of drilling in 2018

On January 24, 2018, **Argentina Lithium & Energy** ("**Argentina Lithium**") announced that it had closed the second and final tranche of its non-brokered private placement financing for a total of 12.47 million units at a price of C\$ 0.33 per unit for gross proceeds of C\$ 4.1 million.

Each unit consists of one common share and transferable common share purchase warrant. Each warrant will entitle the holder thereof to purchase an additional common share of the Company at C\$ 0.40 per share for 2 years from the date of the issue.

On November 16, 2017, **Argentina Lithium** provided an update on exploration programs on its active lithium exploration projects at the **Arizaro** and **Incahuasi salars** integrated in the prolific **Lithium Triangle**.

Due to an increase in activities, a new Project manager is being hired to manage exploration moving forward.



## The Lithium Triangle

- Produces ~1/2 of the world's lithium
- Hosts ~70% of known lithium reserves
- Most lithium is in salt lake ("salar") brines
- Argentina produces approximately 12% of the world's lithium, making it the third largest global producer (2015)
- New Government is encouraging foreign investment and renewable energy initiatives



**Argentina Lithium** has recently expanded the property holdings at its 100%-owned **Arizaro Project** in Salza Province by an additional 7,030 ha. Geophysical and seismic surveying is the next step prior to a Phase II drill-program to test for deep briner.

At the newly acquired wholly-owned **Incahuasi Project** in Catamarca Province, **Argentina Lithium** plans to move directly into a first drill program and is now in the process of obtaining permits to do so. The Property controls the entire salar, as well as an initial surface sampling. VES geophysical results included samples of 409 mg/l lithium at surface.

**Argentina Lithium** expects that the two properties will see up to 10,000 metres of drilling collectively in 2018.



## About the Salar de Arizaro



- The salar covers an area of 1600 km<sup>2</sup> within a watershed of 6000 km<sup>2</sup>
  - Third largest in the "Lithium Triangle", after Uyuni (Bolivia) & Atacama (Chile)
  - Largest salar in Argentina
- Hyper-arid <30 mm of rain per year, good for creating evaporative brines.
- Strategic location for infrastructure and logistics
- Prospective for quality lithium brines at depth



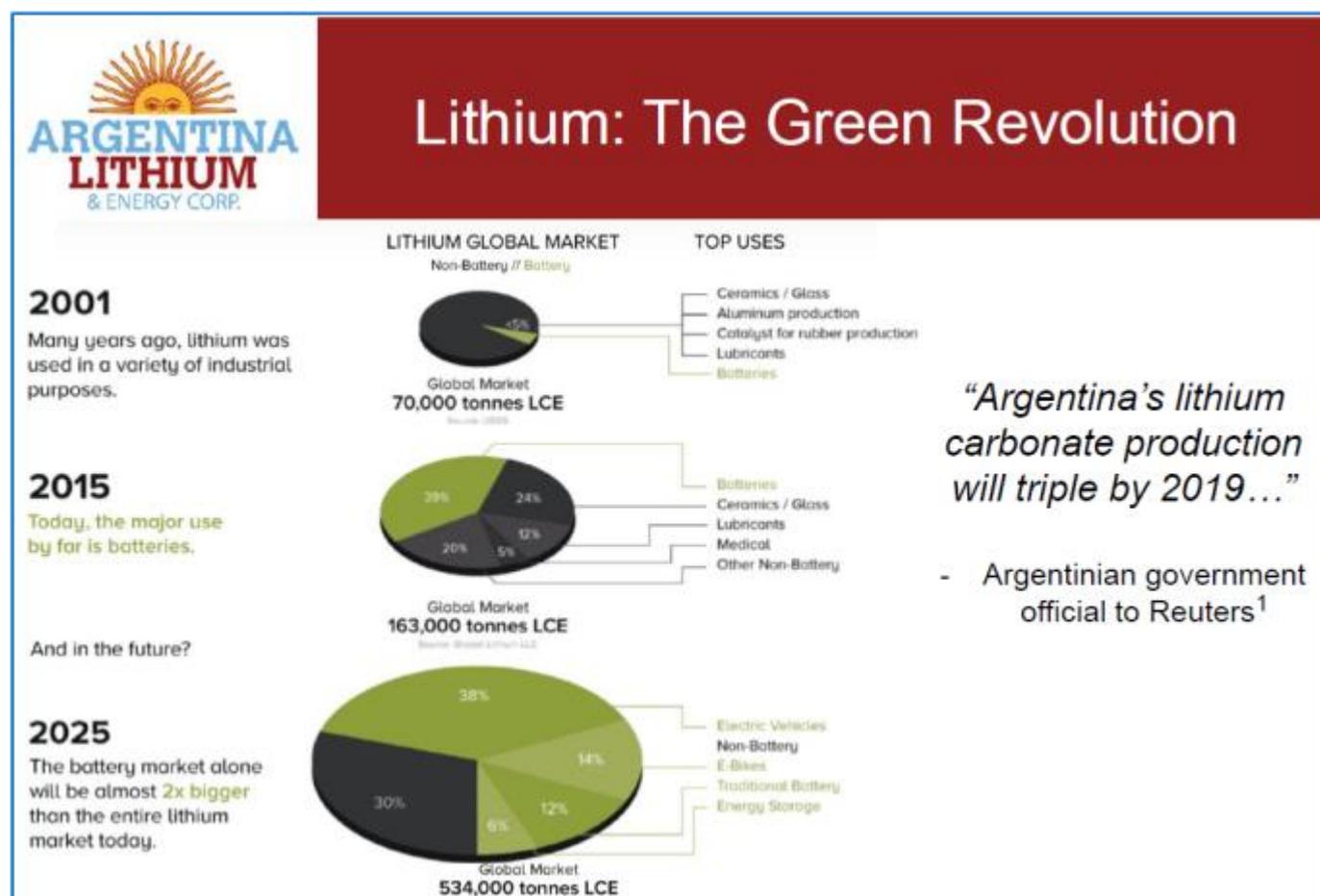
## Argentina’s mining to get boost under free-market reform policy of President Mauricio Macri

Since taking office in late 2015, President Mauricio Macri has adopted measures to revive the country’s mining industry by changing the federal structure, which scared mining investors away for years, as seven of the country’s 23 jurisdictions have a full ban on the use of cyanide, based on environmental concerns. One of the first ones was eliminating a 5% tax on mining and energy companies in February last year.

In June 2017, Argentina’s federal government and the governors of 20 out of 23 provinces signed a long-awaited mining deal that harmonizes taxes and regulations, in a move aimed at jump-starting investment in the sector. The agreement, which still needs approval from Congress, sets a 3% ceiling on royalties mining companies pay to provinces. A second provincial tax, capped at 1.5%, will be allocated to fund mining infrastructure.

With the new agreement, President Macri will create about 125,000 new mining jobs across the country. It is also expected to boost foreign investment in the sector to \$ 25 billion by 2025, on top of the \$ 3 billion already confirmed for the 2017-18 period.

President Macri also revoked a prohibition on foreign mining companies sending profits made in Argentina out of the country.



## Investment comments:

Argentina's government is encouraging foreign investment and renewable energy initiatives. The combination of high geological potential and a promising investment climate have set the conditions last year for delineating and advancing new lithium resources in Argentina.

The "**Lithium Triangle**", including parts of the high plateau Puna region located in north-western Argentina, produces about half of the world's lithium and hosts approximately 70% of the known lithium reserves. Argentina produces approximately 12% of the world's lithium, making it the third largest producer, next to Chile and Bolivia.

**Argentina Lithium** is led by the Grosso Group that pioneered in the mineral industry in Argentina and has operated there since 1993.

**Argentina Lithium's Arizaro Lithium Brine Project**, located in the Province of Salte, is the largest in Argentina. Together with the **Incahuasi Project** this puts the Company in an outstanding position to benefit from the electric vehicle revolution, which will result in booming demand for lithium-ion batteries.

Considering having raised C\$ 4. Million to fully fund up to 10,000 metres of collective drilling on its two prospective properties and its strategy to further expand its lithium holdings, in my view, **Argentina Lithium**, at a market capitalization of just C\$ 32 million (US\$ 26 million), offers a high investment leverage potential.

As a result, I have increased my 2018 price target from C\$ 0.70 to C\$ 1.00.