



MARKET COMMENTARY

eResearch Corporation is pleased to provide an investment newsletter, courtesy of **Rick Mills** of **AHEADOFTHEHERD.COM**. (Referred to as AOTH)

Rick Mills publishes pertinent investment articles on his website on a regular basis. He also publishes a regular investment newsletter.

Richard Mills is owner and host of **AHEADOFTHEHERD.COM**. His articles have been published on over 400 websites.

Ahead of the Herd Newsletter - 2019 Issue Four Saturday January 19th



AHEADOFTHEHERD.COM

Telling you things everyone else doesn't already know.

BW: Rick's latest Newsletter, while highly informative, is very extensive. For this reason, we are separating the newsletter into six reports for publication over the ensuing days on the eResearch website. If you want to read it in its entirety all at once, just <Ctrl-Click> on the link provided below. The general theme is Commodities and why Rick believes that NOW is the right time to take or add to positions in commodities: Our six AOTH reports are as follows: (1) Why and Which Commodities?; (2) Copper; (3) Lithium; (4) Rare Earths; (5) Gold; and (6) Uranium.

COMMENT: *We continue with our publishing of six excerpts from the Newsletter. Today is the third excerpt, focused on LITHIUM.*

Link to the entire January AOTH Newsletter is [HERE](#).

NOTE: If you want to sign up to Rick's website/blog, and subscription is FREE, you can do so here: www.Aheadoftheherd.com.



Commodities are the right story for 2019



As a general rule, the most successful man in life is the man who has the best information

PART 3: LITHIUM

Arguably, lithium is the most important metal for electrification. As the main ingredient in lithium-ion batteries necessary for EVs, a steady supply of lithium for battery-makers and auto manufacturers is going to be crucial. This is why we have been following the lithium market for going on a decade, ever since former President Obama announced, in 2009, \$2.4 billion to support “next generation” electric vehicles.

Like copper, lithium is setting up to be in a deficit - despite the lithium bears thinking that new supply will overwhelm demand as EV manufacturing goes bonkers. We know this to be false. To learn why read our [Why the lithium bears are wrong](#)

Approximately 215,000 tonnes of lithium carbonate equivalent (LCE) was produced in 2016. [Chile was the world's largest producer](#) with 37%, followed by Australia with 34%. By 2025, if a very reasonable 30% of mining projects come to term, 700 kt LCE will be produced. Australia will supply 45% of world production at this time; Chile and Argentina will each supply 15%, China 10%, and the rest of the world 15%.

According to Roskill's 15th edition [market outlook report](#), demand from companies that produce batteries to power electric cars, laptops, cell phones, etc. is expected to increase 650% by 2027, with overall lithium demand forecast to more than triple over that period. Electric vehicle lithium-ion battery pack manufacturers' share of the market for lithium-ion batteries will grow from 46% in 2017 to 83% by 2027.

Use of lithium hydroxide will increase from 25% of lithium compounds used in rechargeable batteries in 2021 to 55% by 2027.

The Chinese vehicle market is on its way to 38.2 million units sold in 2025 (equal to 52% of global volume growth over that period). By 2030, 40% of vehicle sales in the region will be EVs. The European car market is likely to expand by 2.5m units by 2030 to reach 23.1m units annually with a roughly 30% penetration of EVs by that time. The USA will lag and only 16-21% or 2.6m–3.5m of sales in 2030 is likely to be electric.

It is in this context that a new U.S. lithium mine is being proposed next to Albemarle's Silver Peak Mine in Clayton Valley, Nevada. The timing is excellent. Silver Peak, the only American lithium mine, failed to increase production 2012-16 and its lithium grades are rumored to be dropping.

Cypress Development Corp (TSX-V:CYP) has discovered a different type of deposit than the usual brine or hard rock lithium deposits, which must either be mined using drill and blast methods, or pumped into shallow ponds and allowed to evaporate, allowing lithium carbonate to settle out.



In just two years Cypress has gone from exploring its Clayton Valley Lithium Project, resulting in a monster resource estimate, to [releasing an attractive PEA](#) last fall.

Cypress is working to de-risk the project, which features an Indicated Resource of 3.835 million tonnes LCE (lithium carbonate equivalent) and an Inferred Resource of 5.126 million tonnes LCE.

The metallurgy for extracting the lithium from claystones is currently being perfected; the results are expected to form a key piece of the upcoming prefeasibility study.

While there are risks to the project, the upside is massive: [Cypress has more than enough to supply America's current lithium needs, and then some.](#)

BW: We will publish tomorrow the next installment of the January 19 Newsletter from AheadOfTheHerd.com. It will focus on RARE EARTHS.

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