

The 'closeology' textbook suggests we all enjoy a Lithium Ionic read

written by Dean Bristow | December 8, 2022

Because the world isn't already confusing enough, I thought I'd share my latest trip down the rabbit hole. Today I'm writing about a lithium explorer, so one of the things I thought I'd review was the underlying commodity price. I knew it had surged to record levels recently but was taking a bit of a breather, I wanted to know if the price had come off a little or a lot. The first number I got when I googled the price of lithium was US\$0.0007898. That seemed like a weird number so I figured I'd better see what measurement that was based on. Maybe some exchange started tracking lithium in milligrams or something. Nope, some marketing genius decided to hop on the rocketing global demand for lithium by creating a crypto coin called [lithium](#) that is part of the decentralized NFT valuation protocol. Do not be concerned, the actual commodity is still trading near all-time record highs which should be exceedingly profitable for any producer that can get it to market.

Now that we've cleared that up, let's move on to a textbook "closeology" example in the lithium world. I find closeology, or proximity to an existing discovery, is often an encouraging starting point. If for no other reason than you can potentially get a decent trade out of it. A great example was the Newfoundland gold rush of 2021 that was sparked by New Found Gold Corp.'s (TSXV: NFG | NYSE-A: NFGC) incredible drill results that lead to a pretty good rally in virtually every gold explorer that declared they had mining claims in Newfoundland. Unfortunately, since then, gold stocks have been abandoned

(until the last week or two), and if you didn't start matching New Found Gold's results it turned into a double whammy. However, today's example won't be for lack of trying as the company has a well-stocked treasury and 5 drills turning, looking for one of the hottest commodities on the planet right now.

That company is [Lithium Ionic Corp.](#) (TSXV: LTH | OTCQB: LTHCF), a Canadian-based lithium-focused mining company with properties covering ~2,000 hectares located in the prolific Aracuai lithium province in Minas Gerais State, Brazil, which boasts excellent infrastructure, including highways, access to hydroelectrical grid power, water, and nearby commercial ports. They have a vision to develop a commercial grade lithium operation economically and responsibly. To do that they have assembled an experienced team with a track record in lithium mining, geology, and capital markets that is ideally suited to execute on a disciplined development plan.

Lithium Ionic is actively drilling two prospects, its Galvani claims, as well as Bandeira (formerly Area 1) of its [Itinga claims](#). When it comes to close, I'll let the following picture do the talking.



Source: Lithium Ionic [Corporate Presentation](#)

Bandeira is located south of the operating CBL Lithium Mine and directly north of SIGMA Lithium Corporation's (NASDAQ: SGML | TSXV: SGML) Barreiro project. The Galvani property is located less than 4 kilometres from Sigma Lithium's Xuxa deposit. Another picture will give you an example of the Araçuaí Pegmatite District (APD), where more than a hundred pegmatitic occurrences are known and holds the biggest lithium reserves of Brazil.

PROLIFIC LITHIUM DISTRICT



CBL MINE (Producer)
Private company, producing lithium since 1993
Produces both Li-carbonate and Li-hydroxide in its chemical plant in Divisa Alegre (MG)
36,000 tpy of SPO concentrate @ 5.5%; Spodumene Reserves of +1.3Mt
33.3% owned by Brazilian private equity firm, Ore Investment



ITINGA PROJECT, Bandeira + Areas 2-5 (Exploration)
100% interest in +1,300 hectares
30,000m drilling program underway (focus on Bandeira)

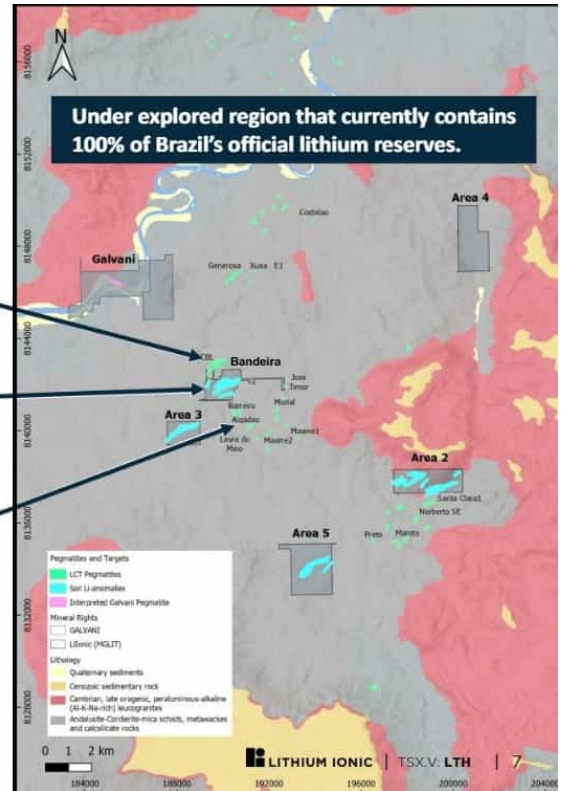
GALVANI CLAIMS
Claims acquired in Sept. 2022.; drill program underway
Highlights: 1.98% Li2O/25.63m, 1.94% Li2O/20m; 1.71% Li2O/22m; 2.22% Li2O/12.5m



GROTA DO CIRILO PROJECT (Under Construction)
The largest hard rock lithium deposit in the Americas
Project under construction; production slated in late 2022
NI 43-101 resource estimate of 52Mt
Phased development: initially 33,000 tpy LCE as SPO concentrate; eventually expected to produce 531,000 tpy LCE from 2 deposits



SALINAS PROJECTS (Exploration)
Bananal Valley: 1,250 ha; Salinas South: 4,088 ha
Drilling initiated in early 2022
(~60kms North of Galvani)



Source: Lithium Ionic [Corporate Presentation](#)

The reason I'm fixating on closeology is actually more to do with Sigma Lithium than CBL. The reason being, Sigma now hosts the largest hard rock lithium deposit in the Americas, with proven and probable mineral reserves of 54.8 Mt of lithium spodumene at 1.44% lithium oxide. And they've done this very quickly, going from less than US\$1.50/share in June, 2020 to over US\$35/share currently. That's a market cap of US\$3.5 billion. It's not hard to imagine that if Lithium Ionic can start putting up some significant resource numbers that the market will take notice. Especially those who may have missed out on the tremendous run that Sigma has had.

The question becomes, how can Lithium Ionic get there from here. The Company has roughly C\$35 million in working capital, is in the midst of a 30,000 meter drill program with 5 drills operating along with additional regional exploration work ongoing. They expect to produce an inaugural mineral resource estimate in Q1 2023 with drilling updates coming out every 6-8

weeks. And thus far those updates have been solid with the results [announced in early November](#) that included 1.98% Li20 over 25.63 meters representing the strongest grades in the Galvani area encountered since the Company began drilling earlier this year. In the same press release, Lithium Ionic reported values of 1.99% Li20 over 6.75m, 1.56% Li20 over 3.90m and 1.44% Li20 over 8.33m all located within 50 meters from surface at its Bandeira project.

You can see the potential is there, although Lithium Ionic is not exactly a hidden gem with a current market cap of roughly C\$216 million. However, what I find interesting is that the Company [raised C\\$25 million](#) in October of this year at C\$1.60/share and the stock has traded above that level since the start of November. Additionally, they didn't have to add warrants to this issue to push it out the door, which tends to be a very positive sign of strong support for the stock. Sigma has shown that the sky's the limit, but you'll need a lot more than closeology to get there.