

The Argentine Lithium Connection

A junior stock can begin a decent bull run for any number of reasons, but one thing's for sure, it's rarely because a drilling program started. Results? Sure! But explorers exploring is surely no news at all; unless, of course, you're a Grosso Group company. Joseph Grosso and his team have been so long established in Argentina that confidence in their projects is automatically fairly extreme, and the group's past successes coupled with their current asset acquisition plans may just be enough to create lift-off.

The company in question, Argentina Lithium and Energy Corp. (TSXV: LIT | OTCQB: PNXLF), has the option to earn a 100% interest in the Arizaro Lithium Brine Project, including 20,500 hectares in the central core of the Arizaro Salar, the largest in Argentina and third largest in the "Lithium Triangle". Upon announcing that exploration had commenced, LIT shares climbed by over 40%; presumably in confident anticipation of a positive outcome resulting from two things: the aforementioned belief in management, and an announcement citing the company's intention to acquire an additional deposit in the coming weeks.

All of this amounts to a sort of confidence positive feedback loop, especially as successful dealings in Argentina are currently reserved for the experienced only. Recent regime change is often enough to scare away most investors, but the Grosso lot have been cluttering up the place for decades already. In short, and with certainty, the group are sufficiently connected to move at an intensely competitive pace compared to, say, a newcomer to the region. The company's seemingly uninspiring press release has motivated many to hand over rather a lot of cash; apparently, if Joseph Grosso is both breaking ground and buying more, people want in.

Not surprising, really, since the group already have an envious track record of Argentinian exploration. Although little historic exploration work has been done on the Arizaro Salar, the central area is interpreted to have the geologic conditions to be the most prospective for quality brine resources, and now a relatively small drill program of up to four holes will test conductive and semiconductive zones identified by the vertical electric sounding (VES) survey, which are interpreted as geologic units that are saturated with high-density, and potentially lithium-bearing, brines.

The geology of Arizaro includes volcanic rock outcrops and structural conditions similar to other salars in the Puna region where lithium and potash have been found in abundance. In addition, the large size of the Arizaro basin makes it is possible to find geological and hydrogeological conditions for establishing entirely separate sub-basins within the salar. These factors support exploration for deep layers of lithium-rich brine which are not directly linked to the surface fluids at the site.

Furthermore, the Arizaro Salar benefits from a strategic location for infrastructure, including: a railway that connects to the deep water port of Antofagasta, nearby advanced mining projects that are expected to bring significant development of access routes and power, and the availability of water for development. Arizaro gets less than 30mm of rain each year, so while not quite qualifying as a desert, it is certainly dry enough to make evaporation ponds an economical option. The price of lithium is still climbing, salars remain the cheapest extraction method, and management has seen it all before. Shut up and take my money, Joe.