

Market Bullishness on Lithium has eyes on Critical Elements Lithium

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The world is going to need a lot of lithium over the next several years if it wants to come anywhere near the goals being set by most G7 governments. The math is staggering as clearly defined by Jack Lifton in this great [InvestorIntel article](#). So today we are going to look at one of the purest lithium deposits globally, the Rose Lithium-Tantalum project in Quebec. The project is owned and operated by [Critical Elements Lithium Corporation](#) (TSXV: CRE | OTCQX: CRECF).

Rose Lithium-Tantalum Project:

The Rose Lithium-Tantalum property comprises 473 claims spread over a 24,654 ha area located in northern Québec's administrative region, on the territory of Eeyou Istchee James Bay approximately 40 km north of the Cree village of Nemaska. The property is accessible by road via the Route du Nord, usable all year round and is 80 km south of Goldcorp's Éléonore gold mine, 45 km northwest of Nemaska's Whabouchi lithium project and 20 km south of Hydro Québec's Eastmain 1 hydroelectricity generating plant. In essence, excellent access to infrastructure including roads, low-costs (low carbon – 93% hydroelectricity) power and skilled labor.

On November 27, 2017, the Company filed a [National Instrument 43-101 technical report](#) for the feasibility study of the Rose Lithium-Tantalum project.

Highlights are as follows:

- Average annual production of 186,327 tonnes of chemical grade lithium concentrate
- Average annual production of 50,205 tonnes of technical grade lithium concentrate
- Average annual production of 429 tonnes of tantalum concentrate
- Expected life of mine of 17 years
- Average operating costs of \$66.56 per tonne milled, \$458 (US\$344) per tonne of concentrate (all concentrate production combined)
- Estimated initial capital cost \$341.2 million before working capital
- Average gross margin 63.6%
- After-tax NPV of \$726 million (at 8% discount rate), after-tax IRR of 34.9% and price assumption of US\$1,500 per tonne technical grade lithium concentrate, US\$750 per tonne chemical grade lithium concentrate, US\$130 per kg tantalum pentoxide

To summarize, the deposit is a hard rock resource that hosts high purity lithium material with low iron and low mica content with full support and cooperation from the Québec government, First Nations and local communities. The economics and quality of this project have been proven to be very lucrative.

With a market cap of roughly \$305.6 million, based on 183 million shares outstanding at yesterday's three year high close of \$1.67, CRE is not an inexpensive, undiscovered micro-cap. However, you are getting a project that is on track to be fully permitted and start construction in 2021 with first production in 2023. It is located in a politically safe and supportive jurisdiction and with the increasing emphasis on supply chain certainty there is a lot of potential value simply as a result of the location of the Rose project. Not to take anything away from the quality or robust economics surrounding Rose as well.

Looking at the chart, CRE appears to be breaking out from a five month sideways channel ranging from approximately \$1.20 to \$1.55. It has traded above \$1.60 for the last five days on above average volume, closing above the \$1.60 level twice in that span. Whether this is being driven by their recent news that the company had received [UL ECOLOGO® Certification](#) for Mineral Exploration, anticipation of the decision statement on the environmental assessment from the Impact Assessment Agency, which is due imminently, or simply a result of general bullishness surrounding lithium, the chart looks very constructive from a technical perspective.



All in all, Critical Elements Lithium represents a potential world class lithium mine (and a meaningful rerating opportunity that goes with that) plus speculative upside from the companies [eight other projects](#). Would it have been nice to discover this gem a year ago when it was trading closer to \$0.30 yet still had far less risk than a pure exploration play? Absolutely, and congratulations if you are a long term holder of CRE shares. However, if you are as bullish on lithium as Jack Lifton is you may want to take a closer look at Critical Elements Lithium Corporation.