

# Neo Lithium reaches nirvana with 125% increase in resources

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Whenever someone mentions lithium to me, the first thing that pops into my head is Kurt Cobain and Dave Grohl. Obviously, I'm still stuck in the 90's thinking about great songs like [this Nirvana offering](#). The recording of which is arguably responsible for Dave Grohl joining the iconic band. But when I drag my head out of the clouds and back to today the most important lithium going is the commodity that is vital to the build out of electric vehicles, consumer electronics and various energy storage applications involving rechargeable batteries. You've heard us go on and on at InvestorIntel about the importance of lithium, perhaps no more clearly than [this article](#) by Jack Lifton (a must read). So I won't pound the table anymore on that topic as long as you read Jack's article.

So what if there was a junior miner that just announced a 125% increase of measured and indicated resources in their lithium brine project in Catamarca Province, Argentina. I bet that would get you pretty excited. Well, you are in luck. [Neo Lithium Corp.](#) (TSXV: NLC | OTCQX: NTTHF) just [announced exactly that](#) at their [Tres Quebradas \(3Q\) project](#).

The Company's 3Q project is located in the southern end of the "Lithium Triangle" in the Puna Plateau, where over 40% of global lithium is produced. The area is characterized by high altitude salt flats, many of which contain elevated lithium concentrations. The largest lithium brine mines and projects in the world are located in salars (a salt-encrusted depression that may or may not be the basin of an evaporated lake) in the

Lithium Triangle including Atacama Salar (SQM and Albermarle), Cauchari-Olaroz Salar (Orocobre and Lithium Americas) and Hombre Muerto Salar (Livent and Galaxy). Neo Lithium is in the same neighborhood as all the big names in lithium.



Source: [Corporate Website](#)

This resource increase was a function of the latest drilling results [announced by Neo Lithium on May 27<sup>th</sup>](#) where the company intercepted a new deep brine aquifer, located outside the area which resulted in the Company's previous Mineral Resource Estimate prepared by Groundwater Insight Inc. with an effective date of August 14, 2018. So they gave Groundwater a call and asked them to work on a new resource estimate using the results from the new wells. Those results are summarized as follows (lower right of the table is the impressive 125% increase):



Source: [Corporate Press Release](#)

As an investor trying to make a decision on whether this is a good stock to buy or not, let's have a look at some of the other important facts about Neo Lithium. Notwithstanding the overall outlook for lithium, which I promised not to keep droning on about, there are several corporate specific items that are key. The Company has a lot of money to begin the commercial development of this project, \$59 million at the end of March. They have the world's largest battery manufacturer Contemporary Amperex Technology Co. Limited (CATL) – a global leader in the development and manufacturing of lithium-ion batteries and the world's No. 1 ranked EV battery producer – as a strategic investor (8% equity interest), [including a seat on the board](#). A pre-feasibility study, done prior to the latest resource

increase, had a 50% IRR, \$1.1 billion after tax NPV (8% discount rate), and a 1 year 8 month payback period.

Additionally, the 3Q project is 100% owned and Neo Lithium controls the entire salar which still has exploration upside. The high-grade core of the 3Q project is 3<sup>rd</sup> highest grade lithium project in the world, 4<sup>th</sup> best on overall average grade. The low impurities contribute to this project being estimated to be in the lowest quartile OPEX in the industry at US\$2,900/t. Pilot plant operations have run for over a year achieving battery grade quality (99.797% lithium carbonate) and pleasing CATL with the results. Similar processing operations have run in the area for over 20 years, so it's not like this project is reinventing the wheel, perhaps just advancing a better way to power the wheel.

All of this make 3Q one of the best undeveloped lithium projects worldwide. But there's the key – undeveloped. So what's next for Neo Lithium? The Company plans to complete the final feasibility study in Q3/21 at which point it will finalize financing discussions with CATL, assuming they've obtained the Environmental Impact Assessment. At that point, they can start executing a construction plan and get this impressive project making all that money that the PFS indicated was there for the taking, assuming lithium prices remain strong but we've already covered that!