With lithium demand skyrocketing here are 5 early-stage lithium junior miners to watch

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With lithium demand projected to increase 10-11 fold this decade, there is a huge opportunity for successful lithium junior miners to prosper. Last year Rio Tinto was quoted as saying that "filling the supply gap will require over 60 Jadar projects".

Then just last month Tesla CEO Elon Musk said (Tesla Q1 2022 earnings call transcript): "…can more people please get into the lithium business? Do you like minting money? Well, the lithium business is for you…" Musk also said on Twitter: "Price of lithium has gone to insane levels! Tesla might actually have to get into the mining & refining directly at scale unless costs improve."

Of course, industry experts have been warning of EV metals supply deficits for some years, but it appears these warnings mostly fell on deaf ears. With this background in mind, today we take a look at some early-stage lithium junior companies with the potential to help fill the lithium supply gap in the second half of this decade.

China lithium carbonate spot prices – up about 6x over the past year due to lithium shortages

Source: Trading Economics

5 early-stage lithium junior miners to watch out for in 2022 (in no particular order)

1. Essential Metals Limited (ASX: ESS)
2. Green Technology Metals Limited (ASX: GT1)
3. Metals Australia Ltd. (ASX: MLS)
4. Lithium South Development Corporation (TSXV: LIS | OTCQB: LISMF)
5. Winsome Resources Limited (ASX: WR1)

Essential Metals Limited (ASX: ESS)

Essential Metals is an Australian exploration company with 9 projects (lithium, gold, gold JV, and nickel JV) all in Western Australia (WA). Three of the projects are 100% owned and 6 are JV's with other companies, with ESS retaining a 20-30% interest (see below).

Essential Metal's flagship project is their 100% owned Pioneer Dome Lithium Project in WA. The Project is located in a known lithium corridor and the gold-rich Eastern Goldfields region of WA, which contains the Mt Marion, Bald Hill and Buldania lithium mines/projects. The Project has a reasonable sized JORC compliant **Total Resource of 11.2Mt at 1.21% Li2O**, still with exploration upside. The Resource starts from or near surface. Drill assay results from the recent campaign are due out by the end of May 2022.

Essential Metals also has two other 100% owned gold projects in WA, namely the Golden Ridge Project (100% owned), 20kms from the Kalgoorlie super pit and the Juglah Dome Project, 60km east-southeast of Kalgoorlie. In addition, the Company has numerous JV projects including Acra Gold Project JV (25% interest), Kangan Gold Project JV (30%), Balagundi Gold Project Farmin/JV

(25%), Larkinville Gold Project Farmin/JV (25% gold interest) (hosts a JORC Resource of 19,700 t @ 3.02 g/t for 11,600 oz. Au), Blair-Golden Ridge Nickel Farmin/JV (25% nickel interest) and Wattle Dam Nickel Joint Venture (20% nickel interest).

Essential Metals trades on a market cap of A$162 million.

Essential Metals summary showing the Pioneer Dome Lithium Project location near other successful lithium mines and projects in WA

Source: Essential Metals company presentation

Green Technology Metals Limited (ASX: GT1)

Green Technology Metals (GT1) has multiple lithium projects (options to acquire, some at 80% interest others at 100% interest) spread over 39,982 hectares in Ontario, Canada. GT1's most advanced project is the Seymour Lithium Project with a JORC Total Mineral Resource of 4.8Mt @ 1.25%. Within the Seymour Project, drill results include an impressive 40m @ 1.54% Li2O. When combining all GT1's Ontario Lithium Projects the target resource is 50-60 MT @ 0.8-1.5% Li2O.

An updated resource estimate is targeted for Q2, 2022. Management is top tier and highly experienced.

Green Technology Metals trades on a market cap of A$212 million.

GT1's portfolio of multiple lithium projects in Ontario Canada

Source: GT1 website

Metals Australia Ltd. (ASX: MLS)

Metals Australia is an Australian junior miner with several projects. Their most advanced project is the Lac Rainy Nord Graphite Project in Quebec, Canada with an Indicated and Inferred Resource of 13.3Mt at 11.5% TGC for 1.529M tonnes of contained graphite.

With regards to lithium, Metals Australia 100% owns the promising Manindi Lithium and Zinc Project in WA. The Project has several lithium-cesium-tantalum (LCT) pegmatites spread over a total 3km strike length. Individual pegmatites have strike lengths of over 300m and widths of up to 25-30m. Past drilling includes intersections of **15m @ 1.2% Li2O, 117 Ta2O5 from 34m**. Drilling is ongoing notably at the Foundation pegmatite where consistently high grade lithium grab samples (1% Li2O and >0.4% Rb) have been detected over the entire 500m strike length. Assay results are expected shortly. Manindi also has an existing JORC 2012 Resource estimate of **1.08Mt at 6.52% Zn, 0.26% Cu and 3.19g/t Ag.**

Metals Australia trades on a market cap of A$54 million.

Lithium South Development Corporation (TSXV: LIS | OTCQB: LISMF)

Lithium South Development Corporation (Lithium South) is already quite advanced at their 100% owned Hombre Muerto North Lithium Brine Project in Argentina. The Project lies near several billion-dollar projects such as Livent's lithium mine, Allkem's Sal de Vida project, and POSCO's quite new project purchased for US$280 million. Hombre Muerto is the premiere salar in Argentina, known for very high grade lithium and very low impurities.

The Hombre Muerto North Project has an M&I Resource of 571,000t contained LCE, with an excellent grade of 756mg/L, and a very low Mg/Li ratio of 2.6:1. Drilling is about to begin at their Alba Sabrina claim with results to follow most likely later in

Q2, 2022. The Resource has potential to grow significantly from here.

Lithium South trades on a market cap of only C$68 million.

Winsome Resources Limited (ASX: WR1)

Winsome Resources is a lithium explorer focused on their 4, 100% owned, projects spread over 50,000 Ha in Quebec, Canada. The Projects are Cancet, Adina, Sirmac-Clappier, and Decelles (option to acquire 100%).

The flagship Cancet Lithium Project has had outstanding previous drilling success and boasts a JORC Exploration Target of 15-25Mt @ 1-2% Li2O + 100-250ppm Ta2O5. The past drilling includes 59 holes for 5,216m averaging ~70m drill depth defining a shallow high-grade lithium deposit. Drilling will continue in 2022 with a substantial maiden Resource estimated expected later this year.

Winsome Resources trades on a market cap of A$66 million.

Summary of Winsome Resources 4 lithium projects in Quebec, Canada

Source: Winsome Resources company presentation

Closing remarks

Investing in early-stage lithium juniors carries higher risk and reward.

Of the 5 companies discussed in this article three (Essential Metals, Green Technology Metals, Lithium South Development Corp.) already have a lithium resource, one (Winsome Resources) has defined a lithium deposit with a resource estimate due later

in 2022, and the other (Metals Australia) has a graphite and a zinc-copper-silver resource with an exciting lithium project with drill results out soon.

I could also include Avalon Advanced Materials Inc. (TSX: AVL | OTCQB: AVLNF) in this group, but I already wrote on them recently here, discussing their lithium projects, lithium resource, and plans for a JV lithium refinery in Thunder Bay which were given a huge boost recently as you can read here.

Finally to answer Elon's question: "Can more people please get into the lithium business?" The problem is it takes at least 5-10 years to build a lithium mine from scratch. I will finish with two key quotes last month from lithium market experts:

- Benchmark Mineral Intelligence was quoted stating: *"Battery capacity is currently growing at twice the speed of lithium raw material supply."*
- Mr. Lithium, Joe Lowry was quoted stating: *"I believe there will be a day in the future when lithium is in oversupply, but it won't be in this decade…..You can build a battery factory in two years, but it takes up to a decade to bring on a lithium project."*

Disclosure: The author is long ALL the lithium companies mentioned in this article and intends to hold long term.