

Argentina, the new Saudi Arabia of Lithium

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Former Chinese leader, Deng Xiao Ping, is most famous in mining circles for his oft-repeated aside from the 1980s that whereas “Saudi Arabia has oil, China has Rare Earths”. It didn’t grab much attention at the time because Rare Earths were largely a mystery to most listeners and, moreover, were not worth all that much and did not have many day-to-day applications then besides bringing red colors to one’s cathode ray tube television. The rest is history with the final wake-up call in 2009-10 as to what Deng was actually referring to in strategic terms.

Now we can add a third leg to the mantra because Argentina has lithium and oh, potentially, how much lithium it does have! In theory, Chile was the place to source lithium from brine lake lithium deposits (salares), but in a curious own-goal situation, Chile has squandered that advantage by trying to keep a tight control on the number of players and advantaging the two incumbents. Predictions are that Argentina will overhaul Chile in terms of lithium production by 2030. The result of the Chilean torpor at welcoming new entrants is that the surprisingly more laissez-faire attitude in Argentina has made it the go-to place for those wishing to stake positions in salares. Argentina has become something like, to paraphrase Deng, the Saudi Arabia of Lithium.

The Fluctuating Fortunes of Salares

One of the paradoxes of the middle of the decade was the “talking down” of salares as being in some way “too difficult” or too “long term”. Having said that though, several of the highest-flying stories in the First Lithium Boom such as

Orocobre Limited, Galaxy Resources Ltd., and Lithium Americas Corp. were salar-based. Back in that boom, and its current revival, there was/is a staking boom in the Argentine part of the Lithium Triangle of Chile, Argentina, and Bolivia that makes the California gold rush in the 1850s pale into insignificance. Explorers, quite literally, cannot get enough of Argentine lithium territory.

The caution relating to salares exploitation was powered by the mishaps that befell Orocobre and Rincon. However, in both these cases, the lessons learned meant that others will have the benefit of their difficult experiences. The argument that there is a longer lead time for salar development (due to the need to kickstart the evaporation process) does not hold much water (pardon the bad pun) due to the much longer (and more expensive) drilling and resource estimation phase at a hard rock deposit and the much higher development costs at underground mines.

The downfall firstly of Canada Lithium, after the end of the First Lithium Boom, and then the travails of Nemaska, at the beginning of the latest recovery, have cast a pall in many investors' minds over large-cap underground spodumene mines.

The Road Most Taken

Despite perennial concerns about Argentina's political direction, the metaphorical road to the Argentine salares opportunity has become more like a Los Angeles expressway in peak hour, of late. Argentina has been in the Lithium game for decades, so is no newbie, but was always perceived as playing second fiddle to Chile. With opportunities to enter and develop new projects in Chile finding constant stones in the road, several of Argentina's Andean provinces have become veritable boomtowns for the Great & Good of the global EV revolution.

The long-established Livent (formerly FMC) was joined by

Orocobre and Galaxy Resources (which then merged), and then a stampede of the elephants in the Lithium space occurred with Posco, Ganfeng, Tianqi and most recently Zijin Mining Group resetting the bar higher with its [stunning move](#) on [Neo Lithium Corp.](#) (TSXV: NLC | OTCQX: NTTHF).

Then in November of 2021 TSX-listed miner Lithium Americas offered \$400 million in shares and cash for Vancouver-listed Millennial Lithium Corp., the third offer for the company this year following one by China's largest battery maker CATL and another one by Chinese lithium producer Ganfeng Lithium. A feeding frenzy has begun.

Beyond these majors, there is an array of junior players hoping to replicate the Neo Lithium success story. One of these stocks that has come to attention lately is [Edison Lithium Corp.](#) (TSXV: EDDY | OTCQB: EDDYF).



Into the Fray

In mid-June 2021, Edison Cobalt Corp. as the company was then known, announced that it had entered into a Definitive Purchase & Sale Agreement to acquire Resource Ventures S.A. (ReVe), an Argentine corporation that owns or controls the rights to over 148,000 hectares (365,708 acres) of prospective Lithium brine claims in the province of Catamarca, Argentina. The claims are principally located in the two geologic basins known as the Antofalla Salar and the Pipanaco Salar in the famed Lithium Triangle.

The Transaction

To effect the purchase Edison inked an agreement to acquire ReVe and a 100% interest in its properties for a purchase price of

\$1.85 million paid by the issuance of ten million common shares of the company at a deemed price of \$0.185 per share. All securities issued pursuant were subject to a hold period of four months from the date of closing.

The Political Scene

For most of the last two decades, Argentina has been ruled by irregular iconoclastic governments, most recently by the dynasts of the Kirchner family and before that the Duhalde regime the country with a brief interlude of fiscal conservatism under Mauricio Macri, elected President in the last quarter of 2016.

The major bugbears of foreign miners operating in the country have been:

- Currency controls – though the devalued Peso results (in theory) in lower costs for project development
- Export taxes on concentrates
- Import restrictions on equipment

The Macri regime reverted these and this coincided with the Second Battery Metal Boom of 2017. Though that boom proved to be fleeting, it reenergized players in the Argentine space.

The Macri regime fizzled after three years and the Kirchnerites were back in power, but mining (and particularly Lithium) scarcely missed a beat with the surge of development of salares (and increasingly large copper projects) at the current time.

There is a good case to be made that the relative lack of salares moving to production pre-2019 was due to the double negatives of the low lithium price between 2011 and 2016 and the death throes of the first Kirchnerite period making Argentina an unattractive place to advance projects. Pricing has resolved itself and the Argentine government is welcoming Lithium players with open arms.

Edison Lithium's pivot from Cobalt to Lithium looks like a prescient move. While Cobalt is much sought after it is seldom found. Unicorn hunting can be a long and expensive sport. With Argentina's rapid evolution as the "Saudi Arabia of Lithium" who could fault the company moving into the territory and building up a substantial position?

It's still early days of course with exploration, resource definition (and presumably more territorial expansion) still lying ahead. However, in elephant country, one is more likely to find elephants than gerbils. The hunt is on at Edison Lithium.

Edison Cobalt's new CEO discusses 'significant' gold discovery and conflict-free cobalt sources

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"This is the first new zone that has been found on the property from our exploration efforts. Much of the cobalt camp is going back in and we are reinvestigating the old mines. That is very important to do, but this is a brand new area and we are quite excited because it also has very high gold with it too, which is a bit different for the camp." States Neil Pettigrew, President & CEO of [Edison Cobalt Corp.](#) (TSXV: EDDY), in an interview with InvestorIntel Corp. CEO Tracy Weslosky.

Tracy Weslosky: I see that your stock volume moved 5 times your

average on your news about finding this [new zone](#). Let us start there.

Neil Pettigrew: Yes, this is actually quite interesting. This is the first new zone that has been found on the property from our exploration efforts. Much of the cobalt camp is going back in and we are reinvestigating the old mines. That is very important to do, but this is a brand new area and we are quite excited because it also has very high gold with it too, which is a bit different for the camp. We diverted some of the holes of our program; punched four holes into it and quite keen to see what the lab brings back.

Tracy Weslosky: For those of you new to EDDY, as we like to call it, this area previously produced over 400 million ounces of silver and 20 million tons of cobalt. This is a cobalt, lithium and now a gold story. Is that correct?

Neil Pettigrew: Yeah. The lithium side we are not focusing on. It is purely on the cobalt side, as given with the name change. We are quite excited with Kittson. It continues to produce very good numbers. You have seen a lot from the prospecting the last bit. The new Edison Mine producing over 5% in hand samples. Things are really going from strength to strength. We started working over at the shack. We recently acquired the Edison and now we have this new zone up at Kittson North.

Tracy Weslosky: Speaking of strength to strength, you joined the team and became CEO. That was a recent announcement. Can you tell me what the catalyst was for you accepting that position because you have a pretty impressive background?

Neil Pettigrew: It continued to grow a little bit organically and the project continued to advance. As it became apparent that it was going to be a much more significant project, my amount of involvement with the project increased to the point that it only

made sense for me to take over the reins. Jeff continues to be a director. Obviously is very active in the company. Given my past experience with cobalt and other battery metals it kind of made sense for me to be the one pushing things forward.

Tracy Weslosky: For some of you out there you may not be familiar with the Edison Cobalt story. Neil if you would not mind just giving us the competitive advantage and overview on why Edison Cobalt is the stock to watch.

Neil Pettigrew: Edison Cobalt differs a bit from the main camp in that our cobalt mineralization is both vein and fracture hosted, which means we have some wider widths to target. That gives us a bit of a pathway towards defining resources a bit quicker. Most of the camp is fairly narrow vein. We have veins that host cobalt, but also in the fractures. Plus we have significant gold as well. Not just some silver, but we have, as the last news release reported, up to 7 grams gold in the new zone...to access the complete interview, [click here](#)

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