

Lithium Royalty Corp.: Poised for Success as More Affiliates Reach Production

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Lithium demand continues to surge each year, despite some year on year ("YoY") volatility in demand and prices. In 2021 the IEA forecast lithium demand to increase from 13x to 42x from 2020 to 2040. Trend Investing forecasts lithium demand to increase 35x from 2020 to 2037 as we move to a 100% electric vehicle world. Rio Tinto Group (NYSE: RIO | LSE: RIO) forecasts that the world will need 60 new lithium mines the size of Jadar. BMI forecasts that we will need 78 new lithium mines from 2022 to 2035.

ACME Lithium targets the fuel of the new, green economy – lithium

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In today's volatile market, one commodity is performing quite well, the fuel of the new, green economy – lithium. Lithium appears to have the greatest leverage for hard rock mining investors right now, likely due to current sentiment, as well as, its long term supply/demand picture. [SIGMA Lithium Corporation](#) (NASDAQ: SGML | TSXV: SGML) is the poster child for lithium explorers having gone from a market cap of next to

nothing to roughly US\$4 billion in a little over two years. Lithium prices are high enough now that a small amount of drilling can create a valuable resource fairly quickly. Tack on [security of supply issues](#) and President Biden's [Inflation Reduction Act](#) and one needs to start looking even closer to home than the current sources of the majority of lithium resources like the Salar's of Chile, Argentina and Bolivia (the Lithium Triangle) or Brazil (home of SIGMA's deposit). Even Australia's large hard rock reserves aren't exactly convenient for the burgeoning North American EV market.

It's time to find a legitimate, home grown solution if there is any hope of economically meeting the growth projections for lithium demand. Fortunately, there is no shortage of North American explorers out there trying to fill this need and perhaps [ACME Lithium Inc.](#) (CSE: ACME | OTCQX: ACLHF) could fit the bill. Led by an experienced team, ACME Lithium is a mineral exploration company focused on acquiring, exploring, and developing battery metal projects in partnership with leading technology and commodity companies. The Company has multiple North American projects in areas known for lithium development and exploration. Two are found in a highly prospective region for lithium production in [Clayton Valley](#) and [Fish Lake Valley](#), Esmeralda County, Nevada, USA, and another three are in the pegmatite fields of the Bird River Greenstone Belt in southeastern Manitoba, Canada.

Today we'll have a quick look at the two most advanced projects for ACME – Clayton Valley and Fish Lake Valley. The Clayton Valley project claims are located directly north of the only lithium brine production operation in North America, Albemarle Corporation's (NYSE: ALB) Silver Peak Lithium mine, which has been in production since 1966. Clayton Valley has the potential to host lithium brines similar to Silver Peak, where samples analyzed up to 228 ppm lithium and concentrations up to +1,000

ppm have been found to occur within specific horizons of fine sediments. In June 2022, ACME commenced its Phase 1 Drill Program in Clayton Valley where the first drill hole (DH-1) was completed at 1,400 feet depth below ground surface to assess lithology, permeability features, clay, sand and gravel content, and lithium brine potential. Results [announced August 17th](#) reported lithium was detected from all brine samples at concentrations ranging between 38 and 130 mg/L with the highest concentrations from samples collected in the deep gravels at 1,350 feet and at 1,400 feet. The results strongly indicate the existence of a bicarbonate rich groundwater quality affinity which is typical in the Clayton Valley lithium brine aquifers.

The Company's Fish Lake Valley (FLV) Project is located about four miles west-northwest of Australia-based Pioneer Ltd.'s Rhyolite Ridge Project where a 2020 resource of 146.5 million metric tons at 1,600 ppm lithium and 14,200 ppm boron was reported. On October 11th [ACME announced](#) it had mobilized a crew and equipment for a geophysical profile across a newly recognized conceptual target for mineralized tuff at the property. Field work is expected to be complete in two weeks, with data collected to test the graben concept and to be used to locate drilling test holes. The FLV geology and geomorphology are interpreted as a possible gravel covered graben while scattered outcrop samples assaying up to 600 ppm lithium and 1,270 ppm boron suggesting a mineral system is present.

It's still early days for ACME Lithium but they are well funded to pursue their lithium dreams with approximately C\$12 million in working capital which includes strategic investor Lithium Royalty Corporation and Waratah Capital Advisors Ltd. After all, we've seen what SIGMA was able to convert approximately US\$19 million in exploration expenditures into.

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Copper, Lithium, and a Presidential Election in Chile, why does it matter?

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Now that COP26 has concluded perhaps some other items will begin to show up in the news cycle. However, unless you dig deep you may not be aware that on November 21st Chileans go to the polls to elect a new president. You may be wondering why I picked an election in Chile as something to pay attention to given all the things going on in the world today. I have to admit that I'm a little concerned about the build-up of Russian troops on the Ukrainian border in response to complaints of increasing NATO activity in the region. And you just never know what's going to happen when the Chinese and U.S. get together to discuss economic and military tensions. Yet despite all that I think the Chilean election could have greater global ramifications

depending on the outcome...or it could be a non-event.

The reason for having a look under the hood at Chile's election is two-fold. One is that the leading candidates in the polls are currently from the far left and the far right, neither are from Chile's mainstream political parties. The second is Chile's contribution to two very top-of-mind commodities at present: copper and lithium. Has this information started to pique your curiosity? If it hasn't then it should and here's why.

In today's economic reality, as we move towards a cleaner, greener world with less carbon emissions, we are going to need a lot of copper to build out all the electrical infrastructure and of course lithium has been termed as the gasoline of the future. We've covered the macro necessity of both these commodities enough at InvestorIntel, so I won't get into the weeds on everything regarding copper and lithium. However, I will say that Chile is the world's largest miner of copper by a long shot. Mine production in Chile is approximately [28% of all copper mined](#) in the world and the country is estimated to contain [23% of global copper reserves](#). Those are the kind of numbers copper investors need to pay attention to.

As for lithium, it's almost as impressive with Chile being part of the renowned Lithium Triangle. The Lithium Triangle is a lithium-rich region in the Andean southwest corner of South America, spanning the borders of Argentina, Bolivia, and Chile. Roughly 58% of the world's lithium resources are found in these three countries, according to the 2021 [USGS Mineral Commodity Summary](#). Although Chile only accounts for an estimated 11% of global lithium resources, they are currently the world's second-largest producer with approximately 22% of the world's lithium production. Again, this is enough material so that any sort of disruption to order or rule of law could have serious ramifications that ripple around the world.

As much as I like to brag about Canada being rich in commodities, Chile is knocking it out of the park when it comes to copper and lithium. Hence the reason I'm paying attention to this election given the importance to a nation's commerce of an orderly transfer of power.

Now let's take a closer look at the background heading into this election. This is the first election since widespread protests over inequality rocked Chile in 2019. Some of those protests turned violent, with riots, arson attacks, looting and violent clashes with police, all sparked after the government increased public transportation fares. Things were bubbling below the surface for a while and this was the ignition point. Needless to say Covid impacts to the economy and its people further exacerbated these issues. This led to Chileans voting in a referendum in October, 2020 to rewrite Chile's constitution which appeared to be the writing on the wall for the center-right coalition government that is currently in power. Then in May of this year, Chileans voted again in an election for delegates who would rewrite the constitution. The ruling coalition failed to pick up the one-third of seats necessary to block radical changes to the constitution. Meanwhile, the center-left, which has dominated politics since the end of Augusto Pinochet's 1973-1990 military dictatorship, garnered less support than leftists who have been pushing for wholesale change to the 'Chilean model' that has been credited with fomenting growth, but also with deep inequality.

That's the macro reasoning but layered on top of that are a couple of micro issues that investors should also be aware of. The country is debating a controversial mining royalty bill which could sharply hike tariffs on the sector. The royalty bill, under discussion in Congress, could shut down the country's private miners by slapping a 3% royalty on sales of copper with a sharp escalator as copper prices rise. As well,

there is a new glacier protection law, which could impact some key mines.

The people of Chile want change and it looks like they will get it with the polls being led by far left hopeful Gabriel Boric and ultra conservative front-runner, Jose Antonio Kast. Thus far both candidates have kept their powder dry on mining during the campaign. Left-wing candidate Boric has discussed royalties while Kast has proposed vague changes to mining property law to rev up the sector, including opening up state miner Codelco to more private investment. At this point, it's difficult to understand what either candidate could mean to Chile's future as a mining powerhouse. Nevertheless, investors should be putting this election on their radar as there is potential for a lot more downside than upside, in my opinion. With that said, my hope is that this election is a non-event and results in an orderly transfer of power from one democratically elected party to another.

It should be noted that if no candidate gets a simple majority this coming Sunday, the top two will compete in a head-to-head ballot on Dec. 19. The polls suggest this is likely the next date you'll have to mark in your calendar if you feel, as I do, that it could be important to know who is the next President of Chile.