Millennial Lithium (TSX-V: ML) is a brand new lithium play that just announced on Friday the closing of its flagship project in one of the most favourable lithium places in the world: Argentina.

It has an agreement to acquire 100% of the Pastos Grandes Lithium Project in the Salta Province of Argentina, along with a number of other prospects.

Together, the assets cover roughly 7,500 Hectares, smack in the middle of other lithium properties owned by companies with market caps well above Millennial Lithium's current value.

The Pastos Grandes Salar is located 231 km from the city of Salta at an elevation of 3800 meters and sits right along the Borate Belt in Argentina, where boron and lithium are the lithophile elements.

In Layman terms, it sits in an area home to a lot of lithium.

In fact, you can literally draw a line from Salar del Hombre Muerto, where FMC (one of the world's largest producers of lithium) is currently producing, up through a number of lithium projects in development, to the top end were Orocobre is also producing.

Along that trend, you have Millennial Lithium's Pastos Grandes project, which sits right in the
There are major crustal features that trend northwest-southeast that intersect the borate and lithium trend. And precisely where they intersect, you have these basins that were fed by volcanoes that were spewing out the lithophile elements.

And that's where you find the lithium brine.

If you're looking for an elephant, you look in elephant country.

And Millennial is right in elephant country, smack in the middle of a huge trend, with an asset that has all the earmarks of a strong lithium project.

The project is accessible year-round using paved highway and dirt roads from Salta.

Just 12 km north of the properties is the Los Pastos Grandes Village, which is home to 120 inhabitants, and provides basic infrastructure including a domestic water system and diesel-based power generation of 220 volts.

A 600MW, 375kVolt power line between Salta and Mejillones in Chile passes 53 km to the north of the project, with a natural gas pipeline passing through San Antonio de los Cobres to Salar de Pocitos, just 26 km northwest from the Millennial Lithium properties.

**Not Everyone is a Winner**

While being on trend in elephant country is a great start, it takes more than just that to become a great project.

As I mentioned before, lithium has to be found in high enough concentrations in order to make economic sense.

Today, that magic number for lithium brine is between 300-600 mg/L.

Eramine Sudamerica SA, the previous owners of the Pastos Grandes project, had
previously invested over US$4 million over a 2 year period in 2011 and 2012, and conducted extensive development work and exploration studies.

So far, six exploration wells have been drilled to determine geochemistry of the brine/aquifer which included core recovery and pumping tests.

Evaporation tests were carried out in a pilot plant on site.

Three brine samples collected in the southwestern sector of the Pastos Grades properties had values between 602.2 to 665.9 mg/L of lithium and 6342 to 7146 mg/L of potassium.

Overall data from Pastos Grandes shows a range of between 500-600 mg/L.

So far, that certainly checks the grade box.

But there's more.

**Going Deeper**

History has proven that as you go deeper, grades generally improve.

In fact, many of the current lithium resources in play came into play as a result of going deeper.

For example, Orocobre - one of the few lithium producers in Argentina - started near surface, with their first campaign no deeper than 50 meters. They designed their process around the brine they found but in the end, they couldn't really extract that brine very well. So they went and drilled deeper and lo and behold, down at 350 meters, they found very nice brine.

That's because brine is heavier than water, so it tends to sink. The more junk you have in the fluid, the denser your brine is and the deeper it goes, which is why it's no surprise to find these things at depth.

Millennial Lithium hasn't drilled passed 160 metres at Pastos Grandes.

But that's not all.

Once you get the brine, you put it in a pond and the water evaporates. This process requires a lot of help from mother nature.

Luckily, at Pastos Grandes, the climate evaporates the water at a fantastic rate, so instantly you can increase the grade.
But grade isn't the only thing that makes a great lithium asset. As I mentioned earlier, you also need the right chemistry.

**An Important Metric: Mg to Li**

Grade is important but more important than grade is the quality of the brine.

For example, you'll see some huge resources of lithium like the Salar de Uyuni in Bolivia.

But the problem with it is that it has something in the order of a 25-to-1 magnesium to lithium (Mg to Li) ratio.

This is an important metric because magnesium tends to want to hang around with the lithium, but you have to get it out. The more magnesium there is to lithium, the more reagents and energy it takes to separate the two, which all leads to higher costs.

Now a common industry axiom says that the ratio of Mg to Li in brine needs to be below the range of 9:1 or 10:1 to be economic.

From the data we have so far for Pastos Grandes, the Mg to Li ratio is about the same as at Salar de Atacama, which has some of the lowest Mg to Li ratios in the world at between 6-8 to 1.

Anything around the 5-8 to 1 range, especially at today's prices, would be considered world class.

And so far, Pastos Grandes is showing it will be in that range.

But how does Millennial stack up with its peers?

**Comparables**

First of all, let's take a look at the market cap of some of the comparables.
Clearly, Millennial has upside in value when you compare the companies based on market cap alone.

But what about the other numbers?

Take a look:

<table>
<thead>
<tr>
<th>Ownership</th>
<th>grade (mg/l)</th>
<th>Size of Salar/Project</th>
<th>Work Completed</th>
<th>Shares Outstanding</th>
<th>Share Price</th>
<th>Cash</th>
<th>Market Cap (C$M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pastos Grandes</td>
<td>400-600 mg/l</td>
<td>7,500 Hectares</td>
<td>53 million</td>
<td>$1.50</td>
<td>$5,000,000</td>
<td>$40,000,000</td>
<td></td>
</tr>
<tr>
<td>Sal de los Angeles</td>
<td>500 mg/l</td>
<td>8,156 hectares</td>
<td>$20 million</td>
<td>$2.40</td>
<td>$16,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cauchari-Olaroz</td>
<td>600 mg/l</td>
<td>10,000+ hectares</td>
<td>Production 2019</td>
<td>$0.90</td>
<td>NA</td>
<td>$270,000,000</td>
<td></td>
</tr>
<tr>
<td>Olaroz</td>
<td>650 mg/l</td>
<td>10,000+ hectares</td>
<td>Production</td>
<td>$4.00</td>
<td>NA</td>
<td>$840,000,000</td>
<td></td>
</tr>
</tbody>
</table>

As you can see, Millennial not only has the lowest market cap, but also the lowest amount of shares outstanding. So from a share structure perspective, it's one of the best.

But, unlike the others, it also has the option to acquire 100% of the project.

**Fast Track to Production**

While most other lithium plays are focused on exploration, Millennial's team wants to be one of the first to actually put their asset into production.
And with Iain Scarr leading the way, they might just be one of the first.

Iain Scarr is Millennial's VP of Exploration and Development and is well-known in the lithium industry.

He spent 29 years with Rio Tinto, where he was responsible for multiple discoveries in North and South America and Africa, and worked on the commercial justification for the Jadak lithium-borate resource in Serbia.

After Rio Tinto, Iain joined Lithium One Inc., where he was responsible for bringing the Sal de Vida lithium Brine project in Argentina through feasibility with Galaxy Resources.

Following Galaxy, Iain completed the definitive feasibility on the Rincon project with the Enirgi Group.

He is a man who knows his lithium.

And he not only plans on expanding Millennial's assets through exploration and acquisitions through his connections in Argentina, he plans to fast-track Pastos Grandes to production over the next few years.

**Right Place, Right Time**

Beginning in October, Millennial Lithium's (TSX-V: ML) drills will be turning and as soon they get the brine out, they'll be testing its physical characteristics.

That means within the next month or two, Millennial will know what size their ponds are going to be for the level of production they want.

And given that the project is in the right place with the right data, they can move very quickly.

And remember when I said that going deeper generally means better grades?

Right now, Pastos Grandes has thus far shown some pretty nice grades and very nice chemistry with just shallow drilling - drilling no deeper than 160m.

On the next phase of drilling, Millennial is going to drill down to 350 meters with very high expectations of finding an even better flow, and possibly better grade and chemistry at depth.

But that's not all.
Millennial also acquired other promising nearby assets, with a second project already in the pipeline, which they'll be drilling.

That means come late fall, or early next year, we're going to get even more news that could help bolster Millennial's share price.

Over the next few months, Millennial is going to prove to the market that they're advancing Pastos Grandes, while advancing and adding a pipeline of other promising projects.

And if all goes as planned, there should be no reason why Millennial doesn't achieve at least the same value as some of their comparables. If it does, that's some major upside from here.

**Risks**

As always, there are risks to everything. It is our job as investors to judge if the reward outweighs the risk.

First and foremost is management's ability to execute on what seems to be a very promising asset. Millennial has an incredibly valuable asset in Iain Scarr, but it's also beefing up the help with the addition of Dr. Vijay Mehta, as part of the technical advisory board.

Dr. Mehta has an extensive forty-five years of experience in the field of Ore and Brine-based technology, which is used for the recovery of Lithium, Potash, Magnesium, and Boron. He was also previously responsible for coordination and communications with lithium producers around the world.

In short, he is very well-known in the industry and his addition is sure to spur interest into the Millennial Lithium story.

Then there's always the risk of the asset itself.

Just like other mining operations, things may not always go as planned. But given the data and Iain's technical expertise, Millennial's Pastos Grandes project, along with its pipeline of other assets, look very promising.

Then, of course, there's a chance that we may find alternatives to Lithium-Ion technologies. But if you do some research, you will see that there really are no other feasible near-term economic alternative power solutions.

Lastly, it's financing and share structure risk.

Millennial conducted a CDN$1.2 million financing before the acquisition of Pastos
Grandes for 8 million shares at $0.15 with warrants at $0.30. Shares from the financing will become free-trade on November 8, 2016, but half of it belongs to insiders and friends and family - with 3.25 million shares belonging to insiders who have to report if they sell.

If the other investors - who control $600k of the $1.2 million financing - take some profits, it could provide another great entry point. I just don't know how much will be up for sale, if much at all, considering the progress Millennial is expected to make over the next few months.

There's also the financing that just closed Friday for $4,875,000 at $0.65 with a half warrant at $1.00. These will become free-trade in the New Year on January 17, 2017.

Regardless, Millennial's share structure is still pretty rock solid - especially when compared to its peers.

Millennial has CDN$5 million in the bank with just over 27.3 million shares issued and outstanding. Even on a fully-diluted basis, there would be only 40 million shares out but nearly CDN$12 million from the exercise of warrants and options.

This solid share structure is far better than any of its comparables, which will most certainly be a plus for when the Company decides to raise more money.

I expect that if the lithium trend continues - and many signs suggest it will - neither of the financings will provide much stress on the share price. If it does, it could provide a better entry point.

**Conclusion**

When you consider that pure electric vehicles account for less than 1% of all vehicles on the road, the potential growth for lithium is astonishing.

Elon Musk has already told us that for Tesla to meet its target of 500,000 cars a year, Tesla would basically need to absorb the entire world's lithium-ion production.

Yet, Tesla is just the tip of the iceberg.

China is expected to build twice as much new lithium-ion battery capacity as the U.S. by 2020. And while Tesla's Gigafactory in Nevada may be the biggest factory being built, it is only one of at least 12 such projects across the world.

In other words, the lithium market is only getting bigger and those who have a piece of
the pie now will control it. I expect that as many of the juniors advance their project, the big guys will attempt to buy them in order to maintain this control.

That means investors in these early explorers and developers could reap the rewards - but only if they invest in the right assets.

The lithium boom has only just begun and there aren't many players.

I believe Millennial Lithium is one of them.

And that's why it's my next lithium play.

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Millennial Lithium Corp

Canadian Trading Symbol: (TSX-V: ML)

Seek the truth,
Ivan Lo
The Equedia Letter
www.equedia.com

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