

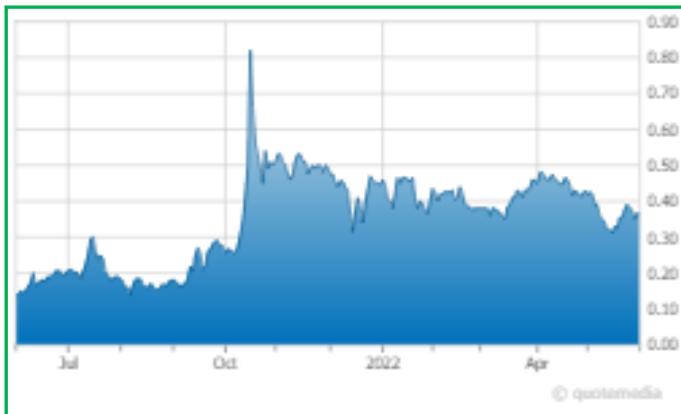
# Strategic Metals & Rare Earths Letter

## INTERNATIONAL

*the independent information and advisory publication on investing in Strategic Metals & Rare Earths*

**INVESTMENT ALERT – June 2, 2022**

[www.argentinalithium.com](http://www.argentinalithium.com)



### Argentina Lithium & Energy Corp. (C\$ 0.365)

TSX.V : LIT  
OTC : PNXL.F  
FSE : OAY3

H+L prices (12 months) : C\$ 0.96 – 0.135

Net issued shares : 73.85 million  
Fully diluted : 97.13 million

Market capitalization : C\$ 27.1 million  
(US\$ 21.4 million)

**2022 price target : C\$ 0.80**

## INVESTMENT ALERT

- **Argentina Lithium & Energy commences exploration drilling at its Rincon West Project in Salta Province Argentina**

On May 31, 2022, **Argentina Lithium & Energy** (“**Argentina Lithium**”) announced the commencement of exploration drilling at its **Rincon West** lithium project in **Salta Province, Argentina**. Five exploration holes are initially planned to multiple perspective brine targets identified from the geophysical survey data. This drill program is expected to require four months to complete.

**Argentina Lithium** has an option to earn a 100% interest in the **Rincon West Project**.

The **Rincon West Project** covers 2470 hectares of the salar basin, located west of the adjacent Rincon Project owned by Rio Tinto. Previously announced geophysics results delineated highly conductive units consistent with concentrated brine aquifers over 64% of the property area.

On May 27, 2022 the first of five exploration holes was initiated to test the geophysical targets. Two thousand metres of diamond drilling is budgeted for this initial campaign.

The Company’s drilling permit allows up to nine exploration holes, thus the scope of the program may be expanded based on results.

*"The Rincon West project has never been drilled though it is highly prospective. In this initial campaign, we are looking for high lithium grades and horizons that can produce high flow rates for a potential future production operation. The initial exploration holes have been located on the geophysics traverses in order to allow extrapolation of drill results more broadly across the geophysics coverage. Since the geophysics produced multiple exceptional targets, we hope to produce positive results early in this program." stated Miles Rideout, V.P. of Exploration.*



## Exploring the Prolific Lithium Triangle

- Lithium Triangle produces ~1/2 of the world's lithium
- Hosts ~60% of known lithium reserves
- Most lithium is in salt lake ("salar") brines
- Argentina produces ~10% of the world's lithium and is a top-5 global producer (2020)
- In close proximity to rail, water, roads and power
- Argentine government is encouraging foreign investment and renewable energy initiatives



**Argentina Lithium** is focusing its uranium activities on the "Lithium Triangle", which, including parts of northern Argentina produced about half of the world's lithium, out of the three countries comprising the Lithium Triangle, **Argentina, Chile and Bolivia**.

**Argentina** produces ~10% of the world's lithium and is a top-4 global producer and hosts approximately 60% of the known lithium reserves.

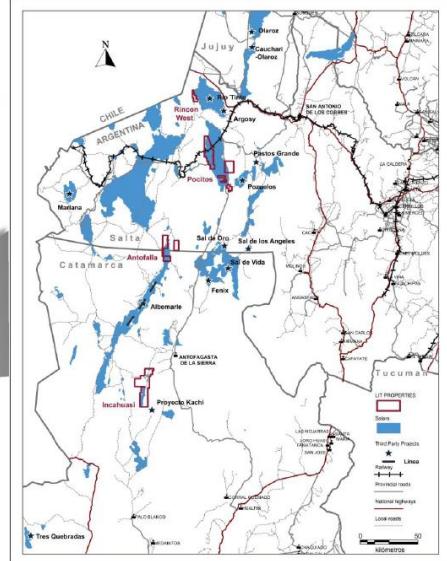
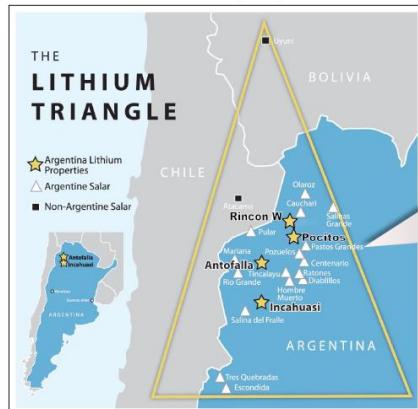
Most lithium in the area is in Salt Lake ("salar brines").

Argentina's government is encouraging renewable energy initiatives, including having set the conditions for the delineating and advancing new lithium resources of the country.

**Argentina Lithium** is focused on acquiring and advancing new high-quality lithium projects and resources in Argentina.

## Projects Overview

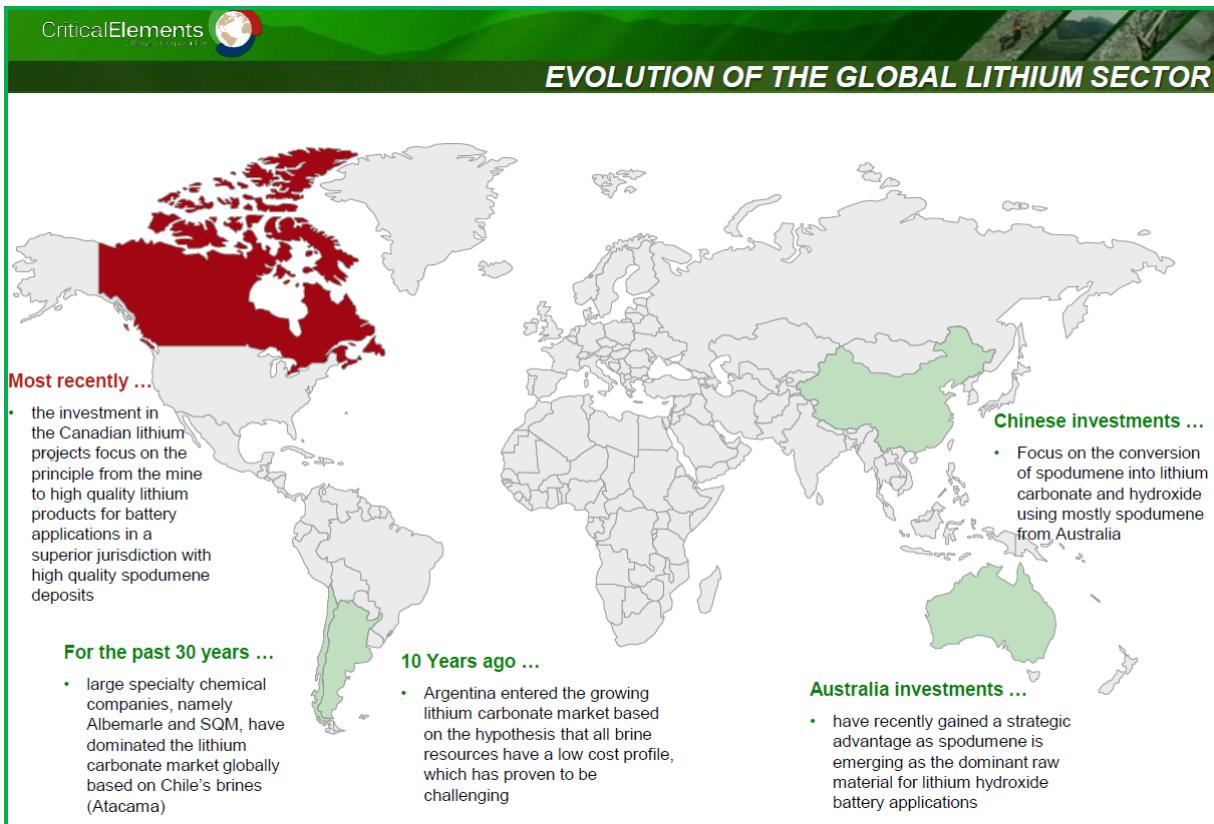
- Over 67,000 hectares of claims on four salars in pro-mining provinces Salta and Catamarca
- Properties strategically located near key infrastructure and towns.
- Year-round access available to all properties on existing road network



## Rincon West Project

- 2,370 hectares under option [Agreement subject to TSX-V approval]
- 3,800 masl elevation in ultra-arid environment
- Adjacent to Rincon Ltd. and Argosy Minerals, with proven reserves
- Mature salar development with halite deposits drilled to 400m depth
- International highway to Pacific ports & major electrical power corridor just north of the salar





## ► Top 6 lithium producing and reserve countries in the world

According to the latest figures from the **US Geological Survey (USGS)**, **estimated global lithium production in 2021 stood at 77,000 metric tons** – a 19% decline on the previous year that was a result of previous ore production and decreased commodity prices.

But with the battery manufacturing expected to accelerate over the coming years, particularly as electric vehicles become more prevalent in key markets seeking to carbonise, interest in lithium will continue to grow, and analysis expect worldwide demand will more than double by 2024.

### 1. Australia – 55,000 tonnes

**Australia** is by far the world's top producer of lithium, with an estimated output of 55,000 tonnes in 2021 (2020: 39,700 tonnes). Lithium extraction in the country comes largely from hard-rock mining of spodumene – an ore that contains high levels of lithium, as well as aluminum.

The Greenbushes lithium mine in Western Australia – a joint venture between **US-based Albemarle** and **China's Tianqi Lithium** – is billed as the world's largest project to extract the metal.

Australia has the second-largest known reserves of lithium in the world, **estimated at 5.7 million tonnes**.

### 2. Chile – 26,000 tonnes

**Chile** is out of the three countries comprising the famed **Lithium Triangle** – **Chile, Argentina** and **Bolivia** – the nation has made the most successful progress in developing its vast natural resource to commercial scale.

Chile had an estimated output of 26,000 tonnes in 2021 (2020: 21,500 tonnes).

Lithium extraction in **Chile**, like in other South-American countries, is primarily achieved via solar evaporation of huge brine pools. The Salar de Atacama salt flat is a key resource for the nation, and some of the world's top lithium-mining companies have set up operations there, including **Albemarle** and Chile's **SQM**.

**Chile** has the world's largest lithium reserves, totalling **around 9 million tonnes**.

### 3. China – 14,000 tonnes

**China** had an estimated output of 14,000 tonnes in 2021 (2020: 13,300 tonnes). **China** is the world's largest consumer of lithium, due to the size of its battery-manufacturing industry for electric vehicles. Electric vehicles will drive demand for lithium over coming years, as a key component of their rechargeable batteries. To supplement its domestic production, **China** – along with **South Korea** and **Japan** – is among the world's top importers of lithium, much of which is sourced from **Australian producers**.

**Tianqi Lithium** and **Ganfeng Lithium** are two of the biggest Chinese producers of the metal, with mining operations both domestic and foreign.

### 4. Argentina – 6,200 tonnes

Part of the famed **Lithium Triangle**, **Argentina** had an estimated output of 6,200 tonnes of lithium in 2021 (2020: 5,900 tonnes), taking fourth place on the list of the world's top-producing countries.

**Argentina** is part of the **famed lithium triangle** and is home to the world's second-largest known reserves, with 17 million tonnes concentrated in vast salt flats in the north west of the country.

The **Salar del Hombre Muerto** is a notable resource of lithium brines in Argentina.

### 5. Zimbabwe – 1,200 tonnes

**Zimbabwe** is the only African nation on this list. The country had an estimated output of 1,200 tonnes in 2021 (2020: 417 tonnes). Hard-rock extraction of lithium ore is the dominant method used in the country.

The Bikita mine in Masvingo Province in the south of the country is Zimbabwe's largest operational lithium mine, and has been active since the 1950s.

The Arcadia Lithium Project, a venture run by Australia-based miner Prospect Resources, is nearing commercial readiness. The mine is based just east of the capital Harare in northern Zimbabwe.

### 6. Portugal – 900 tonnes

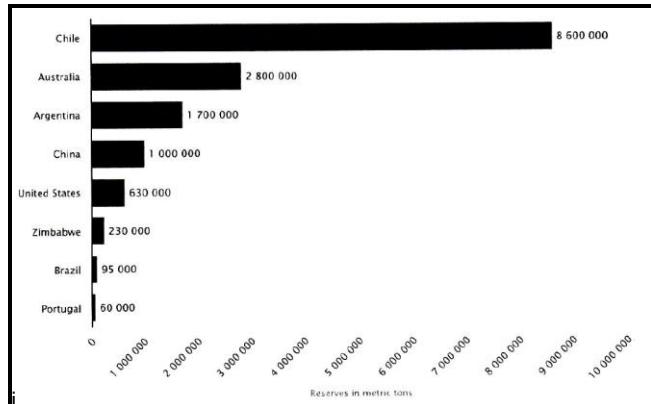
**Portugal** is the top producer among **European countries** with an estimated output of 900 tonnes in 2021 (2020: 348 tonnes). The Mina do Barroso Lithium Project in northern Portugal – owned and operated by UK-based **Savannah Resources** – is Europe's most significant deposit of lithium-containing spodumene ore.

According to USGS data, the country holds around 250,000 tonnes of lithium resources – and 60,000 tonnes measured in mine reserves.

## World resources

Owing to continuing exploration according to the U.S. Geological Survey identified lithium resources have increased substantially worldwide and **total about 89 million tons** distributed as follows: **Bolivia 21 million tons**, **Argentina 19 million tons**, **Chile 9.8 million tons**, **United States 9.1 million tons**, **Australia 7.3 million tons**, **China 5.1 million tons**, **Congo (Kinshasa) 3 million tons**, **Canada 2.9 million tons**, **Germany 27 million tons** and **Mexico 1.7 million tons**.

### ► Countries with the largest **lithium reserves** worldwide as of 2019 (in metric tons)



The Grosso Group management company has been a **pioneer of mineral exploration in Argentina** since 1993.

The Group has built a **vast network** of industry and government contacts, giving its Member Companies a distinct advantage in the acquisition, exploration and development of mineral projects.

The Grosso Group maintains a strong focus on the environment, the communities, and the cultures in the areas where it operates.



### Investment comments:

**Argentina's** new government is encouraging foreign investment and renewable energy initiatives. The combination of high geological potential and a promising investment climate have set the conditions for delineating and advancing new lithium resources in Argentina.

The “**Lithium Triangle**”, including parts of the high plateau Puna region located in north-western Argentina, produces about half of the world’s lithium and hosts approximately 70% of the known lithium reserves. Argentina produces approximately 10% of the world’s lithium, making it the fourth largest producer, next to Australia, Chile and China. The country holds the world’s second-largest known resources with 17 million tonnes.

**Argentina Lithium** has a 2022 work plan for all its 4 projects, financially supported by the gross proceeds of its private placement to the amount of C\$ 6.75 million.

Based on **Argentina Lithium**’s strategy to further expand its lithium holdings, the Company, at a depressed market capitalization of around US\$ 214 million, and Argentina’s economy envisaged to benefit from its free-market reform policy, to be supported by financial help of the IMF, the Company, in my view, offers a high investment leverage potential.

**My 2022 price target is C\$ 0.80.**