



10 LITHIUM STOCKS

We've Invested in

FOR 2023 AND BEYOND



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Published: 1st August 2023

10 Lithium Stocks We've Invested in for 2023 and Beyond

We've seen the highs and lows of the lithium market as Investors - and today, we want to share what we've learned along the way.

By now, the lithium story is very well known to the market. The battery metal has been designated a critical mineral, meaning governments around the world are quickly moving to secure future supply domestically or from friendly countries.

It didn't always used to be like this though, and there was what felt like a long period between 2018 and early 2020 where lithium stocks were out of favour.

That period was where we made one of our all time best Investments, our 2020 Small Cap Pick of the Year, [Vulcan Energy Resources \(ASX:VUL\)](#).

Since then, we've made [a number of Investments in lithium companies \(see our Portfolio of lithium companies\)](#).

The lithium macro theme is now thoroughly mainstream, so this guide won't be a deep dive on why batteries and electric vehicles are an important part of a decarbonised future.

Instead, we want to provide a broad overview of what we've learned about lithium on our Investing journey.

And of course, the 10 lithium stocks we are currently Invested in as part of what we see as a decade long investment thematic in battery materials.

There's quite a bit to digest in this E-book so here's how we'll break down our approach to Investing in lithium stocks:

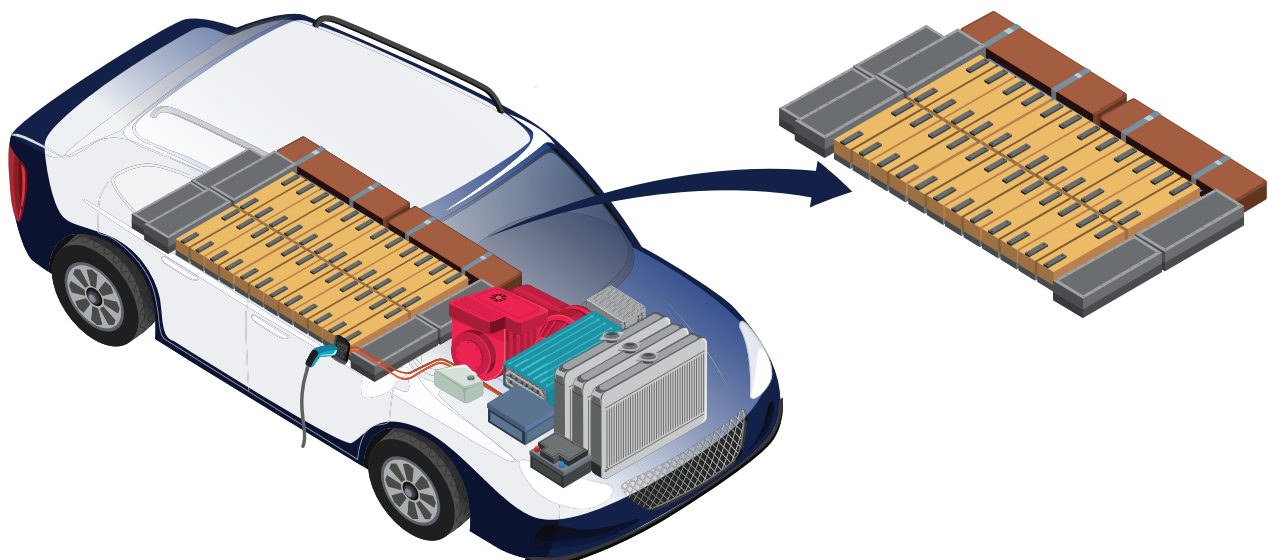


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4 Welcome to Next Investors

Will lithium stocks go up?

One of the hottest sectors across markets for the past five or so years has been battery materials.

The hottest of them all - **lithium**.

Up until the end of 2022 lithium prices traded near all time highs but have since come off by over 50%.

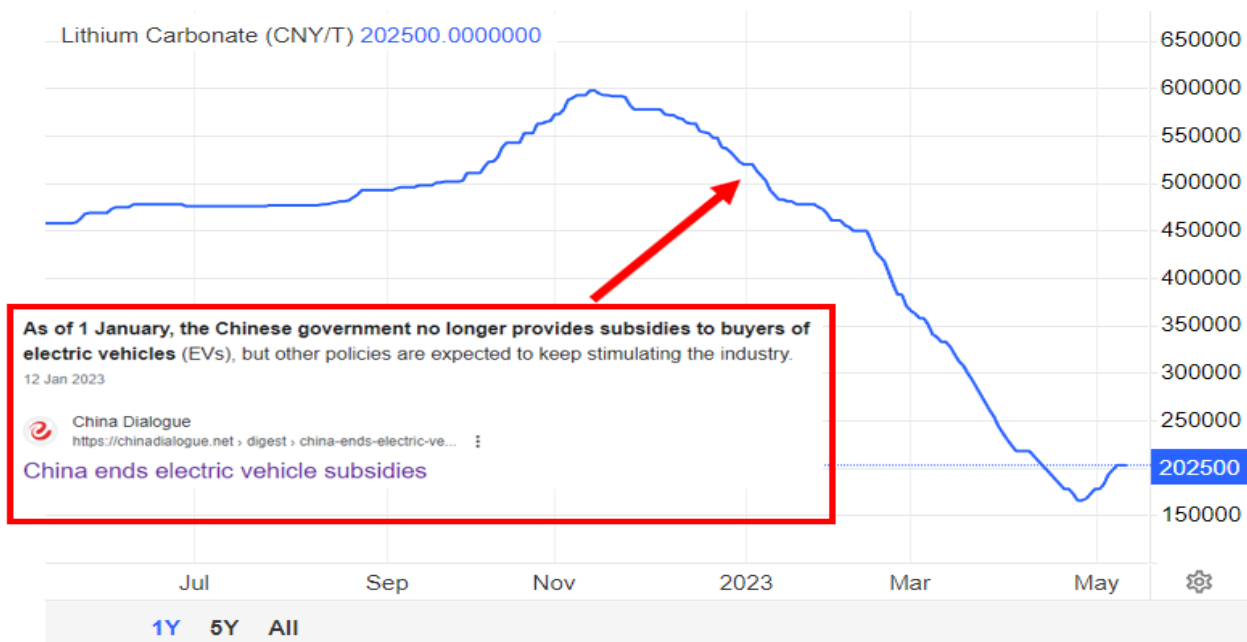
Today we look at what is going on in the lithium space and try to answer whether or not the price falls in 2023 are structural or just short-term volatility.

Lithium took a pause for breath early in 2023

In January, China announced it would start reducing electric vehicle subsidies, understandably, demand for lithium took a short term hit.

The news also came at a time when the Chinese macro outlook was challenged with a slowing manufacturing sector and sluggish economic growth.

China is currently responsible for ~60% of all lithium processing, so any slowdown in China has a flow on effect on the demand for lithium.



The lithium market is not as mature as say the copper or iron ore markets – this lack of maturity means small changes in demand can impact spot prices significantly.

As a result, a large part of the transactional volume in the market is done via contracts and less so through the spot market.

Small changes in demand mean prices overshoot to the upside and downside – almost always the lithium trade continues at prices somewhere in between these fluctuations.

Eventually, pricing boils down to long term structural demand/supply – which we will touch on next.

With markets where contracted supply dominates most of the transactional volume we like to look at major producers' financial reports to see what price they are receiving for their product.

Here is Pilbara Resources (we are not Invested in this company) which received a ~15% discount on its product in the March quarter versus the December quarter.

The 15% decline in sale price is at a time where the lithium carbonate price was down over 70%

Pilbara Minerals lithium production schedule for March 2023



	Units	YTO FY22	VID FY23	Y on Y change	Q2 FY23	Q3 FY23	Q on Q Better/ (Worse)
Production and shipments							
Spodumene concentrate produced	dmt	250,666	457,386	82%	162,151	148,131	(9%)
Spodumene concentrate shipped	dmt	228,611	431,187	89%	148,627	144,312	(3%)
Financial							
Average estimated realised selling price CIF China'	US\$/dmt	\$1,232	\$4,942	301%	\$5,668	\$4,840	(15%)
Unit operating cost (FOB Port Hedland and excl. royalties)'	AS/dmt	\$513	\$607	(18%)	\$579	5632	(9M
Unit operating cost (CIF China)'	AS/dmt	\$732	\$1338	(55%)	\$1,169	\$1344	2%
Average FX rate	ALIO:USD	0.7294	0.6751	7%	0.6570	0.6842	(4%)
Cash balance	AS				52.2268	\$2.6838	21%

The medium-long term demand/supply outlook

Typically, spot prices coming down (like lithium prices in early 2023) could be signalling structural change in the supply/demand for that specific material.

Lithium is a little bit different.

While in the short term, demand from China for batteries/electric vehicles and in turn lithium has come off, the medium to long term outlook is unchanged.

In 2022 for example, global electric [vehicle sales were up 55%](#) and are expected to grow another 35% this year.

In China sales were up 90% in 2022 and are already in the first quarter of 2023 electric vehicle production is up ~27.7% versus the same period last year.

American, European and Asian carmakers have all made commitments to completely electrify their vehicle fleets by the years 2030, 2040, or 2050.

Couple this with the demand coming from the battery energy storage industry which is expected to [grow ~15x by 2030](#) and the supply/demand imbalance outlooks starts to look a lot worse.

We think that short term fluctuations in the lithium price will ultimately just be “noise” and we expect there to be demand in excess of supply through to the end of the decade.

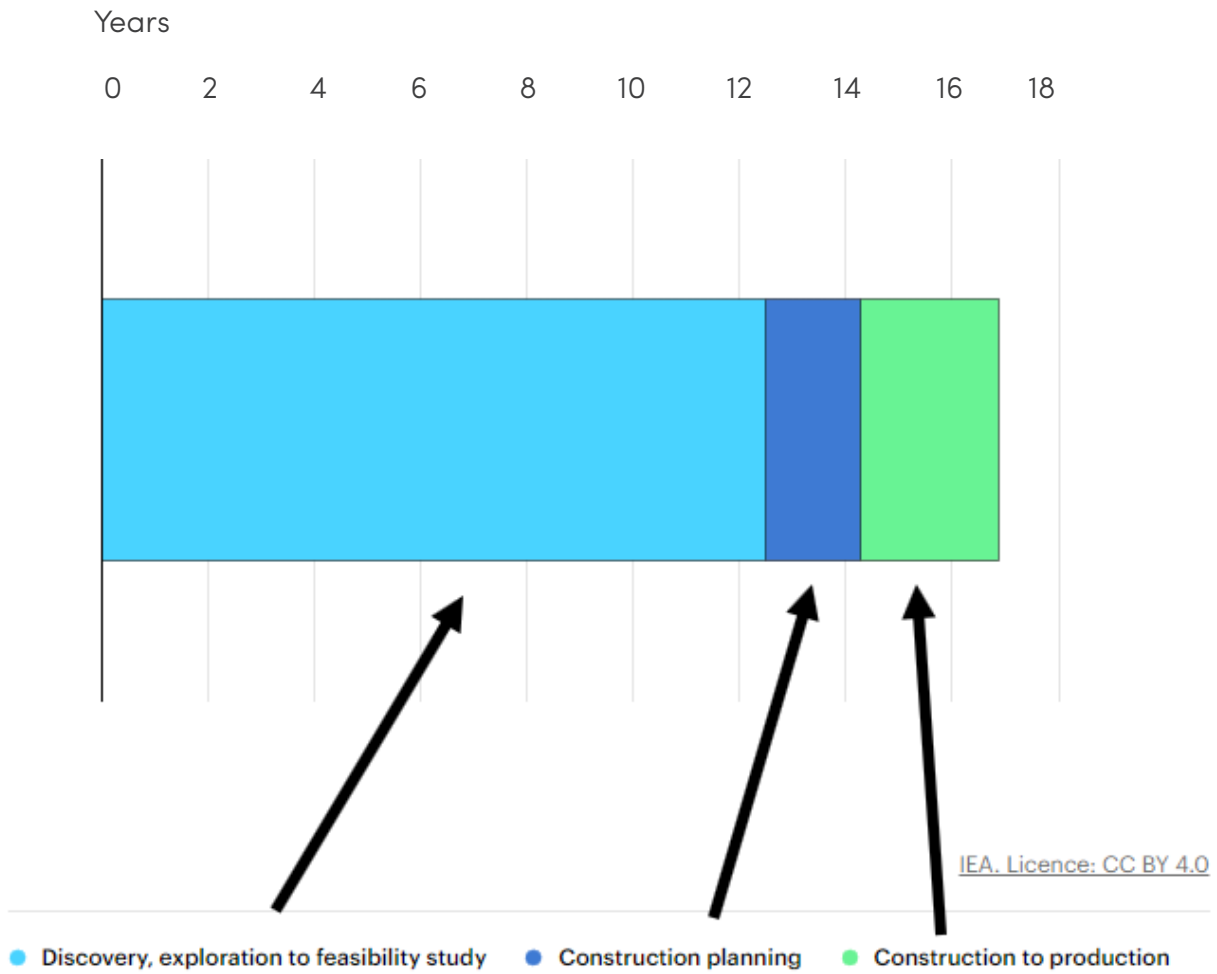
By 2050 demand for lithium is expected to increase by ~700%.



On top of all this, it takes only ~2-3 years to build downstream processing/battery manufacturing facilities BUT it can take ~17 years to take a critical minerals project from discovery into production.

If we take 2016 as the starting point for the rush to secure lithium supplies it could mean the shortages persist through to ~2033.

Global average lead times from discovery to production, 2010-2019



A spanner in the works was the recent introduction to the US Inflation Reduction Act (IRA) in which tax credits for EVs were excluded for companies that don't use raw materials from "friendly sources".



Source: New York Times

The new IRA rules dictate that electric vehicles can only qualify for subsidies if more than 40% of the [critical raw materials](#) in the battery come from the US or a country it has a free trade agreement with the US.

Cars with batteries that are built with raw materials sourced from "unfriendly" countries would not be eligible for subsidies which would make them less competitive in the marketplace.

Our view on the future of the lithium market

We see the lithium market being structurally short of supply over the next 5-10 years.

Supply - even in the most aggressive case where a company is going flat out - can take a minimum of 7 years and up to 17 years to come online (from discovery to production).

So while we expect to see short term fluctuations in spot prices, we think that in the long run, demand will exceed supply and prices will stay above the marginal cost of production.



How are major lithium producers spending their cash?

The majors who already have projects in production have been printing cash for the past 12-24 months.

Pilbara Minerals is a great example - the company posted a net profit of \$1.24BN for the first half of FY23.

That's \$1.24BN in 6 months.

For context on the scale of growth in the industry - back in 2015, Pilbara's share price was ~3c per share, for the first half of FY23 the company paid a dividend of 11c per share.

Pilbara ended the March quarter with \$2.6Bn in cash in the bank.



(The past performance is not and should not be taken as an indication of future performance. Caution should be exercised in assessing past performance. This product, like all other financial products, is subject to market forces and unpredictable events that may adversely affect future performance.)

So the question is how are the majors capitalising on volatility in spot lithium prices?

The short answer - with M&A (Mergers & Acquisitions).



Here are some of the deals we have seen get done:



- 1 \$34Bn Albemarle looking to takeover \$6.5Bn Lontown Resources & rumours of a mystery third bidder looking to outbid Albemarle.

<https://www.afr.com> > street-talk > mystery-bidder-tops-a... ⋮


Mystery bidder tops Albemarle's \$2.50 offer for Lontown ...

1 May 2023 — Mystery bidder tops **Albemarle's** \$2.50 offer for **Lontown**

Resources ... **Lontown** Resources is understood to have fielded a fresh takeover...



- 2 \$9.6Bn Allkem looking to merge with \$7Bn Livent.

 Reuters


Australia's Allkem tops ASX 200 on \$10.6 bln merger with Livent

Australian lithium producer Allkem surged more than 14% on Thursday after announcing a \$10.6 billion merger with U.S.- based Livent to create...

4 days ago



- 3 \$11.2Bn Independence Group and \$25Bn Tianqi lithium's \$136M rejected offer for Essential Metals. Just a few weeks ago Mineral Resources announced a 19.55% stake in Essential.

 Mining Technology

Essential Metals shareholders reject Tianqi-IGO's buyout offer

Shareholders of Essential Metals have rejected a A\$136m (\$92m) buyout proposal from a joint venture (JV) between Tianqi Lithium and IGO.

3 weeks ago



 AFR

Lithium target Essential ready to talk with MinRes

Essential Metals boss Tim Spencer has resumed efforts to sell lithium from his WA project and says a deal with shareholder MinRes would have...

1 day ago



How are we Investing right now?

We Invest in the smaller end of the market and are pretty comfortable holding our lithium Investments long term (3 to 7 years).

In fact, we are backing them to accelerate the exploration/development of their projects so that they can position themselves as better M&A (Merger & Acquisition) targets for the majors who are deal-hungry.

We have seen this setup several times in the past.

Majors are generating free cash flow from projects already in production.

Smaller companies that are in the exploration and development stages are being sold down because they are capital intensive and are seen as too far away from any revenues.

Share prices amongst the juniors are trading lower and lower, those in the larger end are holding up relatively well.

In markets like this we like to re-assess the prospects of the companies we hold, and if the opportunity presents itself, add to our existing shareholdings.

Times like this also bring valuations for early-stage companies back to reality and while we may have passed on some of these (purely based on valuation), we think companies become Investment worthy as valuations are reset.

In short - we are looking to add to our existing Positions and are doing more due diligence on new opportunities in the lithium space.

See which lithium companies we are invested in right now here: [Our Lithium Investments.](#)



The different types of lithium projects

Lithium is not a commodity, it's a specialty chemical. That means bringing new supply to market involves more than just simply mining it out of the ground.

Unlike gold, for example, where a lot of the investment risk is in finding an adequate resource in the ground, lithium requires extraction and then processing in order to create a marketable product from the resource.

This makes the particular geology of the lithium resource very relevant to the overall quality of the project.

Lithium is now a critical mineral and an essential part of a decarbonised future, so there are now a lot of smaller lithium projects cropping up, where there were once only a handful of major projects.

Lithium is tradeable in three formats, but mostly resources are measured in lithium carbonate (LCE), which is then processed into lithium hydroxide (LH2) for use in batteries.

As the world looks to meet its ambitious sustainability goals, the demand for electric vehicles will increase over time - as will the demand for lithium increase.

Here is what we will cover today:

- Lithium brines - evaporation ponds
- Lithium brines - direct lithium extraction
- Hard rock lithium - spodumene
- Hard rock lithium - micas

Each of these lithium projects have a different method of extraction and processing, here's a quick high-level overview:

	Commercial Processing	Lithium Recovery From Processing	Cost to Process & Mine	Environmental Impact	What we look for:
Hard Rock: Spodumene	Proven	High	Moderate	Moderate	High Grade, Large Resource
Hard Rock: Micas	Rare	Low	High	High	Massive Deposit, Strategic Location
Lithium Brine: Evaporation Pond	Proven	High	Moderate	High	High Grade Brine, Dry Conditions
Lithium Brine: DLE	Unproven	Unproven	Low	Low	Promising Technology

Lithium Brines

Lithium brines are underground accumulations of saline groundwater that are enriched in dissolved lithium that have collected over millions of years.

A majority of the world's lithium reserves are in brines.

However, to be utilised, this type of lithium has to be extracted and processed.

Although brines are present throughout the world, lithium brine projects are most commonly found in closed basins in dry conditions.

The “Lithium Triangle” in South America, an area enclosed between the nations of Chile, Bolivia and Argentina, hosts the majority of the world's lithium brine projects.

Due to having some of the driest conditions on earth, the Lithium Triangle has seen mass extraction of lithium salts from closed basin brines but the region still holds more than 75% of the world's supply under its salt flats.



Evaporation Ponds

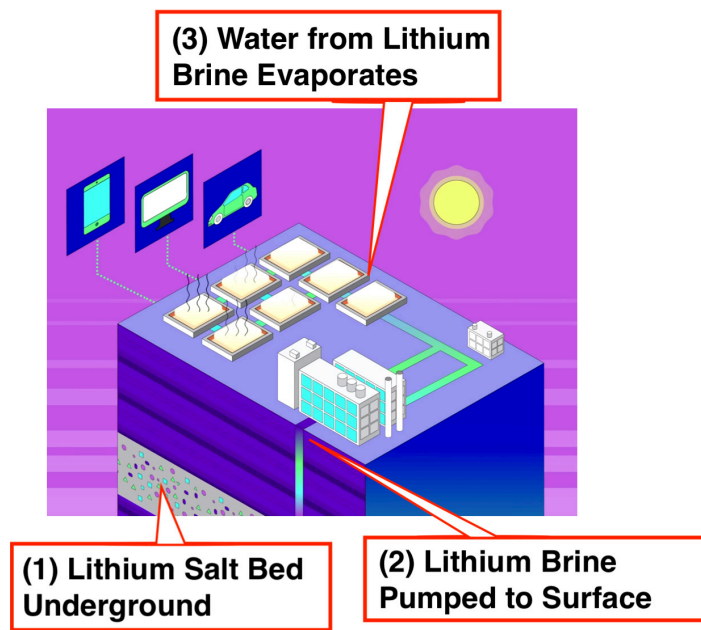
Over millions of years minerals from the mountains have leached into the ground, forming a huge lithium rich salt bed underground.

To extract the lithium, companies will pump the mineral rich liquid up through the beds and store it in large ponds.



The sun then evaporates away the water, leaving the lithium salts behind.

These salts are processed in a facility to create lithium carbonate, then chemically altered to create lithium hydroxide that is suitable for use in lithium-ion batteries.



The benefits of lithium extracted from evaporation ponds include:

- ⦿ Lower production cost
- ⦿ Well understood, tried and tested extraction process
- ⦿ Proven commercial processing

The drawbacks to lithium extracted from evaporation ponds are:

- ⦿ Long processing times (6-12 months)
- ⦿ Large amounts of land required (not environmentally friendly)
- ⦿ Inefficient processing method (lots of brine for a little lithium)
- ⦿ Narrow conditions for success (brines only work in dry arid conditions)
- ⦿ Can only produce lithium carbonate, which needs to be chemically altered to lithium hydroxide for use in lithium-ion batteries

How to evaluate these types of projects?

There are four factors in determining the merits of a lithium brine project using an evaporation pond:

Lithium content

The higher the lithium content, the less volume of brine needed to create the same amount of lithium hydroxide. Think of this in terms of a "grade" measure

Presence of contaminants

After the water has evaporated and all that is left are the salts, the contaminants, such as magnesium and potassium, have to be processed out. This is done in nearby processing facilities, so that all that is left is a lithium concentrate.

Greater levels of contaminants will have an effect on the project economics, as separated out contaminants will require more energy and a greater volume of feedstock.

Ability of the brine to flow

In order to extract the brine from underground, it is pumped through the rock structures between the brine and the pumping facility at surface.

The density of these rocks (also known as porosity) which affect the brine flow rate is an important factor in evaluating these projects.

The less dense the rocks, the better the brine flows and the more economic the project.

Evaporation rate

Once pumped to the surface the brine will sit in large pools that bake in the sun. The water evaporates and all that is left are the salts.

The evaporation rate determines the size of the evaporation ponds – the larger the area, the more expensive the project and the more costly to the environment.

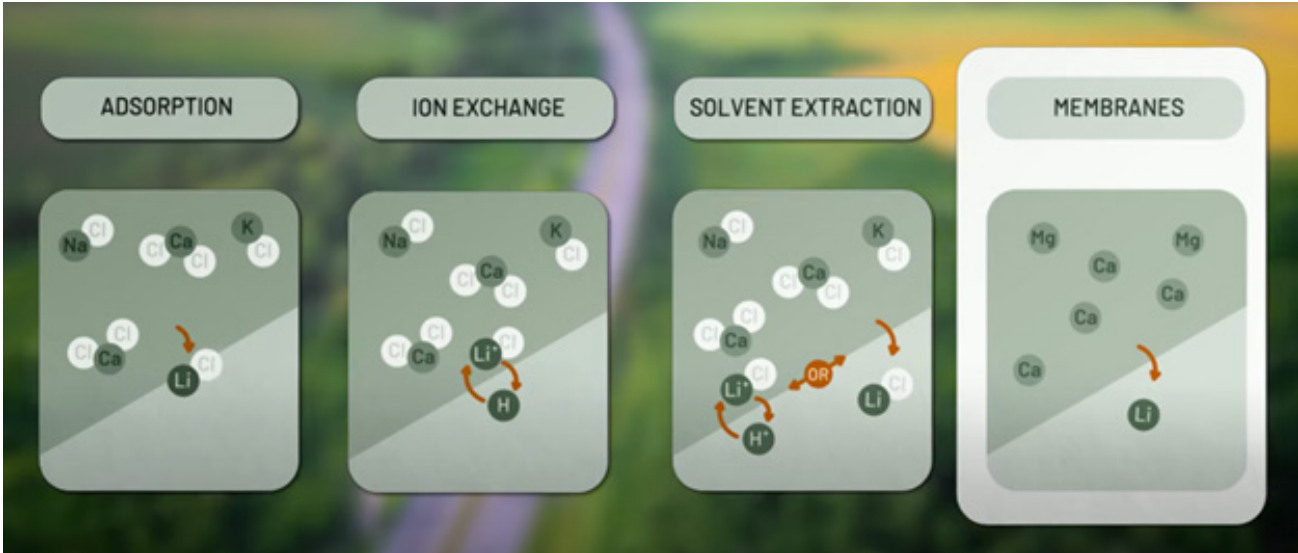
Ponds in drier conditions tend to have higher evaporation rates and, therefore, the evaporation ponds can have a smaller surface area.

Direct Lithium Extraction



Direct Lithium Extraction, or DLE, also extracts lithium from lithium brines, but “skips” the evaporation pond process.

There are multiple ways that DLE technologies directly extract lithium from brines:



These are newer technologies – each having its own advantages and disadvantages.

Absorption and ion-exchange techniques are being used in pilot and near-commercial scale demonstrations.

Benefits

- Much lower cost
- Significantly less time consuming compared to conventional evaporation
- Wide conditions for success
- Environmentally friendly as the brine is restored in a closed loop

Drawbacks

- Commercially unproven technology – companies testing the various methods

How to evaluate these types of projects?

DLE is more of a technology play than an exploration play, so the main thing that we look out for with these types of projects are their processing technologies.

That means these projects are only as good as the teams behind them.

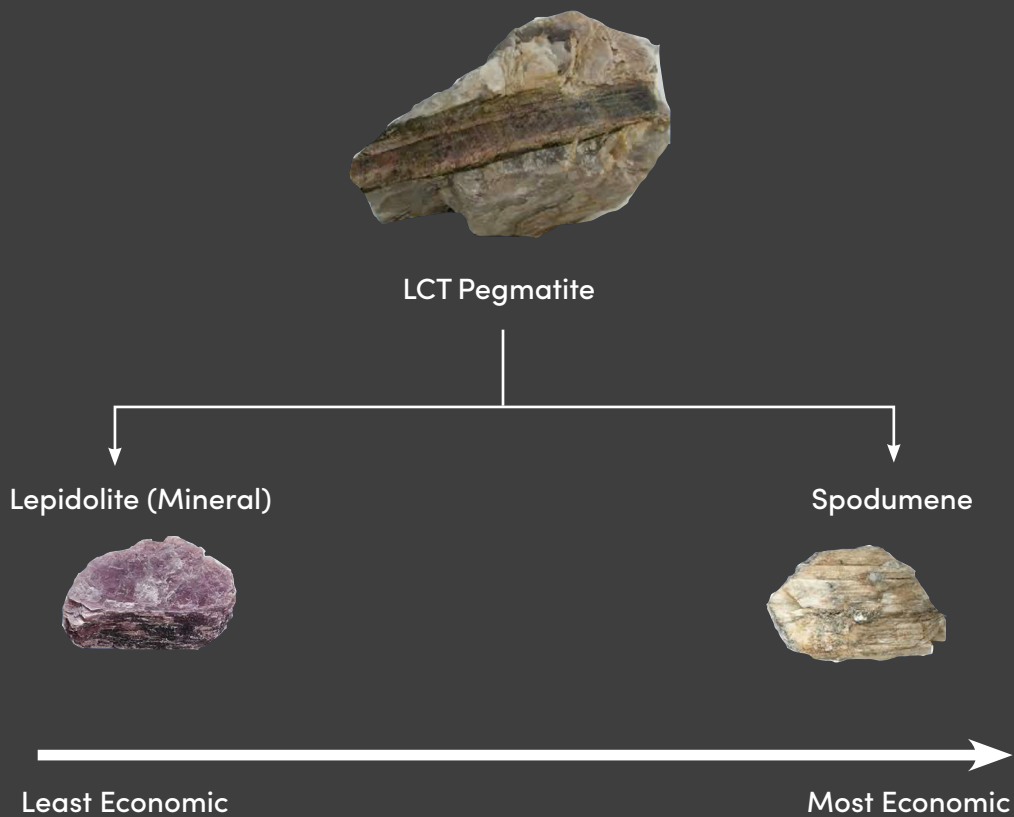
In particular, we look at processing recovery rates from small scale pilot plants, and technology that has been proven through the scientific method of testing, learning, and scaling up.

Hard Rock Lithium

A majority of the world's lithium production comes from hard rock lithium mining, with Australia being the largest producer as of 2022.

There are two main types of hard rock lithium deposits: Lepidolite (micas) and Spodumene.

Major Lithium-bearing Ores in LCT Pegmatites



Each one of these have properties that support it being processed into lithium hydroxide for use in electric vehicles.

Typically, hard rock lithium deposits are hosted in pegmatites, it is only after drilling that a company will know if any and what type of lithium deposit it has on its hands.

Spodumene

When looking for hard rock lithium, you want to find spodumene as it is a good signal for an economic discovery.

At current lithium prices we want to see grades more than ~1% in greenfields exploration.

For context the world's most profitable hard rock lithium project is the Greenbushes project in WA owned by IGO and TianqiLithium which produces lithium with grades ranging between 2%- 3%.

Micas

Micas are more commonly found than spodumene, however they typically host lower lithium grades.

Micas are found everywhere but don't contain as much lithium.

These can be thought of as "low grade" deposits.

When evaluating mica projects, the size of the deposit and whether lithium can be economically extracted (processing flowsheet) is most important.

The only known mica processing is done in China, and it is a bit of a mystery to the Western World how it's done economically.

This is because it requires significantly more chemical inputs in the processing phase compared to spodumene processing.

The benefits of hard rock projects:

- Conventional mining is well understood
- Conventional processing methods used
- Success is not dependent on weather conditions

The drawbacks of hard rock projects:

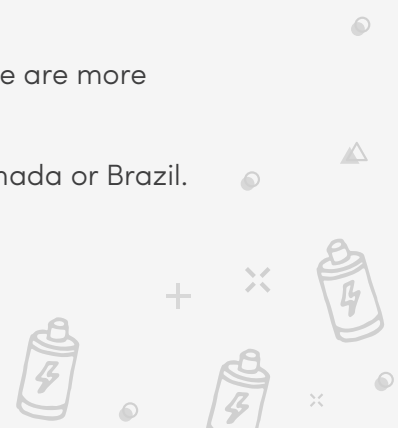
- Exploration risk is more pronounced
- Larger production cost
- Environmental concerns

How to evaluate hard rock projects?

The main things we look for are the grade and size of the deposit.

We like high grade lithium deposits, typically those with spodumene, as these are more commercially viable.

We will also like jurisdictions that are "mining friendly", such as Australia, Canada or Brazil.



The effect of new technologies on lithium supply

While there's a lot of lithium out there, the technologies to unlock the potential are still evolving.

If one of these emerging technologies works, like cheap mica processing or DLE, then more traditional lithium production methods like processing hard rock spodumene or extraction from evaporation pools may be affected.

When investing in lithium projects it is important to understand where the risks are.

The key risks for each type of lithium deposits are:

	Commercial Processing	Lithium Recovery From Processing	Cost to Process & Mine	Environmental Impact	What we look for:
Hard Rock: Spodumene	Proven	High	Moderate	Moderate	High Grade, Large Resource
Hard Rock: Micas	Rare	Low	High	High	Massive Deposit, Strategic Location
Lithium Brine: Evaporation Pond	Proven	High	Moderate	High	High Grade Brine, Dry Conditions
Lithium Brine: DLE	Unproven	Unproven	Low	Low	Promising Technology

We know there's a lot to take in here - from market forces driving the lithium price, to the mining life cycle and different types of projects, lithium is a complex beast.

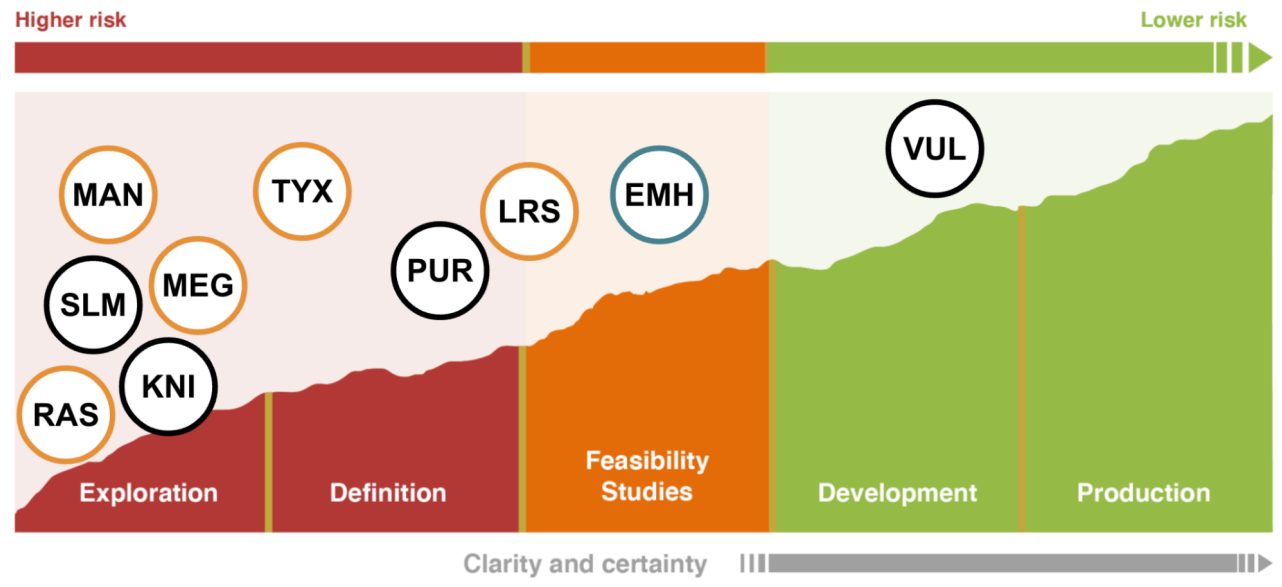
But now we want to share what lithium Investments we've made and why.



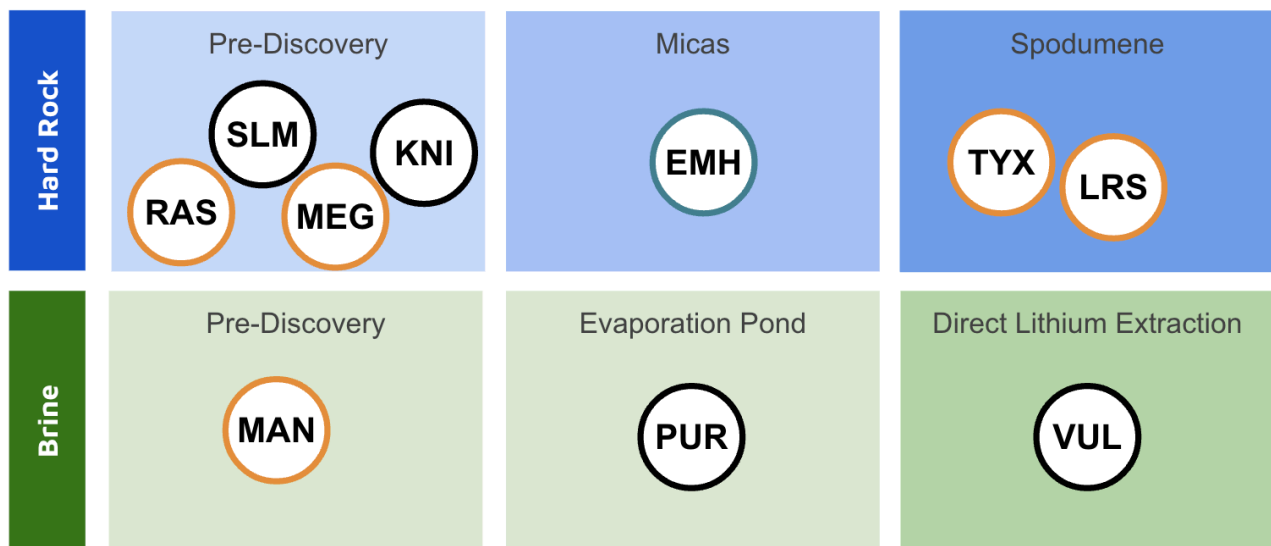
The 10 lithium stocks we've Invested in for 2023 and beyond

We Invest in many lithium companies across the mining company lifecycle, each with their own unique opportunities and challenges.

Here is how our lithium portfolio looks in terms of the lifecycle stages:



We also invest in a number of different types of lithium projects. The risks and opportunities for each of these companies should be evaluated based on BOTH the type of lithium and stage of development



Understanding what stage a lithium stock is in the mining life cycle AND the type of lithium stock is a good way to get a grip on the unique set of risks that a lithium company is faced with at any given time.

Generally speaking, the risks associated with major lithium development companies are more weighted towards the lithium price and demand whereas lithium explorers have the "exploration risk" hanging over their projects.

Typical lithium investment risks

<p>Exploration Risk</p>	<p>Exploring for lithium is risky. There is always a chance that after drilling the company doesn't find any economic mineralisation. Poor drilling results will often negatively affect a company's share price.</p>
<p>Commodity Risk</p>	<p>Lithium stocks, particularly those in the feasibility stage and onwards, are leveraged to the price of lithium.</p> <p>If the price of lithium falls, due to an increase of lithium supply or a reduction in lithium demand, this will negatively affect the economics of a company's project.</p>
<p>Financing / Market Risk</p>	<p>Like most small cap mining stocks that are pre-production, there is no revenue generation to fund development.</p> <p>This means that the company is reliant on raising capital from the market to grow, which is dilutive to existing shareholders.</p> <p>There is also a risk that the broader market sentiment for risky, small cap stocks falls, which will affect the value of these companies.</p>
<p>Permitting Risk</p>	<p>There is a risk that a drilling or construction permit not be granted</p>
<p>Metallurgical/ Commercialisation Risk</p>	<p>One of the biggest risks with a lithium project is the ability of a company to commercialise its lithium hard rock or brine resource.</p> <p>For hard rock deposits, low grade lithium or lithium micas carry a big development risk as they require a greater cost to produce a sellable lithium product.</p> <p>For brine projects, the ability to scale up lithium production with a DLE technology is uncertain for most companies.</p>
<p>Country/Sovereign Risk</p>	<p>The lithium company may be in a country that has a risky profile from a political point of view.</p> <p>This can include political competition between and within countries for control over the deposit.</p> <p>Countries without robust governance of mineral resources carry a risk for companies that the project is stalled, permits are affected or the ability to operate is materially hampered by the government at the time.</p>
<p>Operational Risk</p>	<p>The risk of delays in a company's operations due to events within or outside of the company's control (weather delays, drilling delays, etc...)</p>

Our Best Ever Investment

ASX:VUL

Date Published	01/08/2023
Company	Vulcan Energy Resources
Stock Code	ASX: VUL FRA: VUL
Shares on Issue	167.3M
Market Cap	\$734.6M
Cash at bank 30 June 2023	\$244.4M
Share Price	\$4.4400

Project Summary

Lithium Type	Geothermal Brine, DLE
Lifecycle Stage	Development
Location	Germany, Europe

Project DFS Economics

NPV	€3.9BN (pre-tax)
CAPEX	€1.5M
Annual Lithium Production	24ktpa of LHM2
Payback Period	3.5 Years
IRR	34% (pre-tax)

Our Investment Summary

Pick of the Year	Small Cap, 2020
Portfolio	Next Investors, Wise-Owl
Shares Held	118,650
Initial Entry Price	\$0.200
Return from Initial Entry	2,120%
High Point	8,225%

Next catalyst: Construct and first production of battery grade lithium from EU based demo plant

WHAT DOES VUL DO?

Vulcan Energy Resources (ASX:VUL, FWB:6KO) is aiming to become the world's first Zero Carbon Lithium™ producer.

VUL plans to produce battery-grade lithium hydroxide from geothermal brines pumped from wells with a renewable geothermal energy by-product.

VUL will sell its lithium product to car manufacturers looking to make Electric Vehicles (EVs) in Europe and electricity and heat energy into local markets.

WHY DO WE LIKE VUL?

- Excellent execution from management
- Lots of cash in the bank
- Valuable technical skill set
- De-Risked Capital

WHAT COULD GO WRONG?

- Development risk
- Financing risk
- Market risk
- Stakeholder risk

WHAT HAS VUL DONE SINCE WE INVESTED?

We have been Invested in VUL since 2019. We called VUL our Small Cap Pick of the Year in 2020 and have seen the company grow from a \$7M micro cap, all the way to a \$1BN+ company (at its peak).

In that time the company has:

- Attracted an \$76M direct investment from Stellantis (Worlds 4th largest automaker)
- Built an experienced team of DLE engineers
- Completed a Scoping Study, PFS and DFS
- Signed five offtake agreements with major car companies (Stellantis, Renault, Volkswagen, LG Energy and Umicore)
- Raised \$500M+ to fund the construction of its lithium plant



A lithium giant in the heart of Brazil?

ASX:LRS

Date Published	01/08/2023
Company	Latin Resources
Stock Code	ASX: LRS
Shares on Issue	2.62B
Market Cap	\$1.008B
Cash at bank 30 June 2023	\$46M
Cash raised after 30 June 2023	\$858K
Share Price	\$0.3650
ESG Report	Link

Project Summary

Lithium Type	Hard Rock Spodumene
Lifecycle Stage	Feasibility
Location	Brazil

JORC Resource	13.25Mt of Li ₂ O @1.2%
Indicated	2.08Mt
Inferred	11.17Mt

Our Investment Summary

Portfolio	Catalyst Hunter
Shares Held	3,065,000
Initial Entry Price	\$0.0180
Return from Initial Entry	1,974%
High Point	2,332%

Next catalyst: Preliminary economic assessment (Scoping Study results).

WHAT DOES LRS DO?

Latin Resources (ASX: LRS) recently discovered a high grade lithium resource in Brazil. The company is now actively defining the size of the discovery and aiming to become a lithium producer.

WHY DO WE LIKE LRS?

- Exposure to Lithium
- Potential to re-rate again
- Favourable peer comparison
- Funding risk mitigated
- Billion \$ capped neighbour with similar geological setting

WHAT COULD GO WRONG?

- Development risk
- Exploration risk
- Market risk
- Geographic risk

WHAT HAS LRS DONE SINCE WE INVESTED?

- Made a significant hard rock lithium discovery in Brazil
- Raised over \$60M+ in capital to fast track drilling and exploration work
- Drilled out the area to define an initial JORC resource of 13.25Mt of Li₂O @1.2%
- Upgraded its JORC resource to 45.2Mt of Li₂O @1.34%
- Commenced feasibility studies on its lithium project



The little brother - our latest lithium Investment ASX:SLM

Date Published	01/08/2023
Company	Solis Minerals
Stock Code	ASX: SLM
Shares on Issue	77.1M
Market Cap	\$36.27M
Cash at bank 30 June 2023	\$5.4M
Cash raised after 30 June 2023	\$6.2M
Share Price	\$0.4400
Project Summary	
Lithium Type	Hard Rock
Lifecycle Stage	Exploration
Location	Brazil
Our Investment Summary	
Pick of the Year	Small Cap, 2023
Portfolio	Next Investors
Shares Held	2,863,637
Initial Entry Price	\$0.2000
Return from Initial Entry	120%
High Point	570%

Next catalyst: Drill Lithium Exploration Targets

WHAT DOES SLM DO?

Solis Minerals (ASX: SLM) is a lithium explorer focused on hard rock lithium exploration in Brazil.

WHY DO WE LIKE SLM?

- Lithium hot, lithium in Brazil even hotter
- Junior explorers have had success in Brazil
- Latin Resources success
- Same team as Latin Resources (Latin 2.0?)
- Backed by Latin Resources (14% shareholder)
- Original asset spinout from a well supported, successful bigger company
- SLM Managing Director built a \$200m+ lithium company before
- Low EV and tight capital structure
- Latin Resources has a big investor following
- SLM about to drill what we are calling 'Pegmatite Grand Canyon'
- SLM is already listed in the US, Canada and Germany

WHAT COULD GO WRONG?

- Exploration Risk
- Sovereign risk
- Funding Risk
- Market risk

WHAT HAS SLM DONE SINCE WE INVESTED?

We have only been Invested in SLM for a short amount of time.

In that time SLM has raised \$8M to fund exploration work and we labelled the company our 2023 Small Cap Pick of the Year.

SLM has since drilled its first three drillholes and hit visual spodumene mineralisation in two out of three holes.

Visual spodumene is typically a sign the company has hit high grade lithium mineralisation (Assay results for the drillholes are pending)



A big Argentinian development opportunity ASX: PUR

Date Published 01/08/2023

Company Pursuit Minerals

Stock Code ASX: PUR

Shares on Issue 2.94B

Market Cap \$41.2M

Cash at bank 30 June 2023 \$2.4M

Cash raised after 30 June 2023 \$3M

Share Price \$0.0140

Project Summary

Lithium Type Brine, Evaporation

Lifecycle Stage Definition

Location Argentina

Our Investment Summary

Portfolio Next Investors

Shares Held 51,165,999

Initial Entry Price \$0.0140

Return from Initial Entry **4%**

High Point **396%**

Next catalyst: Validate scale of lithium resource and production quality

WHAT DOES PUR DO?

Pursuit Minerals (ASX: PUR) is developing an advanced lithium brine project in Argentina.

PUR's project is located inside the South American 'lithium triangle', a region home to ~50% of the world's lithium production and lithium majors like SQM and Albemarle.

WHY DO WE LIKE PUR?

- Project sits inside an already giant resource
- Exploration upside
- Strong management team
- Located inside Argentina's 'lithium triangle'
- Low market cap relative to advanced peers

WHAT COULD GO WRONG?

- Commercialisation risk
- Resource risk
- Market risk
- Commodity price risk

WHAT HAS PUR DONE SINCE WE INVESTED?

- Completed due diligence and finalised project acquisition
- Pre-drilling work commenced on maiden drill program
- Pilot plant purchased to fastrack production testing



The Frontier: African lithium

ASX:TYX

Date Published	01/08/2023
Company	Tyranna Resources
Stock Code	ASX: TYX
Shares on Issue	3.29B
Market Cap	\$78.87M
Cash at bank 30 June 2023	\$347K
Cash raised after 30 June 2023	\$14.5M
Share Price	\$0.024

Project Summary

Lithium Type	Hard Rock, Spodumene
Lifecycle Stage	Definition
Location	Angola, Africa

Our Investment Summary

Portfolio	Catalyst Hunter, 2022
Portfolio	Catalyst Hunter
Shares Held	29,630,000
Options Held	10,000,000
Initial Entry Price	\$0.0170
Return from Initial Entry	35%
High Point	249%

Next catalyst: More drilling, define scale of lithium resource

WHAT DOES TYX DO?

Tyranna Resources (ASX: TYX) is a junior exploration company, focused on making a new hard rock lithium discovery in Angola, West Africa.

This is a very simple story - TYX's project has over 600 lithium bearing rocks sticking out at the surface and they are a few months away from the first ever lithium exploration drill hole on the project, hoping for a material lithium discovery.

TYX owns 80% of the project.

WHY DO WE LIKE TYX?

- Hundreds of outcropping pegmatites
- Never been drilled and has never been explored for lithium
- Spodumene bearing pegmatites included in academic research
- Sampling of the outcropping pegmatites returned high grade lithium
- TYX Technical advisor worked on AVZ Minerals - 4.3c to a peak of \$1.35
- We have had previous success Investing in Angola

WHAT COULD GO WRONG?

- Exploration risk
- Commodity pricing
- Funding risk
- Market risk
- Geopolitical risk

WHAT HAS TYX DONE SINCE WE INVESTED?

- Lithium discovery from first drilling program. Key drill result **NDDH004 22.75m @ 2.02% Li2O from 20.25m.**
- Secured \$31M of financing from Multi billion dollar Chinese mining giant Sinomine
- Signed a binding offtake with project partner Sinomine which includes a US\$10M prepayment.



Largest hard rock lithium resource in Europe

ASX:EMH

Date Published	01/08/2023
Company	European Metals Holdings
Stock Code	ASX: TYX
Shares on Issue	192M
Market Cap	\$168.3M
Cash at bank 30 June 2023	\$8.89M
Cash raised after 30 June 2023	\$9.89M
Share Price	\$0.8750

Project Summary

Lithium Type	Hard Rock, Micas
Lifecycle Stage	Feasibility
Location	Czech Republic, Europe

Project PFS Economics

NPV	US\$1.9BN (post-tax)
CAPEX	US\$644M
Annual Lithium Production	29tpa LiOH
Mine Life	25 Years
IRR	36% (post-tax)
JORC Resource	708Mt of Li ₂ O @0.42%

Our Investment Summary

Portfolio	Wise-Owl
Shares Held	261,000
Initial Entry Price	\$1.1000
Return from Initial Entry	-20%
High Point	95%

Next catalyst: Project DFS

WHAT DOES EMH DO?

European Metals Holding (ASX: EMH) is developing the largest hard rock lithium resource inside the European Union.

Located in the Czech Republic on the border with battery metal hungry Germany, EMH's project is well advanced and is moving towards becoming the first local EU battery grade lithium producer to deliver to an emerging local industry.

WHY DO WE LIKE EMH?

- Strategically important location
- Advanced development ready project
- EMH is yet to sign an offtake partner

WHAT COULD GO WRONG?

- Regulatory risk
- Financing risk
- Commodity risk
- Processing risk
- Scale-up risk

WHAT HAS EMH DONE SINCE WE INVESTED?

- Upgraded its JORC Resource to 708Mt of Li₂O @0.42%
- Completed Pre-Feasibility Study with a US\$1.9BN NPV and US\$644 CAPEX
- Made improvements to its flowsheet to improve lithium recoveries and save costs
- Commenced work on a Definitive Feasibility Study (DFS)



Lithium gurus at work - can this micro cap become Patriot?

ASX:MEG

Date Published	01/08/2023
Company	Megado Minerals
Stock Code	ASX: MEG
Shares on Issue	254M
Market Cap	\$16.5M
Cash at bank 30 June 2023	\$2.26M
Share Price	\$0.0650
Project Summary	
Lithium Type	Hard Rock
Lifecycle Stage	Exploration
Location	James Bay, Canada
Other Exploration Projects	
Rare Earths	North America
Our Investment Summary	
Portfolio	Catalyst Hunter
Shares Held	9,740,545
Options Held	350,000
Initial Entry Price	\$0.0390
Return from Initial Entry	67%
High Point	151%

Next catalyst: Exploration drilling

WHAT DOES MEG DO?

Megado Minerals (ASX: MEG) is a junior exploration company aiming to make a critical minerals discovery in North America.

MEG's main projects are a lithium project in Canada and a rare earths project in Idaho, USA.

MEG's lithium project is in the James Bay region of Canada - home to a recent major lithium discovery by Patriot Battery Metals (now capped at ~\$1.7BN). MEG's project shares geological similarities with Patriot's, and investor attention is focused on the region.

WHY DO WE LIKE MEG?

- Right place, right time (critical minerals exposure in North America)
- Canadian lithium project in the right neighbourhood
- Similar geology to larger market cap neighbour
- Project has never been explored for lithium
- Vendor of the MEG project was involved with Patriot Battery Metals, retained as a consultant
- High grade rare earths in carbonatites
- Low EV, leveraged to a discovery

WHAT COULD GO WRONG?

- Exploration risk
- Market risk
- Commodity price risk
- Funding risk
- Delay risk

WHAT HAS MEG DONE SINCE WE INVESTED?

- Geophysics (structural and hyperspectral analysis)
- High level analysis of satellite imagery data to try and locate high priority drill targets.



Prime real estate in Canada's hottest lithium region ASX:KNI

Date Published	01/08/2023
Company	Kuniko
Stock Code	ASX: KNI
Shares on Issue	\$84M
Market Cap	\$37.81M
Cash at bank 30 June 2023	\$1.6M
Cash raised after 30 June 2023	\$7.8M
Share Price	\$0.4500
ESG Report	Link
Project Summary	
Lithium Type	Hard Rock
Lifecycle Stage	Exploration
Location	James Bay, Canada
Other Exploration Projects	
Copper	Norway, Europe
Nickel	Norway, Europe
Cobalt	Norway, Europe
Our Investment Summary	
Portfolio	Next Investors
Shares Held	2,582,223
Initial Entry Price	\$0.2000
Return from Initial Entry	125%
High Point	1,700%

Next catalyst: Exploration drilling

WHAT DOES KNI DO?

Kuniko (ASX:KNI) has a trio of lithium exploration projects in the James Bay, Canada lithium exploration hotbed.

The company also holds a portfolio of battery metals exploration assets in Norway (copper, nickel, and cobalt).

WHY DO WE LIKE KNI?

- Ethical, sustainable locally sourced battery metals
- Historically producing projects
- Impressive management team and board
- Cap structure leveraged to growth

WHAT COULD GO WRONG?

- Exploration risk
- Funding risk
- Market risk

WHAT HAS KNI DONE SINCE WE INVESTED?

- Geological mapping and Rock chip sampling on two of the company's three lithium projects.



American lithium - untapped potential

ASX:MAN

Date Published	01/08/2023
Company	Mandrake
Stock Code	ASX: MAN
Shares on Issue	\$598.8M
Market Cap	\$28.14M
Cash at bank 30 June 2023	\$16.8M
Share Price	\$0.0450

Project Summary

Lithium Type	Brine, DLE
Lifecycle Stage	Exploration
Location	Utah, USA

Our Investment Summary

Portfolio	Catalyst Hunter
Shares Held	3,150,000
Initial Entry Price	\$0.0800
Return from Initial Entry	-44%
High Point	50%

Next catalyst: Re-Enter historic well for lithium sampling

WHAT DOES MAN DO?

Mandrake Resources (ASX: MAN) is a junior exploration company aiming to make a lithium discovery in North America.

MAN's lithium brine project is located in the Paradox Basin, Utah USA. This is the same region as \$224M capped developer Anson Resources.

WHY DO WE LIKE MAN?

- Critical minerals (lithium) project inside the USA
- Partnership with Galan Lithium (\$344M current market cap)
- Larger capped neighbour in the same region
- Strong cash position, small enterprise value, leveraged to a discovery
- The project was generated organically
- Lithium brine potential confirmed inside MAN's project

WHAT COULD GO WRONG?

- Exploration risk
- Processing risk
- Technology risk
- Commodity pricing risk
- Market risk

WHAT HAS MAN DONE SINCE WE INVESTED?

- Staked additional ground, increasing the size of its lithium project by ~60%
- Signed a well access agreement which allows MAN to re-enter old oil and gas wells to sample for lithium at 1/10th the cost of drilling a new well
- Appointed a specialist drilling contractor in preparation for its first exploration program
- Picked two high priority historic oil and gas wells that the company will re-enter and sample for lithium.



Lithium in Australia - same neighbourhood as this \$2BN company

ASX:RAS

Date Published	01/08/2023
Company	Ragusa Minerals
Stock Code	ASX: RAS
Shares on Issue	\$142.6M
Market Cap	\$8.56M
Cash at bank 30 June 2023	\$1.89M
Share Price	\$0.0600
Project Summary	
Lithium Type	Hard Rock
Lifecycle Stage	Exploration
Location	Northern Territory, AUS
Other Exploration Projects	
Halloysite	Australia
Gold	Alaska, USA
Our Investment Summary	
Portfolio	Catalyst Hunter
Shares Held	415,000
Initial Entry Price	\$0.0650
Return from Initial Entry	-8%
High Point	585%

Next catalyst: Exploration drilling

WHAT DOES RAS DO?

Ragusa Minerals (ASX: RAS) is a junior exploration company focused on its hard rock lithium project in the Northern Territory.

RAS also holds gold prospects in the USA and a halloysite project in Western Australia.

WHY DO WE LIKE RAS?

- Lithium projects along strike to Core Lithium (currently capped at \$1.2 billion)
- Low enterprise value (EV) means leverage to a discovery

WHAT COULD GO WRONG?

- Exploration risk
- Funding risk
- Commodity risk
- Market risk

WHAT HAS RAS DONE SINCE WE INVESTED?

- Completed its first phase of drilling intercepting 12 pegmatites out of 18 holes. Average lithium grades across the first drill program were ~0.25%.
- Completed a two hole diamond drill program hitting average lithium grades between 0.32% to 0.7%



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