

Investing in Lithium Mining Stocks

How To Profit from the Lithium Boom

By **Brian Hicks**

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Editor's Note:

While Western Lithium remains a buy, the *Pure Asset Trader* team tells me they have 2 rare earth trades — and possibly a third — they're looking to issue over the next two weeks... with an opportunity to double if not triple your money in mere months.

Ian Cooper heads up this team. And when they talk energy, our readers are all ears. That's because they've closed 33 winners in 35 tries this year. The gains have been exceptional.

For more information on the *Pure Asset Trader's* next move, [click here](#).

For now, here's the lithium piece I wrote a few months ago. This market is just heating up. And as you'll see below, it's a call that's already made readers a quick 30% gain.

Warren Buffett stunned the market back in September 2008 when he announced that he was investing \$250 million in a Chinese electric car company.

I say *stunned* because Warren Buffett seemed to violate one of his own rules of investing: Invest in companies you understand.

He admitted that he doesn't know a thing about electric cars.

So why did he invest?

Because maybe, just maybe, he knows that electric cars are a guaranteed winner.

I'm not recommending GM, Nissan, or any other automobile stock that's developing electric cars.

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Instead, I'm going to recommend the commodity that is vital to the battery technology that'll be used in electric cars: **lithium**.

My play is a tiny mining outfit called Western Lithium (WLC.V: WLCDF). The stock currently trades for about \$1.08 a share.



If you're skeptical or concerned that fuel efficiency alone is not enough to entice Americans to buy electric cars, consider the Silicon Valley company Tesla Motors (pictured above). While their roadster is the first production automobile to use lithium-ion battery cells and travel more than 200 miles per charge, it is also capable of going from 0-60mph in under four seconds.

Not only will the Roadster leave most sports cars in the dust, the car recently set a distance record in April 2009 when it completed the 241-mile Rallye Monte Carlo d'Energies Alternatives with 36 miles left on the charge.

Even though the Roadster is probably too pricey for the average consumer at just over \$100,000, Tesla has taken more than 1,000 reservations for the car and expects to begin production of an all-electric and more affordable sedan starting in late 2011.

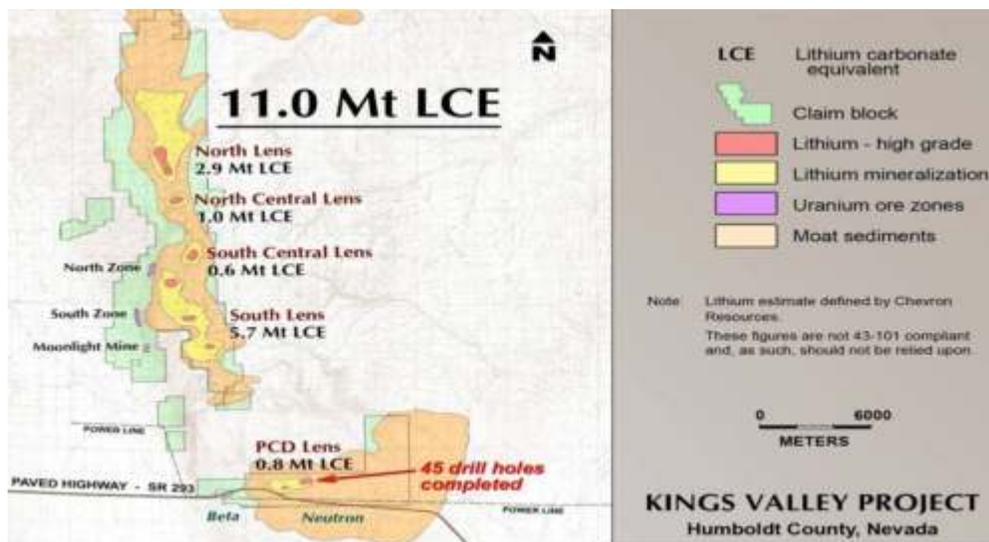
But just remember, the Tesla - as well as every other electric car - needs lithium. And [demand for lithium](#) is skyrocketing.

Lithium prices have nearly tripled over the past decade with 22% compound annual growth since 2000 for use in laptops, cell phones, and other electronics.

Demand is expected to continue rising, the recent lithium mania has been ignited by the fact that [electric cars](#) require about 3,000 times the lithium needed for an average cell phone, or 100 times the lithium used in a computer battery.

This huge spike in demand should propel lithium prices much higher over the next few years.

The best way to profit from the lithium boom is [Western Lithium](#), which owns the largest known lithium deposit in North America. Take a look. . .



According to a recent investment report:

The near surface lithium clay deposit is located in Nevada, USA and was initially discovered by the US Geological Survey and Chevron USA in the 1970's. Engineering work completed by Chevron, and later by the US Bureau of Mines in the 1980's, is now being advanced by Western Lithium.

The company's flagship Kings Valley property has a National Instrument 43-101 resource estimate for the initial stage of development and in total hosts a historically estimated 11 million tonnes of lithium carbonate equivalent (LCE). The project has a well developed local infrastructure and Nevada has a long history in the metals and industrial mineral mining industry. The company plans a scoping study during Q3 of 2009, a pre-feasibility study with results from additional drilling during 2010 and projected production by 2013. A chart with the world's largest lithium deposits is below.

While brine is usually the cheapest to mine and process, followed by clay and then pegamite (hard rock), it really depends on the quality of the material and presence of contaminants. It can be cheaper to develop a good rock or clay than a low-quality brine. Access to roads and infrastructure also play important roles in a project's economic feasibility. Western Lithium has a clear advantage to competition in this regard as their clay deposit is touted as high-quality (99% commercial quality) and the project already has all of the necessary road access and infrastructure needed to begin construction and production.

Western Lithium is well-funded and debt free, with \$7.3 million cash on the books. They recently completed a \$5.5 million private placement in May of this year and have a market cap of 70 million.

Yes, the stock is up a lot this past year. . . but I believe the lithium bull market is just getting started.

I think we'll witness something similar to a uranium-style bull market that lasted several years.

I personally own Western Lithium around \$1 per share. I will continue to add to my position on dips.

Profitably yours,