

**CONCLUSION: RISKY EXTREMISTAN BET – 10x upside possible, 50% or more downside too. IF TAKEN WOULD ADVISE LIMITED PORTFOLIO EXPOSURE AND TO ALSO PLAY THE LONG-TERM VOLATILITY by adding if necessary!**

## BUSINESS

Lithium producer owning two development projects! Cauchari Olaroz (50%) in Argentina and Thacker Pass in Nevada. Hopes to produce lithium at low cost for the next 40 years. Needs \$581 million to develop Thacker Pass. Expected costs for Cauchari Olaroz are much lower than current for Orocobre's adjacent position. This halves their net present value calculation.

## TICKER

NYSE: LAC  
TSE: LAC

## FUNDAMENTALS

Negative earnings  
Below book value  
Has debt

## RISK & REWARD

\$3.43	RISK AND REWARD 5 years			VALUE	\$7.64
	10X	3X	2x	down 50%	down 100%
	10%	30%	10%	30%	10%
PRICE	\$34.30	\$10.00	\$7.00	\$1.70	\$0.00

# Lithium Americas

Lithium producer - Argentina & USA

## THESIS

### Lithium demand to triple by 2025

Two development projects:  
Cauchari Olaroz – Argentina – 2021 50% owned  
Thacker Pass – USA Nevada – 2022 100% owned

## VALUATION

Net present value of Cauchari Olaroz \$1.1 billion (50% owned)  
Net present value of Thacker Pass \$2.6 billion

Market capitalization - \$318 million  
Discount to NPV is 90% - NPV per share is \$35

## EARNINGS MODEL

Orocobre's brine production plant adjacent to Cauchari-Olaroz has higher costs than what Lithium America expects in the technical report. My estimation is for a 50% lower NPV and about \$88 million per year in cash flows after ARG taxes of 35%. Thacker pass is banking on a new leaching technology to source lithium at low cost from claystone. The success depends on the operational success and financing. If success, expect \$600 million in cash flow per year – twice the current market cap from 2026.

## RISK AND REWARD

Risk: Operational risks, financing dilution- need twice the market cap to develop Thacker – 4X dilution last 5 years, Argentina taxes., Lithium price, takeover at low price due to financial and financing issues.  
Reward: success in development, high cash flows, lithium prices!

## MY CONCLUSION (BUY/WATCH/SELL/UNKNOWN/BET)

Fits the lithium space perfectly offering high upside but also large downside if things don't pan out as planned. A bit too much risk for me given no producing assets and uncertain outcome of projects.