Announced today the UK gasoline and diesel car sales ban by 2030 is a strong tailwind for Neo Lithium

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Today the U.K. Prime Minister Boris Johnson announced about his ten point green plan. Perhaps the two biggest parts of the plan are – **"UK sales of new gas and diesel cars to be banned from 2030" and "quadruple U.K. offshore wind production to 40GW by 2030".** The implications for the electric vehicle (EV) and wind sectors are enormous. One common denominator for EVs and wind energy is that they need batteries to store the energy. This means demand for batteries and for battery metals such as **lithium** is set to boom this decade. In the US, also announced today, a group of more than two dozen utilities, EV-charging companies, battery suppliers and EV manufacturers have formed the Zero Emission Transportation Association (includes Tesla) calling for emissions caps and 100% EV sales in the USA by 2030.

Even prior to today's announcements the lithium sector has been forecast for demand to increase "more than six times" this decade (from 2019 levels to end 2029), as the EV and energy storage booms take off. The chart below was done before the latest news of a Biden victory and the Johnson Green Plan, meaning that the demand curve will likely be significantly larger.

Lithium looks to be heading towards very large deficits later this decade as demand soars

Source

With all of this demand for lithium in the years ahead one company looks extremely well placed to ride the next wave of the lithium boom. That company is Neo Lithium Corp. (TSXV: NLC | OTCQX: NTTHF).

Neo Lithium 100% own (and has fully paid) their Tres Quebradas ("3Q Project") lithium project in Argentina. The Project is a standout for numerous reasons.

- Neo Lithium 100% own the entire salar, which covers 160Km^2 (6th largest salar in the world).
- The 3Q Project has high grade lithium brine (3rd-4th highest globally).
- The 3Q Project has extremely low impurities (the lowest globally). This should result in 3Q having very low capital intensity to develop and industry lowest quartile operating expenses (OpEx).
- The 3Q Project is already at a fairly advanced stage and looks set to be a likely near term lithium producer.

Neo Lithium's 3Q Project ranks 3rd-4th for the highest lithium brine grades globally

Source

Neo Lithium looks set to be the next major new lithium brine producer following Lithium Americas

Source

The 2019 amended Preliminary Feasibility Study (PFS) resulted in

a post-tax NPV8% of US$1.14 billion and IRR of 49.9%, payback of < 2years with a 35 year mine life. The PFS was based on an initial 20kt pa lithium carbonate production and has a CapEx of US$319M and OpEx of US$2,914/t lithium carbonate. These are excellent numbers.

Neo Lithium has another huge plus going for them. That is, China's and the world's largest battery manufacturer, Contemporary Amperex Technology (CATL), is a strategic investor in Neo Lithium with an 8% equity stake and board representation.

The 3Q Project is quite advanced with some pilot ponds already constructed and a lot of infrastructure already in place. The Environmental Impact Statement (EIS) is currently under assessment with results due out soon. The Feasibility Study (FS) is underway and is due out by end Q2, 2021, assuming no COVID-19 disruptions.

CATL will also be a part of the technical committee that will be leading the FS forward. While this does not yet guarantee CATL off-take rights it puts them in a prime position. Once the FS for the 3Q Project is completed, I strongly suspect that CATL will assist in the financing plan for the future construction of the 3Q Project, and collect significant lithium off-take rights. CATL is a very large company with over US$60 billion in market capitalization and over US$3 billion in cash. Also of relevance was yesterday's announcement that CATL will invest $5.1 billion for a battery factory in Indonesia. No doubt it will need plenty of lithium.

Closing remarks

Neo Lithium's 3Q Project is arguably the best and next lithium brine project set to go into production after Lithium America's Cauchari-Olaroz Project, both in Argentina. Management is top tier led by Waldo Perez, who discovered both the projects

mentioned just above. If all goes well with the FS, CATL relationship, and project funding, it is possible to see Neo Lithium commence production by late 2022 or early 2023. This would be perfect timing as the EV boom should be taking off at that time as EVs and Internal Combustion Engine vehicles reach purchase price parity. The UK gasoline and diesel ban by 2030 and the US Zero Emission Transportation Association call for 100% EVs by 2030 are all just icing on the cake.

Risks exist due to not yet being a producer and the risks involved with lithium prices and sovereign risk in Argentina.

Neo Lithium currently trades on a market cap of C$182M. Investors should not wait too long as the EV trend is very rapidly gaining momentum (notably in China, Europe, UK and USA) and quality lithium miners like Neo Lithium have potential to be huge winners this decade.

Disclosure: The author is long Neo Lithium Corp. (TSXV: NLC).