

## Buy or Double Down on Advantage Lithium (TSX-V: AAL) (OTCQX: AVLIF) – Gerardo Del Real – Dec 14, 2018

You don't need me to tell you how pronounced tax-loss selling has been this year. I'll also spare you the "buy when there's blood on the streets" cliché no matter how appropriate.

But the bottom line is everything is being sold and, as I said a month or so again, Q4 of 2018 will be remembered as the absolute bottom for junior resource stocks.

If you've paid attention you've seen a pattern in my calls to initiate or double down on positions.

The criteria are simple — companies with cash or the ability to raise because of a good share structure, companies with anchor assets worth many multiples the current market cap, and companies with strategic differentiators that give them a leg up on the competition.

Advantage Lithium checks all those boxes like Almaden recently, which has surged since. I'm imploring you to either initiate a position in Advantage Lithium or double down aggressively for a post-tax-loss selling bounce that I believe will be substantial.

Advantage is a simple story. It is trading right at a 52-week low, has a project that the recent PEA described as having an after-tax US\$830 million NPV and 24% IRR, and a market cap one-tenth of that.

That's not a typo, 1/10th. There's a lot of runway there and I still expect Advantage to be bought out in 2019 at much higher prices.

The most recent bit of news was announced on December 12, 2018.

Advantage has commenced its Feasibility Study and expects it to be complete by June of 2019.

David Sidoo, Founder and CEO, commented:

"We are very pleased to commission GHD as engineering consultants to undertake this work, given their extensive expertise and current experience in this basin. With this engagement and with the benefit of experience from the Olaroz Lithium Facility, Advantage can proceed expeditiously through to the Feasibility Study, eliminating the need for an intermediate Preliminary Feasibility Study. As a result we can continue to fast-track the development of Cauchari by leveraging technical expertise and basin knowledge gained with our partner Orocobre. Furthermore, we are benefitting from the well-developed relationships that our partner has with local communities and government."

Before that you can expect a resource update in Q1 of 2019 bringing the resource into the higher confidence Measured and Indicated categories.

That's important because it makes it easier for the Board of any potential suitor to green-light an acquisition.

It's not likely a company would buy Advantage with an Inferred resource.

The geological model — thanks in large part to strategic majority partner Orocobre — is well understood. So much so that the company is skipping the Pre-Feasibility step and going straight to Feasibility.

The majors are quickly realizing that it is much more difficult to scale than anticipated.

In November Albemarle paid US\$1.15 billion for 50% of the Wodinga spodumene mine. Using really simple math and with all things being equal (I know they're not but for simplicity's sake) that would make Cauchari worth \$500 million if those valuations become the precedent. That works out to over US\$3 per share.

That's just based on the recent deal.

Bottom line is Cauchari is one of the only brownfield lithium developments in South America outside those of the major producers.

Valuations are skewed to the downside which is why every deal is being done at significant premiums (across all commodity sectors).

Advantage has been here before and rallied substantially each time. Use the weakness to make money or average down.



**I'm doubling down aggressively on Advantage Lithium (TSX-V: AAL) (OTCQX: AVLIF) and buying up to C\$0.52/ US\$0.41 bringing our average price down and giving us more exposure to an exciting asset that I believe will bounce back strongly immediately after the new year and be bought out in 2019.**

Place a limit buy order, good until filled.

Have great weekend.

To your wealth,

Gerardo Del Real

Editor, [\*Junior Mining Monthly\*](#) and [\*Junior Mining Trader\*](#).

For the past decade, Gerardo Del Real has worked behind-the-scenes providing research, due diligence and advice to large institutional players, fund managers, newsletter writers and some of the most active high net worth investors in the resource space. Now, he is bringing his extensive experience to the public through [\*Outsider Club\*](#), [\*Junior Mining Monthly\*](#), and [\*Junior Mining Trader\*](#). For more about Gerardo, check out his [editor page](#).

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