



Value Investing in Electric Vehicles: 1 Cheap Stock to Buy

Description

Lithium Americas ([TSX:LAC](#))([NYSE:LAC](#)) is a Canadian-based resource company focused on advancing two significant lithium development projects: the Cauchari-Olaroz project, located in Argentina, and the Thacker Pass project, located in the United States (U.S.).

Industrial uses of lithium

Lithium currently has many end uses, including ceramics and glass, batteries, greases, air treatment, and pharmaceuticals. However, it is the battery industry that is expected to predominantly drive [future demand growth](#) for lithium. This is expected to come from several areas, which include the continued growth of small format batteries for cell phones, laptops, digital cameras, and hand-held power tools.

Other demand growth drivers include the transportation industry's electrification of automobiles, buses, delivery vehicles, motorcycles, bicycles, and boats using lithium-ion battery technology and large format batteries for utility grid-scale storage.

Commercially proven processing technology

The Cauchari-Olaroz project is co-owned by Lithium Americas and by privately held Ganfeng, each holding an interest through shareholdings in the project. Ganfeng initially acquired a stake in the project and subsequently increased it to 51%. The company's 49% interest and Ganfeng's 51% interest in the Cauchari-Olaroz project are subject to the rights of each party to acquire an 8.5% interest in the Minera Exar facility.

Minera Exar is in the midst of constructing a lithium mining and processing facility that provides for annual production of 40,000 tonnes per annum of battery-quality lithium carbonate over a 40-year life of mine. The construction program is based on a feasibility study for the project originally disclosed in a technical report filed in September 2019.

The feasibility study also includes a conventional, commercially proven [brine-processing technology](#)

optimized in partnership with Ganfeng to produce battery-quality lithium carbonate that can be used to meet the specifications of battery material producers in manufacturing cathodes and electrolytes for lithium-ion batteries.

Significant mine development potential

The Thacker Pass project is located in northern Humboldt, Nevada, and hosts a large sedimentary-based lithium mineral reserve, as well as significant additional sedimentary-based lithium mineralization that has not yet been subject to sufficient exploration or analysis to undertake mineral resource estimation. In 2017, the company commenced a program to assess the mine development potential of the Thacker Pass deposit, which hosts the primary mineral resource estimate on the project.

The company assembled an experienced management and technical team for the project, conducted process testing and related analysis, and conducted a drilling program with an objective of expanding the mineral resource and increasing confidence levels.

Enhancing shareholder value

The Thacker Pass project is expected to be developed as an open-pit mining operation using conventional mining equipment. Given the soft nature of the deposit, minimal blasting and crushing is anticipated by the company. The ore is expected to then be processed in a leaching circuit using sulfuric acid to liberate the lithium from the claystone.

With the reliance on sulfuric acid, the Thacker Pass project requires that Lithium Americas construct a waste heat generation facility to provide electricity for the Thacker Pass project. This would also help the company sell electricity to a third-party customer via the grid connected to the transmission line, which would enhance the company's profitability.

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