



Standard Lithium (TSXV:SLI): A Potential Climb of 180% in 1 Year

Description

Market observers see a very long growth runway for lithium stocks because of the burgeoning demand for the silvery-white alkali metal. The element is also a valuable component of high energy-density rechargeable lithium-ion batteries. With several industries becoming increasingly dependent on this essential commodity, lithium stocks have a promising future.

In Canada's stock markets, investment choices are plenty, although **Standard Lithium** ([TSXV:SLI](#)) (NYSE:SLI) stands out due to its impressive 522.89% (83.59% CAGR) return in 3.01 years. However, the growth stock trades at a deep discount today. SLI is down to \$5.17, or 57.86% off its price on December 31, 2021.

Market analysts covering SLI maintains a bullish sentiment and recommend a buy rating. Their 12-month average price target is \$14.50 or a return potential of 180%. The \$852 million [mining company](#) is leading a new wave of lithium production in the United States.

Investment thesis

Standard Lithium has been operating since 1998 and boasts significant development projects. The "Lanxess Project" in southern Arkansas is the company's flagship project. Management aims to produce 20,900 tons of lithium carbonate from the 150,000 acres Smackover brine region.

According to management, the under-construction lithium project in the 45,000-acre Bristol and Cadiz dry lake in San Bernardino County could also be a game changer once it's up and running. Thus, Standard Lithium would have two growth drivers that should deliver huge profits.

Lithium company of the future

The primary goal of Standard Lithium is to capture the first-mover opportunity in the U.S., where lithium mining is relatively low compared to the rest of the world. America also lags China in lithium chemical processing and lithium battery cell production. Its Lanxess lithium brine project in Arkansas is the most

advanced in the U.S.

Based on the preliminary economic assessment, the project's life is 25 years, while the average annual revenue is US\$283 million. The competitive advantages of Lanxess includes unparalleled infrastructure (road, rail, brine feed, and disposal system on site).

Standard Lithium also benefits from the business-friendly environment and secure, low-cost power and water resources. Moreover, the plant facility in southern Arkansas is a first-of-a-kind, industrial-scale direct lithium extraction (DLE) demonstration plant.

Road to profitability

Standard Lithium is working for on the sustainable development of a portfolio of lithium-brine bearing properties in the United States. The company utilizes proprietary DLE and purification technologies to achieve the objective. However, income-wise, the business is still on the road to profitability.

In the first half of fiscal 2022 (six months ended December 31, 2021), the net loss was \$17,926,893 compared to the \$8,551,597 net loss in same period in fiscal 2021. Management said the jump in net loss was mostly cost related, which includes the operation of the pilot plant and amortizations on it plus of the office lease, and higher consulting fees, among others.

Eventual breakout

Investors should look at the bigger picture and what is in store for Standard Lithium. Besides the coming era of electric vehicles, the scope of lithium utilization and demand for raw materials are ever-increasing. Consider taking a position in this lithium stock before its eventual breakout or high growth.

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