



# Streetlight Confidential

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### Underdog Lithium Miner Turns “Lead” Into White Gold

Discover the microcap lithium miner that's now positioned for massive growth thanks to this one of a kind mining process...

### Everything You Didn't Know About Batteries

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### China: The Double-Edged Lithium Sword

China dominates the world's production of lithium-based batteries...“Of the 136 lithium-ion battery plants in the pipeline to 2029, 101 are based in China.”...

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## Underdog Lithium Miner Turns “Lead” Into White Gold

And 2023 Looks to Be Their Breakthrough Year



-by Bob Byrne

On May 1, 1893, President Grover Cleveland pushed a button and switched on over 100,000 incandescent light bulbs illuminating the neoclassical buildings in Chicago's “City of Light” during the Columbian Exposition.

It was a spectacle like none before.



Electrifying cities was a quantum leap in improving people's lives. The life-changing conveniences that electric appliances made possible freed people from what were once mundane and time-consuming chores. The only problem was that all those conveniences had to be plugged into a wall.

But not long after, another liberation took place.

Battery technology freed these modern miracles from the limitations of the plug and the cord. You could carry a transistor radio in your pocket. You could pack an electric razor and travel with it anywhere. It was another step on the road of personal freedom...

Today technology is more mobile than ever.

And batteries are able to power more and more — everything from the cell phone in your pocket to your entire house.

## Everything You Didn't Know About Batteries

A battery is a cell that generates electricity internally via a chemical reaction. They're really very simple. They are made of a positive and a negative electrode separated by an electrolyte that conducts ions back and forth. They're capped with some conductive metal at each end.

When you connect the ends a circuit is completed, electrons start flowing and voila! your flashlight, radio, cell phone or whatever powers up.

Battery power isn't exactly new. The first real battery was invented in 1800, by Alessandro Volta. His slick creation was known as the "Voltaic Pile."



Photo: [GuidoB](#)

We've come a long way since then!

As battery technology evolved, the materials used for the electrodes and electrolytes changed as well. (Volta's original effort used copper and zinc separated by a layer of cardboard soaked in brine.)

Today, batteries can be made with combinations of cobalt oxide, manganese oxide, iron phosphate, nickel manganese cobalt oxide, titanate, and aluminum oxide. BUT no matter what metals are used in combination, lithium is always in there.

But what exactly is that magic ingredient that's the foundation on which our tech driven future rests?

## Lithium... and Why It's So Damned Important

Think back to high school chemistry and you probably remember seeing the image at the top of the facing page...

It's called the periodic table of elements and it displays all the chemical elements arranged from lightest to heaviest, ranked by the number of pairs of protons and electrons in the element's atomic structure. More pairs, bigger numbers.

If you look in the upper left hand corner, you can see element number 3 Li — that's lithium.

By most descriptions, it's a soft, silvery-white alkali metal. It's the lightest metal in the table (it floats in water). But like all alkali metals, lithium is also highly reactive. From a scientific perspective, reactivity describes a metal's ability to lose electrons and form ions with a positive charge when it comes in contact with another substance. From a more practical view, it means if you put a piece of lithium in water, not only will it float, it'll also burst into flames.

And that's why lithium is such a great material for making batteries — its ability to lose electrons.

A couple other things...

Periodic Table of the Elements

1 IA		2-10										11 IB		12-18										18 VIIIA																									
1A		2A-10A										11A		12A-18A										8A																									
1	H											13	B	14	C	15	N	16	O	17	F	18	Ne																										
3	Li	4	Be											5	Al	6	Si	7	P	8	S	9	Cl	10	Ar																								
11	Na	12	Mg											19	K	20	Ca	21	Sc	22	Ti	23	V	24	Cr	25	Mn	26	Fe	27	Co	28	Ni	29	Cu	30	Zn	31	Ga	32	Ge	33	As	34	Se	35	Br	36	Kr
37	Rb	38	Sr	39	Y	40	Zr	41	Nb	42	Mo	43	Tc	44	Ru	45	Rh	46	Pd	47	Ag	48	Cd	49	In	50	Sn	51	Sb	52	Te	53	I	54	Xe														
55	Cs	56	Ba	57-71		72	Hf	73	Ta	74	W	75	Re	76	Os	77	Ir	78	Pt	79	Au	80	Hg	81	Tl	82	Pb	83	Bi	84	Po	85	At	86	Rn														
87	Fr	88	Ra	89-103		104	Rf	105	Db	106	Sg	107	Bh	108	Hs	109	Mt	110	Ds	111	Rg	112	Cn	113	Nh	114	Fl	115	Mc	116	Lv	117	Ts	118	Og														
Lanthanide Series		57	La	58	Ce	59	Pr	60	Nd	61	Pm	62	Sm	63	Eu	64	Gd	65	Tb	66	Dy	67	Ho	68	Er	69	Tm	70	Yb	71	Lu																		
Actinide Series		89	Ac	90	Th	91	Pa	92	U	93	Np	94	Pu	95	Am	96	Cm	97	Bk	98	Cf	99	Es	100	Fm	101	Md	102	No	103	Lr																		

Lithium is the most conductive metal we know of. (Conductivity is measured as the ability of electrons to flow freely, i.e. without resistance, across the surface of a metal.) That basically means it's able to generate the most raw power most efficiently.

Another reason is that lithium ions are able to be recharged. And thanks to their high conductivity, they can recharge quickly!

They also have a high energy density which means you can pack more electrons into a lithium ion battery than you can into a comparable alkaline battery (which you also can't recharge!) More energy in less space means lighter batteries that can carry the same, or even greater, voltage loads.

And they have a lower self-discharge rate than other rechargeable batteries.

Today, lithium is recognized as simply the best material for making powerful lightweight rechargeable batteries.

And where lithium batteries go, the market is booming... According to market intelligence and

advisory firm Mordor Intelligence, the global lithium-ion battery market is expected to grow at a CAGR of roughly 20% between 2022 and 2027 — growing to a projected a market value of \$200 billion.

But batteries aren't all the lithium is used for.

## Lithium Demand is Driven by More Than Just Batteries

The battery industry isn't the only one that's clamoring for lithium. It's used in the manufacture of a wide variety of everyday items. One of the industries where lithium is most in demand is for the manufacture of glass and ceramics. According to the US Geological Survey:

*The addition of 0.1 to 4 percent lithium oxide (Li2O), to various glasses increases hardness and reduces thermal expansion. A common application is in glass stovetops; where ordinary window-glass would shatter, lithium-bearing glass can withstand large temperature swings and rough use. In the*

*ceramics industry, lithium is used to make porcelain enamels, glazes, and tiles; as in glassmaking, a small amount of lithium lowers the melting temperature and reduces thermal expansion in the resulting ceramic product (Garrett, 2004).*

It's also combined with other metals to make alloys that are both lighter and stronger. Aluminum-lithium alloys are used to produce airplanes, bike frames and high-speed trains. And talk about strength, magnesium-lithium alloys are used to make armor plating!

Lithium chloride is one of the most moisture-absorbing materials there is. It's used in air conditioning and industrial drying systems.

Lithium stearate is used as an all-purpose and high-temperature lubricant.

Lithium hydride is used as a means of storing hydrogen for use as a fuel.

And even beyond manufacturing, it's a key ingredient in certain pharmaceuticals. Lithium carbonate is used in drugs to treat manic depression.

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*Whether you agree that the green movement is poised to save the planet from an existential threat or not, the simple fact is that car manufacturers are ramping up their EV development in a BIG way.*

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And maybe more important than all that, lithium plays a vital role in our national defense. According to National Defense Magazine:

*Just about every piece of man-portable electronic equipment crucial to the success of U.S. warfighters on the battlefield is powered by some form of lithium battery. The reliance on them is expected to grow exponentially as the next generation of weapons — such as new tactical ground vehicles, unmanned systems and directed energy weapons — are designed around the high energy density and low weight of a lithium battery technology.*

## **Demand has Exploded over the Last Decade...**

In 2010, total global lithium production amounted to 28,100 metric tons. By 2016, production had increased by 35% to 38,000 metric tons. And it didn't stop there.

Between 2016 and 2020, production soared by 116% to 82,500 metric tons!

## **...And is Expected to Grow More Going Forward**

Again, according to the US Geological Survey:

*Excluding U.S. production, worldwide lithium production in 2021 increased by 21% to approximately 100,000 tons from 82,500 tons in 2020 in response to strong demand from the lithium-ion battery market and increased prices of lithium.*

According to Statista, by 2030, the amount of lithium mined will reach 1.5 million metric tons globally!

And its cash value is on the rise too...

The global lithium market was valued at US\$2.5 billion in 2020 and, according to a report by Grand View Research, Inc., it's expected to continue to rise to US\$8.2 billion by 2028.

## Still... Today the Biggest Demand is for Batteries

In 2015, "less than 30 percent of lithium demand came from batteries; the bulk of demand was split between ceramics and glasses (35 percent) and greases, metallurgical powders, polymers, and other industrial uses (35-plus percent). By 2030, batteries are expected to account for 95 percent of lithium demand, and total needs will grow annually by 25 to 26 percent to reach 3.3 million to 3.8 million metric tons of lithium carbonate equivalent (LCE)."

I probably don't need to tell you where all that battery demand is coming from... Electric Vehicles!

Whether you agree that the green movement is poised to save the planet from an existential threat or not, the simple fact is that car manufacturers are ramping up their EV development in a BIG way. According to Reuters:

*DETROIT, June 22 (Reuters) - Electric vehicle sales could reach 33% globally by 2028 and 54% by 2035, as demand accelerates in most major markets, consultant AlixPartners said on Wednesday.*

*EVs accounted for less than 8% of global sales last year, and just under 10% in the first quarter of 2022.*

Additionally, automakers worldwide will spend more than a half trillion dollars to develop new electric cars and passenger trucks, and also on battery manufacturing, through 2030, according to the latest report by London-based sustainability consultancy firm ERM for the Environmental Defense Fund (EDF).

And according to Allied Market Research:

*The global electric vehicle market was valued at \$163.01 billion in 2020, and is projected to reach \$823.75 billion by 2030, registering a CAGR of 18.2% from 2021 to 2030.*

The bottom line where lithium goes, demand is huge and only going to get bigger.

## Who's Meeting This Demand?

For as much lithium that gets produced every year, the vast majority is produced by only a handful of sources.

Again, according to Statista...

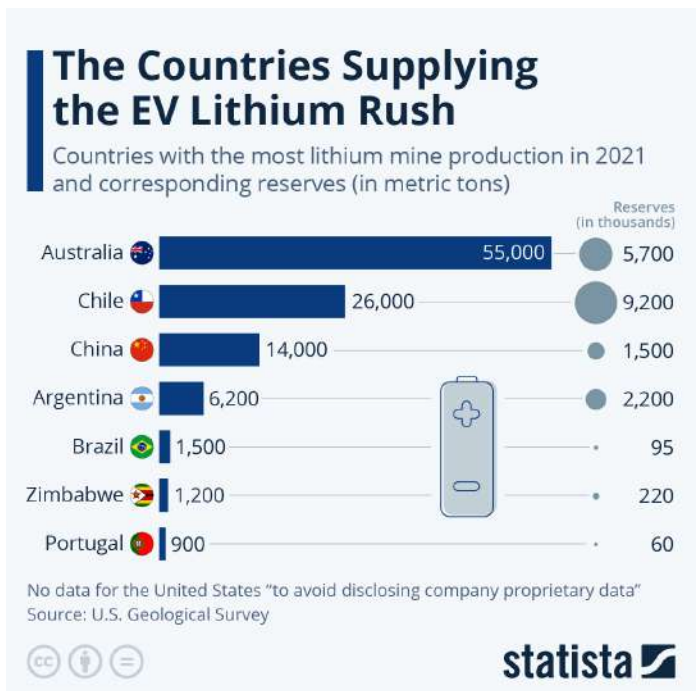


Image Courtesy [Statista](#)

If you do the math, you can see that over 96% of all the lithium mined in 2021 came from only four countries: Australia, Chile, China and Argentina.

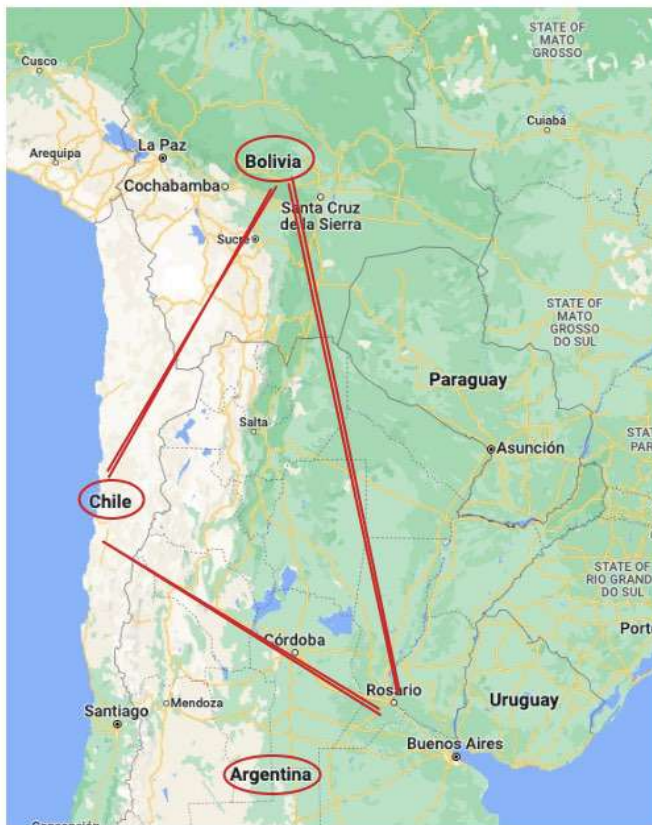
Look a little further to the right, however, and you see that the lion's share of lithium reserves lie in South America. Chile holds nearly 48% of that.

There's a significance there that I want you to understand.

Not long ago, Chile held the title of the world's largest lithium producer. Over the past five years, however, Australia has quadrupled its output and now produces almost twice as much as Chile.

But it wasn't just Australian initiative that sparked that change in leadership. Political issues in Chile (and other parts of the lithium triangle — Chile, Bolivia and Argentina) have been taking a toll as well.

### The Lithium Triangle



In Bolivia, the government nationalized its lithium industry years ago and has yet to produce meaningful amounts of the metal. Mexico, a smaller player, also recently nationalized lithium.

Chile is facing another challenge. According to reporting in the Wall Street Journal:

*...in Chile, where lithium is already tightly controlled, President Gabriel Boric's new leftist government plans to create a state lithium company after criticizing past privatizations of raw commodities as a mistake. A new constitution, if approved in a September referendum, would strengthen environmental rules and indigenous rights over mining.*

The article went on (my emphasis):

*"This is a strategic resource for the energy transition," said Chile Mines Minister Marcela Hernando. Ms. Hernando recently told Chile's congress that **while the government didn't have the know-how to mine lithium on its own, it would insist on majority control of any joint venture with private firms.***

(That always works out well...)

This leaves Argentina, whose production is only starting to ramp up, to fill that void.

So what are the overall projections for lithium supply to keep up with demand?

Not particularly great according to the World Economic Forum...

*"Only a handful of companies can produce high-quality, high-purity lithium chemical products," the IEA says. "While several planned expansion projects are in the pipeline, there is a question mark over how rapidly their capacity can come online."*

*Lithium mines that started operations between 2010 and 2019 took an average of 16.5 years to develop, according to the IEA report *The Role of Critical Minerals in Clean Energy Transitions*. McKinsey estimates that*

*over 80% of mining projects are completed late.*

The International Energy Agency has been a little more blunt indicating the need to expand battery mineral supply chains by a factor of 10 to meet global demand...

*Basically, we need 50 more lithium mines, 60 more nickel mines and 17 more cobalt mines by 2030 to meet net carbon emissions goals.*

## China: The Double-Edged Lithium Sword

Then there is the issue of China.

While only a runner up in terms of production and reserves, China has a huge appetite for the white metal because they dominate the market in terms of lithium production.

China dominates the world's production of lithium-based batteries, currently controlling two-thirds of the worldwide cell manufacturing industry. According to data from Benchmark Mineral Intelligence, "Of the 136 lithium-ion battery plants in the pipeline to 2029, 101 are based in China."

Today, at any given time, you can find 15 to 20 Chinese representatives living at a 5-star hotel in the Salta Province of Argentina looking to invest in or buy whatever they can get their hands on.

According to S&P Global Market Intelligence:

*The nation's mining and battery companies acquired 6.4 million tonnes of lithium in reserves and resources in 2021, as of Oct. 18, nearly matching the 6.8 Mt of lithium acquired by all companies in 2020. China-based mining and battery giants have placed winning bids on five development-stage lithium projects valued at \$1.58 billion, not including off-take and royalty deals,*

*according to an analysis by S&P Global Market Intelligence.*

China is literally trying to snap up anything they can to ensure they have access to enough lithium should production slow.

The bottom line is this... Companies who can best meet this demand going forward — i.e. those with the biggest lithium reserves — are going to be positioned to grow exponentially!

So with all that in mind, I'd like to introduce you to a company I believe is in that position. But even better than that, they're a TINY company (their market cap is currently around US\$10 million) which means when they do take off, their trajectory is likely to be vertical!

## Meet Recharge Resources

I'd like to introduce you to a company that I believe is positioned to explode like no other company I have seen in my career.



They own a number of properties on which they mine energy-related minerals.

Their stock recently saw a bump to the high \$0.30 range when the news reported they had initiated Phase 1 exploration projects at two of their Canadian properties.

But it's their story in South America, the one that literally nobody knows about, that could send this tiny company soaring.

But before I get to that story, I need to give you a little background on lithium mining in general.

## A Mining Process Like No Other

Lithium is mined in a fairly unique way.

Yes, it can be dug out of the ground much like what you'd picture when you think of a typical mine. It's how they produce lithium in Australia. And like most mines you think about, this process is hugely capital and resource intensive.

Most lithium, however, is mined in what are known as evaporation ponds or "salars." The unique nature of this lightest of metals lends itself to this very unique way to get at it.

### Lithium Salars



Photo: Creative Commons/Jovh

Since lithium has such a high degree of reactivity, it's not found in large deposits of its own like gold or copper ore would be. Instead much of it is found in combination with other elements most commonly salts located in underground aquifers — closed basins where salt water, infused with lithium and other minerals, sits.

*“More than 70% of the world's lithium is extracted from these mineral-rich salt lakes.”*

The richest lithium brines are found in the water that filters through porous rocks in or around dormant volcanoes.

To mine this kind of resource, rather than digging down to where the potential lithium is, a hole is drilled and a water pump is placed underground. Water is then pumped down to build pressure in the aquifer and push the brine-filled water to the surface.

Once the underground salt water is pumped to the surface, it's collected in a series of evaporation ponds. As the water evaporates, it leaves behind a brine residue which contains lithium along with other elements. As more and more water evaporates, and the brine becomes more solid, it gets pumped to the next pond in the evaporation chain.

In each pond in the chain, brine enters at one end, loses some of its water via evaporation, and what remains is drained or pumped into the next pond. At each step in the process, the lithium becomes more concentrated. **The entire process can take anywhere from 18 months up to 3 years to achieve a concentrate that is both enriched in lithium (to 5,000 ppm) and depleted in other, more abundant, elements.** Then this concentrated liquid is pumped from the last pond to a chemical plant for production of lithium carbonate and lithium hydroxide.

As I mentioned earlier, the highest lithium concentrations are located in Bolivia, Argentina, and Chile — an area known as “the lithium triangle.” Chile holds the largest known lithium reserves at 6.9 million metric tons and is home to Salar de Atacama — the world's largest (and purest) active source of lithium mining. It currently produces approximately one third of global lithium output.

While the evaporation method is a more cost efficient way to mine lithium than digging it out of the ground, there are a couple major downsides to this method.



The first is, as I mentioned earlier, the length of time it takes to get the concentration of lithium to a level pure enough to refine. At the short end it can take a year and a half. (And extend all the way out to three years!)

A second downside is the amount of water necessary to pump the brine from the aquifers to the surface. On average, it takes roughly 500,000 gallons of water to extract one ton of lithium.

Yet another downside of extracting lithium from brine is that *while it's about half the cost of extracting it from ores, it's not terribly efficient*. It generally yields lower grade lithium because *the evaporating water can take as much as 60% of the minerals with it*.

Finally there are environmental concerns. The *“chemical cocktails” used to extract lithium from the ground often results in tens of thousands of gallons of highly toxic wastewater that can find its way into nearby water supplies thus posing a danger to wildlife and human health and requiring proper storage or disposal*. Because of this, gaining the approval of local communities becomes critical to a mine's success.

So now that you have a bird's-eye view of how this metal is produced, let's go back to the story behind Recharge Resources.

## A (White) Gold Mine Worth... Nothing

This story is nothing short of amazing... But it's all true.

In 2018, a small mining company acquired an 800 hectare (roughly 1,975 acres) resource in Argentina known as Pocitos 1. They began conducting exploration activities immediately. In addition to tests including surface sampling and electromagnetic geomapping, they conducted drill tests on two holes that reached a depth of *just over 400 meters*.

To their astonishment, water began to flow from both holes *completely on its own* — 400 meters down — with no pumps required to push the water to the surface as with most other drill holes. The test flowed upwards of 75,000 liters per minute *for 5 hours* before they finally capped the well.

On top of that, the brine flow was loaded with lithium — lab analysis showed up to 125 parts per million.

This was a stunning find for a couple important reasons.

First was the depth of the discovery. When you're talking about oil and gas wells, deeper is usually not a good thing. But where lithium is concerned, it's actually better. You see, lithium aquifers are usually discovered much closer to the surface, as little as 100 meters down. And water that is closer to the surface is much more likely to have its brine diluted by fresh water when it rains or snows.

The fact that this was so far down makes it unsusceptible to that. It also told them they had hit “old” water — water that had been pushed by geologic forces for thousands of years through all kinds of rock, leaching minerals and sediment into its subterranean lake. It's likely a much richer find!

The second factor was the natural pressure from the surrounding geology that pushed water to the surface on its own. This eliminates the need to pump water to push the brine out. (You'll recall the enormous amount of water it typically takes to mine lithium is one of the major drawbacks.)

People familiar with the industry have said this kind of action makes Pocitos 1 **the largest geo-pressured reservoir in all of Argentina**.

It seemed that this company had hit the jackpot.

Except for one — rather large — problem.

Lithium mined from these salt lake brines is always mixed with other minerals — especially magnesium. Magnesium, because of its chemical structure — its ions are so enormous and so positively charged they bind to everything — is difficult to separate from the lithium in the brine. This, in turn, decreases the actual amount of minable lithium. At a ratio of 10:1 (magnesium to lithium) or higher, mining the lithium is simply not economically viable.

Can you imagine? Sitting on a resource this incredible, only to discover it's basically worthless!

But that's the name of the game for small-cap miners like Pocitos' original owner. They had a separate resource they were testing concurrently — and given their financial situation at the time — they decided they had to let Pocitos 1 go. As good fortune would have it, one of their major investors knew of a mining company who might be interested in the property.

And after months of negotiation, Recharge Resources was able to option the land for a fraction of its original cost.

But why would they want 1,975 acres of pretty much unusable land?

Because they had, what you might call, a “secret weapon.”

## The Ekosolve Solution

Recharge tapped a geological expert they had previously worked with by the name of Phillip Thomas to help solve their problem.

Phil is pretty much a rockstar in the mining industry. In addition to a laundry list of accomplishments, between 2003 and 2008 as CEO of another mining company, he explored and put the Rincon Salar into production. (Rincon is one of the largest lithium salars in Argentina and recently *sold for \$825 million.*)

He is also a partner in a company called Ekosolve® which develops — and this is key — lithium extraction technologies.



Seeing the vast potential contained in the Pocitos 1 property, Phil and his team at Ekosolve® partnered with the chemical engineering department at the University of Melbourne. Together, after years of testing, they were able to modify a solvent extraction (SX) method to specifically target and separate magnesium ions out of the lithium brine — something that had never been accomplished before.

To test their new solution, they went to a local salar that had been pumping concentrate at a ratio of 25:1 (magnesium to lithium) — way too much magnesium to be profitably mined. But even at that level of saturation, they were able to recover 97% of the lithium and produce 99.6% pure lithium carbonate (the final material that goes into batteries).

Those kinds of recovery rates mean practically any level of lithium content can be profitably recovered. (Since then, they've successfully tested the process on Chinese brines at 100:1 — a level of magnesium saturation that doesn't even exist in Argentina.)

## How the Process Works

The whole process begins with an Ekosolve plant built near the mining site to process the brine.

The extraction and cleaning is one single continuous process. (I'll keep this as simple as possible — I'm not a “geo” either...)

Raw brine is pumped into the EkoSolve® plant where it undergoes... a “washing” phase followed by an “extractant” phase and finally a “stripping” phase where they recover the lithium solution used to produce lithium carbonate.

The brines that the lithium is extracted from are then returned basically unchanged to their source. In other words, no water is lost, and the brines suffer minimal change after the process.

This means the EkoSolve® process is environmentally sustainable and causes minimum disruption to the inhabitants of the area (the *biggest* political risk when it comes to launching a new mine is being able to get this exact kind of environmental buy-in from local communities).

And if you were wondering, this process doesn't only work for magnesium-soaked brine. It can be used to mine lithium with any level of magnesium concentration. In fact, its efficiency increases as magnesium content decreases. That means it can be used effectively in any mining situation.

And there's one more thing... This single process that goes from raw brine to 99.2% pure lithium chloride (the “crude oil” of the lithium mining process) and then to 99.6% pure lithium carbonate (the finished product) takes only two hours to complete! Not the two to three years it would normally take in an evaporation pool.

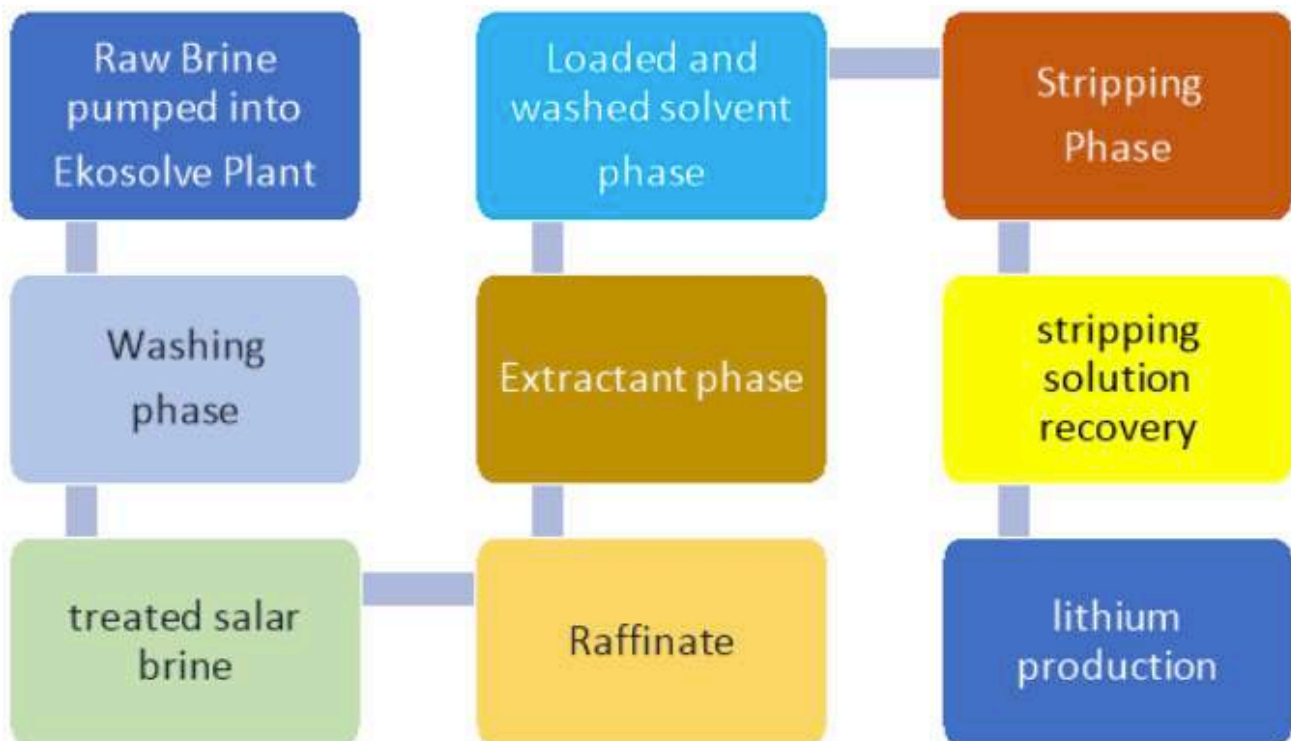
With this kind of mining capability in place, (and its massive natural flow rate) Pocitos 1 has gone from a worthless piece of land, to the jewel in the crown of Argentine lithium. And Recharge Resources, a tiny \$10 million market cap mining company, is sitting on top of it.

## What Happens Next?

It's an amazing story, right? But even a backstory like that doesn't make Recharge Resources a good investment on its own. The question you've got to be asking right now is... what's next?

Well, the first thing I want to impress on you is that this is likely going to be a fast moving opportunity.

The EkoSolve® Process



So fast, in fact, the company's situation has been rapidly changing even as I've been working on this report.

Although few people likely noticed, they issued a press release back on September 8:

RECHARGE RESOURCES RECEIVES  
DEPT OF MINES APPROVAL FOR  
DRILLING PRODUCTION READY WELL  
AT POCITOS 1 LITHIUM SALAR  
9:00 am ET September 8, 2022 (Globe  
Newswire)

Recharge Resources Ltd. ("Recharge" or the "Company") (RR: CSE) (RECHF: OTC) (SL5: Frankfurt) is pleased to announce it has received approval from Argentina's Dept of Mines for the Company's imminent drilling of a production diameter well at its "Pocitos 1" Salar Lithium Brine Project in Salta, Argentina. Recharge is working closely with its in-country advisors on the fully funded single 450-meter production diameter well which will confirm the flow rate, lithium content and continuity of lithium brines delineated during previous drill campaigns for the establishment of a NI 43-101 compliant resource.

Just two weeks later, they announced they had executed a contract for drill equipment...

RECHARGE RESOURCES DRILL  
CONTRACT EXECUTED FOR  
UPCOMING DRILLING OF  
PRODUCTION READY WELL AT ITS  
POCITOS 1 LITHIUM BRINE PROJECT  
9:00 am ET September 20, 2022 (Globe  
Newswire)

Recharge Resources Ltd. ("Recharge" or the "Company") (RR: CSE) (RECHF: OTC) (SL5: Frankfurt) is pleased to announce the Company's project manager has entered into a drill contract for the Company's imminent

drilling campaign for its "Pocitos 1" Lithium Brine Project in Salta, Argentina. The Company has advanced an additional USD \$141,880 to the fully-funded production diameter well drill program.

The Company expects drilling to commence on or around October 7.

In mid-October, Argentina's "Mining Court" gave them the green light to start drilling...

RECHARGE RESOURCES RECEIVES  
MINING COURT APPROVAL FOR  
DRILLING PRODUCTION READY WELL  
AT POCITOS 1 LITHIUM SALAR  
9:00 am ET October 13, 2022 (Globe  
Newswire) Print

Recharge Resources Ltd. ("Recharge" or the "Company") (RR: CSE) (RECHF: OTC) (SL5: Frankfurt) is pleased to announce it has received final approvals from Argentina's Department of Mines, mining court for the Company's drilling for exploration and production diameter well at its "Pocitos 1" Salar Lithium Brine Project in Salta, Argentina. The drill rig is being moved to the property today with the expectation of the commencement of drilling in the next 7 days. Drilling will be ongoing for 7-10 days thereafter. Upon completion of drilling the production diameter well, samples will be sent to Ekosolve to convert the lithium brine to battery grade lithium. During that time, flow testing will take place for 5 days and then an additional 30 days.

Less than a week later, production drilling was under way...

RECHARGE RESOURCES DRILLING  
UNDER WAY AT POCITOS 1 LITHIUM  
BRINE PROJECT  
9:00 am ET October 17, 2022 (Globe  
Newswire) Print

Recharge Resources Ltd. ("Recharge" or the "Company") (RR: CSE) (RECHF: OTC) (SL50: Frankfurt) is pleased to announce it has commenced drilling this past Saturday after the Company received final approvals from Argentina's Department of Mines, mining court for the Company's drilling for exploration and production diameter well at its "Pocitos 1" Salar Lithium Brine Project in Salta, Argentina.

Once the production drill hole is complete and the brine samples are analyzed (which could be by the end of October), they'll start working on an NI 43-101 report.

In the mining industry, a 43-101 is a standardized report that determines the size of the mineral resources and reserves (and in this case the lithium concentration variations) on properties that are owned or explored by companies traded on Canadian stock exchanges. (Recharge Resources is a Canadian company.)

Basically it's a company's official declaration of what they've discovered. It also assigns a "book valuation" to the minerals they've discovered.

Once that's completed, they'll calculate what's called their Proven and Probable or "2P" report. A 2P report delineates the resources that are "proven" (have a 90% likelihood of recovery) and "probable" (have a 50% likelihood of recovery).

From there they'll move on to fundraising while the Ekosolve® team determines how many liters per hour they'll need to extract to produce their goal of 20,000 tons of lithium carbonate per year.

After that, they'll submit an environmental impact statement and apply for their mining licenses.

That may sound like a lot left to do, but believe me, it's already moving very quickly.

## What is the Potential Value of Pocitos 1?

Until the reporting is done, and the measured, indicated and inferred resources are documented, that's difficult to answer.

But given the natural pressure the aquifer is under, its depth in the ground, and initial drill testing which showed lithium values up 125 parts per million, we can safely assume at least a reasonably good outcome from their final tests.

There are a couple ways we can approach the question of valuation to come up with an educated guess.

One method is by tracking the valuation of comparable, small-cap companies that are where Recharge wants to be "X" months forward. For example, one such company is called Arena Minerals who are where Recharge anticipates being in the production process in about six months.

They've just come out with their report on indicated/inferred resources and are applying for their mining permits. Recharge's Qualified Person (QP) believes their resources can easily be matched on Pocitos 1. Arena's asset currently has them valued at approximately a \$180 million market cap.

Applying that market cap to Recharge's significantly smaller float puts them at roughly \$7 per share. (They're currently trading under \$.50!)

This would be a conservative guesstimate...

Another, equally valid means, is to compare resource values — as in what salars themselves have sold for given their lithium production potential.

Taking this route, you can come up with even higher valuations. For example...

# Rio Tinto secures lithium project in Argentina

Cecilia Jamasmie | March 29, 2022 | 3:53 am [Battery](#)  
[Metals Exploration](#) [Australia](#) [Australia NZ](#) [South Pacific](#) [Latin America](#) [Lithium](#)

*Rio Tinto (ASX, LON, NYSE: RIO) has completed the acquisition of the Rincon lithium project in Argentina for \$825 million, following Australia's Foreign Investment Review Board (FIRB) approval of the transaction.*

The Rincon project Rio Tinto purchased has estimated reserves of almost 2 million tons of contained lithium carbonate.

Assuming a million tons of reserves at Pocitos, and based on its lithium brine concentration, you could value it at \$300 million.

But, given Ekosolve's 97% recovery rate, higher than most other forms of extraction, that estimate could rise to \$500 million.

These numbers may sound extreme, but this is how these mines are valued.

## Post-Production Valuation Takes Things to a Whole New Level

These two valuation methods are calculated before the mines ever start producing lithium. Once you go into production, you suddenly enter a whole different ballpark.

Another measure would be based on the company revenue once the mine is up and in production. You don't realize the full potential profit until after you have the mine up and running.

When you're talking about hard mineral mines, like copper for example, most micro-caps would never

take a discovery to production — it's simply too expensive. But mining lithium is extremely cost effective, especially using the EkoSolve® solution.

Let's consider some numbers.

The company's current projection is to be able to produce 20,000 tons of lithium carbonate per year.

First there would be an initial investment of roughly \$235 million to get the processing plant up and running. They anticipate this could be done in under two years.

Assuming peak production, you'd need to access the price per ton. As I'm writing this, the current price of lithium is just under \$72,000 per ton. Now that's an extreme level, so let's not assume that's where it'll be two years forward.

Every analyst has an opinion on where the price of lithium is going. But as far as the industry is concerned, the only opinion that matters is from a company called CATL.

CATL is a Chinese company and the biggest lithium-ion battery manufacturer for EVs in the world. In 2021 they held a 32.6% market share and produced 97.6 GWh (out of the 296.8 GWh total).

Most recently they have been projecting that lithium prices will cycle between \$30,000 and \$68,000 per ton. So let's say the price of lithium pulls back 25% from its current highs to \$54,000 per ton. Sound reasonable?

Producing 20,000 tons at \$54,000 per and you get annual revenues of nearly \$1.1 billion with annual operating costs for the plant estimated to be between \$35-40 million.

Of course, while that math is impressive, it's still hypothetical unless they can actually sell those 20,000 tons of lithium per year.

They've been working on that as well. Toward the end of September, Recharge announced they had signed a Letter of Intent with a major lithium supplier.

RECHARGE RESOURCES EXECUTES OFFTAKE LETTER OF INTENT TO SUPPLY BETWEEN 10,000 AND 20,000 TONNES OF LITHIUM WITH RICHLINK CAPITAL PTY LTD

9:00 am ET October 3, 2022 (Globe Newswire) Print

Recharge Resources Ltd. ("Recharge" or the "Company") (RR: CSE) (RECHF: OTC) (SL5: Frankfurt) ) is pleased to announce the Company has executed a Letter of Intent (the "LOI") with Richlink Capital Pty Ltd. ("Richlink") for the supply of a minimum of 10,000 up to 20,000 tonnes annually of lithium chloride or, at Richlink's discretion, lithium carbonate to two of their clients in China (the "Proposed Supply Transaction") from the Pocitos 1 Lithium Brine Project in Salta, Argentina where the Company is about to embark on a production ready well drill program.

Bear in mind, this is not a firm contract — only a Letter of Intent. But Richlink Capital is a sound financial company based in Australia and China and I believe that we can feel confident that the company's Chinese clients will be looking to complete the deal. (Like I mentioned earlier, a lot of Chinese companies are looking to get their hands on as much lithium as they can!)

So basically we're talking about a \$10 million company that could be generating revenues of \$1 billion a year within the next two years.

That may sound absolutely crazy. But you can see by the progress they've made so far, it's a very real possibility in this case. And it's what makes Recharge Resources such a remarkable opportunity.

## Outstanding Management with a Secret Weapon

Rule number one for investing in any small- or micro-cap company is management. Recharge has done their homework and assembled a team with deep knowledge and experience in the energy mining industry.

### *David Greenway — Director and CEO*

Recharge Resources is led by Director and CEO David Greenway

David brings more than two decades of experience in managing, financing and developing growth strategies for numerous TSX Venture Exchange- and Canadian Securities Exchange-listed companies. His involvement with these companies has spanned the gamut from acquisitions to business valuations to investor relations.

But his key expertise lies in the management and development of junior public resource companies specifically in the mining, and oil and gas sector which makes him a great fit for Recharge Resources.

In the past, he has held directorships, senior management and business development positions, including his role as the chief executive officer of Stamper Oil & Gas Corp., Veritas Pharma Inc., Chief Consolidated Gold Mines, SNS Silver Corp., Moneta Resources Inc. and Sterling Mining Company and his board position in Mountain View Conservation Centre.

### *Natasha Sever — CFO*

Natasha is a CPA designated in both Canada and Australia. She joins the company with more than 10 years of experience in senior finance roles over a wide range of industries, including mining, retail and technology.

She has held officer positions at a number of publicly listed companies in both Canada and Australia and brings a proven track record of working in alignment with and to the benefit of the board and associated stakeholders to her role at Recharge.

Her extensive experience with company financings as well as Toronto Stock Exchange and Australian Securities Exchange regulatory compliance will ensure the company manages its affairs in a transparent and proper fashion.

### ***Kelly Pladson — Corporate Secretary***

Kelly has acted as Corporate Secretary and provided corporate governance and regulatory compliance services to many TSX Venture Exchange- and CSE-listed companies since 2009.

She works closely with the company's CEO and legal counsel to maintain corporate records, manage the day to day operations of the company and ensure the company's filings with the securities commissions and exchanges are filed accurately and on deadline.

## **Board of Directors**

### ***Larry Segerstrom — Director MSc, MBA, QP***

Mr. Segerstrom boasts more than 38 years of technical, operational, and business experience. After receiving his MSc in economic geology at the University of Arizona, Mr. Segerstrom spent a large portion of his life on porphyry copper-gold and copper-molybdenum deposits.

As a bilingual engineer and geologist, his expertise lies in exploration, mine geology, and operations. With 20 years as a senior executive, Larry has led teams to several copper-gold discoveries. Larry also possesses an MBA in global management and is a qualified person under National Instrument 43-101.

### ***Andrew Mugridge — Director***

Mr. Mugridge has extensive experience consulting publicly for traded resource exploration companies since 2006. Beyond serving in numerous officer, director, and senior management positions with TSX and TSX-Venture listed companies, Andrew ran a successful investor relations firm from 2006 to 2014 and is currently a principal of a financial advisory firm in Vancouver, British Columbia.

## **Advisory Team**

### ***Hani John El Rayess — Advisor***

Mr. El Rayess has spent 16 years as a capital market professional and has been a partner at Canada's Fortress Capital Group since 2014. He has performed Consulting, M&A, Communication and Angel Investor roles across a number of sectors including Mining, Carbon offsets, Crypto, Tech, CleanTech, Telecom, Biotech, Agriculture and Oil and Gas.

### ***Hugo Kotar — Advisor***

Mr. Kotar is a co-founder of International Battery Metals Ltd. (IBAT – CSE) (formerly Rheingold Resources RGE – CSE) that has boasted a market cap valued in excess of \$900 million focused on lithium exploration and extraction.

Mr. Kotar is a managing partner of KP Capital and has over 23 years of Capital Markets experience. A former Vice President of Canaccord and PI Financial, he has raised over \$25 million for growth companies and more recently was appointed director of corporate finance of battery metals company METL Mining Ltd.

### ***Brad Dixon — Advisor***

Mr. Dixon is an attorney based in Boise, Idaho, and a partner with Givens Pursley LLP. He is the co-chair of the Givens Pursley Litigation Group and focuses



his practice on a variety of complex commercial litigation matters including construction litigation, secured transactions, real estate, employment, and natural resources.

## Recharge's Secret Weapon...

When they're successful, small-cap mining companies can offer some of the most incredible returns of any stock. And those returns typically come fairly quickly.

But success can be elusive when you're a financial underdog in a market that typically demands deep pockets like so many small-cap mining companies are.

As an investor, when you're trying to judge that potential in any small-cap company, you've got to look beyond financial resources. You need to look for the "intangibles" — things like expertise, experience and knowledge of specific regions — that can give them an edge. These intangibles can make all the difference.

Recharge has one intangible that puts them way ahead of the pack.

## Special Technical Advisor / Qualified Person

***Phillip Thomas — BSc Geol (ANU), MBusM (Monash), FAusIMM, MAIG, MAIMVA (CMV)***

While not technically a member of the company's management team, Phil will be directing the Pocitos 1 project as its Qualified Person.

Phil has deep experience in exploration and production of lithium from lithium brines in Argentina.

Additionally he has extensive experience in capital raising and valuation methodologies having worked with Macquarie Bank, McIntosh Securities, and Actuaries Watson Wyatt. Here are just a few highlights of his career...

Phil was Exploration Director and CEO of Admiralty Resources NL for six years from 2003 to 2008 establishing the Rincon lithium carbonate project in Argentina and exploring and operating the Vallenar iron ore project in Chile. Rincon's mineral estimate was in excess of 1.1 million tons of lithium carbonate and was recently sold to Rio Tinto for \$655 million.

He was the first geologist to build an operating plant to produce lithium carbonate for FMC Lithium at their salar de Hombre Muerto project.

In 2011 he joined the Lithea Inc exploration team (as CEO) that produced an indicated and inferred resource estimate for the Pozuelos Salar in Argentina, and subsequently sold the project to LSC Lithium Inc. Ganfeng recently bought the project along with Pastos Grandes for \$925 million.

In 2016 he explored and drilled a number of salars for AIS Resources including Guayatayoc, Salinas Grandes, Pocitos and most recently Incahuasi salar.

Over the last five years he has concentrated on developing the Ekosolve® direct lithium extraction process with the University of Melbourne.

Phil is a Fellow of the Australian Institute of Mining and Metallurgy, a Member of the Australian Institute of Geoscientists, a Director and member of the Australasian Institute of Mineral Valuers and Appraisers, and an accredited Certified Mineral Valuer.

He is a Competent Person for ASX JORC in lithium brine style of mineralisation and Qualified Person for NI 43-101 lithium reports.

He currently holds a number of positions in the minerals industry including:

- Director, President and CEO of AIS Resources Ltd (TSXv:AIS)
- Chairman, Non-executive director of Austral Resources Australia Limited (ASX:AR1)
- Director of EkoSolve® Limited providing direct lithium extraction from brines using solvent exchange EkoSolve® technology
- Director of Panopus Pte Ltd (Singapore) providing geological consulting, mining and exploration project valuations
- Technical Advisor to Spey Resources Corp (CSE:SPEY), Recharge Resources (TSXv:RR) Argentina lithium projects and Nubian Resources Australian gold projects (TSXv:NBR)
- Executive chairman of Patagonia Lithium Ltd

I've spoken with Phil a number of times in preparing this report and certainly his "on-paper" credentials are some of the best I've ever seen. But he brings yet another intangible to the table that few in his position can...

Phil has spent a large portion of his career mining in the Salta Province of Argentina and in that time he has developed a tremendous relationship with the local communities there. They consider his reputation to be beyond reproach.

Why is this important?

Because as I'm about to share with you under the "Risks" section, local community buy-in is one of THE biggest political risks mining companies face when launching a project.

Aside from his knowledge of geology and his track record for finding winners, the reputation he brings where this goes is another HUGE intangible.

## A Solid Financial Position

The company is in solid financial shape.

Cash-wise, they have enough on hand to cover their drilling expenses for the rest of the year.

When it comes to launching the Pocitos 1 project, they will need to take on some debt. The total cost to build out their lithium extraction plant will be \$235 million. Their current expectations are to raise \$60 million of that (which should be no problem as there are groups all over Argentina — especially the Chinese — looking for investments) and make up the other \$170 million via debt.

In so far as their relationship with EkoSolve® and the University of Melbourne goes, it's very straightforward. EkoSolve® pays a fee to the university and then takes a flat 5% of the revenues their process is used for. EkoSolve® also provides a turnkey solution for building the plant.

## There Are Still Risks

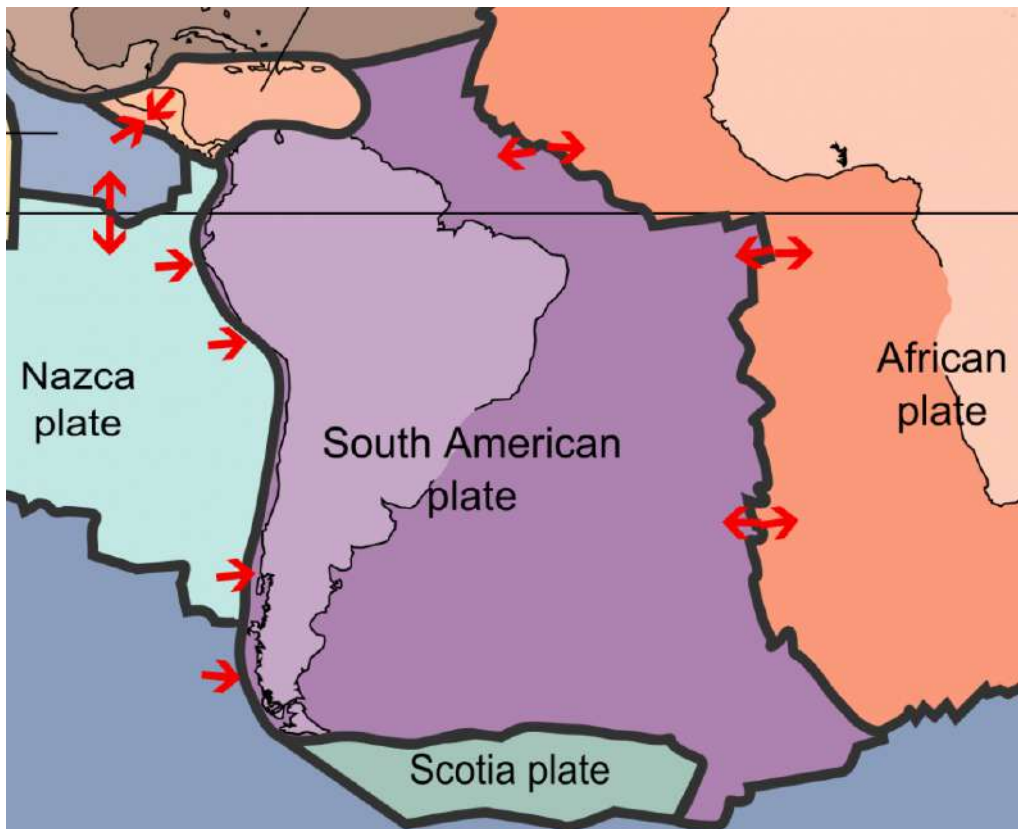
As with all small-cap companies, there are some substantial risks that come along with any investment.

The risks that come along with Recharge Resources, however, are relatively low. Let's run through them.

Seismic activity is always a potential problem.

Two major tectonic plates meet up at the western coast of South America: South American and Nazca plates. (See the map opposite.) The Nazca plate moves north while the South American plate shifts to the south. Tiny shifts that occur between these plates create the potential for seismic disruptions.

It's something completely beyond the control of every miner in the area. Fortunately the probability of a major occurrence is fairly remote.



Another potential risk would be the structure of the aquifer itself. It's possible for smaller aquifers to form within larger ones. If, when they started drilling, they were to hit one of these "pockets" it could result in a limited flow of brine.

All their studies so far suggest this kind of occurrence to be very unlikely. But you can't be certain until you start drilling.

As I mentioned before, one of the biggest political risks is community buy in. Often the inability to get indigenous people's OK on a project can delay — or even completely derail — a mining project. And as I also mentioned before, Recharge's Qualified Person on the project, Phil Thomas, has had a long and profitable relationship with all the native people in the Salta Province.

Price swings could factor in as well. Like any commodity, the price of lithium is cyclical. And even though CATL believes \$30,000 will be the bottom end of any price decline, you can never be sure. A price drop to below \$10,000 per ton would certainly

impact their profitability. The good news where that is concerned is that, with the EkoSolve® plant design, production can be shut down or scaled back until prices recover. At that point, capital holding costs would be all they need to worry about.

When I talk about small-cap miners, I usually have to warn about the possibility that their exploration efforts come up empty. But the amazing thing about this property is that possibility really doesn't even come into play. Recharge already knows there is lithium present in the salar. They already know they have access to technology to extract

it (in basically record time). The only real question at this point is how much lithium is there.

So while there are risks at play, all in all, this is one of the most exciting opportunities I've come across in years. (Maybe ever!)

## A Possible Added Bonus for Investors

Given the progress toward more renewable energy and electric transportation, battery metal mines have become the new oil wells of 100 years ago. And as I mentioned earlier in this report, Recharge Resources has an entire portfolio of mining projects that are all digging for battery-related materials. There are two I want to briefly mention.

The first is a nickel mining project called Murray Ridge/Pinchi Lake.

The Pinchi Lake project is located approximately 15 to 30 kilometers northwest of Fort St. James and 120

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*This past October, the Board of Directors at Recharge proposed spinning its Pinchi Lake project off into its own public company. And that shareholders of Recharge stock would participate in the spinoff.*

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kilometers northwest of Prince George in central British Columbia. In March of this year, Recharge Resources actually expanded their holdings in this property to 3,922 hectares (9,693 acres).

Nickel is sometimes called the “forgotten” battery metal. But despite its second string status, nickel is a critical component for modern day batteries. According to the Nickel Institute:

*The major advantage of using nickel in batteries is that it helps deliver higher energy density and greater storage capacity at a lower cost. Further advances in nickel-containing battery technology mean it is set for an increasing role in energy storage systems, helping make the cost of each kWh of battery storage more competitive. It is making energy production from intermittent renewable energy sources such as wind and solar replace fossil fuels more viable.*

*Using nickel in car batteries offers greater energy density and storage at lower cost, delivering a longer range for vehicles, currently one of the restraints to EV uptake.*

Roughly 110 pounds of nickel go into every Tesla car battery!

And while demand is growing, supply lines have become less and less certain.

Russia produces roughly 10% of the nickel mined worldwide, but it accounts for almost 20% of the supply of Class 1 nickel — the grade needed for batteries. When Russia invaded Ukraine this past February, the price of nickel briefly exploded to \$100,000 per metric ton on the London Metals Exchange.

Recharge recently announced the results of its 2021 exploration program on the property which included new sample discoveries as high as 2,552 ppm from rock samples and 3,050 ppm in soil samples.

While the company’s exploration efforts are still in the early stages, they believe these results are very promising.

The second project is a copper mine called Brussels Creek.

Copper is another major component that goes into lithium-ion batteries. In fact, copper demand for EV batteries alone is expected to soar from 210,000 metric tons in 2020 to 1.8 million metric tons in 2030.

But... in addition to the copper deposits, significant gold resources have been found in the area as well.

Brussel’s Creek is located in British Columbia, Canada, adjacent to the New Afton mine that’s currently being developed by New Gold. (New Gold is an intermediate metals mining company with a \$600 million market cap that specializes in Canadian properties.)

Brussels Creek’s proximity to New Afton is a major advantage when it comes to the likelihood of making a significant discovery. As they say in the mining industry, “The best place to build a mine is next to an active mine.”

In fact, insiders have told me that New Gold has actually solicited potential bids from geologists working on the property. They've even gone so far as to offer 7-figures to buy out one of the geo's 2% royalty contract.

Think about that... 7-figures for a 2% interest! New Gold has to be betting the asset is extremely undervalued. Working backward from that info, the potential valuation of the property has to be at least in the \$50-\$75 million range.

As far as actual development on the asset goes, the cost to prove out the resources at this point should be minimal. All of the ground surveying and testing has already been done. All that's left will be drilling costs which they initially project to be \$500 to \$600,000 for the rest of this year.

Anticipating a larger drill program into next year might cost in the \$2-2.5 million range. But for that to happen, they would have to have hit acceptable grades on this year's exploration. So there should be more interest in the company and the property by then.

Right now the project is ready to go. The drills are in place and the "geos" are on site. All they're waiting for are final OKs from the appropriate regulatory bodies.

Given the progress they've made on the property so far, they anticipate having drill results in hand by January 2023. That means no long waits to find out what this gem is really worth.

## Building Out Your Battery Metal Portfolio

This past October, the Board of Directors at Recharge proposed spinning its Pinchi Lake project off into its own public company. And that shareholders of Recharge stock would participate in the spinoff.

RECHARGE RESOURCES ANNOUNCES INTENTION TO SPIN-OUT PINCHI NICKEL PROJECT TO CREATE A NEW PUBLIC COMPANY "NEXTCHARGE METALS" OWNED BY EXISTING RECHARGE SHAREHOLDERS  
9:00 am ET October 20, 2022 (Globe Newswire)

Recharge Resources Ltd. ("Recharge" or the "Company") (RR: CSE) (RECHF: OTC) (SL5: Frankfurt) announces plans to transfer its 100% owned Pinchi Lake Nickel Project, located approximately 15 to 30 km northwest of Fort St. James and 120 km northwest of Prince George in central British Columbia, to a new subsidiary ("SpinCo" or "NextCharge"), provide funding to SpinCo, then spin-out the shares of SpinCo ("SpinCo Shares") to Recharge's shareholders of record on a 1 for 3 basis. Recharge's shareholders would end up owning shares in both Recharge and SpinCo in these proposed proportions.

Of course the announcement came with the usual caveat (my emphasis)...

There is **no certainty that the spinout transaction will be completed on the terms proposed or at all.** The Board of Recharge may determine to not proceed with the transaction should there be a change in market conditions or investor interest or should another opportunity arise that would similarly enhance value to Recharge shareholders.

## And Brussels Creek?

Full transparency — no idea! But...

The company has discussed a similar proposal for Brussel's Creek — spinning it off into its own public

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*...with their partnership with EkoSolve®, their Pocitos 1 property has gone from being a worthless plot of land to potentially one of the most valuable in all of Argentina...*

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copper mining company. And, as with the proposal for Pinchi Lake, investors in Recharge would be eligible to receive some number of shares to be determined in the new copper company.

Again, and I can't stress this enough, the Brussels Creek action has not gone anywhere past the discussion stage. There are still a lot of considerations that are still being dealt with where this idea goes. It may come to nothing.

***I would never recommend investing in a company on the basis that you'd get shares in a second company.***

Any company I'd recommend has to have the potential to stand on its own two feet. And I believe Recharge Resources is a company that can do that.

Still, these potential opportunities exist for Recharge shareholders, and I wanted to inform you of them both.

## **The Final Word...**

Like I've said throughout this report, Recharge Resources is one of the most exciting small-cap mining opportunities I've seen to date.

This is a mining opportunity where it's not "if" they strike the ore they're after. The presence of a

significant amount of lithium has already been inferred. (Actually the question of "how much" is still open — but that should be answered in the next three to five months.) The problem has been that it was unusable.

Now, with their partnership with EkoSolve®, their Pocitos 1 property has gone from being a worthless plot of land to potentially one of the most valuable in all of Argentina — all thanks to a new technology that not only reclaims previously unusable lithium, but does it faster and in a more environmentally friendly way than ever before.

The other thing that makes this so exciting from my perspective as an investor, is that all the current "unknowns" should be known within a couple months. No long waits while they survey and drill test holes

And I don't need to remind you that the demand for lithium is going to explode with the rise of EVs on top of everything else that runs on lithium-ion batteries.

In a mobile world where your power source has to travel with you, lithium is still the best generator of that power.

And Recharge Resources has a lot of lithium!

### **Action to take:**

I recommend you *speak to your financial advisor* to determine if an investment in **Recharge Resources (OTC: RECHF)** is appropriate for you.

**Disclosure:** Bob Byrne owns shares of both **RR.CN** (the CSE listed company) as well as **RECHF** (the US OTC listed company).

Be sure to *read the full Disclaimer Document* attached to the end of this month's issue.

# The Streetlight Confidential Portfolio

## Will 2023 Follow the Trend and Be the Year of the Big Rebound?

Bear markets happen... And one definitely happened in 2022.

The S&P 500 gave up nearly 20%... The Nasdaq took a 33.1% hit... Investors lost roughly \$9 trillion in wealth!

2022 won't be remembered fondly.

There was no shortage of finger pointing where this collapse went (mostly at the Fed). But blame aside, it doesn't make bear markets any more bearable. It was a tough year, but there might be some good news in the offing.

### The Post-Midterm Rebound

Back in [your October issue](#), I shared some historical trends dating back to 1950 on how the market performed during and post midterm elections. Intra-year pullbacks in election years ranged from just over 4% to a pretty staggering 37.4%. The median pullback was 16.3%.

So how have we fared this year?

The SP 500 gave up 25.5% back in October and closed the year out down 19.4%. So things were bad. But not as bad as they have been in other years. And now the good news...

In each of the years *following* the midterms, the market rebounded returning from 8.7% to an impressive 57.7%. The median return for the up years was 33.5%

So from an historical perspective, we should be looking forward to 2023. Of course there's the disclaimer... "Past performance does not guarantee

future results." Every year comes with its own unique conditions and 2022-23 is plenty unique.

We're currently battling record inflation — levels we haven't seen in 50 years.

Which has put us in the midst of a pretty historic Fed tightening cycle. One that promises to nudge the economy into a recession. Markets have the ability to discount the future; stocks sell off *in anticipation* of coming bad times, pricing in recessionary impacts. But that doesn't mean that the market won't feel a 2023 recession. It very well may.

We've also crashed through another "comma-level" barrier of spending and debt. The idea of spending "trillions" is now part of Washington's daily vocabulary.

### And the Streetlight Portfolio?

We took our lumps like the rest of the market. Some of our more speculative buys were really hit hard.

Maybe most disappointing has been Unity Software (U) which closed the year down 80%. And down 63% in our portfolio. Unity is my top pick where the future of the internet (aka the metaverse) goes. Unfortunately the uncertainty of what the metaverse will be (see Mark Zuckerberg) combined with general uncertainty over the economy put tech plays on the future right out of favor for the moment. (It does not, however, mean they're dead.)

Since last month, there's been pressure across our whole portfolio — but that's mostly end of year selling/portfolio dressing.

Bottom line: Welcome 2023!

Symbol	Name	Comments	Entry Date	Entry Price	Current Price	Annual Dividend	Percent Gain
FPI	Farmland Partners, Inc	Buy shares of Farmland Partners (FPI) up to \$18 per share	9/2/2022	\$14.22	\$12.46	1.68%	-12.4%
VOO	The Vanguard S&P 500 ETF	Bear market portfolio: 20% position per the July 2022 Issue	7/5/2022	\$351.06	\$351.34	1.60%	0.1%
IJR	iShares Core S&P Small-Cap ETF	Bear market portfolio: 20% position per the July 2022 Issue	7/5/2022	\$93.35	\$94.64	1.89%	1.4%
VTV	The Vanguard Value ETF	Bear market portfolio: 20% position per the July 2022 Issue	7/5/2022	\$131.74	\$140.37	2.48%	6.6%
IJS	iShares S&P Small-Cap 600 Value ETF	Bear market portfolio: 20% position per the July 2022 Issue	7/5/2022	\$89.52	\$91.31	1.79%	2.0%
SCZ	iShares MSCI EAFE Small-Cap Index ETF	Bear market portfolio: 10% position per the July 2022 Issue	7/5/2022	\$53.43	\$56.48	4.72%	5.7%
VEA	The Vanguard FTSE Developed Markets ETF	Bear market portfolio: 10% position per the July 2022 Issue	7/5/2022	\$40.01	\$41.97	3.89%	4.9%
DOCN	DigitalOcean Holdings Inc.	Buy a half position up to \$60, reserving capital to purchase the remainder of your position on a dip.	6/2/2022	\$49.31	\$25.47	N/A	-48.3%
ONDS	Ondas Holdings Inc.	Buy a full position up to \$8.75	6/2/2022	\$7.55	\$1.59	N/A	-78.9%
WONDF	Wonderf! Technologies Inc.	Buy a half position up to \$0.60, reserving capital to add to the position on a pullback.	6/2/2022	\$0.45	\$0.11	N/A	-75.6%
VMAR	Vision Marine Technologies Inc.	Buy shares of VMAR up to \$5.45 as a speculative investment in the growth of electric powertrains in the boating industry. UPDATE August 2022: Buy up to price was raised to \$6.50.	5/2/2022	\$4.27	\$4.61	N/A	8.0%
U	Unity Software	Buy a 25% starter position between \$95 and \$99. Then scale into the remainder of the position adding another 25% every 15% to 20% down. †	2/3/2022	\$77.27	\$28.59	N/A	-63.0%
EPD	Enterprise Products Partners, L.P.	Buy shares of EPD up to \$23.00 as an income-generating investment.	12/1/2021	\$21.20	\$24.12	\$1.86	13.8%
ARKX	ARK Space Exploration & Innovation ETF	Buy shares of ARKX up to \$22.00	11/1/2021	\$20.48	\$12.39	N/A	-39.5%
MSOS	AdvisorShares Pure US Cannabis ETF	Buy shares of MSOS at market up to \$33. Be prepared to add to your position on a dip to \$27 ††	10/5/2021	\$28.95	\$6.99	N/A	-75.9%
GENI	Genius Sports Group	Buy shares of GENI up to \$22.50	10/5/2021	\$16.99	\$3.57	N/A	-79.0%
JD	JD.Com	Buy shares of JD.com (JD) up to \$80 per share	8/30/2021	\$76.69	\$56.13	N/A	-26.8%
CZR	Cesars Entertainment	Buy shares of CZR up to \$101.75	8/6/2021	\$90.50	\$41.60	N/A	-54.0%

**Current Prices as of 12/30/2022**

**Price Notes:**

Entry prices are closing prices the day the issue is published.

† Per our entry instructions a 25% position was initially purchased at \$96.99 on 2/3, then another on 3/7 at \$82.45, another on 4/27 at \$71.10, and a final on 5/6 at \$59.55 giving us an average entry price of \$77.27.

†† Adding an equal weight position at \$27 on 10/27 gives us an average entry price of \$28.95





# Streetlight Confidential

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