

ION Energy Ltd.

07:25 23 Feb 2021

ION Energy is poised to be a player in Asia's booming lithium market with its expanding Mongolia projects

- On track to be Mongolia's first lithium brine miner
- Strategic location in Mongolia with proximity to China and Russia
- Strong management team with proven track record

What ION Energy does:

ION Energy Ltd (CVE:ION) (OTCQB:IONGF) is a lithium exploration company with its sights set on Mongolia. The Canadian company has won the first lithium brine mining license ever awarded by the Central Asian country.

The company's Baavhai Uul lithium brine project is spread over nearly 81,000 hectares, and is strategically located in southeast Mongolia, 24 kilometers away from the Chinese border.

Armed with one of the largest exploration licenses in Mongolia, ION Energy is poised to become a significant player in Asia's booming lithium market. Lithium-ion batteries have become the battery of choice in consumer electronics such as laptops and cell phones. China is now in the driving seat with a number of lithium battery factories and five new planned gigafactories. That bodes well for ION Energy, given the exploding demand for lithium in the region.

Over two-thirds of the world's lithium reserves are suspended in "brines" of highly concentrated salt-water. Traditional methods rely on the sun evaporating away the water content and waiting for the salts to precipitate out one by one. As lithium is one of the lightest elements in the periodic table, it is the last to come out of the brine mix, and a lot is lost along the way. Fortunately, the Baavhai Uul project is located in the arid Gobi Desert with high evaporation rates and low precipitation rates that are considered optimal for lithium brine extraction.

Initially listed on the Toronto Venture Exchange, in January 2021 ION Energy received approval to begin trading on the OTCQB Market to provide it with a larger North American presence and afford investors preeminent access to trading.

How is it doing:

ION Energy is fully funded to follow an aggressive growth strategy which has been illustrated at the start of 2021.

On February 10, the company announced the acquisition of the Urgakh Naran lithium brine project located in Mongolia's Dornгови Province, which covers an area of more than 19,000 hectares of what the company calls "highly prospective lithium terrain."

The company noted that the Urgakh Naran project, located 150 kilometres (km) west-northwest of its flagship Baavhai Uul lithium brine property, will increase it's land holdings in Mongolia's prospective lithium salars to over 100,000

Price: 0.57

Market Cap: \$27.66 m

1 Year Share Price Graph



Share Information

Code: ION

Listing: TSX-V

52 week High Low
0.67 0.27

Sector: Mining

Website: www.ionenergy.ca

Company Synopsis:

ION Energy Ltd. (TSXV: ION) (OTCQB: IONGF) (FRA: 5YB) is committed to exploring and developing Mongolia's lithium salars. ION's flagship, 81,000+ hectare Baavhai Uul lithium brine project, represents the largest and first lithium brine exploration licence award in Mongolia. ION Energy also holds the 19,000+ hectare Urgakh Naran highly prospective Lithium Brine licence in Dornгови Province in Mongolia.

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hectares.

ION Energy said it was able to acquire Urgakh Naran, which is Mongolian for "Rising Sun," by paying approximately US\$310,000 in consulting, administrative and transfer tax costs following a successful tender bid submitted to Mongolia's Mineral Resource Authority. The company noted that previous work conducted at Urgakh Naran included a "substantial" Hydro-chemical sampling program of identified shallow lithium in brines.

In October, ION told investors that it had started its geophysics study at the Baavhai Uul project. The work is aimed at identifying and mapping brine aquifers as potential targets for a series of drill tests.

Initially, the work is expected to focus on previously sampled areas and will take about six weeks to complete for the controlled-source audio-frequency magnetotellurics (CSAMT) program. A seismic program will follow and is expected to take around four weeks.

Previous programs conducted included surface brine sampling in 2016, which saw extremely encouraging results. Early results showed that all holes drilled contained significant levels of lithium. Target L8 returned values from 212 milligrams per litre (mg/L) lithium to 811 mg/L lithium, while Target L-11 returned sample values from between 311 mg/L lithium and 434 mg/L lithium from shallow samples. The project's geographic location works heavily in favour of the company as it allows for a low-cost and year-round operating environment and low transportation costs to the Chinese and Russian battery markets.

As drilling is the name of the game in brine exploration, the company owns a truck-mounted auger rig with the capacity to drill down to 20 meters, allowing the sampling of shallow lithium brine.

Meanwhile, ION Energy CEO Ali Haji has made solid additions to the company's bench strength and developed a strong team in Mongolia.

At the start of February, ION announced that geologist and scholar Dr Khashbat Dashteseren had been hired as the company's special advisor.

Based in the Mongolian capital, he has extensive experience exploring various minerals in Mongolia and has served with the Urban Development for the Department of Urban Development and Investment in Mongolia. Dr Dashteseren was also chief geologist at Geolink LLC before moving on to become chief executive officer. Following that, Dr Dashteseren worked as an exploration manager for Resource Partners Group.

Last year Mongolian mineral exploration veteran Enkhtuvshin Khishigsuren joined the company's board. He has over three decades of mineral exploration experience in Mongolia and is credited with identifying targets that have resulted in the discovery of prospective gold and copper deposits in Mongolia.

The company now has a five-member board with CEO Ali Haji, Aneel Waraich, Matthew Wood, Bataa Tumur-Ochir and Khishigsuren. The company has also tapped lithium industry experts Paul Fornazzari and Don Hains as the company's special advisers.

Inflection points:

- More news on Urgakh Naran lithium brine project acquisition
- Report from geophysics study at the Baavhai Uul project

What the broker says:

Analysts at Couloir Capital noted that ION has returned almost 40% since going public, reflecting "strong interest" in lithium exploration companies in the wake of "burgeoning conviction in the electric vehicle megatrend."

"We believe these conditions could be conducive to a favorable environment for future equity financings, should ION

uncover significant lithium brine resources at Baavhai Uul," said Couloir Capital.

"Based on our analysis and valuation models, we are initiating coverage with a BUY rating and a fair value per share estimate of C\$0.88 per share."

Ion Energy stock is currently trading at C\$0.61 on the Canadian Venture Exchange.

In February, analysts at Fundamental Research Corp also had a C\$0.96 fair value price and BUY rating on ION Energy.

"We believe ION offers an attractive speculative opportunity in the lithium space, considering management's track record, and the fact that Mongolia is severely under explored for lithium brine," said Sid Rajeev, head of research at Fundamental Research.

What the boss says:

In a statement announcing the Urgakh Nara acquisition in February, ION Energy CEO Ali Haji said: "The acquisition of this project represents the further execution of our company's objectives to secure terrains highly prospective for the discovery of lithium salars. Ion Energy is a leader in Mongolia's lithium exploration and development. It also solidifies Ion Energy's long-term commitment to support our world's green revolution by playing a key role in the supply chain."

He added: "Work has already commenced to develop the exploration program on this highly prospective project and the company will also be releasing results from its recently completed Geophysics program on the Baavhai Uul Lithium Brine Project."

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