

Today's Notes:

1. The Hilditch Effect: Merger with a Major

1. SALARES LITHIUM (LIT TSXV C\$.60)

Good news for shareholders of Salares Lithium. After close yesterday Talison, the largest lithium producer in the world, announced a \$40 million private placement and 80/20 merger with Salares Lithium. The deal is worth \$1.25 a share for LIT shareholders (trading at C\$.60).



Congratulations to Chairman David Shaw, CEO Todd Hilditch and the Board for arranging this merger with the largest lithium producer in the world. Talison will reorganize and will arrange a \$40 million placement into the newco. Each share of Salares is worth .356 shares of Talison (2.81 to 1, with Talison trading at C\$3.50). The premium over LIT's market price is 98%. The deal should close by the end of September.

I've had a few calls and emails suggesting that LIT management sold too soon but I do not agree. Shareholders of LIT are now completely de-risked and will own shares in one of the largest lithium producers in the world and one of the largest suppliers to the Chinese market. Talison will also be listed on the Toronto Stock Exchange in the near future. **The newco will be the only TSX listed lithium production company and therefore it will be the go-to source for investors, funds, ETF's, etc. for exposure to lithium production with blue sky upside on the Chilean brine exploration.** The combined story, as the only pure-play listed lithium producer in the world, may well become the 'go-to' lithium name much as PCS is the go-to name for potash or Cameco is for uranium.

Obviously Talison has the technical expertise that might have proven problematic for LIT. Talison's customer base is 250 with significant China exposure for this Australian company.

Salares' Chairman David Shaw said today:

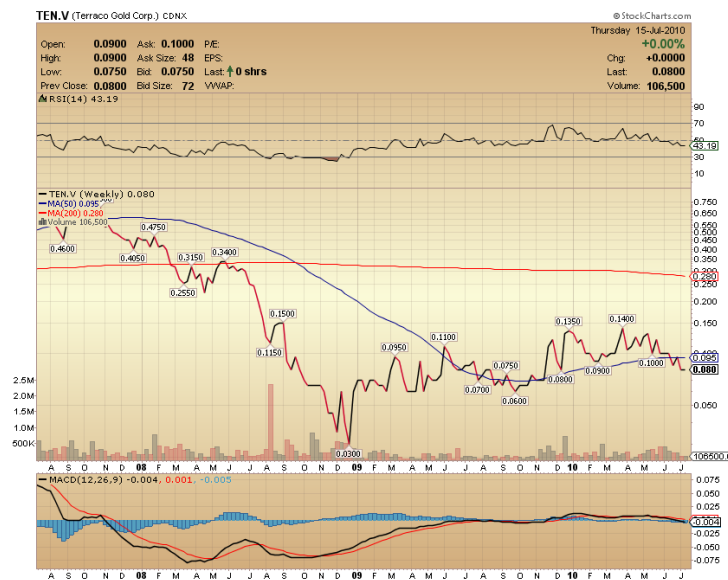
"The merger of Salares with Talison will create a unique lithium company with exposure to both lithium minerals and lithium brines, building on the strong foundation of both companies to continue growing and delivering value for shareholders."

CEO Hilditch told me after the announcement,

“We believe significant upside remains in the Talison story, both via their expansion and a belief that lithium prices will move in our favour. We also of course believe that the LIT assets are highly prospective and can add meaningful value to the combined story.”

So do !!

Post Script: I am a big fan of Todd Hilditch and it's not just because he is a very good hockey player. He is representative of the future of the mining industry in Canada. Therefore please keep an eye on Terraco Gold (TEN TSXV C\$.08) another Todd Hilditch incubator currently marking time. I am an owner and a buyer of this stock. The drills are turning south of Terraco's Moonlight property. Midway Gold and Barrick are drilling and discovering more gold not far from Terraco's Moonlight. Terraco is a very cheap discovery incubator stock which, I believe is a play on Midway's growing Spring Valley discovery. Please have a look.



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