Today, MGX Minerals Inc. has become the single largest owner of lithium brine properties in Alberta (Canada), as the company announced earlier to have acquired 100% in the Sturgeon Lake Lithium Brine Property. Before this acquisition, MGX’s land package spanned more than 300,000 hectares – now another 133,000 hectares are added, whereas Sturgeon is considered as one of the most advanced lithium projects in the province. The previous operator completed a non-compliant resource estimate earlier this year, including 2 million tonnes of lithium carbonate equivalent (in-situ value of $40 billion USD @ $20,000 USD/t). The estimate was not compliant with NI43-101 because the operator did not have an economic process to make the estimate relevant. In June, MGX acquired the intellectual property and design rights to a proprietary processing design, which proposes to reduce lithium brine evaporation times by >99% over standard solar evaporation pond processes (from approximately 18 month to 1 day). The design was developed as part of the previously announced Design & Scoping Study for MGX’s highly mineralized lithium brine properties in Alberta, which include 14 of the 24 highest grade (>90 mg/L) lithium assays throughout the province, as reported by the Alberta Geological Service. Thus with its own processing design, MGX may be able to quickly prove Sturgeon’s estimate as compliant (and relevant), and as such may soon be officially classified as the owner of one of the world’s largest (compliant) lithium resources.
The primary driver for MGX Minerals Inc. to advance its large oil field brine projects in Alberta is the high price of lithium carbonate, tripling from $7,000 to $21,000 USD/t, which approximates 50 mg/L now being equivalent to 150 mg/L lithium a year ago.

Hence, large but “low-grade” lithium brines have become highly interesting all of the sudden. As MGX owns a potentially robust industrial process with a rapid evaporation technology in hand, today’s acquisition of an advanced lithium project (i.e. a known brine profile) may turn out as a perfect match for MGX going forward. MGX appears well on track to progress through acquisition and process development, as opposed to traditional exploration.

According to today’s press-release:

MGX Minerals Triples Fox Creek Alberta Lithium Land Position - Acquires 133,000 Hectare Sturgeon Lake Project

VANCOUVER, BRITISH COLUMBIA / August 18, 2016 - MGX Minerals Inc. (“MGX” or the “Company”) (CSE: XMG / FKT: 1MG) is pleased to report the Company has entered into an Definitive Agreement (the “Agreement”) to acquire a 100% interest in the Sturgeon Lake Lithium Brine Property (“Sturgeon Lake” or the “Property”) located in west-central Alberta.

The Property is located directly south and west of the Town of Valleyview, approximately 85 km east of the city of Grande Prairie and 270 km northwest of the capital city of Edmonton, Alberta. The Property consists of 15 contiguous Industrial and Metallic Mineral Permits encompassing 132,773.74 hectares (328,091.06 acres).

The mineral permits overlie the Sturgeon Lake oilfield, which has been producing hydrocarbons since the mid-1950s from the Devonian Leduc Formation at depths of approximately 2,500 m to 3,100 m below surface. Metallic mineralization on the property consists of lithium-enriched formation water, or brine, that is hosted in aquifers within Devonian Leduc Formation carbonate reef complexes.

Devonian-aged wells at Sturgeon Lake produce excessive amounts of brine in comparison to petroleum due to the mature nature of the oilfield where increased pumping is required to produce crude oil. The brine is considered a waste product as it is presently treated to separate and remove petroleum and then reinjected back down into subsurface formations. It is conceivable that existing water processing procedures could be modified to extract lithium and other elements from the Leduc Formation aquifer system brine; however, at this stage of exploration there is no guarantee that lithium can be economically extracted from the formation waters with current technology.

New technologies require testing and may or may not extract all or a portion of the elements of interest.

Historical 1990’s to 2010’s government studies reported that brine geochemical fluid data from the Devonian aquifers associated with the Leduc Formation have anomalous values of lithium (e.g., greater than 75 mg/L and up to 140 mg/L lithium) along with other elements (e.g., potassium; boron; and bromine). In 2011, Lithium Exploration Group Inc. sampled and analyzed brine from 60 separate wells within the Sturgeon Lake oilfield (and within the boundaries of the permit area acquired by MGX). Of the 62 brine samples collected, 47 were collected from the Leduc Formation. Other samples included brine from: Mississippian (1 sample from Banff), Triassic (11 samples from Montney, Spray River and undefined), Jurassic (1 sample from Nordegg) and Cretaceous (2 samples from Wapiabi, Gething) strata.

The analytical results showed that the Devonian Leduc aquifer contains brine that is significantly enriched in lithium in comparison to the Triassic to Cretaceous brine. Lithium Exploration Group Inc. reported that the Leduc Formation brine from the Sturgeon Lake oilfield contained up to:

-- 83.7 mg/L lithium (average 67 mg/L lithium);
-- 6,470 mg/L potassium (average 4,641 mg/L potassium);
-- 137 mg/L boron (average 114 mg/L boron); and
-- 394 mg/L bromine (average 394 mg/L bromine); note: one mg/L is equal to one ppm.

These values supported and confirmed the government published lithium-enriched formation waters within the boundaries of the Sturgeon Lake Property. Lithium Exploration Group Inc.’s historical brine sampling and chemical analysis, which was overseen by APEX Geoscience Ltd., was conducted by Maxxam Environmental (“Maxxam”) of Edmonton, Alberta. Maxxam is an accredited laboratory with the Standards Council of Canada (Laboratory No. 160; valid to 2019-03-06) and with the Canadian Association for Laboratory Accreditation (Membership No. 2996; valid to 2017-06-08), where Maxxam’s standard conforms to requirements of ISO. IEC 17025.

Since the 2011 Lithium Exploration Group Inc. work, no brine sampling, analytical testing, mineral processing or mineral separation/recovery test work has been completed at the Sturgeon Lake Property.

“Previous exploration for lithium at the Sturgeon Lake oilfield indicates the potential for a high volume lithium bearing aquifer. We look forward to the testing of lithium brine from the field with our proprietary rapid lithium extraction process to confirm the lithium-enriched brine and determine the economic feasibility of the project,” stated MGX Minerals CEO Jared Lazerson.

Pursuant to the Agreement MGX will issue 1,000,000 common shares of the Company to Zimtu Capital Corp. (TSXV: ZC) and 1,000,000 common shares to Mr. Patrick Power. Additionally, Sturgeon Lake is subject to a 2% gross overriding royalty on future production of all minerals, payable equally to Mr. Ryan Kalt (1%) and Mr. Luke Schuss (1%).
MGX’s Alberta Lithium Properties

Overview

MGX has consolidated a strategic portfolio of lithium properties located throughout the Province of Alberta. The total land package spans more than 300,000 hectares and contains some of the highest reported levels of lithium bearing brine in Province, with lithium levels reaching up to 140 mg/L as reported in the Provincial Industrial Minerals database (1).

All permits and permit applications are geologically associated with current and past oil producing fields. MGX has identified an initial group of 16 past producing wells for test production. These wells are located within the lithium bearing brine pools of the Swan Hills formation near Fox Creek and cover an area of approximately 8 km in length and reach up to 3.2 km in width. Past production of brine in the most recent wellhead production reports for the cluster totaled approximately 17,000 bpd as reported in the GeoScout database. A central well within this cluster reported historical grades of 130 mg/L lithium and 2 additional nearby wells reported historical grades of 117 mg/L and 130 mg/L at 3 km and 10 km, respectively, as reported in the Provincial industrial minerals database.

Location & Infrastructure

All properties surround existing wells that have provided initial historic assays. The properties are generally associated with past producing oil fields that are fully serviced with nearby roads, power and wellheads in place.

6 Permits are located in Alberta’s Fox Creek area and include wells with reported historic lithium values ranging from 115-140 mg/L, in the lithium-bearing Leduc and Swan Hills formations. The 6 Permit Applications cover various locations throughout the Province including the Keg River, Winterburn and Woodbend Group formations, with reported historic values ranging between 95-140 mg/L lithium.

MGX has engaged industry experts to lead development strategies of these properties, including The Lamar Corporation, Cementation AG and Mr. Derek Stonehouse.

The Lamar Corporation

The Lamar Corporation is led by Dr. Larry Marks, a 35-year industry veteran of the oil and gas sector. Dr. Marks spent 30 years in various executive roles for Shell Canada Ltd. and various Shell Group companies, including General Manager and Vice President of Marketing and Transportation for Shell Canada. He has experience in all facets of the oil and gas business, having worked extensively throughout Canada, Asia, Africa and the Middle East in his career.

While at Shell Canada, Dr. Marks implemented strategies for marketing, sales and transportation of energy and co-products in excess of more than $3 billion in annual revenue.

Cementation AG

Cementation AG (Above Ground Division) has completed a Process Design and Scoping Study for MGX’s Alberta lithium properties.

Derek Stonehouse

Mr. Stonehouse has over 26 years of experience in the oil and gas industry in western Canada, including the identification and drilling of over 140 horizontal wells. In particular, his experience with Northern Blizzard Resources, involving the re-development of an existing oil pool thought to be previously exhausted, and grass roots development of the Montney gas/condensate exploration target for Storm Resources, currently producing 10,000 bpd, are highly relevant to the development of MGX’s lithium fields.

(1) All assays referenced are from the geoScout Oil & Gas Industry database as reported by well operators and monitored by the Government of Alberta.
Disclaimer and Information on Forward Looking Statements:
All statements in this report, other than statements of historical fact should be considered forward-looking statements. Much of this report is comprised of statements of projection. Statements in this report that are forward looking include that magnesium, lithium and metal prices are expected to increase; that MGX Minerals Inc. or its partner(s) can and will start exploring further; that exploration has or will discover a mineable deposit; that the company can raise sufficient funds for exploration or development; that any of the mentioned mineralization indications or estimates are valid or economic. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in these forward-looking statements. Risks and uncertainties respecting mineral exploration and mining companies are generally disclosed in the annual financial or other filing documents of MGX Minerals Inc. and similar companies as filed with the relevant securities commissions, and should be reviewed by any reader of this report. In addition, with respect to MGX Minerals Inc., a number of risks relate to any statement of projection or forward statements, including among other risks: the receipt of all necessary approvals and permits; the ability to conclude a transaction to start or continue development; uncertainty of future magnesium, lithium and metal prices, capital expenditures and other costs; financings and additional capital requirements for exploration, development, construction, and operating of a mine; the receipt in a timely fashion of further permitting for its legislative, political, social or economic developments in the jurisdictions in which MGX Minerals Inc. carries on business; operating or technical difficulties in connection with mining or development activities; the ability to keep key employees, joint-venture partner(s), and operations financed. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. Rockstone and the author of this report do not undertake any obligation to update any statements made in this report.

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