

# What Is Chen Buying? What Is Chen Selling?

Letter #1564  
December 30, 2015

## Update:

Attached please find the two reports I wrote this week. One for the outlook of 2016 and one for lithium, the special situation.

Wish everyone a successful 2016!

Regards,

Chen

# What Is Chen Buying? What Is Chen Selling?

Letter #1563  
December 29, 2015

## Update:

I am following lithium price in China closely. Last night the latest quote I heard was 150,000-160,000RMB/ton of battery grade LCE in China. It is about \$23,100-24,600/ton. Almost **QUADRUPLE** the price of LCE price at the beginning of 2015. It is holiday and supply is very tight. Maybe supply situation will be getting better in the new year. But the rise of lithium in the past a few weeks has been spectacular. I am glad to see Jefferies increased **Albemarle Corporation (ALB)** target today. I can see lithium users and Wall Street are set for a shock when they come back to work in the new year. I will have a more detailed writeup on lithium in my 2016 outlook later this week.

## CHEN IS BUYING:

I continued to buy more lithium stocks as Canadian and Australian market opened. I bought **Orocobre Limited (ORL.TO)** last night on ASX and today on TSX at about 2.1-2.3 CAD. Australian market (ORE.ax) is more liquid and seems to be cheaper than the Canadian market. Orocobre is an interesting emerging play in lithium. Its brand new mine in Argentina can run at 17,500ton/year, make it one of the largest lithium mines on earth. It is owned 66.5% by Orocobre, 25% Toyota and 8% by local government. Recently Argentina had a new election and free market won. As the result, currency restriction was removed and 5% lithium export tax was removed as well. These should be very good news for Orocobre. You can see from its recent report, production is ramping up nicely(though later than originally planned).

I also picked up **Western Lithium USA Corporation (WLC.TO)** today at 33-34c CAD today. It has two properties, one in Nevada one in Argentina. The one in Argentina is fully permitted and fully funded (by Korean POSCO) and set to produce lithium in 2017. The one in Nevada is about 2-3 years behind. I met WLC management a few years ago and followed the stock for years. It has a pattern of explosive moves. It can go up a few hundred percent in very short time. They just closed the final trench of financing and I hope this marks the near term bottom.

There are other lithium juniors on my watchlist. I also own **Texas Rare Earth Resources Corp. (TRER)** that has a lot of lithium in its rare earth project. The way lithium price jumped, I see we can have a major move on lithium stocks in the coming months.

Regards,

Chen

## What Is Chen Buying? What Is Chen Selling?

Letter #1561

December 23, 2015

### Update:

**Sorrento Therapeutics, Inc. (SRNE)** exploded in the past two days as I expected. It continued to gain today after the Nasdaq leading 25% jump yesterday. It is amazing how the market could miss such a great bargain for so long. In the report yesterday, FBR analyst stated that "We expect Phase III (biobetter) data could be released by the end of 2015 or in early 2016. We do not assign any value for these four product candidates in our price target, so any positive news from any of these four products could provide upside to our current target."

Henry Ji was in NY this week. He just flew back last night. I was planning to meet him but his meetings yesterday with analysts and institutions were much longer than expected.(for obvious reason) Since this analyst is based in NY, I would guess he should have the latest information on SRNE. If the phase 3 data comes out in the next week or two, it will be a huge catalyst for the stock. As in the FBR report, he will put out a new target for SRNE after the data. We should have more excitement coming for SRNE very soon.

We had a nice Christmas gift on SRNE, hope it continues into the new year.

Happy holidays everyone!

Chen

## What Is Chen Buying? What Is Chen Selling?

Letter #1560

December 22, 2015

### Update:

A lot happened in the past 24 hours on **Sorrento Therapeutics, Inc. (SRNE)**.

First, yesterday afternoon SRNE filed 8-K strengthen the poison pill.

<http://archive.fast-edgar.com/20151221/AJ2ZGG2GZ22RUZZZ2H2D2ZXJDUKDZZ22Z872/>

*The Amended Rights Agreement amends and restates the Prior Rights Agreement to, among other things: (i) extend the expiration date of the rights (the "Rights") subject to the Amended Rights Agreement from **November 7, 2016 to November 7, 2018**; (ii) reduce the purchase price for each one one-thousandth of a share of Series A Junior Participating Preferred Stock, par value \$0.0001 per share, of the Company pursuant to the exercise of a Right from \$150 to \$40, subject to adjustment as provided in the Amended Rights Agreement;*

Then Patrick SS filed 13D last night.

<http://archive.fast-edgar.com//20151221/A422I22GZ22R72ZZ2R2V2CXJU6U24Z22Z272/>

*"Under the Standstill Agreement, the Reporting Persons agreed that, during the period of December 17, 2015 through June 17, 2016, none of the Reporting Persons or any its affiliates or representatives will (a) acquire or offer to acquire, seek, propose or agree to acquire, or make a proposal to acquire, by means of a purchase, tender or exchange offer, merger, business combination or in any other manner, beneficial ownership of Sorrento, or any of its securities, or any assets or property thereof...."*

These are standard languages used in the takeover process. It wouldn't take too much intelligence to guess that Patrick SS probably tried to buy SRNE in the past week or two. Likely they failed to reach an agreeable price. At the end Patrick SS gave SRNE 6 months grace period to execute. If SRNE share price stay low after 6/17/2016, the chance is high that he will come back and try again. For shareholders, it is music in the ear. We have a billionaire who loves SRNE and wants to buy the company everyday. We just hold the shares knowing we have a "fallback plan"!

This morning FBR initiated SRNE with a "outperform" rating and target of 22. In the summary, he wrote: "Sorrento has many opportunities, and while data for the company's various products has been limited, we believe the potential for success is great." A few weeks ago Rodman came out a report with a "buy" and target of 45. I think the investment communities are gradually waking up for SRNE. There are tremendous values in the company. I just talked to a biotech guy who visited SRNE as part of a group last week. He told he was "extremely impressed". He said "Sorrento is for real" and should have an interesting year of 2016. Right now the market just doesn't give SRNE any credit or benefit of doubts. It is trading even at the small fraction of the 1.2 billion milestone payments! I believe it will change, hopefully soon.

My plan on SRNE has been the same, holding a large share position while roll over options just in case this kind of event happen. Recently my Dec options expired, I am rolling over to January. Small bets on options just in case.

It getting close to the holidays, market slows down. I have not been doing much trading lately, except I tried to accumulate more **Acasti Pharma Inc. (ACST)** on weakness. Great looking chart, see attached.

Happy holidays everyone!

Chen

## What Is Chen Buying? What Is Chen Selling?

Letter #1559  
December 16, 2015

### Update:

The fed finally raised the interest rate by .25%. It is widely expected and the market is up for now. Interestingly gold was up today and it is still up after the fed announcement.

This morning **ACST**, a subsidiary of **Neptune Technologies & Bioresources, Inc. (NEPT)** announced positive FDA comments on its pathway to approval. ACST has been a nightmare for investors in the past years as you can see from the chart. Recently completed 10:1 reverse split. However, the company has decent cash position and from my understanding, enough to finish most of the phase 3 trial for approval. As we know, similar cholesterol reducing drugs were bought by major pharmas for hundreds of millions. ACST is trading at a small fraction of it.

I had a conversation with my friend George Haywood about it. If you recall, Mr Haywood was the largest

shareholder of **Sarepta Therapeutics, Inc. (SRPT)** and engineered the turnaround of SRPT. He is the largest shareholder NEPT. His vision is that ACST will get the approval since FDA hasn't rejected anyone with similar products lately. But ACST will do better because it is the best of the class. It should be a serious competitor to Lovaza and Vascepa on the market. He believe it should worth "at least a few hundred million" and its current market cap is a steal.

I picked up shares of ACST today on the break out. I am hoping to pick up more on future pullback. It is a binary event in the biotech and it wasn't fully appreciated by the market. Personally I have been taking krill oil as well as my family with very impressive results. We found that taking 1g NEPT krill oil a day can reduce bad cholesterol by 10% in a month. It has been very consistent for the past 2-3 years. I believe in krill oil and its future. I also picked up NEPT at around 1 dollar. Both trading at 5 year low, just for tax loss selling point of view, it worth buying here.

I am pleased to see **Canacol Energy Ltd (CNE.TO)** jumped over 10% today, over 2.6 CAD now. As I discussed, I kept my head down buying the stock from 2.5 all the way down to 2.25 CAD. It looks like it is paying off. Frankly at the tax loss year end selling season, there are so many screaming buys. I just simply can't buy them all.

Finally, we are close to lift the export ban in the US. This is another negative news for the refiners. Strangely they are still near 52 week high. I think investors are too hang on to the dividends. I still remember the early days when the refiner were operating on negative operating margin, sometimes for quite a few months. My **VLO call shorts (VLO Sold Dec 62.5 2015)** Calls will be excised this week. As I said I already sold half for nice profits, I am planning to keep the short position here if not adding it as the hedge.

<http://www.wsj.com/articles/congressional-leaders-agree-to-lift-40-year-ban-on-oil-exports-1450242995>

Regards,

Chen