



Research report (Initial Coverage)



Fuel for the e-mobility megatrend

“Promising investment in lithium”

“Almost 10 million tonnes in NI-compliant resources on hand”

“The Georgia Lake asset is rich in lithium”

Target price: 2.15 CAD/1.47 EUR

Rating: BUY

IMPORTANT INFORMATION:

Please take note of the disclaimer/risk warning, as well as the disclosure of potential conflicts of interest as required by section 34b of the Securities Trading Act (WpHG) on page 29.

Rock Tech Lithium Inc. ^{*5a,5b,11}

Buy

Target price: 2.15 CAD/1.47 EUR

Current stock price:
1.10 CAD/0.77 EUR
31/07/2017 (Toronto/Frankfurt)

Master data:

ISIN: CA77273P2017
WKN: A1XF0V
Security ticker: RCK
Number of shares³: 27.05
Marketcap³: 29.78/20.77
Enterprise Value³: 27.15/18.97
³ in mCAD/ in mEUR
Free float: 20.0%

Primary market:

Toronto

Secondary market:

Frankfurt

Accounting:

IFRS

Financial year: 31/12.

Analysts:

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* catalogue of potential conflicts of interests on page 30

Unternehmensprofil

Segment: Investment company

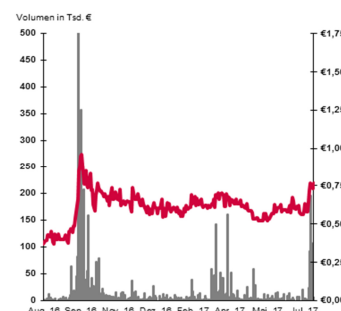
Focus: Development of commodity assets

Employees: 5 permanent and 15 freelancers

Founded: 2010

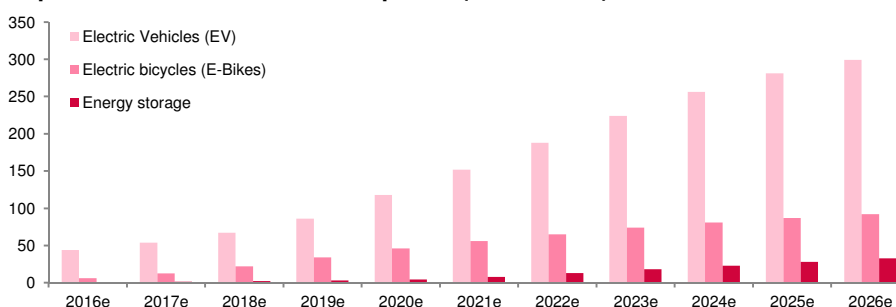
Company head office: Vancouver, Canada

Board of directors: Dirk Harbecke, Martin Stephan, Brad Barnett, Dr Peter Kausch



Rock Tech is a Canadian investment company headed by German management. The aim of its business is the development of commodity assets. The company has focused specifically on commodity assets in the lithium segment. With the Georgia Lake area in Canada (Ontario), Rock Tech has an area spanning approximately 93 km² on in which lithium has already been found, mined and further explorations for lithium reserves are being carried out. The NI-43-101-compliant resource estimates (lithium oxide) for this area amount to 3.19 million tonnes of "indicated resources" with a purity grade of 1.10% and 6.31 million in "inferred resources" with a purity grade of 1.00%, which is equivalent to 98,000 tonnes of lithium oxide (Li₂O).

Expected lithium demand development (tonnes LCE)



Source: Own estimates of GBC AG

NI-43-101 resource-estimates for the Georgia Lake area

Project Area	NI-Category	Quantity (tonnes)	Grade Li ₂ O
Nama Creek	Indicated	2,470,000	1.11%
Nama Creek	Inferred	5,720,000	1.00%
Conway	Indicated	720,000	1.05%
Conway	Inferred	590,000	1.02%
Total	Ind./Inf.	9,500,000	1.03%
Other*	Ind./Inf.	3,667,000	

* NI technical report still outstanding

Source: Rock Tech; GBC AG

EXECUTIVE SUMMARY

- The current environment for Rock Tech is very promising. Decreasing lithium-ion battery prices, higher ranges, stricter environmental laws, increasing quotas for the sale of electric vehicles and government subsidies are increasing the demand for electric vehicles, and thereby also lithium, as large quantities of this metal are used in electric vehicle components. The market for electric vehicles is a relatively young market and has recently shown dynamic growth. We expect that the electric vehicle market will continue its strong growth in the future and secure a significant market share in the overall automobile market in the long term. Against this background, we expect very strong lithium demand from the automobile market in the long term.
- However, the demand for lithium is not only influenced by the automobile market. Other new markets, such as the e-bikes market and the fixed energy storage market require larger quantities of lithium for batteries. These markets are also proven growth markets that have performed extremely strong in recent years. We also expect continued significant growth for these markets in the long term, which should, in parallel, also reflect in strong demand for lithium. These new markets will therefore, in our view, provide added impetus for lithium demand.
- The increasing demand for lithium is also reflected in the market price for lithium carbonate (the most used type of lithium). The price has exploded between 2014 and today increasing by almost 200% to around USD 14,000/tonne. Due to the continuing increase in demand for lithium from various sectors and a continuing limited supply of lithium, we expect the lithium price to remain at a very high level over the long term.
- Given this excellent environment, Rock Tech has made the necessary preparations to benefit from this strong trend. The lithium deposits at Georgia Lake, purchased in 2009, have been further developed. The historical resource estimates were converted to NI-43-101-compliant resource estimates and confirmed. In addition, intensive exploration work started at the end of 2016 in order to significantly expand the current resource base. Also, additional commodities asset purchases are planned in order to further extend the current resource base.
- Rock Tech's core business is to further develop promising commodity assets (in particular in lithium) that are still at an early stage, acquire them and promote them further. The primary aim is not to mine commodities itself, although it can be an option in individual cases, in order to achieve the best shareholder return.
- **Based on the current 9.5 million tonnes in NI-compliant lithium resources and the excellent framework conditions (e-mobility megatrend, strong lithium price increase), according to our DCF model, we regard the current fair value of Rock Tech Lithium Inc. to be CAD 2.15 or EUR 1.47. Based on the current share price (1.10 CAD/0.77 EUR), this results in a high price potential and therefore BUY rating. We believe even that Rock Tech has good opportunities for expanding its NI-compliant resource base within the next 12 months and this could further enhance the value of the company.**

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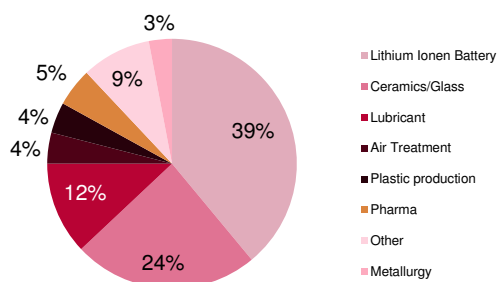
MARKET UND MARKET ENVIRONMENT

Characteristics of lithium and lithium demand

Lithium is a silver-coloured metal and, as a chemical element, has the symbol Li and atomic number 3. It was given the name lithium as, contrary to potassium and sodium, it was discovered in rock. Lithium is an alkali metal and is one of the light metals. As all alkali metals, lithium is also soft and extremely reactive. It reacts when merely touching the skin, which also causes severe chemical burns and burn injuries. Due to its high level of reactivity, lithium is not found naturally as an element but only as a compound.

The main applications of lithium (see graphic below) are also based on various compounds, such as lithium carbonate (Li_2CO_3), lithium oxide (Li_2O) and lithium hydroxide (LiOH). Lithium carbonate is the compound most globally used. The term "lithium carbonate equivalent" (LCE) is therefore also used frequently in connection with the lithium market in general. In 2015, the global demand for LCE was 163,000 tonnes, of which 39% was attributable to lithium-ion batteries.

Lithium demand for end users in 2015



Source: Global Lithium LLC 2016; GBC AG

The following graphic illustrates typical areas of application for lithium and the respective lithium quantities used. By far the most lithium is used in electric vehicles and energy storage systems.

Lithium insert in various application fields

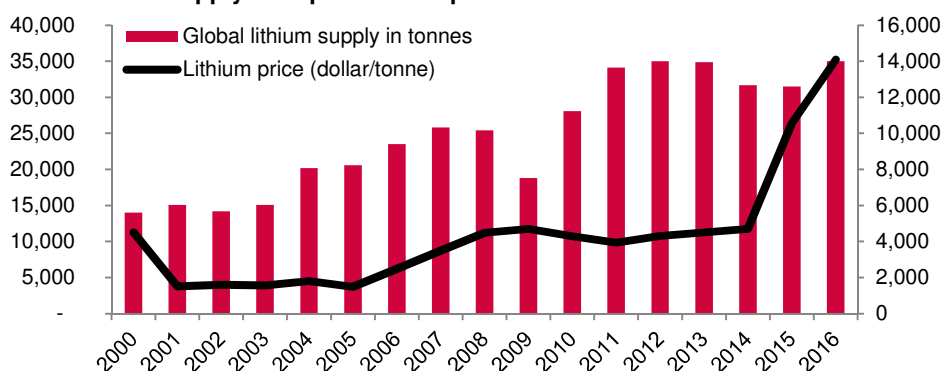


Source: VISUAL CAPITALIST; GBC AG

In 2000, the global demand for lithium was around 67,000 tonnes LCE. Up to this time, lithium was mainly used in the areas of glass, ceramic, batteries, chemicals and pharmaceuticals, lubrication greases, aluminium production and metallurgy. By 2012, demand increased significantly by 127% to around 152,000 tonnes LCE. This tremendous growth was driven, above all, by new areas of application in the field of entertainment electronics (mobile phones and digital cameras (lithium-ion batteries) etc.).

Due to capacity expansions by lithium producers and lower demand, the price of lithium came under pressure around the year 2012. The market price fell to around USD 4,000 per tonne of lithium carbonate. This resulted in several lithium projects in the industry being postponed – including Rock Tech’s Georgia Lake project. Due to extremely strong demand after 2012, in particular in the area of e-mobility, the demand for lithium increased sharply to an estimated 207,000 tonnes in 2016. In parallel, the price of lithium exploded after 2014 to around USD 14,000 per tonne LCE in 2016 as significantly increased demand, in particular from the automobile industry, came up against a much lower supply.

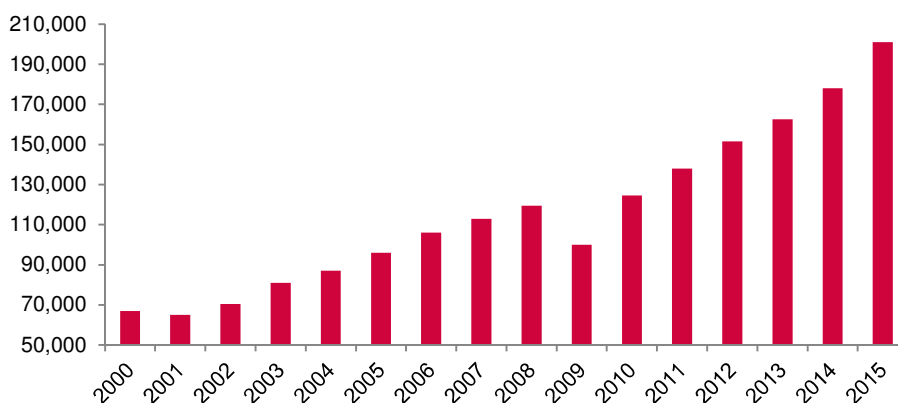
Global lithium supply* and price development



Source: USGS; GodemoteTrader; GBC AG *excl. USA

Recently, this has resulted in many previously shelved lithium projects being further developed and new lithium projects have been started. We expect that the demand for lithium will be mainly driven by electric vehicles, e-bikes and fixed energy storage in the next few years.

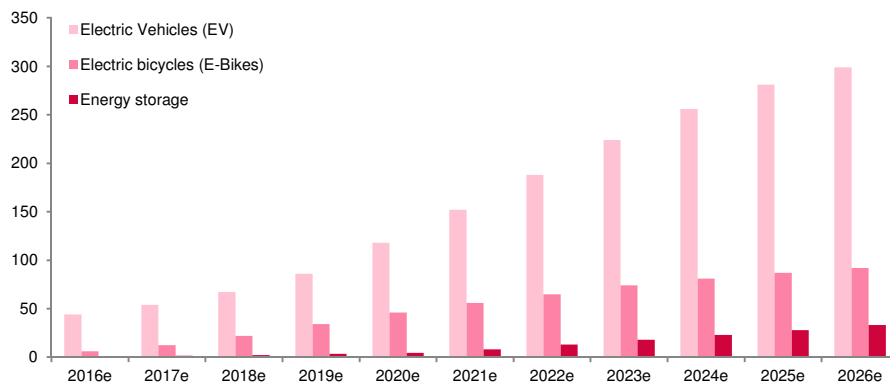
Historical lithium demand development (tonnes LCE)



Source: Roskill; GBC AG

In addition, according to our estimates, we expect the demand for lithium carbonate to increase from around 207,000 tonnes in 2016 to around 660,000 tonnes in 2026, which is equivalent to an average growth rate of 12.3%. We believe that the majority of the demand in 2026 will be from electronic vehicles, e-bikes and energy storage totalling around 64.3%.

Expected lithium demand development in selected segments (tonnes LCE)



Source: Own estimates of GBC AG

However, other segments, such as traditional batteries, should make a significant contribution to the long-term growth in lithium demand.

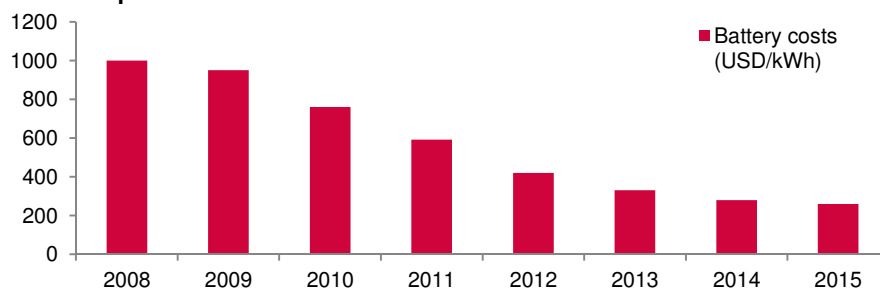
Expected lithium carbonate demand development (thousand tonnes LCE)

Demand Category	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	CAGR (2016-2026)
Electric vehicles	44	54	67	86	118	152	188	224	256	281	299	
Change %		22.73%	24.07%	28.36%	37.21%	28.81%	23.68%	19.15%	14.29%	9.77%	6.41%	21.12%
Electric bicycles	6,2	12,5	22	34	46	56	65	74	81	87	92	
Change %		101.6%	76.0%	54.5%	35.3%	21.7%	16.1%	13.8%	9.5%	7.4%	5.7%	30.96%
Energy storage	0,4	1,3	2,2	3,3	4,5	8	13	18	23	28	33	
Change %		225.0%	69.2%	50.0%	36.4%	77.8%	62.5%	38.5%	27.8%	21.7%	17.9%	5,12%
Batteries (tradit. markets)	44	47	50	53	56	59	62	65	67,7	70	72,5	
Change %		6.82%	6.38%	6.00%	5.66%	5.36%	5.08%	4.84%	4.15%	3.40%	3.57%	5,12%
other (no Batteries)	112	118,5	125	131	137	142,5	147,5	152	156	159,5	162,69	
Change %		5.8%	5.5%	4.8%	4.6%	4.0%	3.5%	3.1%	2.6%	2.2%	2.0%	3.80%
Total	206,6	233,3	266,2	307,3	361,5	417,5	475,5	533	583,7	625,5	659,19	
Change %		12.9%	14.1%	15.4%	17.6%	15.5%	13.9%	12.1%	9.5%	7.2%	5.4%	12.30%

Source: Own estimates of GBC AG

Recent demand for electric vehicles has mainly been triggered by decreasing purchase costs (e.g. battery costs), higher ranges, government subsidies, (e.g. purchase premiums, tax advantages), purchase quotas (e.g. in China) and increased regulation of traditional combustion engines (emission standards, harmful emissions). Prices for electric vehicle have continued to drop steadily. This has significantly increased demand for e-mobility and therefore notably boosted demand for lithium batteries. Costs for lithium-ion batteries have dropped significantly, from USD 1,000/KWh in 2008 to around USD 260/KWh in 2015. Electric-only vehicles (BEV/PEV) in particular, the Tesla Model S and the Nissan Leaf, have given rise to this rapid rise in demand. We expect costs for lithium batteries to drop further to below USD 100/KWh due to economies of scale and other effects on costs over the next few years. For instance, Tesla and GM are aiming for target costs of below USD 100/KWh for 2020 and 2022. In China (Samsung, Panasonic, LG and local manufacturers) and the United States (Tesla/Panasonic) are currently expanding and developing capacity that will, in future, increase the volume of lithium batteries significantly; prices should therefore decrease further.

Cost development for lithium-ion batteries



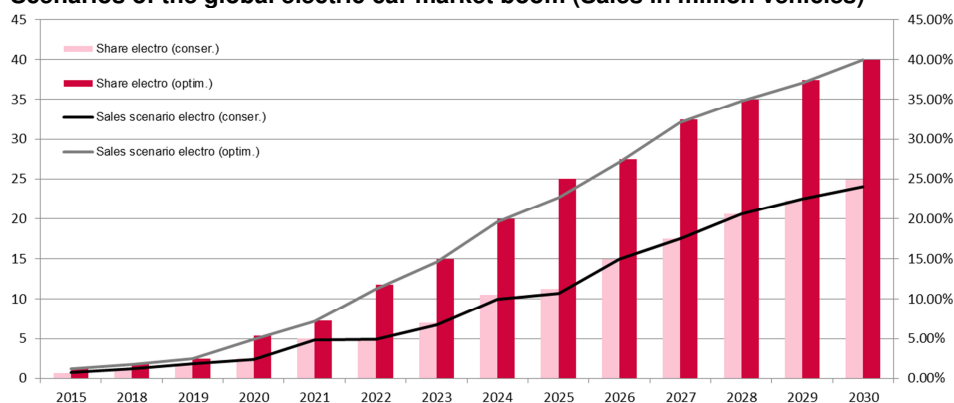
Source: International Energy Agency; GBC AG

According to CAM, China became the largest electric vehicle market in the world in 2015 and has therefore replaced the United States as the largest electric vehicle market. The Chinese government promotes demand for electric vehicles by giving government subsidies and giving priority to vehicle manufacturers for licensing and sales quotas (e-vehicle quota system). For instance, almost all large cities ban non-electric vehicles, sometimes only during smog, from driving on their roads. In addition, the government encourages regional manufacturers to achieve electric vehicle sales quotas of 8.0% in 2018 and 12.0% in 2020. We expect that these levers will continue to remain and China will therefore achieve its goal of 5 million electric vehicles on Chinese roads by the end of 2020.

In addition, it is possible that, in the future, electric vehicles will become more affordable than similar cars with combustion engines, due to stricter regulations. Ever stricter emission standards force automobile manufacturers to install ever more expensive emission systems which, in turn, make traditional drive systems and therefore traditional cars, ever more expensive. On the other hand, purchase costs of electric vehicles are dropping due to falling lithium-ion battery costs. In our view, it is possible that purchase costs for electric vehicles will be comparable to those of traditional vehicles (or even lower) by 2025. Should this occur, we believe that it is then highly probable that electric vehicles will in future become mainstream and perhaps even dominate the vehicle market over the long term.

Due to progress in electric drive technology and the regulatory framework, many vehicle manufacturers have recently introduced an electric strategy, or tightened up or expanded their existing electric strategy. Volkswagen, for instance, is planning to sell two to three million electric vehicles per year by 2025, which, based on sales figures for the last financial year, will amount to 20-25% of total sales. On the whole, all major vehicle manufacturers, such as Audi, Daimler, BMW, Renault-Nissan, Toyota and GM, should have a significant share of electric vehicle sales by 2025.

Scenarios of the global electric car market boom (Sales in million vehicles)



Source: Center of Automotive Management (CAM); GBC AG

Overall, it can be seen that the majority of vehicle manufacturers seem to be convinced that the electric drive will be able to take a large share of the vehicle market, at least in the long term. We also see a good chance that electro-mobility will be able to make up a significant share of the overall vehicle market in the long term and that it will be able to establish itself in addition to the conventional drive types. Due to the expected strong demand for electric vehicles, the demand for lithium should also increase significantly in parallel as lithium is an important component of lithium-ion batteries.

Lithium insert in various application fields

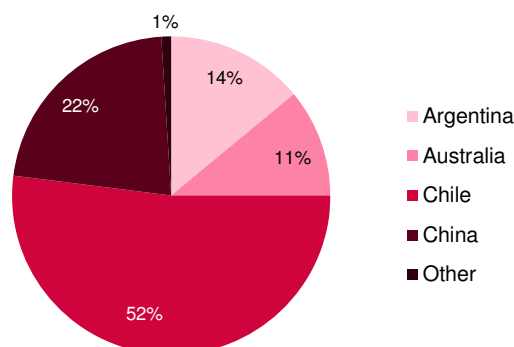


Source: VISUAL CAPITALIST; GBC AG

Lithium supply and reserves

The two main sources of lithium are brine deposits and hard rock deposits. Traditionally, lithium was mined from hard rock, however, large-scale operations were started on South American lithium brine deposits in the 1980s. Lithium brine reserves make up around 66% of global lithium reserves and are mainly found in the salt flats of Chile, Argentina, Bolivia, China and Tibet. According to the USGS (U.S. Geological Survey), global lithium reserves amounted to a total of 14.0 million tonnes in 2016. The lithium triangle in South America produces more than 50% of global production and is thus the main lithium producer globally. This region also represents the majority of global lithium reserves.

Global lithium reserves in 2016

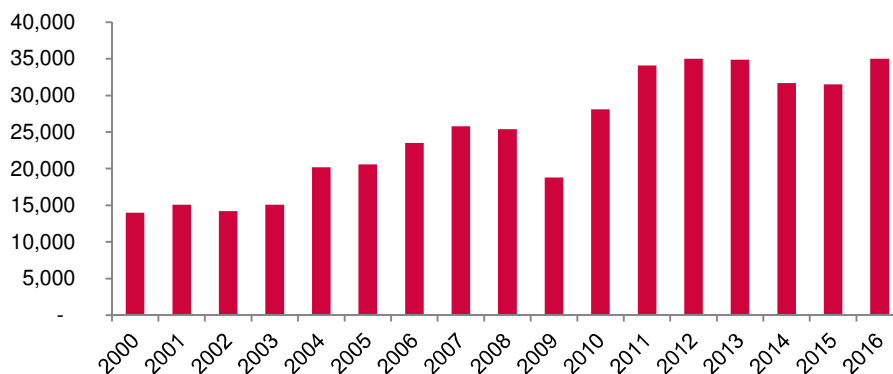


Source: USGS (2017); GBC AG

Most of the hard rock lithium reserves are found in pegmatites. A pegmatite is an igneous rock of intrusive origin. The lithium in pegmatites is typically found in the mineral spodumene. Australia, Canada, Alaska, Ireland and Finland all have significant pegmatite/spodumene reserves. With its hard rock mines (e.g. Greenbushes) Australia was the second largest producer of lithium worldwide in 2016. 40.5% of global lithium production

of the 35,300 tonnes of lithium came from Australia in 2016. In general, mining for lithium in hard rock deposits is less capital-intensive than in lithium brine deposits. In addition, the production set up and capacity expansion for brine deposits takes longer. The processing times are longer due to the evaporation processes, which are also dependent on the weather. On the other hand, the running costs for lithium brine reserves are lower and the volume effects are larger. The following graphic shows global lithium supply on a historical basis.

Global lithium supply in tonnes* (lithium carbonate, lithium concentrate, lithium chloride, lithium hydroxide)

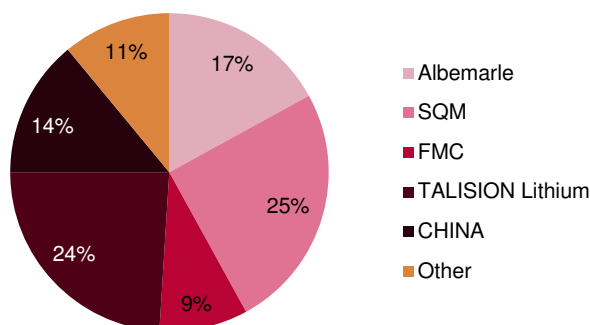


Source: USGS; GBC AG

*excl. USA

Taken as a whole, the lithium market is an oligopoly. The market is currently dominated by four companies. Albemarle, SQM, FMC and TALISION Lithium delivered 75% of global lithium carbonate (LCE) supply in 2016. The mining company, SQM, is currently the market leader in the lithium market holding a market share of 25%. In addition to Albemarle, SQM (Sociedad Química y Minera de Chile) operates in the Chilean territory of Salar de Atacama. The latter is the only lithium producer, besides TALISION Lithium, that operates both a significant hard rock and brine deposit mining business. In addition, Albemarle holds a 49% share in TALISION Lithium (the remaining 51% is held by Tianqi). TALISION Lithium operates a lithium mining company in Australia (Greenbushes/Western Australia) and in Chile (Salares 7 Project/Atacama Region). In contrast, FMC is reducing its lithium activity in the Argentinian territory of Salar del Hombre Muerto. Of all the four market leading companies, TALISION is the only pure lithium producer, but the company is not listed on any stock exchange.

Global lithium market shares in 2016 (lithium supply in LCE)

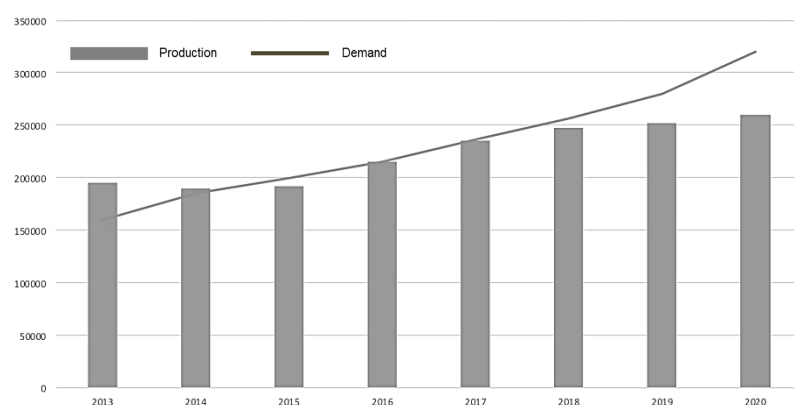


Source: MINERIA NO METALICA; GBC AG

Lithium price trends

Due to the sharp increase in lithium demand after 2014, mainly driven by the emergence of electric vehicles, the price of lithium carbonate has exploded. Where the price per tonne of lithium carbonate in 2014 was still at around USD 4,000, it fetched around USD14,000/tonne in 2016. This leap in the price was triggered by significant excess demand, mainly due to the demand for lithium-ion batteries for electric vehicles. Forecasting the future price of lithium is extremely difficult. On the one hand, it is unclear how quickly and comprehensively electric vehicles will establish themselves. In addition, demand is also strongly influenced by public institutions whose future actions are difficult to estimate. On the other hand, it is unclear the extent to which additional resources will be found in the future and how much of the current lithium resources will actually also be mined at a later stage.

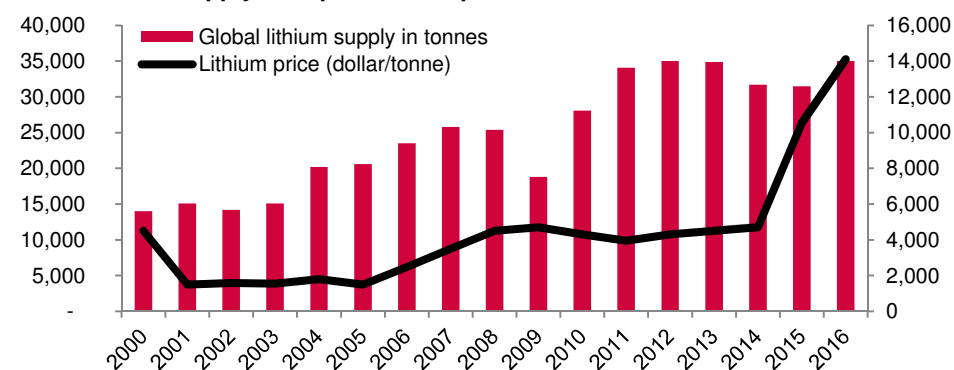
Supply and demand for lithium carbonate (in tonnes)



Source: Godemodetrader; GBC AG

However, we expect that the price for lithium carbonate will rise moderately until 2020 and that increasing demand, in particular from the vehicle sector, will significantly exceed supply during this period. In the long term, we expect that massive lithium capacities will be built up due to the strong demand for lithium, which could lead to a flattening or even decline in the price of lithium. However, we do not expect that the price of lithium carbonate will fall below 10,000 USD/tonne.

Global lithium supply* and price development



Source: USGS; Godemodetrader; GBC AG

* excl. USA

Against the background of the e-mobility megatrend as described above, the market environment for lithium is excellent and we are convinced that Rock Tech Lithium Inc. represents an attractive investment opportunity in this market (see description and evaluation on the following pages).

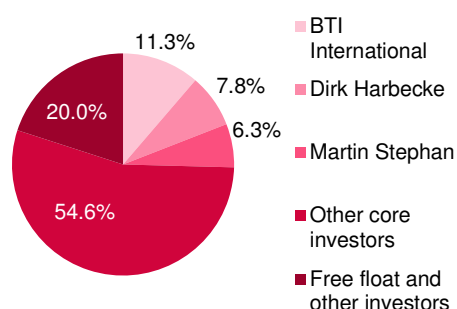
COMPANY

Rock Tech is a Canadian investment company headed by German management. The aim of its business is the development of commodity assets. The company has focused specifically on commodity assets in the lithium segment. With the Georgia Lake area in Canada (Ontario), Rock Tech has an area spanning approximately 93 km² in which lithium has already been found, mined and further explorations for lithium reserves are being carried out. The NI-43-101-compliant resource estimates (lithium oxide) for this area amount to 3.19 million tonnes of “indicated resources” with a purity grade of 1.10% and 6.31 million in “inferred resources” with a purity grade of 1.00%, which is equivalent to 98,000 tonnes of lithium oxide (Li₂O).

Shareholder structure

Shareholder in %	26/06/2017
BTI International	11.3%
Dirk Harbecke	7.8%
Martin Stephan	6.3%
Other core investors	54.6%
Free float and other investors	20.0%

Source: Rock Tech; GBC AG



Board Members of the Company

Executive Board

Martin Stephan (CEO)

Martin Stephan is a successful manager and investment adviser with twenty years of experience, focusing on investments in the natural resources and exploration sector over the past ten years. While focusing primarily on exploration companies in North America, he has built a strong network in Asia, Eastern Europe and Latin America after joining the board on 3 July 2013. Mr. Stephan has been appointed CEO of Rock Tech Inc. in 2015.

Brad Barnett (CFO)

Brad Barnett has extensive experience in the areas of regulatory filings, compliance and finance. He holds a Master of Science in Corporate Finance, a Bachelor of Business Administration and a Diploma in Financial Management. Mr Barnett has been a member of the board of Rock Tech Inc. since September 2016.

Supervisory Board

Dirk Harbecke (Chairman of the Board)

Dirk Harbecke has more than twenty years of experience as a manager, entrepreneur and investor with international experience in Africa, China, the Middle East, Europe and the United States. He worked at the Boston Consulting Group where he planned the establishment of new financial services institutions in Western Europe and the Middle East. In addition, Mr Harbecke was the founder and CEO of ADC African Development Corporation AG (ADC), a listed investment company with a strong footprint in the finance industry in Botswana, Mozambique, Tanzania, Zambia, Zimbabwe and Nigeria. Furthermore, ADC focused on private equity investments in the emerging African financial services sector. Under his leadership, ADC became a leading pan-African financial services group and was acquired in August 2014 by Atlas Mara Ltd. Mr Harbecke has been chairman of the Supervisory Board of Rock Tech Inc. since 2014.

Historic events

Date	Event
1996	Rock Tech Lithium Inc. was founded.
2009	The Georgia Lake lithium area in Ontario, Canada was taken over.
2009-2010	The early phases of the lithium exploration projects, Kapiwak and Lacorne, were taken over.
2011	The first NI-43-101-compliant lithium resource estimate: 2.36 million tonnes in indicated resources with 1.17% Li ₂ O purity grade and 4.36 million tonnes in inferred resources with 1.07% Li ₂ O purity grade
2012	The Lochaber graphite area in Québec, Canada was taken over.
2012	The Kapiwak and Lacorne exploration projects are discontinued due to the low lithium price at the time and the concentration on the Georgia Lake area as well as the Lochaber graphite area.
2012	The second NI-43-101-compliant lithium resource estimate: 3.19 million tonnes in indicated resources with 1.10% Li ₂ O purity grade and 6.31 million tonnes in inferred resources with 1.00% Li ₂ O purity grade
2012	At the end of 2012, management decides to suspend exploration activities at Georgia Lake due to the drop in the lithium price at the time.
2014	The Lochaber project is sold to Great Lake Graphite (GLK) for CAD 300,000 and 15 million GLK shares.
2016	Capital increase in the context of a private placement: Issue of 3,940,000 million shares at \$0.30, gross proceeds of \$1.18 million
2016	An additional capital increase in the context of a private placement amounting to \$2.17 million by issuing around 3.01 million shares (at \$0.90 per share)

Source: Rock Tech; GBC AG

Georgia Lake area – Rock Tech’s core asset

General information on the commodities asset

The Georgia Lake area is situated in the Thunder Bay mining area, an estimated 145 km north east of Thunder Bay, Ontario and 6 km east of Lake Nipigon. Georgia Lake comprises an area that has extensive lithium reserves.

In the 1950s, the Canadian company, Nama Creek Mines in the Nama Creek mining area (a subarea of Georgia Lake), already successfully mined lithium. For this purpose, a 155 metres shaft was sunk into these reserves. In the late 1950s, lithium was mainly used as an additive for rocket fuel. After hydrogen became popular as a replacement in this area, the price of lithium dropped sharply and Nama Creek discontinued its lithium operations. On the whole, this area is a commodities asset that is still in the investigation or exploration phase.

Georgia Lake-Projekt



Source: Rock Tech; GBC AG

Rock Tech took over Georgia Lake’s associated areas in three phases in 2009, 2010 and 2011. At the end of 2009, Rock Tech acquired James Bay Midarctic Developments Inc. (JBMD). The entire land package comprises an area of 47 km² with 23 mining claims (totalling 36 km²) and 61 mining leases over an area of 11 km² as well as 8 mining claim blocks. In April 2010, Rock Tech announced that the Ontario Ministry of Mines was releasing its 41 mining claims to Rock Tech, which cover an (additional) area of 68 km². In 2011, Rock Tech then took over another 17 mining claims over an area of 12 km² increasing the total land package to 127 km². The acquisition of the new mining claims resulted in Rock Tech now being in a position of consolidating the original 8 claim blocks into three larger claim blocks and a single claim block. Georgia Lake currently consists of 81 leased and 293 claim units, which cover an area of almost 93 km².

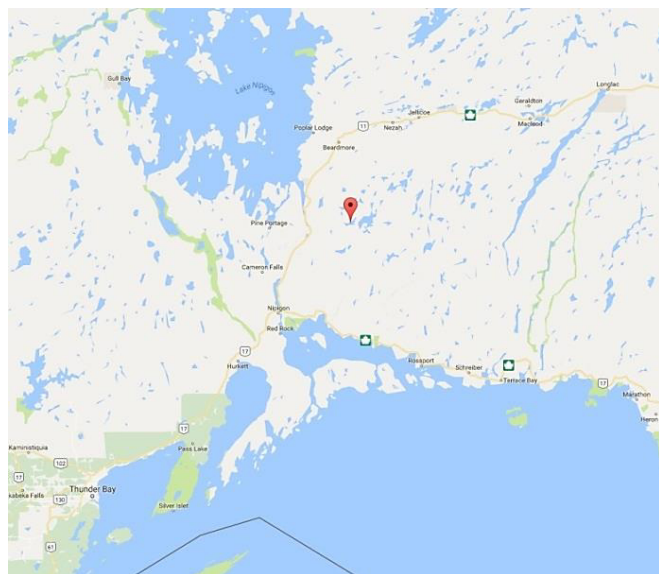
Access to reserves, infrastructure, First Nations and work-force

Rock Tech manages its current exploration activities at the Georgia Lake from an office in Vancouver. Ontario Provincial Highway No. 11 is the main access road to the Georgia Lake area. Forest tracks and gravel roads provide access to all the mining claim blocks; water and energy is also easily available. In addition, port access via Thunder Bay to the Great Lakes is possible – 145 km from Georgia Lake. This location also has a rail sta-

tion. Both allow materials to be transported to materials handling locations with direct access to the Pacific or Atlantic Ocean.

Furthermore, the Georgia Lake project is situated in a region that has a rich mining tradition. Various metals such as gold and lithium have been mined here in the past. This has also enabled Rock Tech to easily access qualified personnel.

Georgia Lake area in Canada



Source: Rock Tech; GBC AG

In addition, discussions held over several months with the indigenous peoples (so called First Nations) of the Georgia Lake region have resulted in a collaboration in the form of a declaration of intent (memorandum of understanding (MOU)). The following tribes have thus signalled their support in relation to the business policy of Rock Tech: Bingwi Ne-yasshi Anishinaabek (“BNA”), Biinjitiwaabik Zaaging Anishinaabek (“BZA”), and Animbi-goo Zaagi’igan Anishinaabek (“AZA”). The MOU provides a framework for the Georgia Lake project situated in the traditional First Nations’ territories and describes how it should be developed (future). In addition, it should ensure that the project development will benefit all parties (target groups). The MOU thus forms the basis on which all future measures and usage agreements will be developed. The declaration of intent provides greater certainty and sets out the benefit for all target groups. It also ensures that unfavourable influences on the project development are mitigated. The First Nations have always supported Rock Tech’s business policy to date and have regularly been deployed in the work.

Previous project development activities in the Georgia Lake area

The former operating company, Nama Creek Mines, that managed the Georgia Lake area around 1950, carried out extensive drilling work. In total, 33,000 metres of drilling in various mining claim blocks/areas were undertaken. In 1965, E.G. Pye from the Ontario Ministry of Mines published a resource estimate for seven mining claim blocks belonging to Rock Tech in the Ontario Department of Mines Geological Report No. 31 (title: “Geology and Lithium Deposits of Georgia Lake Area”). These resource estimates were, however, not compiled on the basis of the current standards for estimating resources, as set out in the NI-43-101 standard. This was and is now being undertaken by Rock Tech. The historical resource estimates (Pye Report 1965) and the current resource estimates can be seen in the graphic below:

Resource estimates

Project Area	NI-43-101-compliant resources (m tonnes)	Historic resources (m tonnes)	Historic resources, NOT NI-43-101-compliant (m tonnes)	Grade of NI-43-101-compliant resources (Li ₂ O)	Historic grade (Li ₂ O)
Nama Creek	8.190	3.894	0.000	1.03%	1.06%
Conway	1.310	1.660	0.350	1.04%	0.96%
Jean Lake / Parol Lake	NI confirmation still outstanding*1	1.532	1.532	NI confirmation still outstanding*1	1.30%
Aumacho	NI confirmation still outstanding*1	0.777	0.777	NI confirmation still outstanding*1	1.65%
Newkirk-Vegan	NI confirmation still outstanding*1	0.680	0.680	NI confirmation still outstanding*1	1.38%
McVittie	NI confirmation still outstanding*1	0.237	0.237	NI confirmation still outstanding*1	1.03%
MNW	NI confirmation still outstanding*1	0.091	0.091	NI confirmation still outstanding*1	4.00%
Total	9.500	8.871	3.667		1.06%

Source: Rock Tech; GBC AG; *NI confirmation still outstanding, i.e. historical resources must be verified and confirmed by NI technical report.

The current NI-43-101-compliant resource estimates were published in October 2012 for the first time. In 2010/2011, soil samples were taken, metallurgical work was carried out, drill holes from the previous claim owner were used and own drill holes were made (43 drill holes over 7,682 metres) in order to obtain a resource estimate for subareas of the Georgia Lake compliant with NI-43-10. This resource estimate was published in November 2011 and contained indicated resources of 2.36 million tonnes with a lithium oxide content of 1.17% and inferred resources of 4.36 million tonnes with a lithium oxide content of 1.07%. Based on further exploration work, in particular additional drilling work (20 holes), the estimate for NI-compliant resources was increased, which resulted in the publication of a further resource estimate in October 2012. Many experts regard a lithium oxide content of at least 1.00% as necessary in order to operate a profitable business. Values of above 1.10% are classified as very good and values of more than 1.30% are rare.

Resource categories

Inferred mineral resources	Indicated mineral resources	Measured mineral resources
Probability of mineralization is 10% or higher.	Probability of mineralization is 50% or higher.	Probability of mineralization is 90% or higher.

Source: Valuation of Metals and Mining Companies

The graphic above shows how the historical estimates (Pye Report 1965) are distributed across the individual areas. Since about 2010, Rock Tech has pursued the objective of confirming the historical resource estimates and building on them further. In the Nama Creek area, the company has succeeded in not only confirming quantity estimates but even exceeding them. The historical resource estimates in this mining claim block were therefore expanded from 3.89 million tonnes to an NI-43-101-compliant 8.19 million tonnes, of which 2.47 million tonnes are indicated resources with a lithium oxide content of 1.11% and 5.72 million tonnes in inferred resources with a lithium oxide content of 1.00%.

NI-43-101 resource estimates for the Georgia Lake area

Project Area	NI-Category	Quantity (tonnes)	Grade Li ₂ O
Nama Creek	Indicated	2,470,000	1.11%
Nama Creek	Inferred	5,720,000	1.00%
Conway	Indicated	720,000	1.05%
Conway	Inferred	590,000	1.02%
Total	Ind./Inf.	9,500,000	1.03%
Other*	Ind./Inf.	3,667,000	

*NI technical report still outstanding

Source: Rock Tech; GBC AG

A similar result was achieved with the Conway claim block. Here, Rock Tech also succeeded in confirming the majority of historical resource estimates. Of the 1.66 million tonnes on historical estimates, 1.31 million tonnes were converted to an NI-43-101-compliant resource estimate. The total of 9.5 million tonnes in NI resource estimates for the Georgia Lake area currently only come from the Nama Creek and Conway area. Therefore, there are still 3.67 million tonnes in historical resource estimates distributed across the various other claim blocks, unverified.

In August 2016, Rock Tech announced that a large exploration program had been started in order to confirm and expand further historical resource estimates. The background to this package of measures is the sharp rise in the price of lithium. In order to be able to carry out the extensive exploration activities, two capital-raising measures were carried out in July and December 2016.

In October 2016, Rock Tech published the laboratory results of soil samples taken from the Jean Lake and McVittie area. Six hard rock samples were taken at Jean Lake having lithium oxide content of between 1.31% and 2.89%. In 1956, a subarea of these reserves was explored in the Parole Lake region, which resulted in a resource estimate of 1.532 million tonnes (for hard rock ore containing lithium) with a lithium oxide content of 1.30%. The surface sampling published however originated from other reserves in this area and thus indicate the growth potential in terms of further (high-grade) lithium-bearing hard rock ore. Two surface samples were collected in the McVittie area having lithium oxide content of 2.24% and 2.00%.

In November 2016, Rock Tech announced laboratory values for (other) explorations in and around the Nama Creek area. 31 surface samples were taken with resulting lithium oxide contents of up to 2.82%. In January 2017, the company reported that a previously unknown hard rock ore containing lithium was discovered 200 metres south east of Nama Creek. Three samples indicated lithium oxide values of up to 1.81%. In the past, Nama Creek has attracted the majority of exploration investments, which has also resulted in the majority of NI resource estimates applying to this area. These high-grade results point to the possibility that the known lithium-bearing hard rock ore may be larger and that there may be additional lithium-bearing hard rock ore. Given the above, further explorations are highly likely.

At the beginning of March 2017, Rock Tech published channel sample results from the McVittie claim block. The samples had a lithium oxide content of 1.00% to 1.71%. The historical resource estimates for this area are at 0.237 tonnes (Pye 1965). Based on the results to date, further exploration is aimed for.

At the end of March 2017, the company published channel sample results from the West, Harricana, Line 60, Newkirk, MZSW and Conway areas. The channel samples had a lithium oxide content of 1.01% to 1.91%. These sample results, in particular those from the West, Line 60 and Harricana rock, indicate the presence of many lithium-bearing rocks and exceeded the previous expectations of only three rock masses. Furthermore, the Line 60 sample suggests a larger cross-section of rock mass than previously expected. With respect to the Conway rock mass, the results confirmed the extent of the rock at the surface and the rock drift to the south.

In April 2017, Rock Tech published channel sampling results from the Aumacho area. The channel samples had lithium oxide content of up to 4.42%. Such results are unusually good and are the highest values ever determined in the Georgia Lake area. This area had already been explored between 1955 and 1957 with the historical resource estimates indicating 0.77 million tonnes (Pye 1965) with a lithium oxide content of 1.65%. Following the excellent results of the channel sample program, extensive drilling work was again carried out in this area in June 2017. The drilling results indicated a lithium oxide content of 0.65% and 2.77%. In addition, the samples indicated increased values for rubidium, caesium and tantalum. Given the above, further explorations are planned.

In May 2017, Rock Tech published channel sampling results from the Parole Lake area. The samples had a lithium oxide content of 1.57% to 2.69%. The high values of up to 2.69% indicate the potential that these values could also continue below the surface and thus provide a good opportunity for expanding the current lithium resources. Exploration work was previously undertaken in the Parole Lake/Jean Lake area between 1955 and 1956. The historical resource estimates for this area are at 1.532 tonnes (Pye 1956) with a lithium oxide content of 1.30% (Pye 1956). Following the excellent results of the channel sample program, extensive drilling work was again carried out in this area in May 2017. The samples taken had a lithium oxide content of 1.05% to 1.53%. The results of the channel sample program and the drilling programme in this area confirmed the high lithium content on the surface of the rock, as well as below. In addition, the robustness of the historical data was confirmed. The results originate from only one of at least six known rock masses in this area and thus open up additional growth potential. Rock Tech intends to engage in further exploration activities in this area.

The graphic below provides an overview of the sample results to date of the exploration program started at the end of 2016, which aimed to increase the current NI-compliant resource base.

Previous result from the exploration program launched in 2016

Project Area	Sample type	Grade Li ₂ O
Nama Creek	Channel samples	Up to 1.58%
Conway	Channel samples	Up to 1.42%
Jean Lake / Parol Lake	Drill samples	Up to 1.58%
Aumacho	Drill samples	Up to 2.77%
Newkirk-Vegan	Channel samples	Up to 1.91%
McVittie	Channel samples	Up to 1.71%
MNW	So far no further exploration has been undertaken in this area	So far no further exploration has been undertaken in this area

Source: Rock Tech; GBC AG

Metallurgy

In the context of a metallurgy test, Rock Tech has in the past proven that it is possible to produce spodumene concentrate (6.2% lithium oxide content in the ore, also known as lithium concentrate) from low and high-grade mineralised material. A lithium oxide value of 6% to 7% and a spodumene percentage of 75-87% in the ore are good conditions for producing lithium carbonate. The recovery of spodumene concentrate is a deciding factor for the profitability of an ore deposit. It is not possible to further process to lithium carbonate without the production of such material. This high-grade concentrated spodumene (lithium-bearing mineral) therefore forms the raw material for the production of lithium carbonate.

Spodumene from the Georgia Lake area



Source: Rock Tech Lithium; GBC AG

Rock Tech announced the results of metallurgical tests based on a bulk sample as far back as 2011. The objective of the investigation was to produce spodumene concentrate with a moderate lithium oxide percentage of 6.0% to 6.5%, by applying different processes (heavy liquid separation (HLS), flotation), which can then be further processed to lithium carbonate by means of hydrometallurgical methods. Flotation is the more expensive of the two processes as it requires more energy than HLS. On the other hand, the spodumene concentrate recovered from spodumene-bearing ore with this method is higher. The results from the test for the HLS method showed a recovery rate of 75.5% and an even higher recovery rate of 81.5% for the flotation process. Recovery rates of 75% or higher can be regarded as good. Despite the revenue drawbacks of the HLS process compared to the flotation method, we regard the recovery rate as high enough in order to use this production technique profitably at Georgia Lake. This would also mean significant savings for Rock Tech in the initial and running costs.

Besides the metallurgical tests, Rock Tech also carried out a hydrometallurgical test in 2011 based on a bulk sample. The objective of the test was to produce the first marketable sample of lithium carbonate (Li_2CO_3). However, battery manufacturers' requirements in respect of lithium carbonate purity grades differ and are generally at least at 99.5%. In a first attempt, Rock Tech was able to produce a purity grade of 99.63% without further processing of the bulk sample. However, the permitted calcium and sodium limits that are crucial for a product suitable for batteries, were exceeded by the lithium-bearing material. After further processing by means of so-called bicarbonate polishing, all the battery-specific limits were complied with, apart from iron. In a further step, bicarbonate

polishing was applied again. The resulting material then met all the battery-specific requirements with a lithium carbonate purity of 99.988%.

We therefore regard Rock Tech as being well-positioned to successfully drive the exploration forward and to increase the NI-compliant resource base. The samples also indicate “above-average” results.

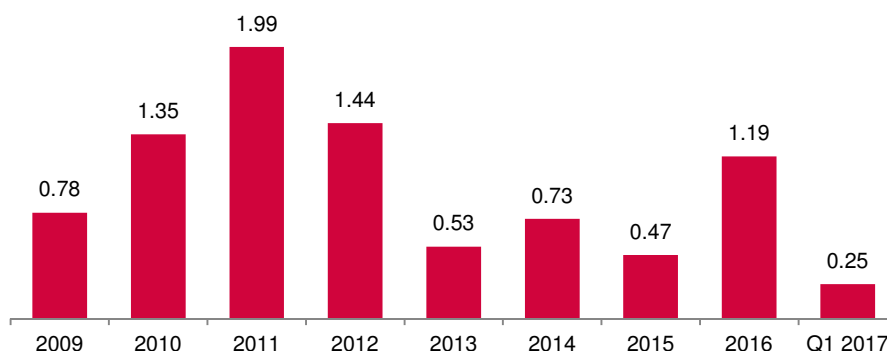
HISTORICAL DEVELOPMENT OF THE COMPANY

in mCAD	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	Q1/2017
Operating expenses	-1.44	-0.53	-0.73	-0.47	-1.19	-0.25
Other expenses	-3.77	-4.69	-0.70	0.35	0.05	0.00
Profit for the period	-5.20	-5.22	-1.43	-0.12	-1.15	-0.25
Exploration costs	-2.09	-0.12	0.00	0.07	-0.58	-0.11
Cash flow from operating activities	-1.23	-0.48	-0.30	-0.44	-0.69	-0.37
Cash flow from investing activities	-1.62	-0.22	0.36	0.73	-0.34	-0.09
Cash flow from financing activities	0.20	0.62	0.20	-0.42	3.97	0.00
Cash and cash equivalents	0.10	0.01	0.27	0.14	3.09	2.63
Balance sheet valuation of projects	7.77	3.35	1.68	1.51	1.99	2.10
Equity (<i>equity ratio</i>)	6.73 (82.5%)	1.60 (45.9%)	1.11 (50.5%)	1.34 (74.5%)	4.94 (94.2%)	4.70 (93.5%)

Source: Rock Tech; GBC AG

As an investment company focusing on commodity assets, Rock Tech by its nature does not yet generate revenues. The company's results are, in the first instance, characterised by operating expenses, which mainly represent administrative expenses as well as consulting costs, travel costs and general personnel costs. Expenses in connection with the further development of projects, such as exploration costs, are immediately capitalised by the company and therefore not shown in the income statement.

Operating expenses since 2009 (in mCAD)

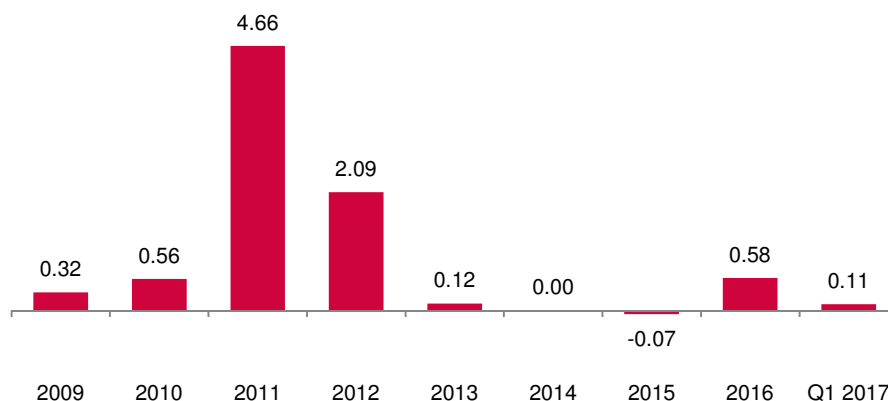


Source: Rock Tech; GBC AG

The comparatively high level of volatility in the operating expenses is therefore regarded as a reflection of the project development. In 2011, a geological NI-43-101-compliant investigation was carried out for the Georgia Lake project, which resulted in a corresponding increase in consulting costs. In the past financial year 2016, another increase in operating costs was evident. After several financial years of low, market-price-related development activity related to the Georgia Lake project, research activities were resumed in 2016.

In a parallel process to the operating expenses, Rock Tech incurs direct exploration costs, which do not have an effect on results due to the capitalisation but which do impact liquidity. Exploration costs amounted to a total of CAD 8.37 million since 2009; a total of CAD 5.31 million was incurred in respect of the Georgia Lake project. In a similar way to operating expenses, financial year 2011 was affected by particularly high costs in connection with the NI-compliant investigation of the Georgia Lake project.

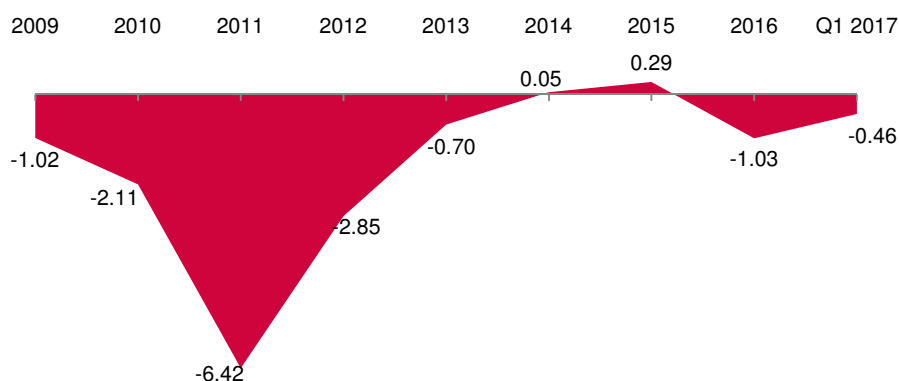
Exploration costs since 2009 (in mCAD)



Source: Rock Tech; GBC AG

Since the acquisition of the Georgia Lake area, a total of CAD 14.25 million has flowed to the project; we regard the replacement value alone to be at this magnitude.

Free cash flow since 2009 (in mCAD)

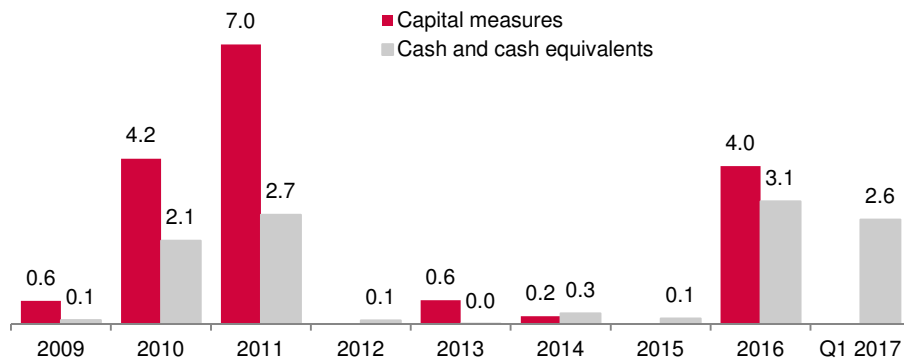


Source: Rock Tech; GBC AG

The positive free cash flow in financial year 2014 and 2015 is due to the cash inflows from the disposal of the “Lochaber Graphite Property, Québec” project. From this transaction with Great Lakes Graphite Inc., a liquidity inflow of a total of CAD 1.10 million occurred in 2014 and 2015.

Rock Tech has met the liquidity requirements of previous financial years almost exclusively by a series of capital injections (see equity ratio > 90%). Together with the issue of a convertible bond amounting to CAD 0.60 million, the company has acquired fresh liquidity of CAD 16.55 million since 2009 through capital-raising measures, which has thereby more than balanced the accumulated free cash flow of CAD -14.25 million. Most recently, liquid funds of CAD 3.87 million were released by two privately placed capital injections.

Capital measures and liquidity development (in mCAD)



Source: Rock Tech; GBC AG

With this, the company has liquid funds of CAD 2.63 million as of the end of the first quarter of 2017 (reporting date: 31/03/17). Based on our estimates, a liquidity requirement of around CAD 1.5 million can be computed for the expected short-term exploration measures as well as for the overhead costs, with the result that no further capital-raising measures or financing round can be expected initially. We therefore assume that the company is fully financed through to the beginning of 2018.

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Proven financial experts with mining competence (successful mining projects, e.g. in Africa) • Large lithium asset with good hard rock lithium grades in a Canadian mining region • Good infrastructure and easy access for energy and the workforce as well as support from the indigenous peoples (First Nations) • Proven fundraising skills by management • Significant participation by the management in the company 	<ul style="list-style-type: none"> • Dependent on individual key persons • Generally small company size • Relatively low capital • To date, the focus is only on one commodities asset in the hard rock segment
Opportunities	Risks
<ul style="list-style-type: none"> • Expected boom in e-mobility and home storage; we expect double-digit growth rates for both markets in the long term • Further sharply increasing price of lithium due to a limited lithium supply, additional capacity development or expansion in the lithium market is a lengthy process • Higher lithium reserves than expected; the Georgia Lake area is in region in Canada with very high lithium deposits • Acquisition of additional commodity assets, e.g. in the lithium sector in the hard rock or brine segments • Mining of additional metals, such as rubidium, caesium and tantalum • 3,667 million historical resources still available, which can be converted to NI-compliant resources 	<ul style="list-style-type: none"> • Volatility in the price of lithium • In the event of a joint-venture production, the actual mining costs could significantly exceed the expected revenue • Potential technological threat from alternative energy suppliers or storage systems • Larger competitors could cause a sharp decrease in prices due to capacity expansions, which could negatively affect profitability

VALUATION

Strategy

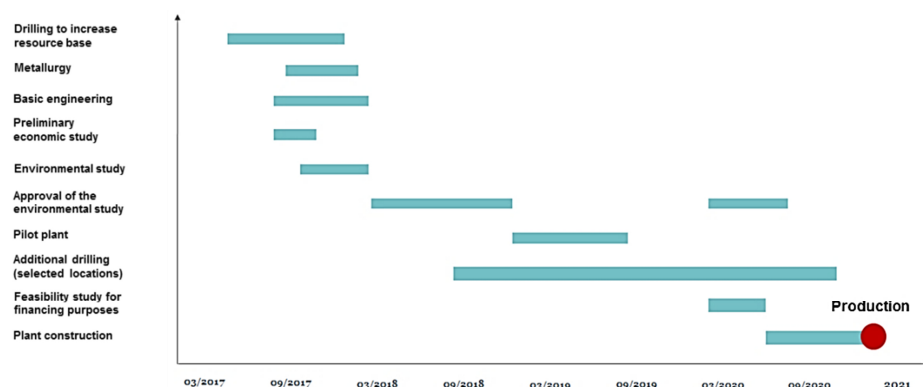
Rock Tech is an investment company in the commodities segment. Its business strategy is to take promising commodity assets (in particular in the lithium segment) that are still in an early phase, and to develop them through to production stage. Rock Tech has a network of technical partners and geologists so it can open up commodity assets and develop them further.

In the long term, the company is aiming for asset diversification. In addition to its main asset, Georgia Lake, further commodities reserves may be added; however, the focus will continue to be on lithium, but not necessarily in the hard rock segment.

Rock Tech started to further develop the existing lithium deposits with the Georgia Lake project in 2010, and has succeeded in doing so. The majority of the historical resource estimates were converted to NI-43-101-compliant resources thanks to extensive development activities (a total of 9.5 million tonnes of Li_2O , of which 3.19 million tonnes are in indicated resources and 6.31 million tonnes in inferred resources). This resulted in significant further development and an increase in value.

Besides the known lithium reserves, new lithium reserves have been recently discovered. Rock Tech's objective is now to convert the remaining historical resource estimate (a total of 3.6 million tonnes of Li_2O) and the newly discovered reserves into NI-compliant resources. We expect this to be completed within the next 12 months. If this is successful, there would be at least around 13 million tonnes in NI-compliant resources. In this case, the company would also attract greater attention.

Schedule to production



Source: GBC AG

Based on the current and new NI resources, multiple exploitation options and value creation opportunities are opening up for Rock Tech. The company is reviewing several options. On the one hand, it could aim for own production in order to leverage the existing resources. On the other hand, it could enter into a production partnership with a competitor or industry-outsider company. Alternatively, it could sell the Georgia Lake project in its entirety to an interested party. On the whole, we welcome this approach by management as the aim is to tease out all the options in order to achieve the best possible shareholder return (shareholder value focus). We expect that the most probable course of action is that the Georgia Lake area will be acquired by a mining company or another industrial company to develop production in the medium term. Should this, contrary to expectations, not succeed, we believe that the most probable course of action would be to enter into a production partnership.

This would have several advantages for Rock Tech. For example they could access the partner's know-how, in particular in the area of operations. There is also the chance that the partner company would assist in financing the production. This partner could provide the necessary liquidity or significantly increase the probability of successful financing. Gearing up lithium production is highly capital intensive, so a strong capital base is essential. We expect that between €30 million and €200 million in production development costs would be incurred for commencing production, depending on the type of lithium-bearing material mined (spodumene concentrate or lithium carbonate). Financing for such a project would be more difficult to obtain without a partner.

Should Rock Tech decide to enter into production with a partner, the following significant measures must be successfully carried out as preparation for lithium mining: Preparation of an environmental study and a feasibility study (see the chart). In the environmental study, Rock Tech would have to prove that the planned mining is in line with applicable environmental laws. The feasibility study would also serve as a basis for the required financing discussions, e.g. with banks. In the context of this study, there will (again) be extensive drilling work, which in turn will raise the prospect that the quality of current NI-compliant resources may increase, i.e. that the current NI categories "inferred" and "indicated" could be upgraded to the categories "indicated" and "measured". This would mean a significant increase in the value of the Georgia Lake asset and thereby the company.

Valuation

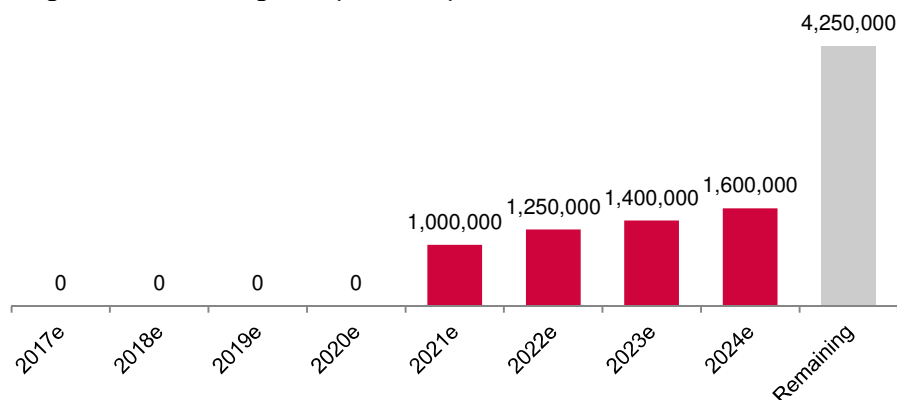
Our valuation of Rock Tech is based on a two-stage model; the first step is a project evaluation of the Georgia Lake (quasi-feasibility valuation) and, the second step, a valuation of mainly non-project related overhead costs. Even if we assume that Rock Tech is ultimately not the producer of lithium carbonate and will therefore not be handling the finished basic material for use in batteries, we have prepared the project valuation based on value creation as a whole. Taking into account specific risk measures, the objective is to determine a project value that can serve as a basis for a purchase price decision by an external buyer. This is consistent with the potential company's strategy according to which a disposal to a mining operator or lithium producer is possible. Accordingly, our project valuation also takes into account the initial investments that a producer would have to contribute.

Valuation of the Georgia Lake Project

As a basis for the project valuation, we have used the determined resources of the Georgia Lake project of 3.19 million tonnes (indicated resources) and 6.31 million tonnes (inferred resources) and thus a total of 9.50 million tonnes of NI-compliant resources. Based on a conservative approach, we have therefore not yet taken into account the currently still "open" 3.67 million tonnes of historic lithium-bearing reserves. These could potentially still be developed to NI-conformity in the next few reporting periods. In total, as a basis for our valuation, the Georgia Lake project has total reserves of 9.50 million tonnes with a lithium oxide purity grade of 1.1%.

In accordance with the previous potential production timeline presented, the potential mining and subsequent production could be expected from financial year 2021. As from this date, we expect an annual minimum 1.00 million tonnes of lithium-bearing hard rock to be mined. Our valuation is based on the following mining activities:

Mining of lithium-bearing rock (in tonnes)



Source: GBC AG

Assuming the above, and taking into account the purity grades and the conservative assumption of a “harvest” of 70% lithium from the lithium-bearing hard rock, we have prepared our forecasts for the production of lithium oxide (Li₂O). For the production of the end product of lithium carbonate (Li₂CO₃), a factor of 2.473 is applied (see the Rock Tech website; lithium conversion table):

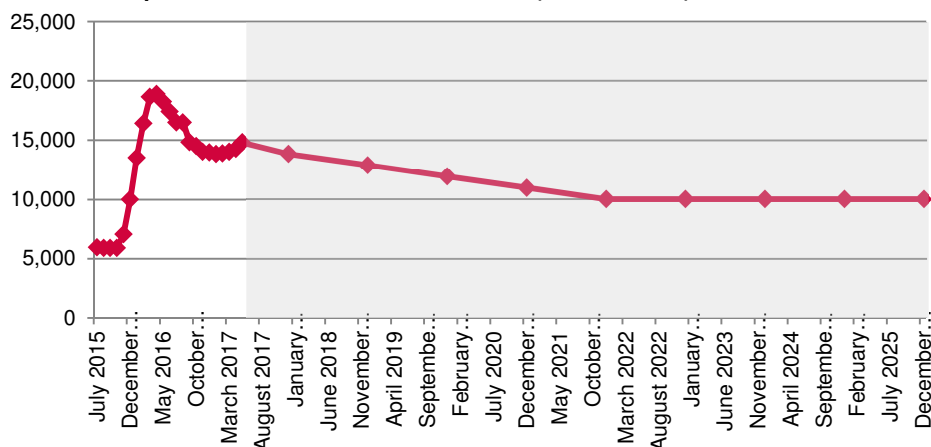
	2021e*	2022e	2023e	2024e	Remaining
Mining (in tonnes)	1,000,000	1,250,000	1,400,000	1,600,000	4,250,000
Degree of purity	1.1%	1.1%	1.1%	1.1%	1.1%
Lithium oxide (in tonnes)	11,000	13,750	15,400	17,600	46,750
Degree of mining	70.0%	70.0%	70.0%	70.0%	70.0%
Lithium oxide (in tonnes)	7,700	9,625	10,780	12,320	32,725
Conversion factor	2.473	2.473	2.473	2.473	2.473
Lithium carbonate (in tonnes)	19,042	23,803	26,659	30,467	80,929

Source: GBC AG

* Note: No production until 2020 and therefore no valuation yet

The price for lithium carbonate, as a basic material for the manufacture of batteries, has increased significantly in recent years due to significant higher demand without a proportionate increase in supply. The most recent price was USD 14,800/tonne, whereas the price was USD 5,950/tonne as late as July 2015 (source: Asian Metal). In our view, the high price level is likely to remain and perhaps even increase further. Taking a conservative approach to valuation, we expect the price level to stabilise, and we regard a long-term price of USD 10,000/tonne as realistic for our model:

Conservative price estimate for lithium carbonate (in USD/tonne) for valuation



Source: Own estimates (conservative scenario) of GBC AG

As a benchmark for the mining costs, we determined average mining costs of approximately USD 5,000/tonne, based on feasibility studies for similar lithium mines. However, we have identified high levels of fluctuations in the studies researched so that, taking a conservative approach, we have applied an upper bandwidth of USD 6,100/tonne for mining costs. Mining costs include all the operating costs of a mine (energy, personnel, write-offs, maintenance and other costs). This gives rise to the following EBIT and NOPAT assumption:

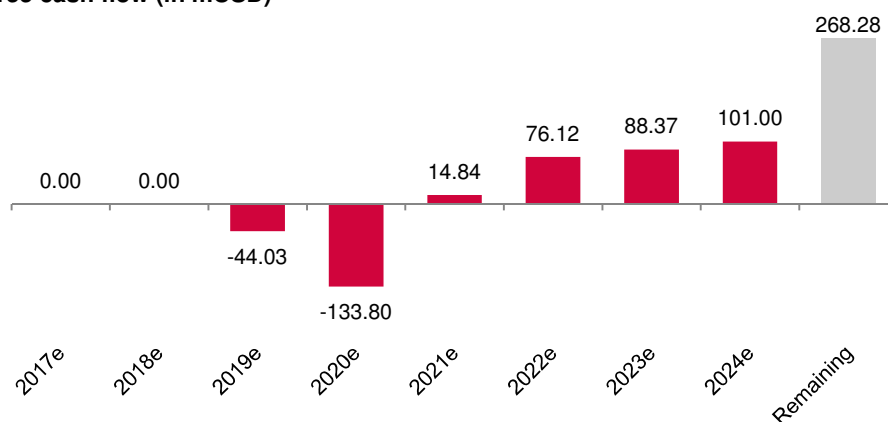
	2021e*	2022e	2023e	2024e	Remaining
Lithium carbonate (in tonnes)	19,042	23,803	26,659	30,467	80,929
Price in USD/tonne	10,000	10,000	10,000	10,000	10,000
Mining costs in USD/tonne	6,100	6,100	6,100	6,100	6,100
EBIT contribution in USD/tonne	3,900	3,900	3,900	3,900	3,900
EBIT in mUSD	74.26	92.83	103.97	118.82	315.62
Taxes in mUSD	11.14	13.92	15.60	17.82	47.34
NOPAT	63.12	78.91	88.37	101.00	268.28

Source: GBC AG

* Note: No production until 2020 and therefore no valuation yet

We have derived the initial costs for the establishment of a mine from feasibility studies for similar mines, as for the operating costs. For the purposes of a regression analysis, we have determined initial costs totalling USD 211.70 million, assuming the annual production performance forecast by us. The full free cash flow the Georgia Lake project, after taking into account financing costs at 4.0%, is as follows, according to the model:

Free cash flow (in mUSD)



Source: GBC AG

Valuation (DCF Model)

Using a discount rate of 12.0%, the net present value of the free cash flow is USD 132.74 million. The present value must still be reduced by the risk measure according to the risk classification of the NI-compliant geological deposits determined. Here we have assumed a probability of occurrence of 30% for inferred resources and 70% for indicated resources (source: Valuation of Metals and Mining Companies). Averaged out over the Georgia Lake deposits, this results in a probability of occurrence of 43.4% or, a risk deduction of 56.6%. If any deposits are re-categorised in the future, the relevant risk deduction will change accordingly.

Resource categories

Inferred mineral resources	Indicated mineral resources	Measured mineral resources
Probability of mineralization is 10% or higher.	Probability of mineralization is 50% or higher.	Probability of mineralization is 90% or higher.

Source: *Valuation of Metals and Mining Companies*

According to our calculation, the Georgia Lake project has a net present value of USD 57.65 million, or at an exchange rate of USD/CAD 1.27 a value of CAD 73.22 million.

	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	Remaining
Free cash flow in mUSD	0.00	0.00	-44.03	-133.80	14.84	76.12	88.37	101.00	268.28
Cost of capital	12.0%								
Net present value in mUSD	132.74								
Risk discount*	56.6%								
Net present value in mUSD	57.65								
Net present value in mCAD	73.22								
Net present value mEUR	50.03								

Source: GBC AG

* According to the probability of resource category

We have also calculated the overhead costs of Rock Tech Inc. as a present value of CAD -9.98 million and have therefore deducted the Georgia Lake project from the valuation base. We evaluated the value of the warrant/options using the Black Scholes model. **Overall, this gives rise to a value of the company of CAD 58.14 million, or CAD 2.15 per share. This is equivalent to a target price of EUR 1.47.**

Faire value Georgia Lake	73.22 Mio. CAD
Faire value overhead costs	-9.98 Mio. CAD
Value of the warrants/options	-5.09 Mio. CAD
Faire value Rock Tech Lithium Inc.	58.14 Mio. CAD
Faire value per share in CAD	2.15 CAD
Faire value per share in EUR	1.47 EUR

ANNEX

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