

## Industrial Technology

### *Weekly Highlights In The Battery Value Chain*

Unless otherwise denoted, all figures shown in US\$

#### Highlights:

From a company-specific point of view, our coverage universe was relatively quiet last week, as Orocobre's quarterly report took centre stage. The continued low level of brine inventory weighed on the stock. Meanwhile, Ganfeng Lithium saw its stock surge to new heights. Investors continue to be highly supportive of the major upstream lithium producers as well as the Chinese processors, which are increasingly making diversified investments to secure supply of key commodities.

- Last week, we came off restriction on ♦Nemaska Lithium Inc. (NMX-TSX, Buy rating, C\$2.25 target) following the close of its recent bought-deal financing. We reiterated our Buy rating and C\$2.25 target, pointing out that a number of near-term catalysts in 2017 should boost the share price.
- Orocobre Ltd (ORL-TSX, ORE-ASX, Market Perform rating, C\$4.10 target) had a difficult week following the release of its quarterly update. The lower brine inventory continues to focus attention on the outlook despite the strong revenue and margin posted in recent quarters.

#### Recent Cormark Battery-Related Research:

Date	Company	Headline	Target	Rec.
21-July-17	Orocobre Ltd.	Waiting For The Brine Inventory To Improve	C\$4.10	MP
21-July-17	♦Nemaska Lithium	Moving Closer To Filling The Funding Gap	C\$2.25	B
7-July-17	Lithium Americas	Cauchari-Olaroz In Construction	C\$2.00	TP
8-June-17	Lithium Americas	Announces Closing of Ganfeng Investment	C\$2.00	TP
29-May-17	♦LSC Lithium Corp.	Site Tour: DXP Is Operational	C\$2.15	B(S)
25-May-17	♦Neo Lithium Corp.	Maiden Resource Confirms Expectations	C\$2.05	B(S)
28-Apr-17	Orocobre Ltd.	Quarterly Report Shows Improvement	C\$4.10	MP
25-Apr-17		The Battery Value Chain Part 2: Cobalt & Graphite		
30-Mar-17	Lithium Americas	Feasibility Highlights Released	C\$2.00	TP
13-Mar-17	♦Nemaska Lithium	Site Visits Highlight Substantial Progress	C\$2.25	B
2-Mar-17	Orocobre Ltd.	Cutting Outlook As Pond Management Stumbles	C\$4.00	MP

*Weekly Highlights in the Battery Value Chain* is published each week to provide a snapshot of stock activity, commodity markets, industry news and government policy related to the adoption of lithium ion batteries as well as the supply and manufacture of related materials and components.

♦During the past twenty-four months, Cormark Securities Inc., either on its own or as a syndicate member, participated in the underwriting of securities and/or provided financial advice regarding the stock market insight and financial analysis regarding potential transactions for these companies.

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## News For Companies Under Coverage

### Nemaska Lithium Inc. (NMX-TSX, Buy rating, C\$2.25 target)

**Moving Closer To Filling The Funding Gap – July 21:** We published a note last week that reiterated our Buy recommendation on Nemaska, following the end of the research restriction period associated with the \$50 MM equity raise completed in June for which we acted as part of the underwriting syndicate. Assuming that NMX successfully concludes arrangements for the debt and government investments, Management anticipates only a modest amount of equity would be required to meet all the funding requirements. We updated our model to account for the recent financing, the latest view of final funding structure, and our increased price forecast for lithium compounds.

Our target remains the same at C\$2.25. With the lithium market to remain tight into the next decade, we remain bullish on late stage developers, including NMX which trades at a low multiple of NAV. In the coming months, we expect the Phase 1 plant to become fully operational, the processing of ore from Whabouchi to commence, and other potential customers to evaluation lithium hydroxide from Shawinigan.

### Orocobre Limited (ORL-TSX, ORE-ASX, Market Perform rating, C\$4.10 target)

**Waiting For The Brine Inventory To Improve - July 21:** Orocobre's share price has been weak since providing a June quarterly update earlier last week as the latest update to the brine inventory rebalancing efforts were met with concern. In a note last week, we summarized the update, maintaining our Market Perform recommendation and C\$4.10. Guidance for the new fiscal year is expected in August, and we are likely to get an update on the brine inventory.

Should the stock retreat to lows following the previous setback concerning operations, we would likely view the situation as an opportunity.

## Industry News

**California Advances New Rebate Program For EVs:** In order to achieve the California Governor's goal to cut GHGs by 2025, the legislature is considering boosting rebates by \$3 BB. A bill has passed the Assembly and two Senate committees and could be ready to be signed within weeks. Interestingly the bill excludes two other alternative vehicles that currently receive rebates: plug-in hybrids and fuel cell vehicles.

**Trans-Canada Highway To Get New Charging Stations:** Although the Canadian market for EVs is small and likely to remain so, we note that the Canadian government plans to install 34 stations for recharging EVs on the Trans-Canada Highway on an 1,860 mile stretch in Ontario and Manitoba. The technology, from a Swiss company, will enable fast charging of vehicles.

Although this is a small program, it is yet another example to the continual lowering of adoption barriers, particularly in countries where large distances between population centres and small numbers of users impact the pace to achieve a critical mass for broader scale adoption on purely economic terms.

**Automakers Pushback On Chinese EV Policy:** As we wrote several weeks ago, foreign automakers interested in expanding sales in China have been taking steps to partner in meaningful ways with Chinese automakers, particularly in the electric vehicles segment. A letter sent to China's Ministry of Industry in June from the auto industry bodies of the US, Europe, Japan, and Korea argues for a delay in the enforcement date of strict sales quotas. The automakers seek additional flexibility in making the 8% target for EVs as a percentage of sales by 2018, rising to 12% by 2020. Non-compliance would result in the ban on imports and/or production of non-new energy vehicles altogether.

In our experience as a former autoparts analyst, this is typical behavior from the automakers in the face of any new significant regulatory shift. In the end, both sides typically give some ground, but the result is always the same: tighter regulation and cleaner vehicles over time.

**Some Reports To Catch Up On This Summer:** There were a couple of interesting reports our readers may be interested in tracking down, for some summer reading.

The first is a report from ING, a Dutch bank, stating that breakthroughs in the EV industry are a major threat to the European auto industry. The authors point to adoption rates that are faster than many auto-industry analysts expected and that rollout of charging infrastructure is also rapidly moving beyond individual countries' own regulations. The report concludes that all new vehicles sold in Europe will be electric from 2035. This echoes the move by Volvo to phase out the internal combustion engine starting with new vehicle models in 2019.

Another report out recently from Bloomberg New Energy Finance (BNEF) predicts a larger reduction in oil demand by 2040 than was previously being discounted because of a more rapid adoption rate of EVs than previously forecast. The report points to recent increases in forecasts for EVs by a number of organizations such as OPEC (500x increase), International Energy Agency, ExxonMobil, Statoil and BP. BNEF expects EVs to outsell gasoline vehicles by 2040. Clearly there is a wide gulf between the forecasts of the oil majors and the more progressive automakers such as Tesla, Volvo, and the other Chinese EV makers.

#### **Commodity Prices:**

- **Lithium:** Lithium prices as reported by both Asian Metals and the Province of Jujuy fell slightly after having remained flat over most of the previous two weeks. Prices for high purity lithium carbonate remain nearly 20% above last year's lows and are approximately 5% lower than 12 months ago.
- **Cobalt:** Despite the fires at Tenke Fungurume, which produces 15% of global cobalt, high-grade cobalt prices retreated from the \$30 per lb level last week. Forecasts for demand in non-EV segments are rising, which suggests that metallurgical applications will impact the demand picture more significantly in the fall. There was one commentary from an industry commentator that ascribes the weakness to lower domestic demand in China as cobalt futures prices declined. A seasonal slowdown in demand from catalyst, magnet and alloy producers was cited as the reason for lower imports.

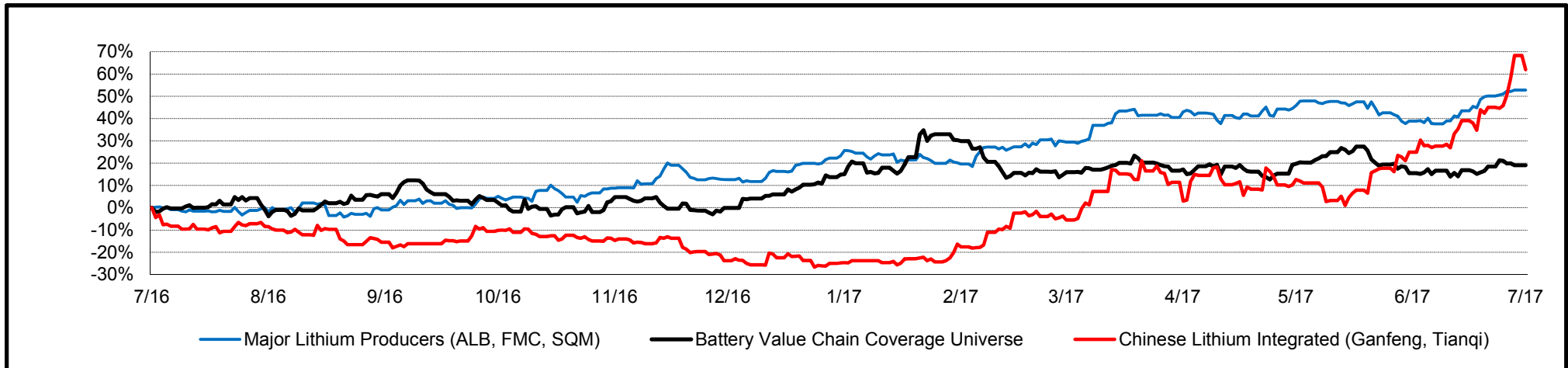
Figure 1: Stocks Under Coverage

Company	Rec.	Capitalization								Valuation									
		Share Price (\$)	Target Price (\$)	12-Mth Return	Sh o/s (MM)	Mkt Cap (\$ MM)	EV (\$ MM)	52-Week		Mining Assets (\$ MM)			Financ'l Assets (\$ MM)			Valuation			
								High (\$)	Low (\$)	Phase 1	Phase 2	Other(s)	Cash	Opt. & Warran	Debt	NAV (\$MM)	Shrs (MM)	NAVPS (\$)	P/NAV
<b>Lithium</b>																			
Lithium Americas Corp	Top Pick	C\$0.96	C\$2.00	108%	386	C\$434	C\$332	C\$1.26	C\$0.52	405.2	285.8	96.2	82.5	10.5	0.9	C\$1,175	453	C\$2.59	37%
♦ LSC Lithium Corp	Buy(S)	C\$1.26	C\$2.15	71%	116	C\$193	C\$160	C\$1.77	C\$1.17	312.1	108.8	147.9	26.4	25.7	-	C\$828	312	C\$2.66	47%
♦ Neo Lithium Corp	Buy(S)	C\$0.99	C\$2.05	107%	90	C\$88	C\$59	C\$2.04	C\$0.91	419.9	213.9		29.4	21.2	0.3	C\$913	246	C\$2.57	39%
♦ Nemaska Lithium Inc	Buy	C\$1.04	C\$2.25	116%	377	C\$392	-C\$91	C\$1.60	C\$0.95	C\$1,277			C\$107.9	C\$18.6	C\$(375)	C\$1,029	-	C\$2.53	41%
Orocobre Ltd	Mkt Prfm	C\$3.24	C\$4.10	27%	210	C\$675	C\$605	C\$4.94	C\$2.67	350.8	219.2	190.7	51.5		(9.8)	C\$1,070	209	C\$5.11	63%
<b>Cobalt</b>																			
♦ Fortune Minerals Ltd	Buy(S)	C\$0.24	0.35	46%	300	C\$58	C\$66	C\$0.34	C\$0.10	C\$274			C\$6.1	C\$2.1	C\$0.0	C\$283	639	C\$0.44	54%
<b>Graphite</b>																			
♦ Mason Graphite Inc	Buy	C\$1.83	C\$2.00	9%	114	C\$167	C\$185	C\$1.91	C\$0.96	C\$273			C\$22.1	C\$4.2	C\$(2)	C\$297	158	C\$1.88	97%

Note: EV does not include cash from options and warrants

Source: Company reports, Thomson Eikon, Cormark Securities

Figure 2: Aggregate Stock Performance



Source: Company reports, Thomson Eikon, Cormark Securities

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Figure 3: Top Performers

1-Week		3-Month		1-Year	
<b>Lithium</b>					
<b>Top Performers</b>					
Advantage Lithium Corp	15%	Millennial Lithium Corp	16%	FMC Corp	58%
♦ LSC Lithium Corp	10%	Orocobre Ltd	11%	Sociedad Quimica y Minera de Chile SA	55%
Bacanora Minerals Ltd	6%	Albemarle Corp	11%	Albemarle Corp	39%
<b>Bottom Performers</b>					
Millennial Lithium Corp	-3%	♦ LSC Lithium Corp	-17%	Advantage Lithium Corp	-19%
Orocobre Ltd	-12%	♦ Neo Lithium Corp	-23%	Orocobre Ltd	-27%
<b>Graphite</b>					
<b>Top Performers</b>					
NextSource Materials Inc	8%	♦ Mason Graphite Inc	35%	♦ Mason Graphite Inc	59%
Alabama Graphite Corp	8%	Syrah Resources Ltd	30%	Leading Edge Materials Corp	30%
Leading Edge Materials Corp	5%	Focus Graphite Inc	30%	Nouveau Monde Graphite Inc	17%
<b>Bottom Performers</b>					
Syrah Resources Ltd	-4%	Magnis Resources Ltd	-27%	Focus Graphite Inc	-40%
Focus Graphite Inc	-6%	NextSource Materials Inc	-38%	Magnis Resources Ltd	-45%
<b>Cobalt</b>					
<b>Top Performers</b>					
Cobalt Blue Holdings Ltd	10%	First Cobalt Corp	19%	CobalTech Mining Inc	560%
CobalTech Mining Inc	6%	Ecobalt Solutions Inc	16%	Ecobalt Solutions Inc	165%
King's Bay Gold Corp	6%	♦ Fortune Minerals Ltd	15%	Castle Silver Resources Inc	159%
<b>Bottom Performers</b>					
Castle Silver Resources Inc	-8%	Cobalt Blue Holdings Ltd	-29%	Clean TeQ Holdings Ltd	67%
Cruz Cobalt Corp	-14%	US Cobalt Inc	-30%	US Cobalt Inc	66%
<b>Group Averages</b>					
<b>1-Week</b>		<b>3-Month</b>		<b>1-Year</b>	
Coverage (Li, Co, Cg)	0%	Coverage (Li, Co, Cg)	-1%	Coverage (Li, Co, Cg)	15%
Lithium	2%	Lithium	-2%	Lithium	9%
Cobalt	0%	Cobalt	-7%	Cobalt	160%
Graphite	2%	Graphite	-1%	Graphite	-7%

Source: Company reports, Thomson Eikon, Cormark Securities

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Figure 4: Lithium Comparables

Company	Ticker	Share Price (\$)	Market Cap (US\$MM)	EV (US\$MM)	Type	Stage	Lithium Project(s)	Location	Trading Metrics	
									EV / EBITDA	
									2017	2018
<b>Producers</b>										
Albemarle Corp	NYSE:ALB	\$118.60	\$13,135	\$13,385	Both	Producer	Atacama / Talison (49%)	Chile / Australia / US	15.5x	14.1x
FMC Corp	NYSE:FMC	\$76.80	\$10,291	\$12,165	Brine	Producer	Hombre Muerto	Argentina	21.9x	11.2x
Soc. Qui. y Min. de Chile	NYSE:SQM	\$38.41	\$10,109	\$10,956	Brine	Producer	Atacama / Cauchari (50%)	Chile / Argentina	13.0x	12.2x
<b>Average</b>									<b>16.8x</b>	<b>12.5x</b>
									Attributable LCE (000t)	EV /t LCE
<b>Hard Rock Developers / Explorers</b>										
Galaxy Resources Ltd	ASX:GXY	A\$1.80	\$562	\$584	Both	Construction	Mt Cattlin / Sal de Vida	Australia / Argentina	9,669	\$60
◆ Nemaska Lithium Inc	TSX:NMX	<b>C\$1.04</b>	<b>\$314</b>	<b>\$378</b>	<b>Hard Rock</b>	<b>FS</b>	<b>Whabouchi</b>	<b>Canada</b>	<b>3,367</b>	<b>\$112</b>
Pilbara Minerals Ltd	ASX:PLS	A\$0.39	\$390	\$320	Hard Rock	FS	Pilgangoora	Australia	3,887	\$82
Altura Mining Ltd	ASX:AJM	A\$0.15	\$147	\$130	Hard Rock	FS	Pilgangoora	Australia	989	\$132
Bacanora Minerals Ltd	TSXV:BCN	C\$1.30	\$137	\$115	Clay	PFS	Sonara (70%)	Mexico	7,207	\$16
Kidman Resources Ltd	ASX:KDR	A\$0.54	\$135	\$137	Hard Rock	Exploration	Earl Grey	Australia	4,547	\$30
Critical Elements Corp	TSXV:CRE	C\$1.25	\$149	\$145	Hard Rock	PEA	Rose	Canada	447	\$325
Neometals Ltd	ASX:NMT	A\$0.29	\$129	\$75	Hard Rock	Construction	Mt Marion (13.8%)	Australia	281	\$267
<b>Average</b>										<b>\$128</b>
									Attributable LCE (000t)	EV /t LCE
<b>Brine Developers / Explorers</b>										
Orocobre Ltd	ASX:ORE	<b>A\$3.18</b>	<b>\$530</b>	<b>\$529</b>	<b>Brine</b>	<b>Producer</b>	<b>Olaroz (66.5%)</b>	<b>Argentina</b>	<b>4,879</b>	<b>\$108</b>
Lithium Americas Corp	TSX:LAC	<b>C\$0.96</b>	\$347	<b>\$340</b>	<b>Brine</b>	<b>FS</b>	<b>Cauchari (50%) / LNC</b>	<b>Argentina / US</b>	<b>1,499</b>	<b>\$227</b>
◆ LSC Lithium Corp	TSXV:LSC	<b>C\$1.26</b>	\$154	<b>\$154</b>	<b>Brine</b>	<b>FS/PFS</b>	<b>Multiple Assets</b>	<b>Argentina</b>	-	-
Lithium X Energy Corp	TSXV:LIX	C\$2.14	\$136	\$128	Brine	Resource	Sal de Los Angeles (80%)	Argentina	2,044	\$63
Wealth Minerals Ltd	TSXV:WML	C\$1.69	\$120	\$119	Brine	Exploration	Atacama	Chile	524	\$227
◆ Neo Lithium Corp	TSXV:NLC	<b>C\$0.99</b>	\$70	<b>\$70</b>	<b>Brine</b>	<b>Exploration</b>	<b>Tres Quebradas</b>	<b>Argentina</b>	<b>714</b>	<b>\$98</b>
Pure Energy Minerals Ltd	TSXV:PE	C\$0.57	\$42	\$40	Brine	Resource	Clayton Valley	US	815	\$49
Lithium Power International Ltd	ASX:LPI	C\$0.30	\$39	\$34	Brine	Exploration	Multiple Assets	Argentina	-	-
Millennial Lithium Corp	TSXV:WML	C\$1.39	\$49	\$47	Brine	Exploration	Atacama	Chile	524	\$89
Advantage Lithium Corp	TSXV:AAL	C\$0.47	\$51	\$49	Brine	Exploration	Cauchari	Argentina	468	\$105 *
Bearing Lithium Corp	TSXV:BRZ	C\$0.88	\$19	\$18	Brine				-	-
<b>Average</b>										<b>\$85</b>

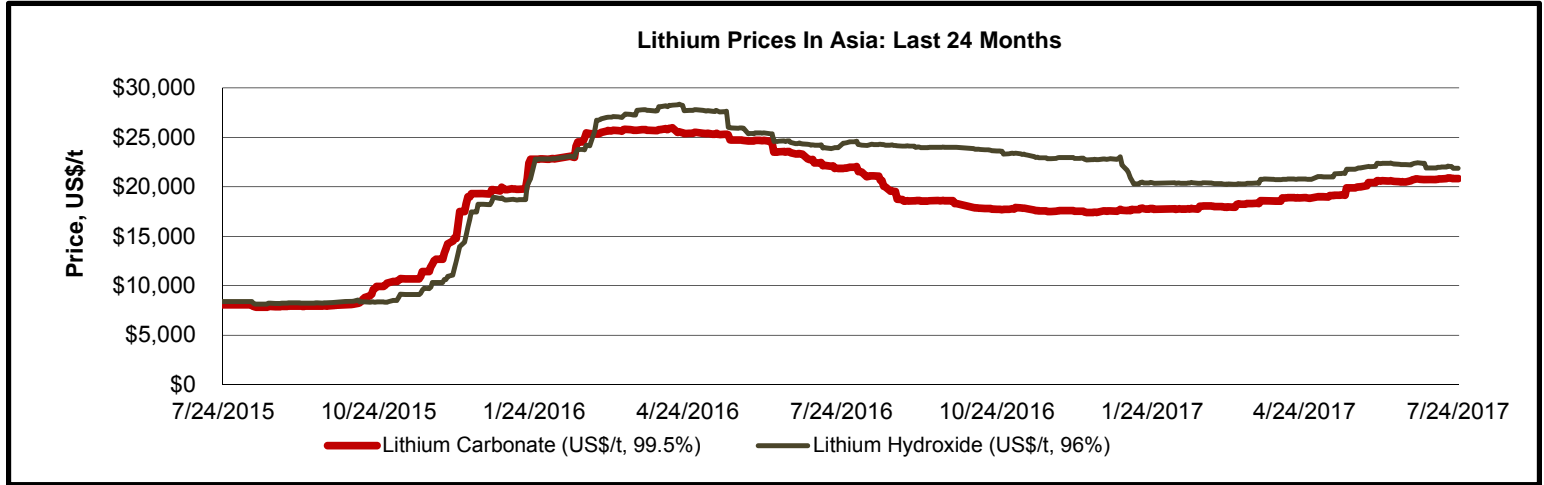
\* only inferred resource

Source: Company reports, Thomson Eikon, Cormark Securities

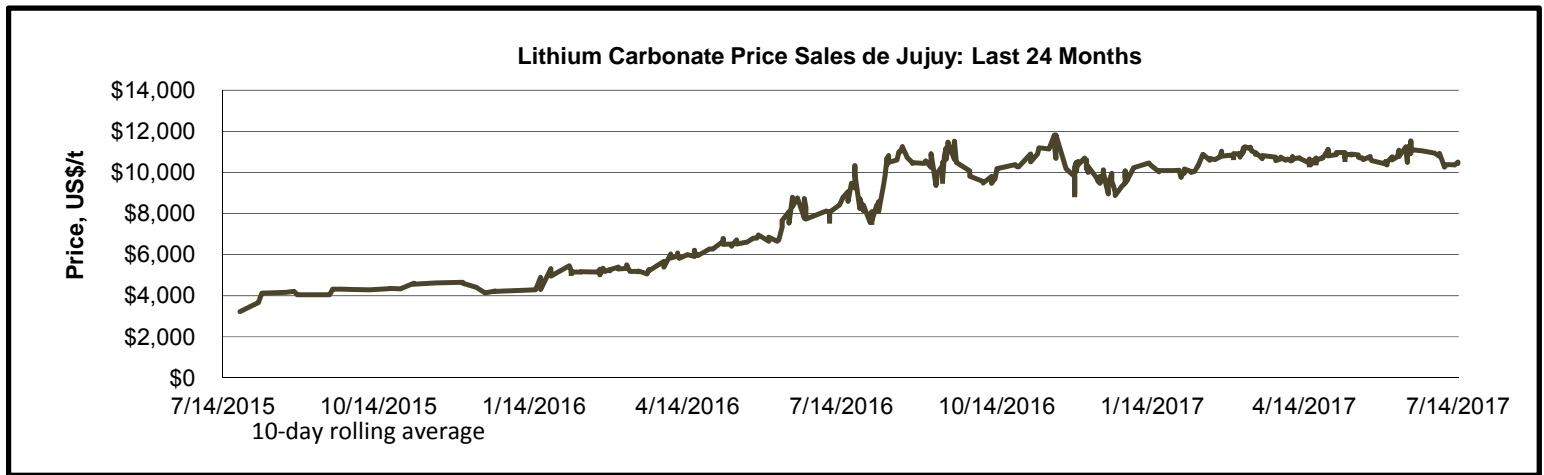
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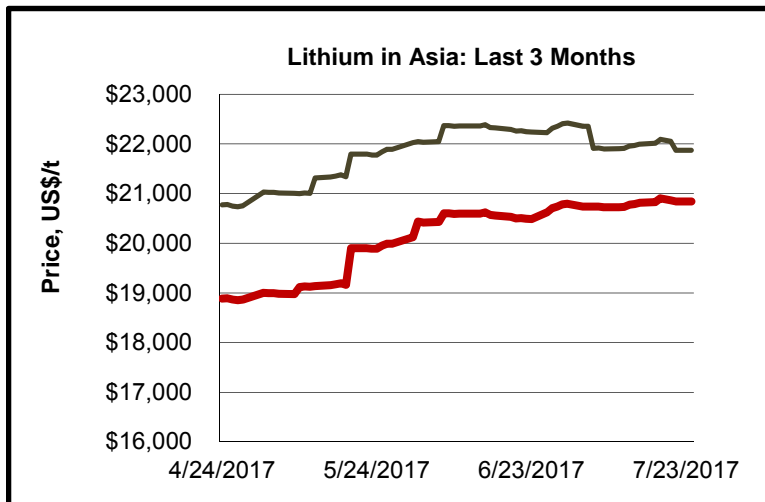
Figure 5: Lithium Prices



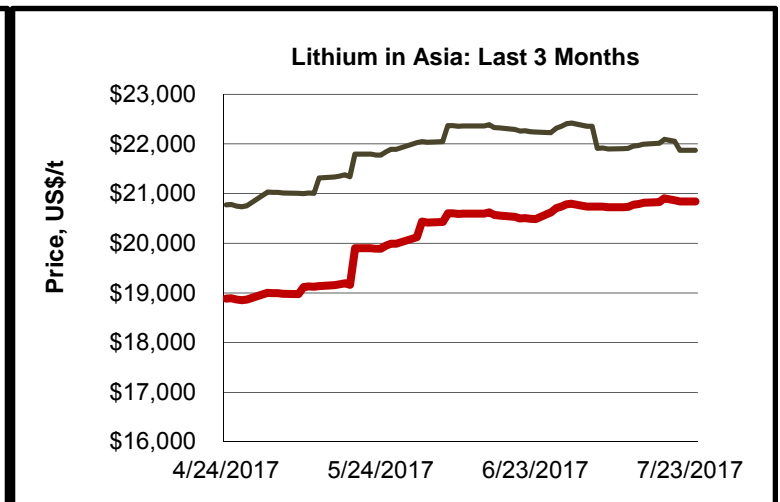
Source: Asian Metals



Source: Administration Federal de Ingresos Publicos, Argentina



Source: Asian Metals



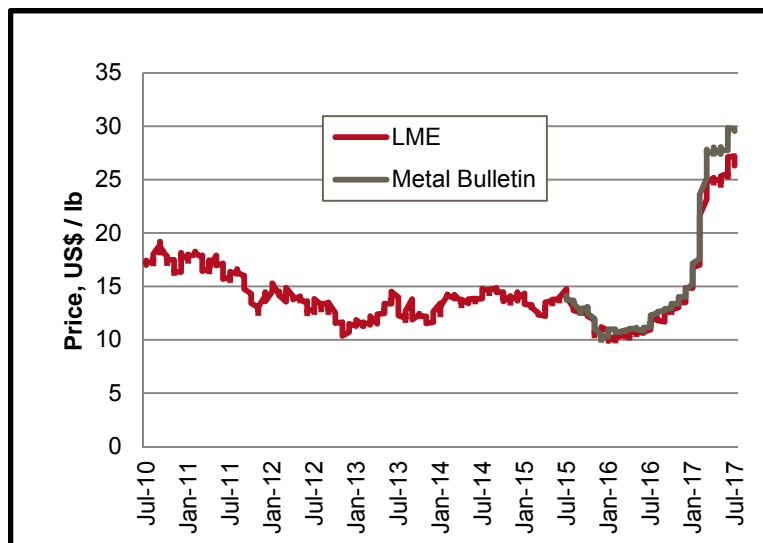
Source: Cormark Securities Inc.

Figure 6: Cobalt Comparables

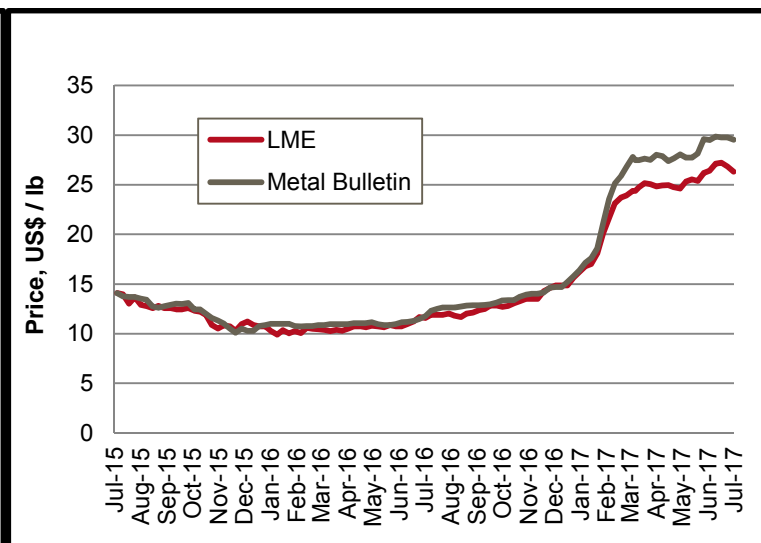
Company	Ticker	Share Price (\$)	Mkt Cap (\$ MM)	EV (\$ MM)	Project(s)	Location	Minerals	Grade, %	Stage	Attr. Co '000 t	EV / t Co C\$/t
Clean TeQ	CLQ.AX	A\$0.72	A\$324.9	A\$309.3	Syerston	Australia	Ni, Co, Sc	0.10%	Pre-feas	106.0	2.9
Cobalt Blue	COB.AX	A\$0.17	A\$16.2	A\$16.0	Thackaringa	Australia	Cobalt-pyrite	0.08%	Drilling	27.5	0.6
CobalTech	CSk.V	C\$0.17	C\$8.3	C\$7.5	Duncan Kerr	Ontario	Ag, Co, Ni, Bi, As		Explor.		
Castle Silver	CSR.V	C\$0.22	C\$6.6	C\$6.0	Beaver And Violet	Ontario	Ag, Co, Cu, Ni		Explor.		
Cruz Cobalt	CUZ.V	C\$0.19	C\$10.2	C\$8.2	Bucke, Coleman, Johnson, War Eagle, Idaho Star	Ontario, Idaho	Co, Ag, Ni, Cu		Explor.		
Ecobalt Sol.	ECS.TO	C\$1.30	C\$168.6	C\$150.9	Idaho Cobalt	Idaho	Cu, Co, Au	0.55%	PEA	17.5	8.6
First Cobalt	FCC.V	C\$0.76	C\$17.2	C\$17.2	Keeley-Frontier	Ontario	Co, Ag		Explor.		
♦ Fortune Mnrl.	FT.TO	C\$0.24	C\$86.8	C\$85.5	NICO	NWT, SK	Co, Au, Bi	.09-0.27%	DFS	37.3	2.3
King's Bay	KBG.V	C\$0.10	C\$3.9	C\$3.7	Lynx Lake, Quebec Cobalt	NFLD & Que.	Co, Cu, Ni, Ag		Explor.		
LiCo Energy	LIC.V	C\$0.12	C\$11.1	C\$9.9	Teledyne Cobalt	Ontario	Co, Ni, Ag	0.45%	Drilling		
Scientific Mtls.	STM.V	C\$0.63	C\$20.7	C\$19.0	Iron Creek	Idaho	Cu, Co	0.48-0.61%	Explor.		
Sunvest Mnrl.	SSS.V	C\$0.11	C\$4.0	C\$3.7	Foster Cobalt	Ontario	Co, Ni		-		

Source: Company reports, Thomson Eikon, Cormark Securities

Figure 7: Cobalt Prices



Source: Cormark Securities Inc., Bloomberg



Source: Cormark Securities Inc., Bloomberg

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**Figure 8: Graphite Comparables**  
**Resource Metrics**

Company	Share Price (\$)	Mkt Cap (\$ MM)	EV (\$ MM)	Project(s)	Location	Grade			Attr. Cg '000 t	*EV / t Cg C\$/t	Notes
						Meas.	Ind.	Inf.			
Syrax Resources Ltd	A\$3.05	A\$832.0	A\$571	Balama	Mozambique	11.0%	11.0%	11.0%	128,500	20.03	3% Cg cutoff
Magnis Resources Ltd	A\$0.48	A\$289.6	A\$287	Nachu	Tanzania	4.7%	5.7%	5.8%	9,344	30.74	3% Cg cutoff
♦ Mason Graphite Inc	C\$1.83	C\$226.7	C\$215	Lac Gueret	Quebec	17.0%	16.0%	0.0%	9,477	22.69	27.8%P&P
Leading Edge Materials Corp	C\$0.79	C\$71.1	C\$67	Woxna	Sweden	10.7%	9.3%	8.5%	9,600	8.69	
NextSource Materials Inc	C\$0.07	C\$36.6	C\$32	Molo	Madagascar	6.3%	6.3%	5.8%	8,654	5.15	2% Cg cutoff
Alabama Graphite Corp	C\$0.14	C\$24.1	C\$24	Coosa, Bama	Alabama		2.4%	2.6%	3,547	15.61	1% Cg cutoff
Nouveau Monde Graphite Inc	C\$0.31	C\$36.6	C\$34	Matawinie	Quebec		4.0%	4.1%	3,345	17.64	2.5% Cg cutoff
Northern Graphite Corp	C\$0.28	C\$19.6	C\$19	Bissett Creek	Ontario		1.8%	1.6%	1,334	40.18	1% Cg cutoff
Focus Graphite Inc	C\$0.08	C\$16.2	C\$16	Lac Knife	Quebec	21.5%	14.4%	16.2%	2,143	8.89	3% Cg cutoff

\* Excludes Inferred Resources

Source: Company reports, Thomson Eikon, Cormark Securities

**Figure 9: Feasibility Study Metrics**

Company	Share Price (\$)	Mkt Cap (\$ MM)	EV (\$ MM)	Project(s)	Product Distribution			Capacity (tpa)	Capex (US\$ MM)	Price/t (US\$)	Opex / t (US\$)	IRR	Stage
					Large	Med.	Small						
Syrax Resources Ltd	A\$3.05	A\$832.0	A\$571	Balama	32.0%	22.5%	45.5%	313,000	193	1,000	286	71%	DFS
Magnis Resources Ltd	A\$0.48	A\$289.6	A\$287	Nachu	41.0%		59.0%	240,000	269	2,350	559	98%	DFS
♦ Mason Graphite Inc	C\$1.83	C\$226.7	C\$215	Lac Gueret	27.0%	15.0%	58.0%	51,900	161	1,465	282	34%	DFS
Leading Edge Materials Corp	C\$0.79	C\$71.1	C\$67	Woxna				10,000		-			Care/Maint
NextSource Materials Inc	C\$0.07	C\$36.6	C\$32	Molo	46.0%	32.5%	21.0%	17,000	15	1,014	433	25%	DFS
Alabama Graphite Corp	C\$0.14	C\$24.1	C\$24	Coosa, Bama	75% CSPG,	25% PMG		15,000	128	7,250	1,555	46%	PEA
Nouveau Monde Graphite Inc	C\$0.31	C\$36.6	C\$34	Matawinie	46.0%	11.0%	43.0%	50,000	109	1,492	495	25%	PEA
Northern Graphite Corp	C\$0.28	C\$19.6	C\$19	Bissett Creek	76.5%	4.8%	18.6%	20,800	83	1,500	600	20%	DFS
Focus Graphite Inc	C\$0.08	C\$16.2	C\$16	Lac Knife	33.5%	29.8%	16.6%	44,300	125	1,713	331	24%	DFS

\* Excludes Inferred Resources

Source: Company reports, Thomson Eikon, Cormark Securities

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<b>Buy</b>	expected to outperform its peer group
<b>Market Perform</b>	expected to perform with its peer group
<b>Reduce</b>	expected to underperform its peer group

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