

## Industrial Technology

### Weekly Highlights In The Battery Value Chain

Unless otherwise denoted, all figures shown in US\$

#### Highlights:

Most stocks finished the year on a strong note making gains on a weekly basis as China extended its rebate program for EVs. Although Asian Metals reported slightly lower spot prices for lithium, the export prices in Argentina continued to rise, and exceeded \$13,300/t, helping to boost ORL's share price. We believe the most important recent news is that SQM and Corfo are working toward settling their dispute. Although we expect some juniors may sell off should SQM receive a large increase in quota, we believe the pressure to be highest on the hard rock miners. Although SQM will be able to expand in Atacama, there will be environmental constraints, a long timeline to production and realized margins will be lower. As a result, SQM will need to pursue its projects outside of SQM, and the need for new low-cost brine capacity by juniors will continue to rise.

- Lithium Americas Expects NYSE Listing In January
- ♦Nemaska Lithium Announces Second Shipment Of LiOH
- ♦Neo Lithium Expands Engineering Team in Argentina
- FMC Corp Revises Operating Agreements In Argentina
- SQM & Corfo Renew Efforts To Resolve Dispute
- Global Sales Of EVs Surpass 1 MM Mark
- Norway Sees EVs/PHEVs Surpass 50% Of Sales
- China Extends Rebates For EVs/Hybrids

#### Recent Cormark Battery-Related Research:

Date	Company	Headline
19-Dec-17	♦Cobalt27 Capital Corp	Pure Play Exposure To Cobalt
18-Dec-17	♦Neo Lithium Corp.	Raising Target On Lower Capex at 3Q
27-Nov-17	♦Mason Graphite Inc.	Project Update – Capex Rises
23-Nov-17	♦Neo Lithium Corp.	PEA Supports An Attractive Project At 3Q
3-Nov-17	♦Nemaska Lithium Inc.	Produces LiOH From Whabouchi Material
25-Oct-17	Lithium Americas	Provides Update On Lithium Nevada Project
16-Oct-17		Raising Our Lithium & Cobalt Price Deck
20-Sept-17	♦Mason Graphite	Permitting Process Moving Forward
8-Sept-17	Lithium Americas	Cauchari Gets Boost From SQM Analyst Day
7-Sept-17	♦Neo Lithium Corp.	Development Update Ahead Of PEA
6-Sept-17	Orocobre Ltd.	Raising Outlook As Brine Inventory Improves
17-Aug-17	Lithium Americas	Construction Progress Should Raise Multiple

*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 From Companies Under Coverage

#### Lithium Americas Corp. (LAC-TSX, Top Pick rating, C\$14.40 target)

**Expects NYSE Listing In January – December 29:** Late in 2017, LAC indicated that an NYSE listing is anticipated to be approved by the end of January. LAC now meets the share price history requirements and seeks to skip the step of first seeking a NYSE American listing. We expect the listing will increase LAC's visibility and further drive demand for the stock, as the company's Cauchari project moves through construction in 2018.

#### Nemaska Lithium Inc. (NMX-TSX, Buy rating, C\$2.65 target)

**Announces Second Shipment Of LiOH From Whabouchi Concentrate – January 8:** Nemaska indicated that a second shipment of 2 t of lithium hydroxide from Whabouchi-sourced spodumene concentrate was completed. While the additional shipment is positive, the ramp appears to be somewhat slower than we had anticipated. On the positive side, the level of impurities remains very good compared with publicly available specifications NMX provided. Testing from an independent lab (Centre National en Electrochimie et en Technologies Environnementales) confirms specification met for battery grade, with Ca, Mg, Al, Cr, Cu, Ni, Zn all below 1 mg/kg, Fe < 5, K, Si <10, Na < 20 and sulfates < 150. This, like the first shipment, is an important milestone as NMX is a fully integrated operation (from mine through to final LiOH) at a cost of production (potentially) of the best brine operations in the world. The stock remains positive despite the long time taken to ramp the Phase 1 plant and ongoing expectations to close financing for the full plant.

#### Neo Lithium Corp. (NLC-TSXV, Buy rating, C\$3.40 target)

**Team Expands As COO Appointed - Latest Drill Hole Goes Deeper – January 8:** Neo Lithium announced that the 3Q project team is expanding with three new engineers and the appointment of a COO. Gabriel Pindar, who is currently a Director of NLC, will become the COO, bringing to the job 25 years of experience at large-scale mines. He worked at Fluor Daniel, BHP Billiton, GM at Arcelor Mittal. The addition of a project engineer manager, project engineer and chemical engineer all bring experience at Orocobre's Olaroz project. We view the additions to the team as positive signs for an acceleration of work at 3 Q where four drill rigs are in operations.

In addition, NLC indicated that results from drill hole PP1-D-15 yielded 238 m with average grade of 784 mg/litre, 2.02 Mg/Li and 0.25 SO<sub>4</sub>/Li. This hole, located in the western part of the northern zone at 3Q, is likely to deepen the resource in the area that had only been drilled down to 68 m previously.

### News From Other Materials Suppliers

#### FMC Corporation (FMC – NYSE, Not Rated)

**Revises Operating Agreements In Argentina – January 4:** FMC announced last week a revised operating agreement for its lithium operations in Argentina. FMC indicated that the updated arrangements will allow it to at least double its production over the next several years. FMC anticipates that annual output would exceed 40,000 tpa on an LCE basis. (Recall that FMC reached a 9,000 tpa LiOH run rate in September, is working on a Phase 2 expansion to add 12,000 tpa capacity.) The operating agreement also impacts royalties and corporate social responsibilities, and importantly, eliminates restrictions that may prevent a change in control of FMC Lithium. This is an important development, as FMC has planned to spin out its lithium division in 2018, a plan it expects to elaborate on during its Q4/17 conference call later in Q1/18.

### **Sociedad Quimica Y Minera (SQM) (SQM – NYSE, Not Rated)**

**SQM & Corfo Renew Efforts To Resolve Dispute – December 18:** Within days of the election of Pinera, the Chilean development agency announced that the ongoing arbitration process between it and SQM would be suspended for 30 days. Corfo indicated that successful negotiations would lead to an expansion of lithium production in Chile. The dispute stems from claims that SQM has not been paying the correct level of royalties and issues related to environmental rules. Potash Corp., which aims to sell its stake in SQM, has reportedly been involved in discussions because of uncertainty surrounding the future SQM's rights to mine beyond the current quota agreement.

As we alluded to on the front page, an expansion, to more than 120,000 tpa LCE will take time. In fact, we have heard from some engineers that there is considerable technical risk to an expansion of operations in Atacama because of the nature of the brine that is currently being used for some of the potash operations. Others have pointed to environmental regulations affecting the limits to extraction of the brine itself. In our questioning of SQM last fall, Management was very confident in its ability to solve the technical issues.

In the end, this capacity expansion by SQM under additional quota will be a headwind for some junior developers with earlier-stage projects to secure financing, but we believe in the long run, that the higher cost of the royalty and the timeline to production will mean more advanced projects will be financed and built. In addition, we expect SQM will remain committed to LAC's Cauchari project as it provides country diversification and the potential for stronger operational margins than the Atacama expansion. We will have more to say on this issue when the new arrangements with Corfo are negotiated.

### **Millennial Lithium Corp. (ML – TSXV, Not Rated)**

**Progress Update On Pastos Grandes – December 29:** After having announced the maiden resource at Pastos Grandes in November (43-101 report filed last week), ML provided an update of activities on the site in Argentina. Engineering and process studies are on track to allow the completion of a PEA in early 2018. Q4/17 was a busy period for ML, having completed a strategic partnership, several equity financings, the hiring of a consultant for the PEA, and the completion of the technical report, among other development activity on its flagship project. Going forward, ML continues to conduct work related to pumping tests, enlarging wells and completing aquifer characterization and numerical modelling of the resource. We expect much of 2018 will focus on work to support a feasibility study for the project.

### **Industry News**

**Global Sales Of EVs Pass 1 MM Mark In 2017 – January 3:** According to Navigant Research, sales of full EVs and plug-in hybrids exceeded 1 MM vehicles in 2017. As we note below the pace of adoption in Norway remains very promising, and we expect a rapid adoption to continue with key markets such as China continuing to have solid government support in terms of policies, financial support for adoption and regulations to decrease emissions from transportation.

**EVs/Hybrids Now More Than 50% New Vehicle Sales In Norway – January 3:** The Norwegian Road Federation released car sales data for 2017 that showed that the market share for fossil-fueled vehicles was below 50%. The rapid adoption has been driven both by purchase subsidies as well as subsidized parking, and advantages such as less costly tolls for roads, ferries and tunnels. Pure EV sales rose to 39% higher than the 29% market share in 2016. We discuss the adoption curves for EVs in Norway, China and on a global basis in our October 16 note titled "Raising Our Lithium & Cobalt Price Deck." Norway is leading the adoption, setting precedents for other nations, including an outright ban on sale of vehicles that emit pollution by 2025.

### **Tesla Inc. (TSLA – Nasdaq, Not Rated)**

**Lowers Model 3 Production Forecast – January 2:** Following up the news that only 1,550 Model 3s were produced in Q4/17, Tesla indicated that its aim is to be producing 2,500 Model 3s per week by the end of Q1/18. In September, Tesla gave a forecast of 15,900 Model 3s to be produced in Q4/17, and though expectations were cut throughout Q4/17, the final production was still half of the consensus view. The latest weekly production levels are half what they were given as in Q4/17, illustrating the considerable problems associated with the ramp in production of the Model 3 by Tesla.

### **Government/Regulatory News**

**China Extends Rebates For EVs/Hybrids – December 27:** Late in 2017, China announced an extension of the tax rebate for the purchase of what their regulators call “New Energy Vehicles”, which includes EVs and plug-in hybrids. The extension is for two years to December 2020. This is a positive development as the adoption of EVs in China did not gather significant momentum until an incentive program was introduced several years ago. Recall that from 2019 onward, automakers will be subject to quotas for EVs that permit the vehicle producers to also produce fossil-fueled vehicles. For now, we believe the incentive structure is the key to continue the strong level of demand.

**Trump’s Executive Order On Critical Minerals Could Ease Permitting – December 21:** The Trump administration issued an executive order that highlights the need to boost domestic mining and processing of critical minerals, which included lithium, cobalt, graphite and rare earths. The US is expected to identify new sources for these materials as well as to increase capacity in the supply chain for both processing and recycling these materials. Such a move by the US government could lower barriers, particularly, permitting, which tend to slow project development and raise costs of bringing new supplies online. A list of relevant materials is to be published within 60 days in the US Federal Register.

### **Commodity Prices:**

- **Lithium:** The spot prices for lithium carbonite reported by Asian Metal continue to slide modestly from \$25,000/t. However, in keeping with Orocobre’s view of stronger pricing for its production, the prices reported by the Jujuy province in Argentina indicate very strong increases, with pricing reported to be above \$13,300/t. This indicates near-term pricing for other producers is likely to continue to rise.
- As we have written we interpret this high level of the spot market to reflect the tight conditions prevalent in the market for lithium feedstocks. Interesting, carbonate continues to trade at a premium to hydroxide, where costs have benefitted by processing from spodumene concentrates.
- As more production comes online, we expect the spot market price to be volatile. We will therefore continue to also weigh the comments from producers, such as the one yesterday by Orocobre to monitor the supply/demand conditions in the market.
- **Cobalt:** Note that our cobalt price charts only show data from the LME, as Metal Bulletin recently instituted an extremely high subscription price for its quotes. The cobalt prices reported by the LME rose to nearly \$35/lb by the end of last week. Market conditions remain tight, and we note that in the previous cycle pricing went as high as \$50/lb for a short period. We have yet to see any major increase in supply to warrant near-term concerns over the rapid rise in pricing.

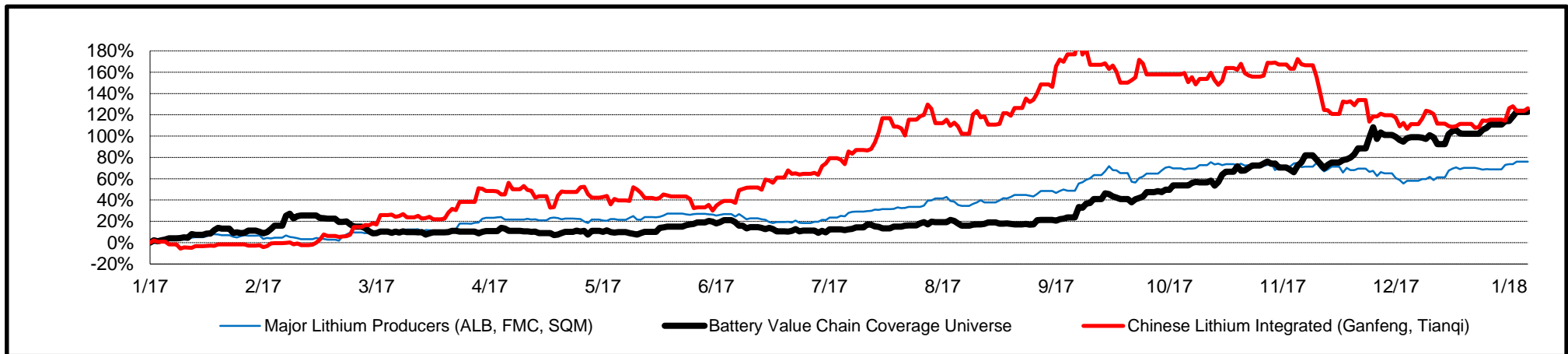
Figure 1: Stocks Under Coverage

Company	Rec.	Capitalization				Current Valuation				Mining Assets (\$ MM)			Financ'l Assets (\$ MM)			NAV (\$MM)	Val. Shrs (MM)	NAVPS (\$)	P/NAV
		Share Price (\$)	Target Price (\$)	12-Mth Return	Mkt Cap (\$ MM)	EV (\$ MM)	52-Week		Phase 1	Phase 2	Other(s)	Cash	Opt. & Wrts	Debt					
							High (\$)	Low (\$)											
<b>Lithium</b>																			
Lithium Americas Corp	Top Pick	C\$12.45	C\$14.40	16%	C\$1,126	C\$1,025	C\$14.06	C\$3.85	515.7	361.6	161.2	82.5	10.9	0.9	C\$1,452	91	C\$16.02	78%	
♦ LSC Lithium Corp	Buy(S)	C\$1.60	C\$2.15	34%	C\$245	C\$211	C\$1.77	C\$1.17	409.3	-	197.6	27.8	27.1	-	C\$849	316	C\$2.69	60%	
♦ Neo Lithium Corp	Buy	C\$2.60	C\$3.40	31%	C\$230	C\$180	C\$2.49	C\$0.85	873.9			50.5	22.0	0.3	C\$1,214	161	C\$4.24	61%	
♦ Nemaska Lithium Inc	Buy	C\$2.39	C\$2.65	11%	C\$904	C\$412	C\$2.43	C\$0.95	C\$1,551			C\$116.6	C\$66.5	C\$(375)	C\$1,359	436	C\$3.12	77%	
Orocobre Ltd	Buy	C\$7.14	C\$6.60	-8%	C\$1,463	C\$1,439	C\$7.19	C\$2.67	586.5	350.5	210.2	51.6	-	-	C\$1,199	209	C\$7.35	97%	
<b>Cobalt</b>																			
♦ Fortune Minerals Ltd	Buy(S)	C\$0.36	C\$0.40	11%	C\$96	C\$108	C\$0.38	C\$0.12	C\$559			C\$5.7	C\$12.7	C\$(6)	C\$572	1,041	C\$0.55	66%	
♦ Cobalt 27 Capital Corp	Buy	C\$12.50	C\$13.00	4%	C\$346	C\$410	C\$13.75	C\$1.13			C\$346	C\$16.0		C\$(3)	C\$361	34	C\$10.52	119%	
<b>Graphite</b>																			
♦ Mason Graphite Inc	REST	C\$2.51	REST		C\$234	C\$268	C\$3.15	C\$1.10	C\$286			C\$15.5	C\$4.2	C\$(8)	C\$298	157	C\$1.89	133%	

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>					
Bacanora Minerals Ltd	43%	Millennial Lithium Corp	133%	Lithium Americas Corp	211%
Galaxy Resources Ltd	13%	Advantage Lithium Corp	130%	Sociedad Quimica y Minera de Chile SA	112%
◆ Neo Lithium Corp	13%	Bacanora Minerals Ltd	114%	Bacanora Minerals Ltd	105%
<b>Bottom Performers</b>					
Millennial Lithium Corp	1%	Sociedad Quimica y Minera de Chile SA	7%	Albemarle Corp	51%
◆ LSC Lithium Corp	-2%	Albemarle Corp	0%	Advantage Lithium Corp	47%
<b>Graphite</b>					
<b>Top Performers</b>					
NextSource Materials Inc	15%	Northern Graphite Corp	82%	Leading Edge Materials Corp	96%
◆ Mason Graphite Inc	6%	Leading Edge Materials Corp	55%	◆ Mason Graphite Inc	93%
Leading Edge Materials Corp	5%	Syrah Resources Ltd	31%	Northern Graphite Corp	92%
<b>Bottom Performers</b>					
Magnis Resources Ltd	-1%	Magnis Resources Ltd	-11%	Magnis Resources Ltd	-39%
Nouveau Monde Graphite Inc	-1%	Alabama Graphite Corp	-50%	Alabama Graphite Corp	-45%
<b>Cobalt</b>					
<b>Top Performers</b>					
LiCo Energy Metals Inc	43%	Cobalt Blue Holdings Ltd	289%	Ecobalt Solutions Inc	228%
Castle Silver Resources Inc	23%	Castle Silver Resources Inc	132%	Clean TeQ Holdings Ltd	208%
Cruz Cobalt Corp	21%	CobalTech Mining Inc	129%	◆ Fortune Minerals Ltd	169%
<b>Bottom Performers</b>					
◆ Cobalt 27 Capital Corp	-1%	◆ US Cobalt Inc	9%	CobalTech Mining Inc	56%
Cobalt Blue Holdings Ltd	-12%	Kings Bay Resources Corp	-5%	LiCo Energy Metals Inc	10%
<b>Group Averages</b>					
<b>1-Week</b>		<b>3-Month</b>		<b>1-Year</b>	
Coverage (Li, Co, Cg)	8%	Coverage (Li, Co, Cg)	59%	Coverage (Li, Co, Cg)	123%
Lithium	9%	Lithium	58%	Lithium	89%
Cobalt	10%	Cobalt	86%	Cobalt	140%
Graphite	4%	Graphite	17%	Graphite	41%

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)	Stage	Lithium Project(s)	Location	Trading Metrics	
								EV / EBITDA	
								2017	2018
<b>Producers</b>									
Soc. Qui. y Min. de Chile	NYSE:SQM	\$62.92	\$16,560	\$17,407	Producer	Atacama / Cauchari (50%)	Chile / Argentina	19.6x	17.5x
Albemarle Corp	NYSE:ALB	\$137.45	\$15,188	\$15,437	Producer	Atacama / Talison (49%)	Chile / Australia / US	17.8x	15.7x
FMC Corp	NYSE:FMC	\$98.17	\$13,180	\$15,054	Producer	Hombre Muerto	Argentina	24.6x	12.7x
<b>Average</b>								<b>20.6x</b>	<b>15.3x</b>
								Attributable LCE EV	
								(000t)	/t LCE
<b>Hard Rock Developers / Explorers</b>									
Pilbara Minerals Ltd	ASX:PLS	A\$1.19	\$1,363	\$1,392	FS	Pilgangoora	Australia	3,887	\$358
Galaxy Resources Ltd	ASX:GXY	A\$4.32	\$1,339	\$1,361	Construction	Mt Cattlin / Sal de Vida	Australia / Argentina	9,669	\$141
◆ <b>Nemaska Lithium Inc</b>	<b>TSX:NMX</b>	<b>C\$2.39</b>	<b>\$728</b>	<b>\$854</b>	<b>FS</b>	<b>Whabouchi</b>	<b>Canada</b>	<b>3,367</b>	<b>\$253</b>
Altura Mining Ltd	ASX:AJM	A\$0.49	\$592	\$594	FS	Pilgangoora	Australia	989	\$601
Kidman Resources Ltd	ASX:KDR	A\$2.04	\$533	\$538	Exploration	Earl Grey	Australia	4,547	\$118
Bacanora Minerals Ltd	TSXV:BCN	C\$2.72	\$291	\$262	PFS	Sonara (70%)	Mexico	7,207	\$36
Neometals Ltd	ASX:NMT	A\$0.47	\$199	\$167	Construction	Mt Marion (13.8%)	Australia	281	\$594
Critical Elements Corp	TSXV:CRE	C\$1.65	\$198	\$199	PEA	Rose	Canada	447	\$446
<b>Average</b>									<b>\$319</b>
								Attributable LCE EV	
								(000t)	/t LCE
<b>Brine Developers / Explorers</b>									
Orocobre Ltd	ASX:ORE	A\$7.17	\$1,184	\$1,181	Producer	Olaroz (66.5%)	Argentina	4,879	\$242
Lithium Americas Corp	TSX:LAC	C\$12.45	\$907	\$900	FS	Cauchari (50%) / LNC	Argentina / US	1,499	\$601
Millennial Lithium Corp	TSXV:ML	C\$3.70	\$213	\$210	Exploration	Multiple Assets	Argentina	-	-
◆ <b>LSC Lithium Corp</b>	<b>TSXV:LSC</b>	<b>C\$1.60</b>	<b>\$198</b>	<b>\$188</b>	<b>FS/PFS</b>	<b>Multiple Assets</b>	<b>Argentina</b>	<b>-</b>	<b>-</b>
◆ <b>Neo Lithium Corp</b>	<b>TSXV:NLC</b>	<b>C\$2.60</b>	<b>\$185</b>	<b>\$185</b>	<b>Exploration</b>	<b>Tres Quebradas</b>	<b>Argentina</b>	<b>714</b>	<b>\$259</b>
◆ Lithium X Energy Corp	TSXV:LIX	C\$2.40	\$183	\$167	Resource	Sal de Los Angeles (80%)	Argentina	2,044	\$82
Advantage Lithium Corp	TSXV:AAL	C\$1.29	\$145	\$132	Exploration	Cauchari	Argentina	468	\$282 *
Wealth Minerals Ltd	TSXV:WML	C\$1.71	\$134	\$133	Exploration	Multiple Assets	Chile	524	\$253
Lithium Power International Ltd	ASX:LPI	C\$0.59	\$93	\$90	Exploration	Maricunga	Chile	1,078	\$84
Pure Energy Minerals Ltd	TSXV:PE	C\$0.43	\$45	\$44	Resource	Clayton Valley	US	815	\$54
Bearing Lithium Corp	TSXV:BRZ	C\$0.80	\$35	\$34	Exploration	Maricunga	Chile	382	\$89
<b>Average</b>									<b>\$141</b>

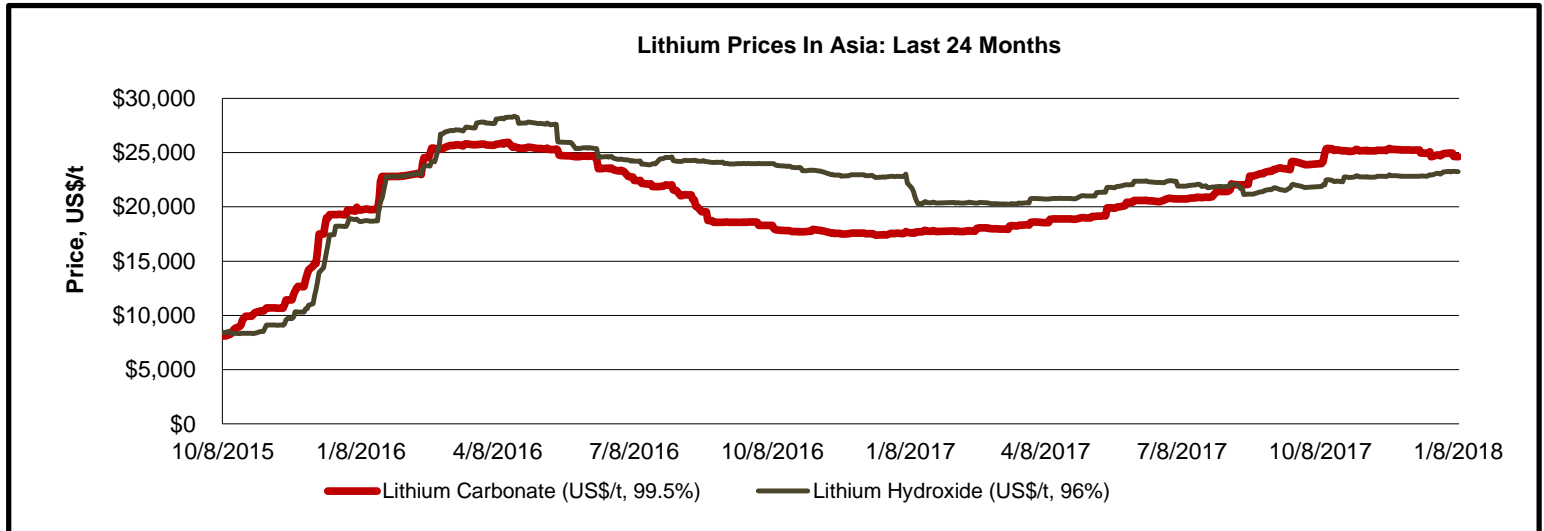
\* only inferred resource

Source: Company reports, Thomson Eikon, Cormark Securities

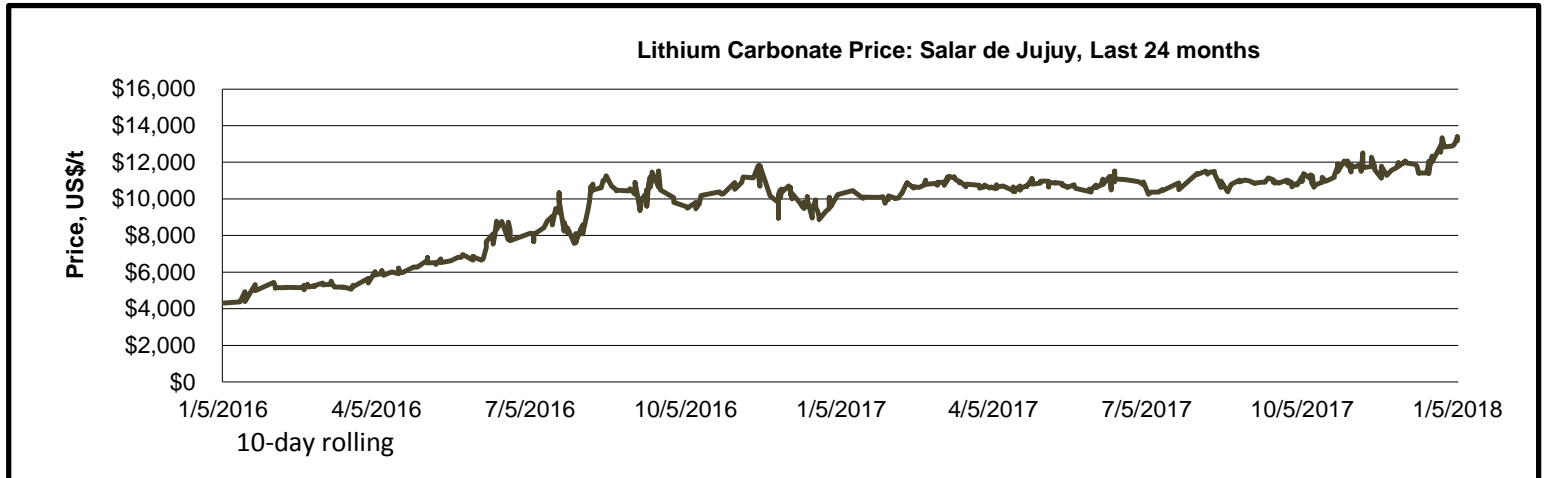
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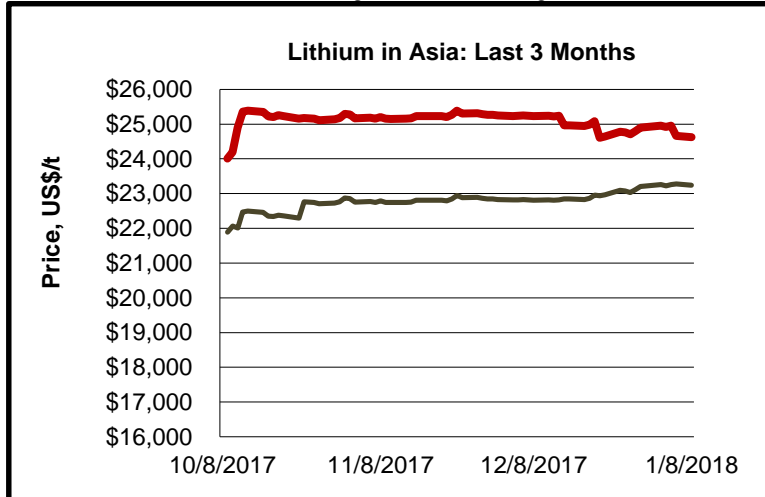
Figure 5: Lithium Prices



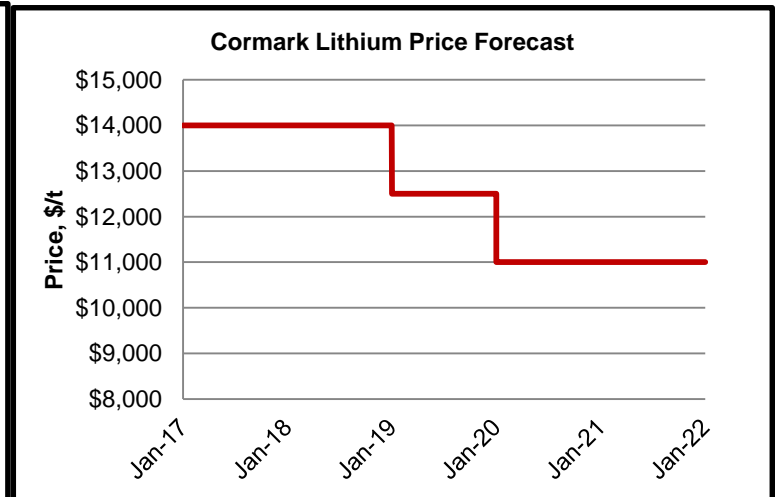
Source: Asian Metals



Source: Administration Federal de Ingresos Publicos, Argentina



Source: Asian Metals



Source: Cormark Securities Inc.

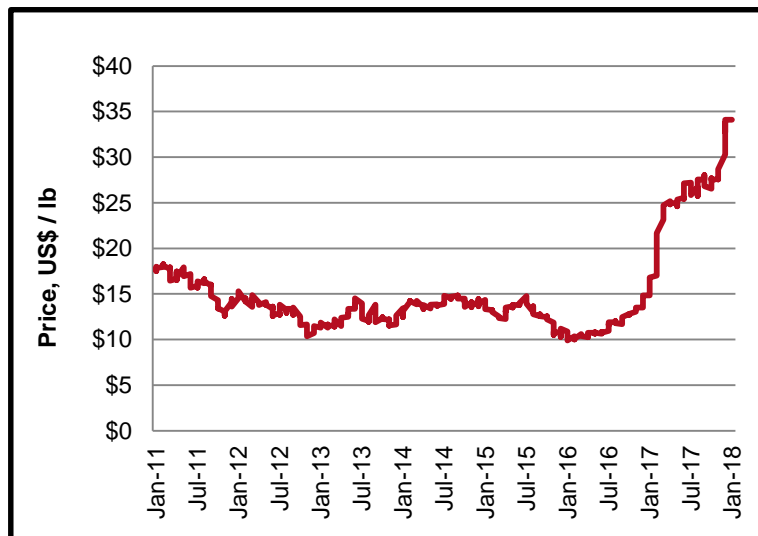


Figure 6: Cobalt Comparables

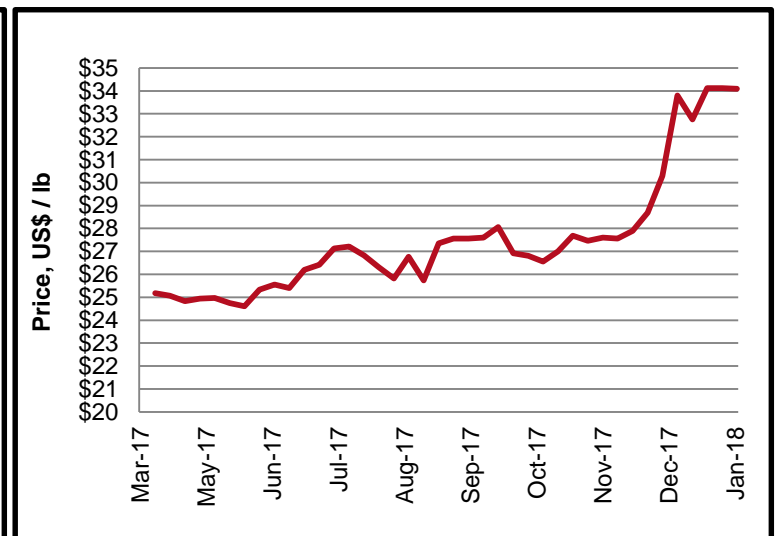
Company	Ticker	Share Price (\$)	Mkt Cap (\$MM)	EV (\$ MM)	Project(s)	Location	Minerals	Grade, %	Stage	Attr. Co '000 t	EV / t Co C\$/t
Clean TeQ	CLQ.AX	C\$1.54	\$812	C\$706.6	Syerston	Australia	Ni, Co, Sc	0.10%	Pre-feas	106.0	6.5
Cobalt Blue	COB.AX	C\$0.68	\$65	C\$57.3	Thackaringa	Australia	Cobalt-pyrite	0.08%	Drilling	27.5	2.0
Castle Silver	CSR.V	C\$0.45	\$20	C\$18.9	Beaver And Violet	Ontario	Ag, Co, Cu, Ni		Explor.		
Cruz Cobalt	CUZ.V	C\$0.34	\$21	C\$19.0	Bucke, Coleman, Johnson, War Eagle, Idaho Star	Ontario, Idaho	Co, Ag, Ni, Cu		Explor.		
Ecobalt Sol.	ECS.TO	C\$1.98	\$258	C\$241.8	Idaho Cobalt	Idaho	Cu, Co, Au	0.55%	PEA	17.5	13.8
First Cobalt	FCC.V	C\$1.41	\$291	C\$288.5	Keeley-Frontier	Ontario	Co, Ag		Explor.		
♦ Fortune Mnrl.	FT.TO	C\$0.36	\$134	C\$135.1	NICO	NWT, SK	Co, Au, Bi	.09-0.27%	DFS	37.3	3.6
King's Bay	KBG.V	C\$0.09	\$4	C\$3.4	Lynx Lake, Quebec Cobalt	NFLD & Que.	Co, Cu, Ni, Ag		Explor.		
♦ Cobalt 27	KBLT.V	C\$12.50	\$309	C\$294.6			Physcial Co				
LiCo Energy	LIC.V	C\$0.16	\$25	C\$24.4	Teledyne Cobalt	Ontario	Co, Ni, Ag	0.45%	Drilling		
♦ US Cobalt	USCO.V	C\$0.62	\$32	C\$31.2	Iron Creek	Idaho	Cu, Co	0.48-0.61%	Explor.		

Source: Company reports, Thomson Eikon, Cormark Securities

Figure 7: Cobalt Prices



Source: London Metals Exchange



Source: London Metals Exchange

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## Graphite Comparables

Figure 8: 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.			
Syrah Resources Ltd	A\$4.73	A\$1,290	A\$1,128	Balama	Mozambique	11.0%	11.0%	11.0%	128,500	39.59	3% Cg cutoff
Magnis Resources Ltd	A\$0.46	A\$277.5	A\$270	Nachu	Tanzania	4.7%	5.7%	5.8%	9,344	28.89	3% Cg cutoff
♦ Mason Graphite Inc	C\$2.51	C\$311.0	C\$307	Lac Gueret	Quebec	17.0%	16.0%	0.0%	9,477	32.42	27.8%P&P
Leading Edge Materials Corp	C\$0.95	C\$85.5	C\$81	Woxna	Sweden	10.7%	9.3%	8.5%	9,600	10.51	
NextSource Materials Inc	C\$0.09	C\$47.9	C\$46	Molo	Madagascar	6.3%	6.3%	5.8%	8,654	7.27	2% Cg cutoff
Alabama Graphite Corp	C\$0.09	C\$14.6	C\$14	Coosa, Bama	Alabama		2.4%	2.6%	3,547	9.31	1% Cg cutoff
Nouveau Monde Graphite Inc	C\$0.45	C\$52.5	C\$49	Matawinie	Quebec		4.0%	4.1%	3,345	25.16	2.5% Cg cutoff
Northern Graphite Corp	C\$0.51	C\$35.7	C\$33	Bissett Creek	Ontario		1.8%	1.6%	1,334	71.13	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	8.86	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						
Syrah Resources Ltd	A\$4.74	A\$1,293	A\$1,131	Balama	32.0%	22.5%	45.5%	313,000	193	1,000	286	71%	DFS
Magnis Resources Ltd	A\$0.46	A\$277.5	A\$270	Nachu	41.0%		59.0%	240,000	269	2,350	559	98%	DFS
♦ Mason Graphite Inc	C\$2.51	C\$311.0	C\$307	Lac Gueret	27.0%	15.0%	58.0%	51,900	200	1,465	282	34%	DFS
Leading Edge Materials Corp	C\$0.95	C\$85.5	C\$81	Woxna				10,000		-			Care/Maint
NextSource Materials Inc	C\$0.09	C\$47.9	C\$46	Molo	46.0%	32.5%	21.0%	17,000	15	1,014	433	25%	DFS
Alabama Graphite Corp	C\$0.09	C\$14.6	C\$14	Coosa, Bama	75% CSPG, 25% PMG			15,000	128	7,250	1,555	46%	PEA
Nouveau Monde Graphite Inc	C\$0.45	C\$52.5	C\$49	Matawinie	46.0%	11.0%	43.0%	50,000	109	1,492	495	25%	PEA
Northern Graphite Corp	C\$0.51	C\$35.7	C\$33	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

I, MacMurray D. Whale, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company(ies) and its (their) securities. I also certify that I have not been, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

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