



# Battery Metals Pro

## Vol. 2

Guide to Junior

COBALT

LITHIUM

GRAPHITE

Explorers & Developers.

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# Battery Metals Pro

August 16, 2018

**Battery Metals Pro**  
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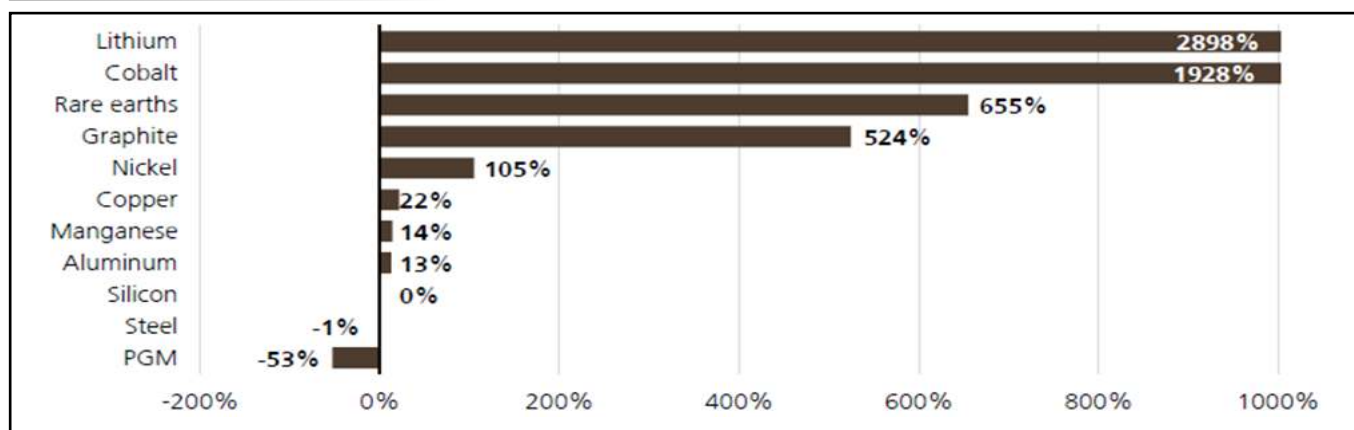
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## This Electric Market Needs a Recharge

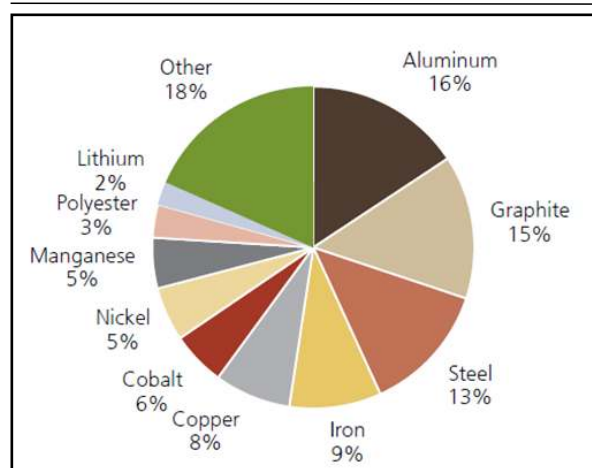
The demand outlook for battery metals has significant upside potential. A lithium-ion battery comprises 15% graphite, 6% cobalt, and 2% lithium by weight. Figure 1 illustrates the ultimate potential global demand change for battery metals in passenger vehicles. This assumes that 100% of all passenger vehicles currently produced are replaced by Electric Vehicles (EV), based on the Chevrolet Bolt specifications. In this report, we focus on the outlook for lithium, cobalt and graphite. Even without this somewhat highly-optimistic view, the near-term future projects are expected to be robust for all of these metals (Figure 1), which should lead to sustained or increased pricing for all these commodities in the medium to long-term period.

Figure 1: Commodity Demand Change Assuming 100% of Passenger Vehicles are EV (As of Today's Production)



Source: UBS

Figure 2: Battery Pack Commodity Breakdown by Weight



Source:UBS

According to UBS, the Chevrolet Bolt is considered the “world’s first real mass-segment electric vehicle.” The Bolt has a reasonable price of US\$37,000 and can reach 238 miles (383 kilometers) on one battery charge, 30% further than its competitors. Furthermore, Tesla’s Model 3, expected to reach the mass market in 2018, offers a similar range and price tag.

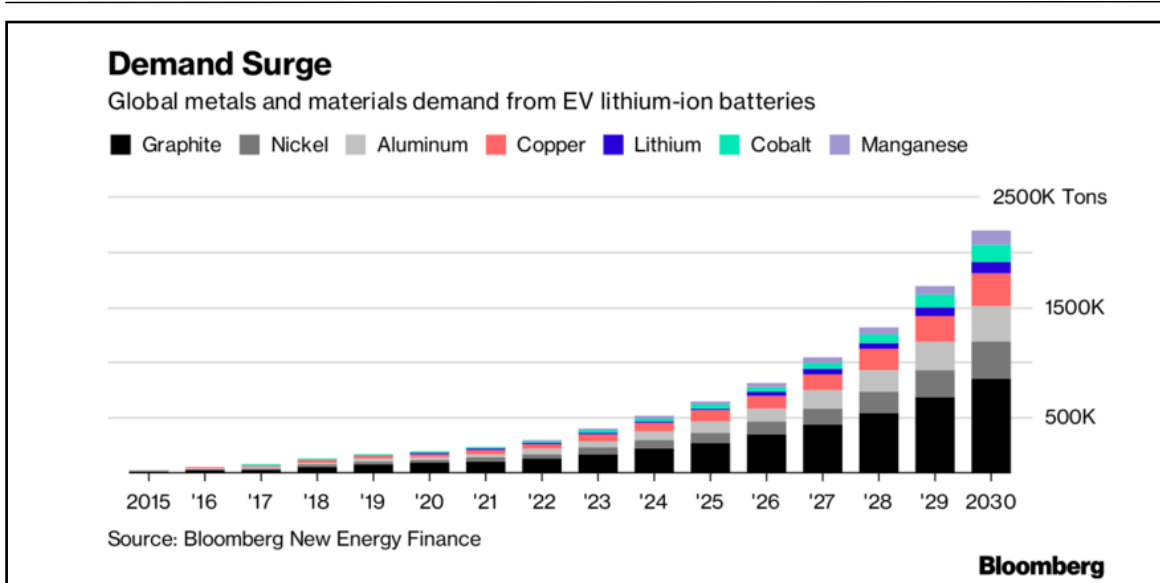
**Electric vehicle targets from large automobile manufacturers in Europe keep coming!** Similar to U.S. car manufactures, like Chevrolet and Ford, automakers in Europe are continuing to reveal their EV mandates to the world. Here are some recent examples:

- **Volkswagen** plans to produce 3M EV/year with 50 models in its suite by 2020 by spending \$70B.
- **Ferrari** announced a \$1B program and anticipates first EV production by 2019. By 2023, the company expects 50% of all its vehicles to be EV.
- **Mercedes** expects 15-25% of global sales from EV vehicles by 2050, beginning with a \$2B EV program, with 10 models in the company’s portfolio to enter the market by 2050.

- **Ford** plans to increase its investment into EV from \$4B to \$11B by 2022 and intends to have 40 hybrid and fully EV models.
- **Tesla** is building a new facility in China for EV manufacturing and plans to produce approximately 500,000EV/year by 2018.
- **Porsche** is increasing its planned EV investment from \$3.6B to \$7.4B by 2022 to produce a high-performance “Mission E” model and its derivative.

**A weak production outlook for lithium, graphite, and cobalt should continue for years to come.** While each battery metal has different macroeconomic impacts, there are two important similarities: all three have technical challenges and, with the possible exception of graphite, there remains a shortage of battery-grade development projects coming online in the two to five-year timeframe. In this report, we breakdown the lithium, graphite, and cobalt markets, and highlight six active small cap developer/explorer battery metals companies that should benefit from attractive medium to long-term macro conditions.

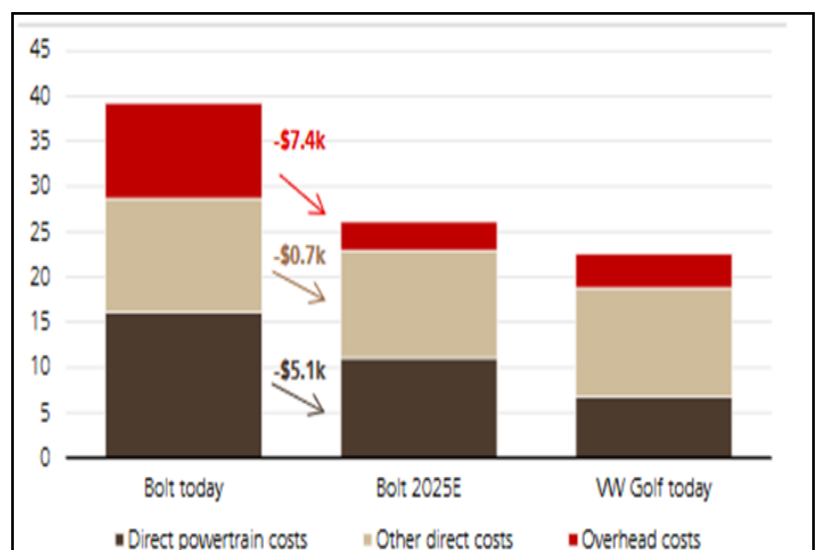
Figure 3: Global Metals and Materials Demand from EV Lithium-Ion Batteries



Source: Bloomberg New Energy Finance

**By 2040, EVs are on pace to comprise 54% of new cars sales (Source: Bloomberg New Energy Finance).** As EVs continue to take market share from traditional internal combustion engine (ICE) cars, prices for the electric vehicles should decrease over time. UBS estimates that by 2025, the price of the Bolt should decrease by ~\$14,000 to ~\$25,000 (~\$37,000 today). This price point is comparable to the price of the VW Golf today, which is Europe’s most popular passenger vehicle. In our opinion, affordability for the middle class will be the next major turning point for battery metals awareness, as well as another positive injection into lithium, cobalt, and graphite commodity prices.

Figure 4: Cost Comparison Between the Chevrolet and Volkswagen

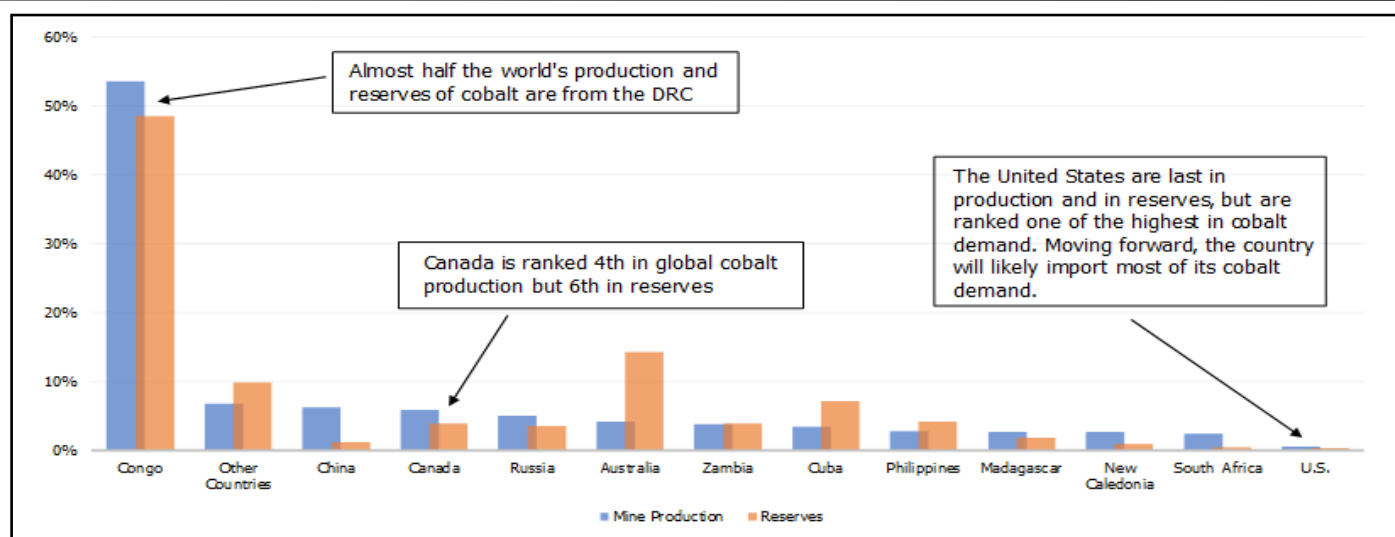


Source: UBS

## COBALT

Figure 5 illustrates the relative estimated global production and reserve levels. Stability and source of future production should be of concern to consumers, as the Democratic Republic of Congo (DRC) accounts for more than half the world's production and reserves. According to the U.S. Geological Survey (USGS), year-over-year, global production declined 3,000 tons to 123,000 tons. At the same time, cobalt demand was said to increase year-over-year, mainly due to greater use in rechargeable batteries and aerospace products. As such, the global market is now estimated to have moved from a surplus to a deficit. In 2016, China accounted for 80% of the world's cobalt consumption, largely driven by rechargeable batteries. One could expect this deficit to trend higher in the near-term, driven by increased demand worldwide. Over the next two to five-years, given the lack of mines with cobalt byproducts in development, this should lead to higher cobalt prices

Figure 5: Global Production & Reserves (2016)



Source: Ubika Research, USGS

**In June 2018, DRC's president signed the new mining code driving the cobalt prices higher.** The DRC aims to remove a provision exempting license holders of compliance with its new mining code (Bloomberg). As a result, mines such as those run by Randgold, Ivanhoe, and Glencore could be subjected to significantly higher royalties on copper, gold, and cobalt, substantially increasing the cost of business in the DRC. As soon as the DRC's president signed the new bill, the country is expected to raise royalties from 2-2.5% to 3.5% for cobalt and copper, the DRC's primary exports. Additionally, the code will allow the government to place a 10% royalty on metals it deems "strategic substances," implementing a 50% tax on "super profits," deemed as income from increased profits when commodity prices rise above levels indicated in a project's Bankable Feasibility Study. Both houses of the Congolese parliament have passed the bill. This leads to more pressure on the DRC and the global supply of cobalt, as increased cost of production and higher prices could lead to companies reducing copper/cobalt outlooks in their mine plans. For reference, more than half of the world's cobalt production comes from the DRC.

**Most cobalt production originates as a by-product of either nickel or copper mining, but due to rising prices, the cobalt ore might be worth more!** The rising price of cobalt has, in some cases, made the cobalt byproduct more valuable than the original primary material. Here is a fictional example: An open-pit project in the DRC expects to mine 1M tonnes/year of 0.4% Cu and 0.05% Co. Without considering recoveries and payables, at US\$3.00/lb Cu and US\$32.00/lb Co, the value of one tonne of rock is US\$68/t, comprised of US\$33/t Cu and US\$35/t Co, equating to US\$68M in topline revenue. Even though 0.05% Co appears very small in significance, in this scenario, the cobalt ore was worth more than the copper metal. What would seem as a marginally profitable project 1-2 years ago, when cobalt was half the price, now would seem like an entirely different economic operation.



Still early days, lots of time to pick your winners in the cobalt space. Since the bump in the cobalt price is a relatively new phenomenon, most publicly-traded cobalt companies in Canada are in very early stages of development and have little analyst coverage. As illustrated in Figure 6, there is only one company, eCobalt Solutions Inc., which has a PEA-stage project. The remaining companies are mostly explorers and have only completed a handful of drill programs on their respective properties. As illustrated in the competitor list, most Canadian-listed companies have their projects located in Ontario.

Figure 6: Cobalt/Explorer Developer Comp

Cobalt Explorers/Developers				
Ticker	Company Name	Last Price	Shares (Basic) (M)	Market Cap (M)
<b>Ontario Project(s)</b>				
BBB.V	Brixton Metals Corp	\$0.20	64.3	\$12.5
CCW.V	Canada Cobalt Works Inc	\$0.79	69.4	\$54.9
CBLT.V	CBLT Inc	\$0.04	49.2	\$1.7
CPO.V	Cobalt Power Group Inc	\$0.07	158.6	\$10.3
CUZ.V	Cruz Cobalt Corp	\$0.10	78.6	\$7.5
EX.CD	Explorex Resources Inc	\$0.34	16.1	\$5.4
FCC.V	First Cobalt Corp	\$0.27	339.2	\$91.6
IMR.V	iMetal Resources Inc	\$0.09	83.1	\$7.5
MQR.AX	Marquee Resources Ltd	\$0.16	24.0	\$3.7
MTC.AX	Metalstech Ltd	\$0.10	42.5	\$4.1
MEI.AX	Meteoric Resources NL	\$0.03	590.2	\$17.1
PAM.V	Power Americas Minerals	\$0.16	70.8	\$11.3
QBOT.CD	Quantum Cobalt Corp	\$0.18	40.4	\$7.3
TOE.V	Tri Origin Exploration Ltd	\$0.02	119.4	\$2.4
ABJ.CD	Supreme Metals Corp	\$0.03	401.1	\$10.0
<b>International Project(s)</b>				
KBLT.V	Cobalt 27 Capital Corp	\$5.79	83.2	\$481.8
ECS.TO	eCobalt Solutions Inc	\$0.57	160.0	\$91.2
GIGA.V	Giga Metals Corp	\$0.22	42.3	\$9.3
GEMC.V	Global Energy Metals Corp	\$0.08	36.6	\$2.7
KBG.V	Kings Bay Resources Corp	\$0.04	66.8	\$2.7
LIC.V	LiCo Energy Metals Inc	\$0.04	185.7	\$6.5
FIN.CD	Micron Waste Technologies Inc	\$0.40	70.7	\$28.3
ORM.V	Orford Mining Corp	\$0.20	43.5	\$8.7
MEAN				\$38
<b>MEDIAN</b>				<b>\$9</b>
<b>Sample Size</b>		<b>23</b>		

Source: Ubika Research, Thomson Reuters

**Ethical materials sourcing could have an impact on where cobalt comes from in the future.**

In November 2017, a comprehensive report by Amnesty International, a non-profit humanitarian research group, highlighted the major blind spots on the cobalt supply chain. As mentioned earlier, and shown in Figure 7, more than half the global supply of cobalt is sourced from the DRC. However, according to Amnesty International, approximately 20% is mined by hand, some of which is by children and adults mining in narrow adits/tunnels in poor safety conditions. According to Amnesty International, much of the cobalt is sent to a Chinese processing company, which generates the final good for use in batteries or electric vehicles across the developed world. As such, 28 known downstream companies are linked to this cobalt source (Figure 8) and were at risk of being connected to child labour via third-party mining in the DRC.

**Like transparency changes in the garment industry, a slow, but real movement is underway to change where we source our batteries.**

Earlier in 2017, Apple Inc. was the first company to publish the names of their cobalt suppliers. Consequently, there remains a significant opportunity for other mining-heavy countries such as Canada, Australia, and the

U.S. to take market share from the DRC. In addition, according to a 2016 Ernst & Young report on Corruption, the DRC ranks as the 156/176 countries in the world on the perceived levels of public corruption, with #1 being the least perceived corrupt place to do business. When companies are given a choice and with additional public pressure to change, downstream companies would gladly replace their cobalt suppliers with first-world sources. Meanwhile, exploration projects are ramping up and old camps like Ontario's historic Cobalt Camp are being revitalized. Still, the rising cobalt price has made at least one major Canadian player take notice, as Bloomberg reported in early March 2018 that Agnico Eagle is reviewing its cobalt assets in Ontario for a potential sale, after receiving interest from five to six inquiries.

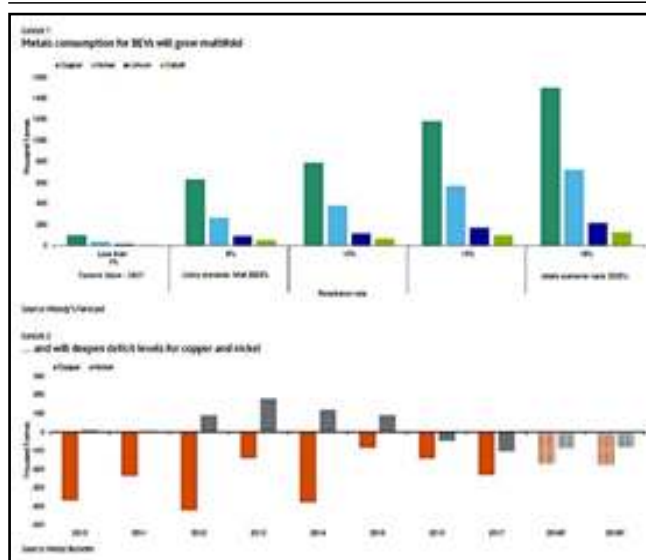
Figure 7: Potential Cobalt Supply Chain



Source: Amnesty International

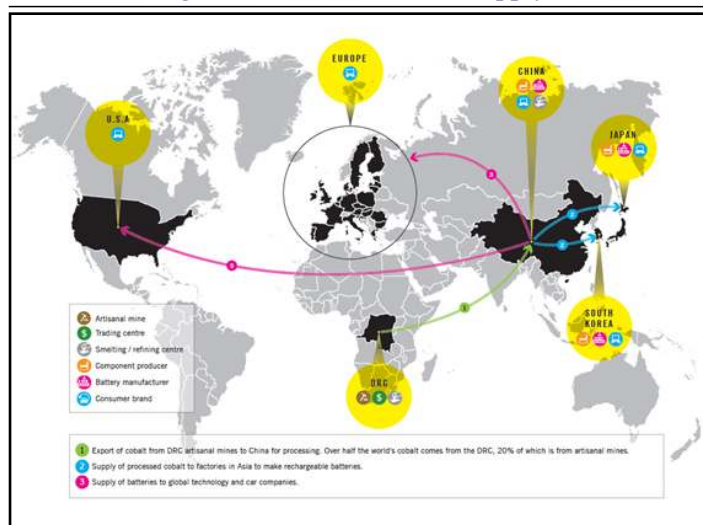
On May 1, 2018, Moody’s released a report on battery metals supply. Analysts from the organization believe that battery metals supply could continue to fall as the quantity and production of copper mines declines. Importantly, cobalt is largely as a byproduct of copper mining. As consumption rates increase due to the rise in electric vehicles, a supply gap could form, which could raise the prices of battery metals. Below are graphs of battery metals demand growth and deficits in copper/nickel supply.

Figure 8: Battery Metals Demand and Deficits



Source: Moody’s Investor Service Report

Figure 9: Potential Cobalt Supply Chain



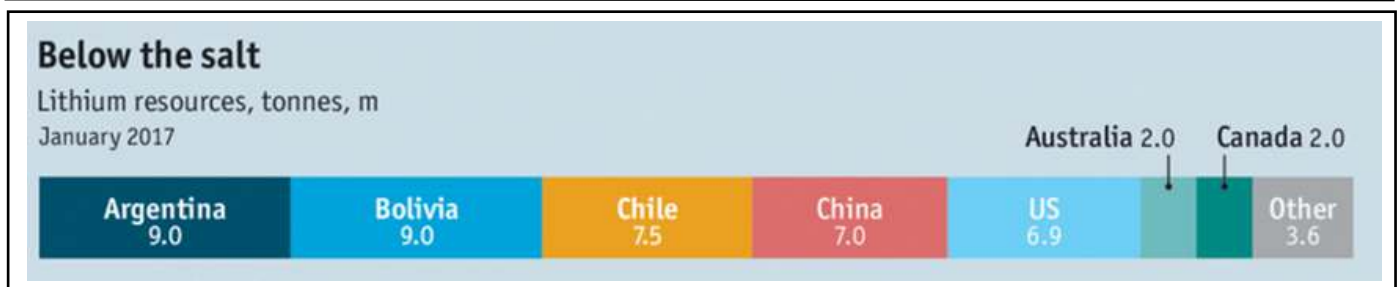
Source: Amnesty International

Notable car manufactures such as BMW, Honda, Nissan, Toyota, Volkswagen and others have made initiatives to develop and adopt solid state batteries. Cobalt prices quadrupling in the last two years, in addition to the various human rights violations in DRC, are motivating reasons for car developers to look for an alternative. For instance, a solid-state battery does not require cobalt for the cathode of the battery, thus making it the potential alternative to the currently used lithium-ion or lithium polymer batteries. Solid state batteries also have longer cycle life and faster recharge. In fact, Tesla’s battery supplier, Panasonic, has initiated development of solid state batteries in June 2018.

## LITHIUM

Most of the world’s lithium comes from a handful of large, well-established integrated chemical producers, generally from brine extraction. Albemarle Corp., SQM and FMC Corp are estimated to make up approximately 56%, with another approximately 22% from China's Jiangxi Ganfeng and Sichuan Tianqi. None of these companies are pure-plays for lithium production. This oligopoly presents significant opportunity for explorers and developers to seize a piece of growing lithium demand.

Figure 10: Argentina, Bolivia, and Chile make up the “lithium triangle” (~54% of the world’s lithium resources)

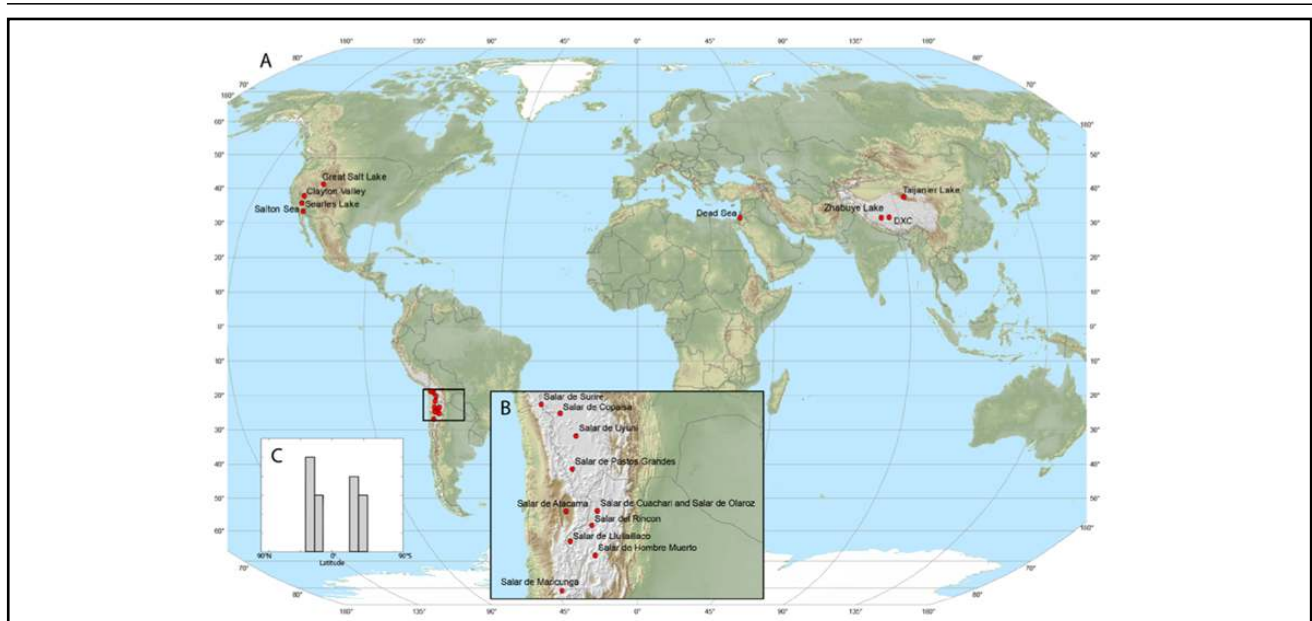


Source: Economist, USGS

Currently, analysts estimate demand at ~180-200K tonnes of Lithium Carbonate Equivalent (LCE), growing to an estimated ~500 t LCE by 2025. In our view, we expect a deficit over the next one to five years. Albemarle, SQM, and FMC cannot simply turn on the taps and produce more lithium instantaneously. While additional pumps can be added, and pumping rates increased, brine extraction rates must be managed or drawdown cones could present future production issues. Furthermore, deposits take months to a year to yield their desired output through evaporation. This remains very different than standard shovel and process-plant operations, where scaling towards increased production is not as simple as turning on a tap or adding a new fleet of vehicles. Consequently, expectations of rising demand has led to a race in exploration and development. Much of this has been focused on the salars of South America (approximately 80% of the world’s reserves, or 54% of resources) and Nevada (see Figure 9 & 10).

Chile is considering the revision of its mining code. The country’s code is generally considered very mining-friendly with the Fraser Institute ranks Chile as 85.51 in their Investment Attractiveness Index as of 2017. Baldo Prokurica, the Chilean Minister of Mines, is considering changing law for all miners to work all their owned concessions, which could encourage miners to permit exploration at their non-critical assets. To further the proposed law, Mr. Prokurica has set up a commission to create the country’s new mining policy for 2018-2050.

Figure 11: World Map of Lithium Brine Deposits



Source: USGS



The recent downturn in lithium stocks could present a buying opportunity. As shown in the 3-month Global Lithium ETF chart in Figure 12, between May 16 and August 15 the ETF fell 6.8%. Even so, the ETF continues to outperform benchmarks such as the GDXJ and TSXV, which have been down 15% and 14%, respectively.

Recent weakness in the lithium price was largely driven by worries about oversupply in the market. One of the major catalysts of late was that Sociedad Quimica y Minera de Chile's (NYSE:SQM) resolved its dispute with the government. This resolution paved the way for the Company to increase future production more than the market anticipated. Of note, SQM was the world's lowest-cost lithium producer, comprising approximately 21% of global production. Additionally, SQM had also been reported to be in the later stages of a long-term lithium supply agreement with Tesla Motors. In our view, that news is now fully priced in the market, and further fears of increased production should not negatively impact the lithium price in the next few months.

Figure 12: 3-Month Relative Chart



Source: Quotestream

Figure 13: Two-Year Relative Chart



Source: Quotestream

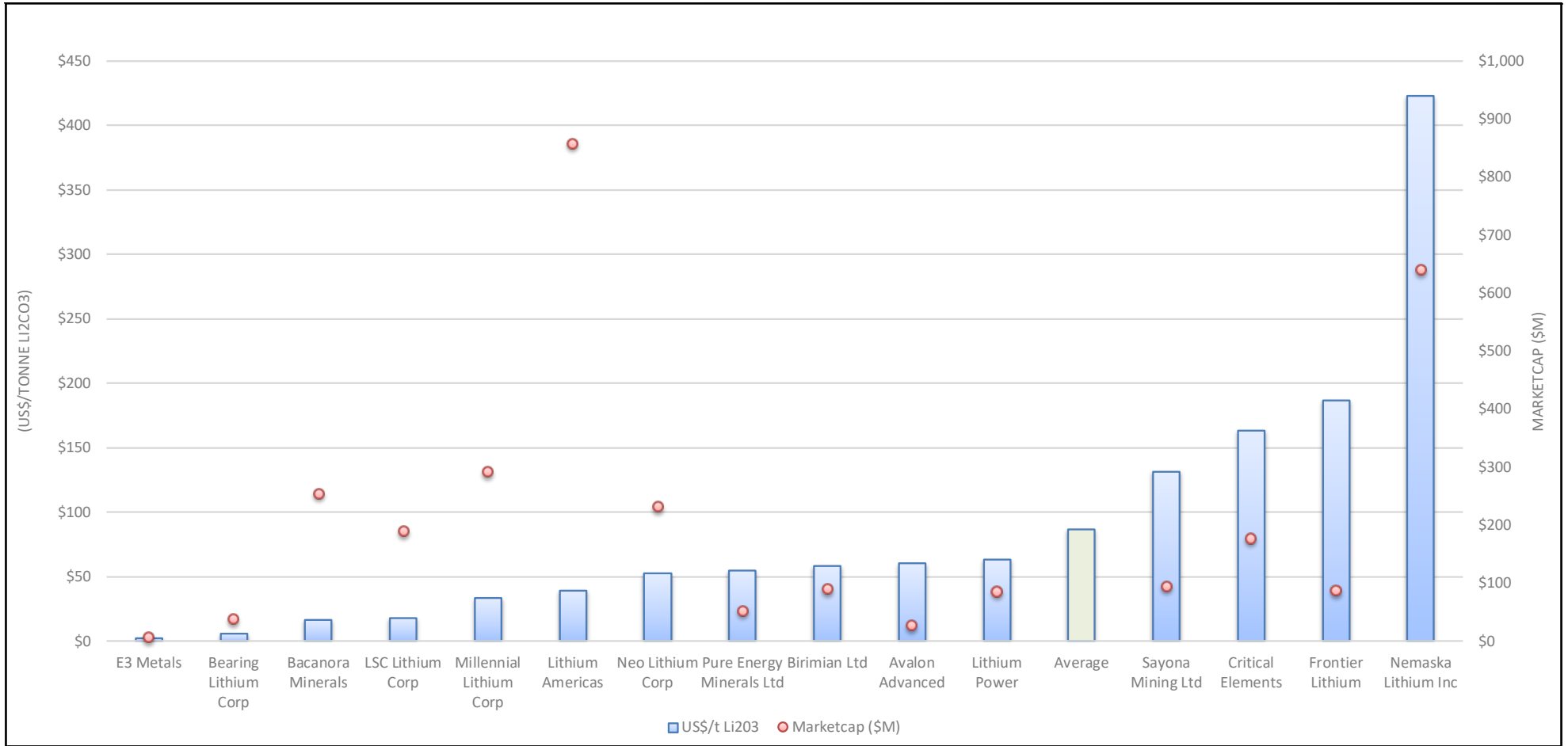
Figure 14: Lithium Comp List

Lithium Explorers/Developers											
Ticker	Company Name	Last Price	Shares (Basic) (M)	Market Cap (M)	P/NAV	EV/Tonne Li2CO3	Cobalt/Project Name	Type	Project Location	Latest Stage Completed	Average Annual Production (Li2CO3)
AAL.V	Advantage Lithium Corp	\$0.81	157.5	\$127.6	na	na	Cauchari Project (50%)	Brine	Argentina	Exploration	na
AGY.AX	Argosy Minerals Ltd	\$0.25	893.5	\$225.2	na	na	Rincon (77.5%)	Brine	Argentina	Pilot Plant Commissioning	na
AVL.TO	Avalon Advanced Materials	\$0.08	221.6	\$16.6	0.07x	\$61	Separation Rapids	Hard rock	Ontario	PEA (2016)	28,171
BCNLV	Bacanora Minerals Ltd	\$1.40	134.2	\$187.8	0.22x	\$17	Sonora / Zinnwald	Hard rock	Mexico / Germany	Pilot Plant / Feasibility (2018)	17,500
BRZ.V	Bearing Lithium Corp	\$0.29	55.2	\$15.7	0.10x	\$6	Mariungu (17.7%)	Brine	Chile	PEA (2017)	20,000
BGS.AX	Birimian Ltd	\$0.29	228.1	\$65.1	na	\$58	Goulamina	Hard rock	Mali	PFS (2017)	na
CREV	Critical Elements Corp	\$0.80	157.0	\$125.6	0.18x	\$163	Rose	Hard rock	Quebec	Feasibility (2017)	nm
DOL.V	Dajin Resources Corp	\$0.09	152.3	\$13.7	na	na	Teels Marsh	Brine	Nevada	Exploration	na
ETM.CV	E3 Metals Corp	\$0.34	17.4	\$5.9	na	\$2	Leduc Reef Trend	Petro-Lithium	Alberta	Resource	na
FAT.CD	Far Resources Ltd	\$0.14	103.5	\$14.5	na	na	Zoro	Hard rock	Manitoba	Exploration	na
FLV	Frontier Lithium Inc	\$0.40	147.5	\$59.0	na	\$187	Pakeagama (PAK)	Hard rock	Ontario	Resource	na
LKE.AX	Lake Resources NL	\$0.08	233.6	\$19.6	na	na	Olaroz/Cauchari	Brine	Argentina	Exploration	na
LACTO	Lithium Americas Corp	\$5.18	88.6	\$458.9	0.46x	\$39	Cauchari-Olaroz	Brine	Argentina	DFS (2017)	25,000
LPI.AX	Lithium Power International	\$0.26	260.7	\$68.2	0.15x	\$63	Mariungu (50%)	Brine	Chile	PEA (2017)	20,000
LSCV	LSC Lithium Corp	\$0.54	142.4	\$76.9	na	\$18	Pozulelos	Brine	Argentina	Resource	na
XMG.CD	MGX Minerals Inc	\$0.77	122.7	\$94.4	na	na	Project Generator	Brine	Alberta	Exploration	na
MLV	Millennial Lithium Corp	\$1.67	81.9	\$136.7	na	\$33	Pastros Grandes	Brine	Argentina	Resource	na
NMK.TO	Nemaska Lithium Inc	\$0.63	845.7	\$532.8	0.24x	\$423	Whabouchi	Hard rock	Quebec	Feasibility (2018)	11,000
NLCV	Neo Lithium Corp	\$0.92	117.4	\$108.0	0.07x	\$53	Tres Quebradas	Brine	Argentina	PEA (2017)	35,000
PLL.AX	Piedmont Lithium Ltd	\$0.16	554.0	\$86.9	na	na	Piedmont	Hard Rock	North Carolina	Exploration	na
PCR.V	Portofino Resources Inc	\$0.06	51.9	\$2.9	na	na	Catamarca	Brine	Argentina	Exploration	na
PWM.V	Power Metals Corp	\$0.28	101.2	\$28.3	na	na	Case Lake (80%)	Hard Rock	Ontario	Exploration	na
PEV	Pure Energy Minerals Ltd	\$0.10	145.8	\$13.8	0.04x	\$55	Clayton Valley	Brine	Nevada	PEA (2017)	9,100
PLR.AX	Pureprofile Ltd	\$0.10	120.1	\$12.6	na	na	Piedmont	Hard rock	North Carolina	Exploration	na
SYA.AX	Sayona Mining Ltd	\$0.03	1,475.0	\$47.7	0.34x	\$131	Authier	Hard rock	Quebec	PFS (2017)	99,000
SLV	Standard Lithium Ltd	\$0.90	73.5	\$66.2	na	na	Bristol Dry Lake	Brine	California	Exploration	na
WML.V	Wealth Minerals Ltd	\$0.77	119.1	\$91.7	na	na	Atacama	Brine	Chile	Exploration	na
MEAN				\$100	0.19x	\$87					29,419
MEDIAN				\$66	0.17x	\$55					20,000
	Sample Size	27									

Source: Ubika Research, Thomson Reuters

## Lithium Developers

Figure 15: EV (C\$) / LCE Resource Tonne & Marketcap

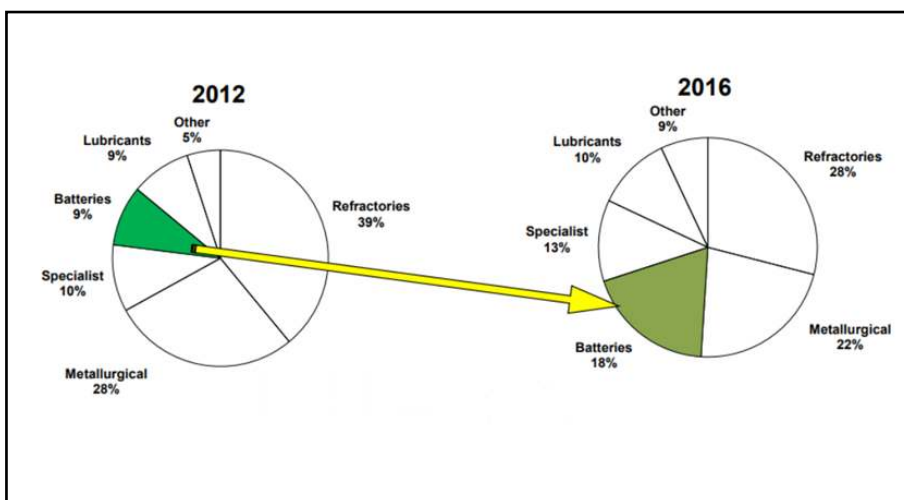


Source: Ubika Research, Thomson Reuters

## GRAPHITE

Even though graphite is an important component in batteries and the demand outlook looks strong (Figure 15), graphite stocks have not appreciated as much as their lithium or cobalt peers. Part of that likely reflects the fear of potential oversupply from Syrah Resource's (ASX:SYR) massive Mozambique project (Figure 16), which is just reaching commercial production. There are few public Canadian players with active graphite properties. In our view, the recent battery craze during the last one to two years has been mainly focused on lithium stocks and to a lesser extent cobalt. The graphite public markets, aside from a few select later-stage stocks, have not yet been participating in the run.

Figure 16: Growth of Graphite's Battery Market Share

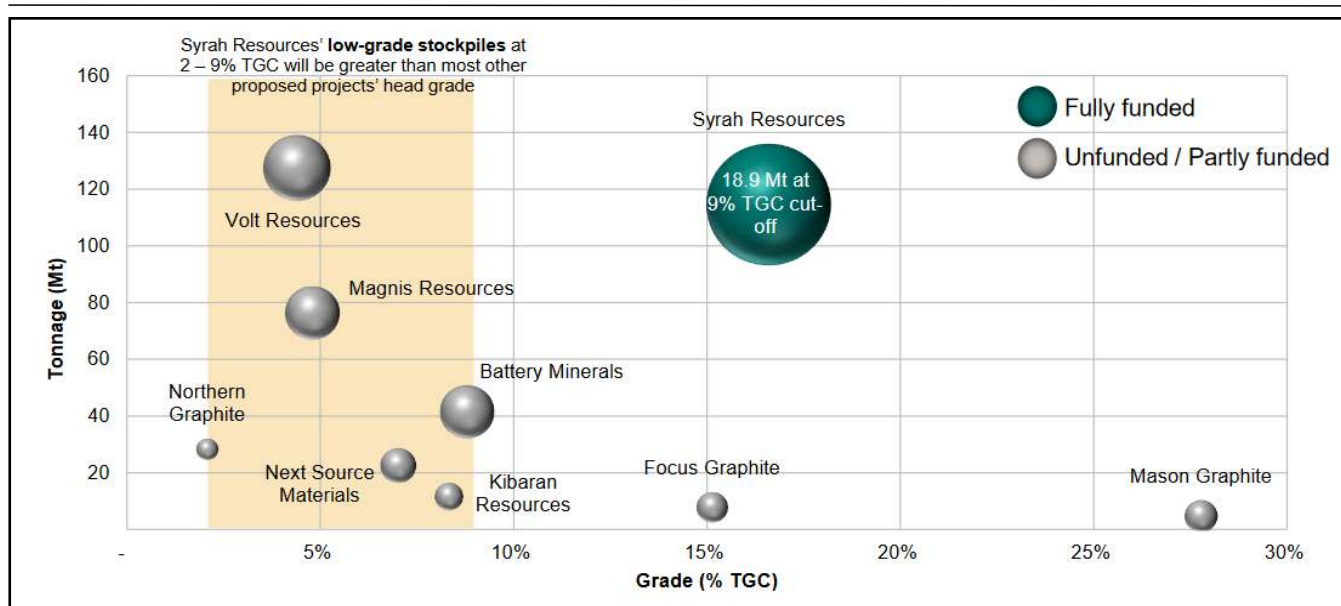


Source: Informed Industrial Mineral Forums & Research

**Graphite remains an integral part of lithium-ion batteries.** Specifically, graphite is used to produce the anode needed in a Li-ion battery. There are no commodity alternatives. Li-ion batteries are lighter and more powerful than traditional batteries, with a flat voltage profile, which allows for full use of power until discharged. Estimates have indicated flake graphite production would have to double if EVs reach approximately 5% of the global car market. Additionally, different from other commodities, different qualities of graphite are worth different prices in the market. For instance, spherical graphite, made from flake graphite concentrate (up to 70% of graphite feed lost in the process) used in Li-ion batteries, sells for US\$4,000-\$12,000/t depending on quality. Uncoated spherical graphite sells for \$3,000/tonne.

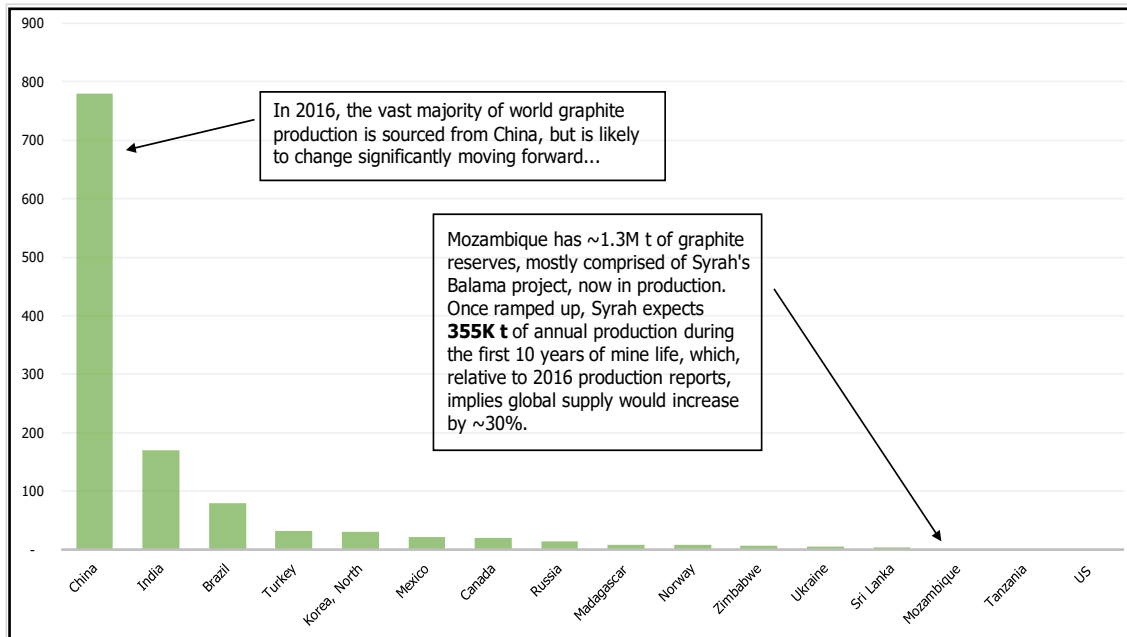
**Like cobalt, investing in explorers is one of the only ways to play graphite.** Aside from Mason Graphite, which is far more advanced than most of the graphite companies shown in our comps below, most Canada-listed graphite stocks are very early-stage projects. If investors are considering graphite in Canada, there are few choices other than exploration.

Figure 17: Global Graphite Reserves



Source: Syrah Resources Investor Presentation

Figure 18: Graphite Estimated Mine Production (2016)



Source: Ubika Research, USGS

Figure 19: Graphite Comp List

Global Graphite Explorers					
Ticker	Company Name	Last Price	Shares (Basic) (M)	Market Cap (M)	Project Location
AXE.AX	Archer Exploration Ltd	\$0.08	177.2	\$14.5	Australia
BSM.AX	Bass Metals Ltd	\$0.02	2,213.4	\$50.5	Madagascar
BAT.AX	Avalon Advanced Materials	\$0.03	532.0	\$14.7	Mozambique
BKR.V	Berkwood Resources Ltd	\$0.08	39.7	\$3.2	Quebec
BKT.AX	Black Rock Mining Ltd	\$0.04	434.7	\$15.7	Tanzania
BUX.AX	Buxton Resources Ltd	\$0.18	110.9	\$20.0	Australia
CYL.V	Ceylon Graphite Corp	\$0.15	54.8	\$8.2	Sri Lanka
FMS.V	Focus Graphite Inc	\$0.04	348.4	\$12.2	Quebec
GPH.V	Graphite One Resources Inc	\$0.05	326.1	\$16.3	USA
HXG.AX	Hexagon Resources Ltd	\$0.15	248.2	\$37.8	Australia
KNL.AX	Kibaran Resources Ltd	\$0.15	255.7	\$37.7	Tanzania
LML.AX	Lincoln Minerals Ltd	\$0.02	575.0	\$14.2	Australia
MNS.AX	Magnis Resources Ltd	\$0.34	564.3	\$190.5	Tanzania
LLG.V	Mason Graphite Inc	\$1.07	135.9	\$145.4	Quebec
NEXT.TO	NextSource Materials Inc	\$0.08	468.9	\$37.5	Madagascar
NGC.V	Northern Graphite Corp	\$0.31	59.8	\$18.2	Ontario
NOU.V	Nouveau Monde Graphite Inc	\$0.26	155.0	\$40.3	Quebec
RNU.AX	Renascor Resources Ltd	\$0.02	667.4	\$11.4	Australia
SVM.AX	Sovereign Metals Ltd	\$0.07	276.8	\$19.0	Malawi
SYR.AX	Syrah Resources Ltd	\$2.24	297.0	\$666.6	Mozambique
TLG.AX	Talga Resources Ltd	\$0.41	202.4	\$82.8	Sweden
TON.AX	Triton Minerals Ltd	\$0.05	768.9	\$38.8	Mozambique
VRC.AX	Volt Resources Ltd	\$0.02	1,344.2	\$24.3	Tanzania
ZEN.V	Zenyatta Ventures Ltd	\$0.52	64.9	\$33.8	Ontario
MEAN				\$64	
<b>MEDIAN</b>				<b>\$24</b>	
	<b>Sample Size</b>	<b>25</b>			

Source: Ubika Research, Thomson Reuters



# Berkwood Resources Ltd.

(TSXV:BKR)

## Battery Metals Explorer Focused on Graphite in Quebec

### Company Description

Berkwood Resources Ltd. (“Berkwood”) is a battery-metals focused explorer in Quebec, advancing its flagship Lac Guéret Extensions graphite project, which borders Mason Graphite Inc. (TSXV:LLG), a \$145M market-cap company developing a Feasibility-Stage 52K tonne/year (25-year mine life) graphite deposit. Berkwood has three other projects: The Roscoe property (vanadium), as well as the Cobalt Ford (cobalt), and Delbreuil projects (lithium).

- Positive high-grade graphite results to-date.** The Company’s first drill results were released in late 2017. The program has been successful so far, highlighted by 40.3m true thickness grading 21.0% Cg (carbon as graphite), including an interval of 27.2m grading 37.7% Cg. Overall, the Company generated a weighted average grade of 18.0% Cg over an average true thickness of 18.3 m, with 40 intercepts released, drilled from distances ranging from ~16m-180m from surface. Berkwood’s grades are premium to most graphite projects, as the average total of all graphite companies is a mineral resource grade of 8% Cg. Importantly, to illustrate for direct comparisons in terms of grades and mine life, Mason Graphite’s 2015 Feasibility Study includes 58.1M t grading 16.3% Cg of M&I in-pit, beyond the initial 25-year mine life. A summary of the results is shown in Figure 8 on page 8.
- All three programs completed to-date comprised 27 holes showed mineralization, comprising 4,000m of diamond drilling in total.** The Phase 3 results were released on May 2, 2018, comprising ~1,500m of drilling, in nine HQ diamond drill holes. The program was developed to further define and evaluate the thicker geological structures within the Zone 1 graphite zone. Phase 3 results were highlighted by 17.37% Cg over 130.55m (true thickness 87.5m). This is the one best and highest-valued (in-situ \$/tonne) holes drilled to-date. A summary of the Phase 3 program is featured in Figure 9. The current footprint of released results reaches a strike length of ~300m.
- On February 27, 2018, Berkwood announced it increased its Lac Guéret project area to a total of 25,181 Ha through an acquisition,** making it the largest mineral rights in the region (pending approval by the TSXV). See Figure 1 for a breakdown of property ownership, the pink area belongs to Berkwood..

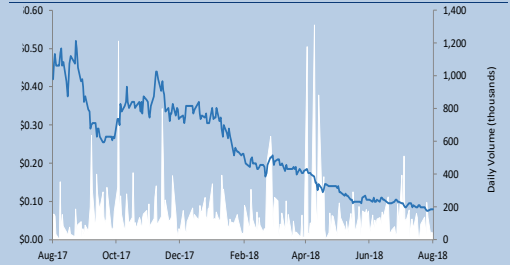
### Financial Analysis

- Cashed up for the 2018 exploration program.** In January 2018, BKR closed a \$1.5M financing at \$0.30/unit. Each unit included one two-year warrant with a strike of \$0.40/share. Additionally, in Q4/2017, the Company closed \$2.9M of financings ranging from \$0.29-\$0.31/share, which included one, two-year warrant (\$0.35-\$0.36 strike range).

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### Price Performance



### Market Data (TSXV:BKR)

Price (Aug 15, 2018)	\$0.08
52 Week Range	\$0.08 - \$0.55
Market Cap (M)	\$3.2
Current Shares Outstanding (basic, M)	40.0
Free Float	98%
Average Daily Volume (3 months)	110K
Total Debt (M)*	\$0.2
Last Reported Cash (M)*	\$1.3
Total Assets (M)*	\$4.8

**Headquarters** Vancouver, BC., Canada  
**Website** berkwoodresources.com/

**Top Shareholders**

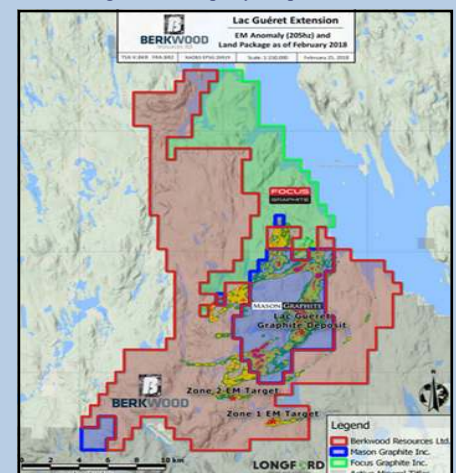
Luxor Capital Group	4%
Caldwell Investment Management	3%
Thomas Yingling	2%

**Management**

Thomas Yingling	President, CEO & Director
Binny Jassal, CPA	CFO
Ian Graham	Director
Charn Deol	Director
Gordon Thompson	Director
Michel Robert	Technical Advisory

\*As of May 31, 2018  
All figures in CAD unless otherwise stated.  
Source: Company Reports, Thomson Reuters

Figure 20: Property Map Breakdown



Source: Company Reports



# Canada Cobalt Works Inc.

(TSXV:CCW)

## Making an Old Silver-Cobalt Mine New Again

### Company Description

Canada Cobalt Works Inc. (“Canada Cobalt”), formally known as Castle Silver Resources Inc., is a Canada-based cobalt developer, focusing on the exploration and redevelopment of its Castle Silver Mine property in Northern Ontario, near the town of Cobalt. The Company plans to be the first company in the Cobalt Camp to produce a cobalt sulphate product used for batteries.

### Investment Highlights

- Property’s technology achieved 99% cobalt recovery.** The Company plans to run the Castle ore through a mill to obtain a concentrate and then apply its 100%-owned Re- 2OX hydrometallurgical process to recover cobalt and other metals and produce a cobalt sulphate. The extraction process also efficiently removes the arsenic and allows CCW to omit smelting expenses. In June, the process recovered 99% Co, 81% Ni and 99% arsenic from gravity concentrates, which graded 9.25% Co, 5.65% Ni and 9,250 g/t Ag.
- Drilling underway – expect results in the near-term.** On June 8, Canada Cobalt announced results from five samples from waste rock removed from the first level of the Castle mine, which averaged 1.05% Co to 5.2% Co, with silver ranging from 167 g/t to 240 g/t. For reference, the historic property produced 9.5M oz Ag and 300,000 lbs Co until the mine closed in 1989 due to low silver prices.
- CCW appears significantly more advanced than other cobalt developers in the region.** For instance, First Cobalt, the largest cobalt company by market cap in the area, is still drilling from surface to develop an area for open pit mining. However, results-to-date appear very narrow, as such, the likelihood of developing a mine with such dilution appears unlikely. Canada Cobalt, on the other, is the only company with underground access to a former cobalt mine, which positions it closer to achieving production sooner than others. Dewatering the mine’s 2-11 levels (permits pending) would give access to 18km of mine workings.
- Focused on the Castle Silver Mine property - an old Ag-Co discovery with historic mining since the early 1900’s with excellent infrastructure.** The 28 km2 property lies within the Greater Cobalt Camp, acknowledged for its rich production history, delivering over 500M oz. Ag and 30M lbs. Co in the 1900’s. The Castle Silver property consists of 34 mining leases and 2 licenses of occupation for 519 hectares, for a combined project size of 2,855 hectares. There is an adit (currently being used) and three mine shafts (not being used) with mine infrastructure and access to nearby power.
- Moving to build a mill and rehab the historic Castle Silver mine.** On May 28, CCW mobilized a drilling crew to rehab the old workings and begin the initial underground drill program on the first level. Also, in July, CCW assembled a 500 kg/day pilot plant at Castle for the production of a gravity concentrate which will then be shipped to SGS Lakefield in Peterborough, Ontario for application of the Re-2OX process and production of cobalt sulphate samples to be sent for evaluation to Asian battery makers. In addition, permitting work for a full mill and operating mine is underway.

### Financial Analysis

**Cashed up for the near-term.** On July 25, CCW closed a \$1.5M financing at \$0.65/unit, including a half-two-year warrant with a strike of \$0.90/share.

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### Price Performance



### Market Data (TSXV:CCW)

Price (Aug 15, 2018)	\$0.82
52 Week Range	\$0.15 - \$0.90
Market Cap (M)	\$50.7
Shares Outstanding (basic, M)	69.4
Free Float	93%
Average Daily Volume (3 month)	577K

Total Debt (M)*	\$0.0
Last Reported Cash (M)*	\$1.2
Total Assets (M)*	\$1.6

**Headquarters** Coquitlam, B.C., Canada  
**Website** canadacobaltworks.com

**Top Shareholders**  
Management & Insiders 10%

**Management**  
Frank J. Basa President, CEO & Director  
Thomas P. Devlin CFO  
Pamela Strand Executive Vice President  
Linda Shewchuk Corporate Secretary  
John Gingerich Director  
Jacques F. Monette Director

\*As of Mar. 31, 2018  
All figures in CAD unless otherwise stated.  
Source: Thomson Reuters

**Figure 21: Location of the Castle Silver and Beaver Properties**



Source: Company Reports

# CBLT Inc.

(TSXV:CBLT)

## Greenfield Cobalt Explorer in Northern Ontario

### Company Description

CBLT Inc. (“CBLT”) is a junior cobalt-copper-gold-silver explorer focused on early-stage assets in Ontario and Quebec. Currently, the Company’s concentration is its Copper Prince property in the Sudbury Basin, its Chilton Cobalt property in the Grenville in Quebec, and its claim blocks located in the Gowganda region in NE Ontario. The Company operates a project generator model to economically acquire and advance the most optimal projects with precious and/or base-metals mineralization with cobalt association. CBLT also has five more properties located in Ontario and Quebec with several compelling targets.

### Investment Highlights

- **First drilling to begin at Chilton Cobalt property in September.** The Company is currently acquiring permits to undergo detailed rock sampling. To follow, CBLT expects to commence its first round of drilling. CBLT previously completed surface sampling at the Chilton property, which identified two areas for exploration. In May 2018, these areas were examined and demonstrated Co-Cu-Ni soil geochemical anomalies. The cobalt values for the anomalies ranged from 82 to 953 ppm Co and 76 to 878 ppm Co. The drilling is expected to begin in September 2018.
- **Copper Prince (Au, Co) – Looking for the source of high grade gold-cobalt showings.** On January 22, CBT released significant gold/cobalt grab samples, highlighted by 54.3 g/t Au & 0.50 % Co, 12.8 g/t Au & 0.47% Co; and 4.31 g/t Au & 0.44% Co. Earlier in January, the Company released more positive grab results, grading 3.4 g/t Au, 3.6 g/t Au, 6.6 g/t Au, and 27.8 g/t Au. Another sample also graded 1.15% Cu. In 2017, results from the Company’s Phase 1 drill program were released and were highlighted by Hole CP16-01, which returned 0.96 g/t Au and 0.077% Co over 1m, and Hole CP16-02, which returned 0.84 g/t Au and 0.021% Co over 1.4m. CBLT plans to complete a surface exploration program and follow with a Phase 2 drill program.
- **Recent discovery at Otto Lake could unlock significant value.** The Otto Lake property was acquired inexpensively in February 2017, and consists of four claim blocks, located 8km SW of Kirkland Lake. On January 8, 2018, the Company announced a 2.31 g/t Au grab sample discovery in an area without any previous historical work.
- **Field Work at Chilton Cobalt identified two large zones for follow-up.** Successful soil and rock sampling program identified two large zones plus other anomalies for a 2018 follow-up.
- **Gowganda (Ni, Cu, Ag, Fe, Co) – Searching for high-grade cobalt.** Gowganda encompasses two unpatented claim blocks called Corkill / Lawson and Farr located ~85km NW of the town of Cobalt. The Company has a spring & work surface program planned and anticipates beginning a drill program to follow. Recently, CBLT entered into an agreement with Winmar Resources Ltd (AUS listed) to advance three of the claims for a combination of cash and shares. CBLT continues to hold a 100% interest in Corkill / Lawson and Farr.

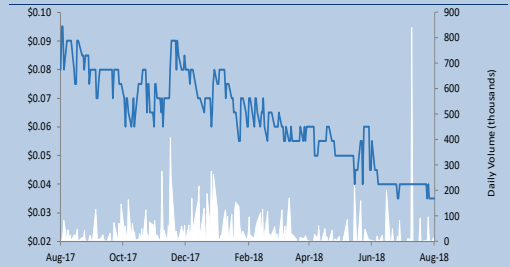
### Financial Analysis

- **Adept at converting non-core assets into cash and equity.** CBLT has been able to convert \$159K worth of non-core assets into ~\$1M of cash and equity. From one of the sales, the Company received 16.7M free trading shares of Windmar (ASX:WFE). Every penny move represents ~\$167K to CBLT.

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### Price Performance



### Market Data (TSXV:CBLT)

Price (Aug 15, 2018)	\$0.035
52 Week Range	\$0.03 - \$0.10
Market Cap (M)	\$2.0
Current Shares Outstanding (basic, M)	49.2
Free Float	95%
Average Daily Volume (3 months)	40.6K
Total Debt (M)*	\$0.0
Cash & Investments (M)	\$1.0
Total Assets (M)*	\$1.3

**Headquarters** Burlington, Ont., Canada  
**Website** cbltinc.com

**Top Shareholders**

Brian Crawford	3%
Peter Clausi	3%

**Management**

Peter Clausi	President, CEO & Director
Brian Crawford	CFO & Director
Dr. Tom E. McCandless	Director
Edward Stringer	Director
Jessica Daniel	Director

\*As of Feb. 28, 2018  
All figures in CAD unless otherwise stated.  
Source: Thomson Reuters

Figure 22: Location of Ontario Properties



Source: Company Reports

# Power Metals Corp.

(TSXV:PWM)

## Hardrock Lithium Explorer with Substantial Upside

### Company Description

Power Metals Corp. (“Power Metals”) is a hard rock lithium explorer focused on its flagship Case Lake property, comprising 38 mining claims for 7,136 Ha, located 100 km north of Kirkland Lake, NE Ontario. An all-seasons access road encircles the property. Although limited to 83 current drilled holes, work-to-date indicates that spodumene pegmatites may occur throughout the property in dykes hosted by domes. There are nine dome targets on the property, and only one has been drilled to-date, the Henry Dome, which hosts the Northeast and Main Dykes. Economic near-surface lithium and tantalum grades have indicated the potential for a significant open-pit hard rock deposit. There has been some historical work on the property, last completed in 2001. This work included only seven drill holes, six channel samples, outcrop mapping, and grab sampling. MGX Minerals Inc. (CSE:XMG) owns a 20% working interest in the property.

### Investment Highlights

- Ambitious 2018 drill program could unlock significant value.** Power Metals is fully-funded for its 15,000m summer/fall drill campaign. The Company expects to target six different areas, four of which have not been drilled before. PWM has begun drilling two new spodumene dykes, which were discovered at the end of the 2017 winter drill program. This will be followed by drilling along the 900m strike length between the Main and Northeast Dykes. Further discovery in the other target areas could lead to a significant lithium-tantalum deposit. An active drill campaign should provide many catalysts for the stock throughout the remainder of the year. On July 9, PWM announced the first hole of its summer drill program intersected 126m of pegmatite located at the Main Dyke at Case Lake. The Company reported the intersection of pegmatite continuous from 2m to 128m, highlighted by an 8m interval grading up to 30% spondumene. While still early days, this result confirms along strike and down dip continuity of the Main Dyke.
- Results to-date have been successful, with results averaging 1.56% Li<sub>2</sub>O and 143ppm Ta and up to 3.02% Li<sub>2</sub>O and 735ppm Ta.** Highlights from the last batch of results released in January at Case Lake at the Main dyke include 2.07% Li<sub>2</sub>O and 214ppm Ta over 18.0m from drill hole PWM-17-40. The winter 2017 drill program comprised of 5,400m over 50 holes on the Main and North Dykes. Additionally, the winter 2018 drill program consisted of 33 holes (3,020m) drilled on the Northeast Dyke. For context, PWM’s lithium and tantalum grades are on the higher-end for hard rock lithium projects. For example, Critical Element’s (TSXV:CRE) Rose Feasibility-Stage project located in Quebec is anticipated to mine ~4,400 tonnes per day at an average grade of 0.85% Li<sub>2</sub>O and 133ppm Ta for a mine life of 17 years. As well, although significantly larger, Nemaska Lithium’s (TSX:NMX) Feasibility-Stage Whabouchi project, located in Quebec, hosts P&P open-pit & underground reserves of 1.53% Li<sub>2</sub>O and 1.16% Li<sub>2</sub>O, respectively.

### Financial Analysis

- Funded 2018 exploration program.** On June 27, 2018, PWM closed a \$2M private placement at \$0.58/unit. Each unit is comprised of one common share and two-year warrant with a strike price of \$0.85. PWM also owns 3M shares of MGX Minerals, which represents ~\$2.5M at current prices.

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### Price Performance



### Market Data (TSXV:PWM)

Price (Aug 15, 2018)	\$0.28
52 Week Range	\$0.25 - \$0.88
Market Cap (M)	\$28.2
Current Shares Outstanding (basic, M)	101.2
Free Float	99%
Average Daily Volume (3 months)	137K
Last Reported Debt (M)*	\$0.8
Last Reported Cash (M)*	\$1.2
Total Assets (M)*	\$8.2

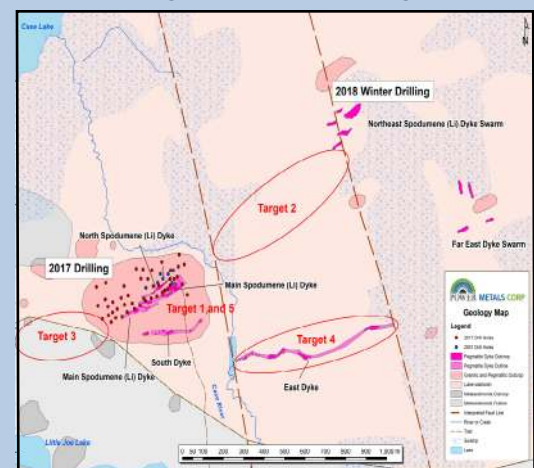
**Headquarters** Vancouver, BC, Canada  
**Website** <https://www.powermetalscorp.com/>

**Top Shareholders**  
Management & Insiders 3%  
Marquest Asset Management Inc. 1%

**Management**  
Johnathan More Chairman  
Brent Butler CEO & Director  
Cyrus Driver CFO & Director  
Julie Selway VP Exploration  
Brian LaRocco Director

\*As of May 31, 2017  
All figures in CAD unless otherwise stated.  
Source: Company Reports, Thomson Reuters

Figure 23: 2018 Drill Targets



Source: Company Presentation



# Global Energy Metals Corp.

(TSXV: GEMC)

## Cobalt Explorer in Ontario, Canada and Australia

### Company Description

Global Energy Metals Corp. (GEMC) is a pure play cobalt explorer focused on two exploration growth-stage cobalt projects – the Millennium Cobalt Project in Mt. Isa mining district in Queensland, Australia and the Werner Lake Cobalt Project in Ontario, Canada. Unique to the cobalt sector, Global Energy Metals has two projects with cobalt resources. The Millennium Project hosts a JORC (2012) cobalt deposit with an Inferred resource of 3.1M tonnes grading 0.14% for ~9.6M lbs Co. In addition, the past producing Werner Lake Cobalt Project hosts Indicated and Inferred resources of 57,900 tonnes grading 0.51% for 651K lbs Co and 6.3K t grading 0.48% for ~67K lbs Co, respectively. GEMC’s team has been active in the cobalt sector since 2008 and has developed strong relationships within the downstream battery sector. For global distribution and supply, GEMC has long term partnership with China-based Beijing Easpring Material Technology Co. and has appointed New Tigers Consulting to seek investors and partners in China, Taiwan and Hong Kong.

### Investment Highlights

- **Flagship Millennium Cobalt Project, located in the prolific Mt. Isa mining district in Queensland, Australia.** GEMC is currently undertaking a two-phase exploration program to grow the resource base and update the JORC estimate. Phase I consisting of 0 drill holes was completed last month, with all holes encountering sulfide mineralization with significant cobalt values along 1,500m in strike length. Significant upside opportunity with the second phase exploration program is being planned with an aim to increase and expand upon the known resource area. Metallurgical work will also be conducted to support and provide further detail on previously conducted preliminary hydrometallurgical studies that demonstrated the potential for the recovery of saleable cobalt and copper concentrates.
- **Partnering with Marquee Resources for Werner Lake exploration.** To advance the Werner Lake project, GEMC has partnered with ASX-listed Marquee Resources, which will earn a 70% stake through exploration commitments totalling \$2.5M to bring it to a Pre-Feasibility level. Phase I work is currently underway with 8 holes for 1,527 metres now complete and assay results: hole WL 18-04 intersected 1.39% Co over 3.8m.
- **District scale cobalt opportunity in one of the world’s most pro-mining jurisdictions.** GEMC is positioning itself as a leading cobalt explorer and developer in the famed Mt. Isa mining district in Queensland, Australia through the development of Millennium as well as two greenfield exploration projects - Mt. Dorothy and Cobalt Ridge. The acquisition of the Mt. Isa projects expands GEMC’s cobalt footprint delivering a transformational 20-fold increase in the Company’s Australian land position creating a district-scale cobalt exploration and development opportunity.

### Financial Analysis

- **Ready for the advancement of the Australian project.** In December 2017, GEMC completed an oversubscribed private placement, raising gross proceeds of C\$1.12M at C\$0.12/unit (including 30-month \$0.20 Warrant), which was primarily used for advancing the Australian project. As of March 2018, GEMC had C\$0.5M in cash and exploration assets of C\$3.9M.

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### Price Performance



### Market Data (TSXV:GEMC)

Price (Aug 15, 2018)	\$0.08
52 Week Range	\$0.08- \$0.27
Market Cap (M)	\$3.7
Current Shares Outstanding (basic, M)	35.4
Free Float	76%
Average Daily Volume (3 months)	41K
Last Reported Debt (M)*	\$0.0
Last Reported Cash (M)*	\$0.5
Total Assets (M)*	\$4.5

**Headquarters** Vancouver, BC, Canada  
**Website** <https://www.globalenergymetals.com/>

**Top Shareholders**  
Management & Insiders 24%  
AlphaNorth Asset Management Inc. 11%

**Management**  
Mitchell Smith President & CEO  
Luis Hadic CFO  
Paul Sarjeant VP Projects & Director  
Jaime Stallwood Corporate Development  
Graham Abbott Corporate Communications  
Erin Chutter Director

\*As of Mar. 31, 2018  
All figures in CAD unless otherwise stated.  
Source: Company Reports, Thomson Reuters

Figure 24: Millennium Project



Source: Company Presentation

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