

Rock Tech Lithium Inc. ^{*5a,7,11}

Buy

Target price: CAD 4.00/EUR 2.56

Current price:
CAD 1.23/EUR 0.80
27/06/2018 (Toronto/Frankfurt)

Master data:

ISIN: CA77273P2017
German securities identification number (WKN): A1XF0V
Ticker symbol: RCK
Number of shares³: 33.74
Marketcap³: 41.50/26.99
Enterprise value³: 38.60/25.11
³ in CAD m/in EUR m
Free float: approx. 30.0%

Primary market:
Toronto
Secondary market:
Frankfurt

Accounting:
IFRS

Financial year: 31/12

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* Catalogue of potential conflicts of interests on page 4

Date completed/date published: 28/06/2018

Corporate profile

Segment: Resources and exploration company
Focus: Development of commodity assets

Employees: 5 permanent and 15 freelancers
Founded: 2010

Company head office: Vancouver, Canada
Executive Board and Supervisory Board: Dirk Harbecke, Martin Stephan, Brad Barnett, Dr Peter Kausch



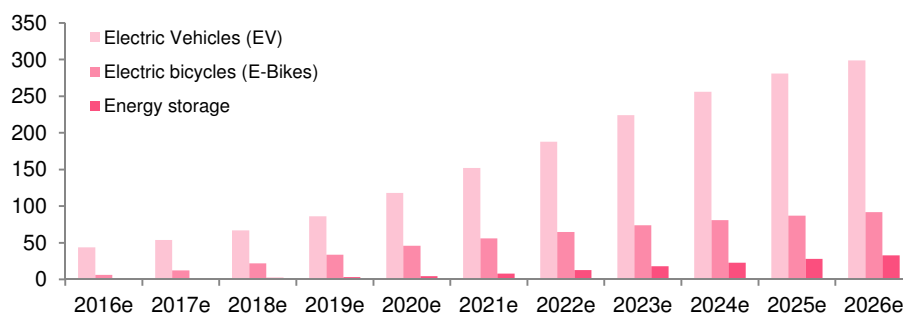
Rock Tech is a Canadian resources and exploration company headed by German management. The aim of its business is the development of battery metal assets. The company has focused specifically on commodity assets in the lithium segment. With the Georgia Lake area in Canada (Ontario), Rock Tech has access to an area of approx. 93 km², in which lithium has already been found and mined, and which is being explored for further lithium deposits. The aim of the Georgia Lake lithium project (a core asset of the company) is to further develop deposits towards production. Since 2016, Rock Tech has focussed more on work in this concession area, and has done so in an international environment where the trend has increasingly been towards electric cars in recent years. Analysts predict that in 2025, more than 25% of newly sold vehicles will be electric cars, which means a sharp increase in the demand for batteries and therefore battery metals like lithium.

Past & current NI-43-101-compliant resource estimate

NI 43-101 Category	Old resource estimate (for 2012, in tonnes)	Grading Li ₂ O	New resource estimate (for 2018, in tonnes)	Grading Li ₂ O
Inferred resource	6,310,000	1.00%	6,720,000	1.16%
Indicated resource	3,190,000	1.10%	4,680,000	1.00%
Measured resource	-	-	1,890,000	1.04%
Total	9,500,000	1.03%	13,290,000	1.09%

Source: Rock Tech Lithium Inc.

Expected development of demand for lithium (tonnes LCE)



Source: Own estimates of GBC AG

**most recent research by GBC:

Date: Publication/target price in EUR/rating
01/08/2017: RS/EUR 1.47 (CAD 2.15)/BUY

** The research studies listed above can be viewed at www.gbc-ag.de or requested from GBC AG, Halderstr. 27, D86150 Augsburg

Updated resource estimate for the core asset Georgia Lake – significant increase in the lithium-bearing resource deposit and improved resource categories; target price hugely increased after revaluation

Rock Tech Lithium Inc. (Rock Tech) announced on 20 March 2018 that the company has entrusted DMT GmbH & Co. KG (“DMT”), a division of German certification body TÜV NORD GROUP, with the next steps (valuation of resources, PEA, etc.) in the development of their Georgia Lake lithium project. According to company information, DMT provides a comprehensive range of services in areas such as resource definition, mining, processing, engineering and geotechnical expertise. In addition, this renowned mining service provider has competent staff with global project experience and in-depth knowledge of international environmental, technical and financial requirements for the evaluation of mineral projects.

As part of the project development plan, DMT is expected to support the further expansion of the core asset Georgia Lake. Over the past few months, this partner has undertaken a revision of the existing NI-43-101-compliant resource estimate published in 2012, and, in doing so, has also taken into account all the work that Rock Tech has undertaken in the past 18 months. On 27/06/2018, Rock Tech published the result of this resource check. The new NI-43-101-compliant report, which estimated 13.29 million tonnes of lithium-bearing rock, therefore revealed a significant increase in the previously estimated deposit (previously: 9.50 million tonnes) and an adjustment of the resource categories.

According to the new resource update by DMT, the company has a measured resource for the first time. Experts now make the following estimates on the basis of their extensive examinations: 1.89 million tonnes (1.04%) for “measured resource”, 4.68 million tonnes (1.00%) for “indicated resource” and 6.72 million tonnes (1.16%) for “inferred resource”. This corresponds to an equivalent of around 145,000 tonnes of lithium oxide (previously: approx. 98,000 tonnes Li₂O) or 360,000 tonnes of lithium carbonate equivalent (LCE). For classification: over 7.0 million Tesla Model S batteries can be manufactured with this.

In addition, Rock Tech announced on 4 June 2018 that the company has commissioned DMT to carry out a Preliminary Economic Assessment (PEA) on the Georgia Lake lithium concession area. The revaluation of resources by DMT forms a good basis for the preliminary economic assessment that Rock Tech have already started.

Against the backdrop of the new NI-compliant report by DMT, we have also adjusted our assumptions and estimates for our DCF valuation model. On the basis of the now larger total lithium deposit and the improved resource categories, the fair value is currently CAD 4.00 or EUR 2.56 per share, in accordance with our valuation model. In comparison to our previous estimate (previously: CAD 2.15 or EUR 1.47 per share), the fair value per share has seen a huge increase. Possible dilutive effects from warrants and options are also taken into consideration in our new valuation. Against the backdrop of the current price level, we continue to see a very high price potential and confirm our BUY rating.

ANNEX

I.

Research under MiFID II

1. There is a contract between the research company GBC AG and the issuer regarding the independent preparation and publication of this research report on the issuer. GBC AG is remunerated for this by the issuer.
2. The research report is simultaneously made available to all interested investment services companies.

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The analysts responsible for this analysis are:

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