

# NEMASKA LITHIUM INC.

## //Lithium



STORMCROW

Jan 16, 2016 TSX-NMX

### UPDATE NOTE

Receives Australian Patent for Lithium Hydroxide and Carbonate

Target Under Review

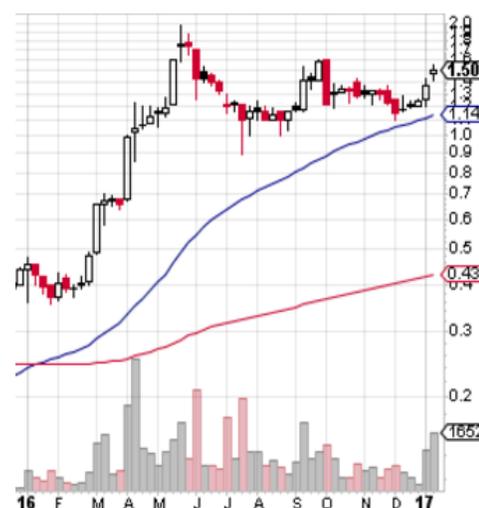
**Jon Hykawy, PhD**  
President  
[jon@stormcrow.ca](mailto:jon@stormcrow.ca)

**Tom Chudnovsky**  
Managing Partner  
[tom@stormcrow.ca](mailto:tom@stormcrow.ca)

- The company has been granted a patent on their proprietary hydroxide and carbonate production process in Australia
- Australia is a critical market as the largest single production hub for spodumene with three active mines in production (Greenbushes, Mt. Cattlin, Mt. Marion), and a major hydroxide plant having recently been announced by Tianqi Lithium
- We maintain that Nemaska's process will allow them to have a material cost advantage in the production of high quality lithium chemicals
- Patent will ensure Nemaska is in a position to protect their IP, should any of the other lithium companies operating in Australia elect to produce hydroxide or carbonate from their spodumene mines in country.
- **Our previous target on the company was C\$2.00** with a Positive recommendation. We are currently working on a comprehensive analysis of the value of Nemaska's proprietary technology, and are placing our target **Under Review** pending the completion of this work. Our recommendation on the stock remains **POSITIVE**.

	New	Old
<b>Recommendation</b>	Under Review	Positive
<b>Target</b>		C\$2.00

**Recent Px:** C\$1.50  
**Shares O/S:** 312.8M  
**Shares O/S FD:** 400.2M  
**Market Cap:** C\$469M  
**Cash (YE 06/16):** ~C\$65M



See the end of report for important disclosures



### Recognition from a Lithium Major + Technology = Winning Hand

Management at Nemaska Lithium announced, as of 11 January 2017, that they have received formal acknowledgement that their patent application number 2013270412 has been accepted by the Australian Patent Office. The company managed to have the application fast-tracked in Australia, as the material covered in this application has already been awarded a patent in both the United States and Canada. Our belief matches that of the company, that the technology developed by Nemaska will allow the company to produce lithium hydroxide from mineral concentrates at lower cost and with higher chemical purity than other methods doing so, in a market in which better chemical purity is still being rewarded with premium pricing.

We view this announcement as important, for one particular reason. Australia is a very key source of spodumene mineral concentrates to the world. In particular, Talison (jointly owned by Sichuan Tianqi Lithium Industries (002466:SZSE) and Albemarle (ALB:NYSE)) as well as two mines that have recently begun shipping concentrates, the Mount Marion and Mount Cattlin mines, provide a substantial and growing amount of spodumene mineral concentrate to Chinese mineral converters and the global lithium industry. Tianqi Lithium confirmed, in September 2016, the construction of a 24,000 tpa lithium hydroxide plant at Kwinana in Australia. This plant will take spodumene concentrate from the Greenbushes Mine, and convert it to lithium hydroxide for the global high-nickel cathode chemical market. It should be noted that Tianqi are shareholders in Nemaska, but the granting of an Australian patent helps to ensure that any other company establishing a hydroxide plant in Australia will also have to compensate Nemaska fairly, should they adopt the company's proprietary technology.

Our previous target on the stock was **\$2.00/shr**, but we are currently placing our target price on Nemaska **under review**, pending the completion of an analysis on the value of Nemaska's proprietary lithium hydroxide technology. However, we maintain our current **POSITIVE** recommendation.



<b>Industry</b>	Lithium, Batteries, Critical Materials, Mining, Industrial Minerals, Borosilicate	
<b>Relevant Companies</b>	Lithium Americas – TSX:LAC Orocobre Limited – TSX:ORL, ASX:ORE Tesla Motors – NSDQ:TSLA Sichuan Tianqi Lithium – SHE:002466 Western Lithium – TSX:WLC Jiangxi Gangfeng Lithium: SHE:00 2460 Nemaska Lithium Inc. – TSXV:NMX Critical Elements Corp. – TSXV:CRE Neometals Ltd. – ASX:NMT	Bacanora Minerals – TSXV:BCN Galaxy Resources – ASX:GXY Sociedad Quimica y Minera de Chile (SQM) – NYSE:SQM Albemarle Corporation --- NYSE:ALB FMC Corp – NYSE:FMC Houston Lake Mining – TSXV:HLM Altura Mining – TSXV:AJM Cobre Montana – ASX:CXB
<b>Why do we use keywords?</b>	<i>We feel people who could stand to benefit from the contents of this report, are not solely ones who already follow the specific company or sector discussed herein. As such, we hope to provide this free service to as wide an audience as possible—and keywords help to this end.</i>	

**Important Disclosures**

- Stormcrow Capital Ltd. (“Stormcrow”) is an Exempt Market Dealer registered with the Ontario Securities Commission. Stormcrow has both issuer and investor clients. Stormcrow is also a financial and technical/scientific consultant that provides certain of its clients with some or all of the following services: (i) an assessment of the client’s industry, business plans and operations, market positioning, economic situation and prospects; (ii) certain technical and scientific commentary, analysis and advice that is within the expertise of Stormcrow’s staff; (iii) advice regarding optimization strategies for the client’s business and capital structure; (iv) due diligence investigation services; and (v) opinions regarding the future expected value of the client’s or a offeror/offeree’s equity securities so as to allow the client to then make capital market, capital budgeting and capital structure plans. With the consent of Stormcrow’s issuer client, the client and/or its industry sector may be the subject of an investment or financial research report, newsletter, bulletin or other publication by Stormcrow where such publication is made publicly available at [www.stormcrow.ca](http://www.stormcrow.ca) or elsewhere or is otherwise distributed by Stormcrow. Any such publication is limited to generic, non-tailored advice or opinions and should not be construed as investment advice that is suitable for the reader or recipient. Stormcrow does not offer personalized or tailored investment advice to anyone (other than its current investor clients) and Stormcrow’s research reports should not be relied upon by anyone in making any investment decisions. Rather, investors should speak in person with their personal financial advisor(s) to obtain suitable investment advice.
- The company that is the subject of this report is currently a client of Stormcrow.
- Stormcrow and/or some of Stormcrow’s officers, directors, or significant shareholders **do not** own, directly or indirectly, shares in the company that is the subject of this report. As at the date of this report, Stormcrow and its officers, directors, and significant shareholders beneficially hold an aggregate of less than 1% of the outstanding equity shares of the company that is the subject of this report. The research analyst(s) and/or associates who prepared this report (or their household members) do not currently beneficially hold an equity position in the company that is the subject of this report.
- Although it is a policy of Stormcrow that Stormcrow and its employees are to refrain from trading in a manner that is contrary to, or inconsistent with, Stormcrow’s most recent published investment recommendations or ratings, Stormcrow does permit itself and its employees to sell shares in circumstances where working capital and cash flow requirements require the sale of securities that would otherwise continue to be held. Any shares currently held by Stormcrow and/or some of Stormcrow’s



officers, directors, or significant shareholders in the company that is the subject of this report are held for investment purposes and may be sold (or additional shares acquired) in the future depending upon market conditions or other relevant factors.

5. Stormcrow has, within the previous 12 months, provided paid investment banking or consultant services or has acted as an underwriter to the company that is the subject of this report.
6. Stormcrow expects that it may provide, within the next 12 months, paid investment banking or consulting services, or that Stormcrow may act as an underwriter to the company that is the subject of this report.
7. Stormcrow intends to provide regular market updates on the affairs of the company that is the subject of this report (at Stormcrow's discretion) and make these updates publicly available at [www.stormcrow.ca](http://www.stormcrow.ca). Readers who wish to receive notice when such updates become available, should email to [info@stormcrow.ca](mailto:info@stormcrow.ca) with the subject heading "Get Update Notifications".
8. All information used in the publication of this report has been compiled from publicly available sources that Stormcrow believes to be reliable. Stormcrow does not guarantee the accuracy or completeness of the information found in this report and Stormcrow may not have undertaken any independent investigation to confirm or verify such information. Opinions contained in this report represent the true opinion of Stormcrow and the author(s) at the time of publication.
9. The securities described in this research report may not be eligible for sale in all jurisdictions or to certain categories of investors. This report and the content herein should not be construed by anyone as a solicitation to effect, or attempt to effect, any transaction in a security. This document was prepared and was made available for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned herein. The securities referred to herein should be considered speculative in nature and should be considered to involve a high amount of financial risk where investors may lose all of their investment.
10. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations. No representation is being made that any investment or security will or is likely to achieve the return or performance estimated herein. There can be sharp differences between expected performance results and the actual results.

### **Dissemination of Research**

This report is intended solely for the use of persons in jurisdictions where Stormcrow is registered or where the dissemination of this report does not require registration. Stormcrow is not registered as a securities broker-dealer (or an equivalent thereof) in the United States, United Kingdom or any other jurisdiction other than noted above. Stormcrow is not subject to U.S. or U.K. rules with regard to the preparation of research reports and the independence of analysts. This report does not constitute an offer to sell or a solicitation to buy any of the securities discussed herein.

### **Investment Rating Criteria**

We do not provide an investment rating, beyond indicating whether the target price exceeds current trading ranges by a reasonable range, indicated as "Positive", or whether the target price is either below or roughly equivalent to the current trading range, indicated as "Negative". Each investor generally has an individual target return in mind, we leave it to the individual investor and his/her/its financial advisor to determine how our target and the current price and investment risks would fit within their portfolio.