

EXCLUSIVE TO RICH DAD READERS

USA DECLARES CRITICAL METALS WAR AGAINST CHINA

**HIGH RISK ALERT:
MARIN KATUSA'S
#1 LITHIUM STOCK**



RICH  DAD



KATUSA
RESEARCH

DISCLOSURES/DISCLAIMER

Please Read

IMPORTANT DISCLAIMER: Katusa Research, as a publisher, is not a broker, investment advisor, or financial advisor in any jurisdiction. Please do not rely on the information presented by Katusa Research as personal investment advice. If you need personal investment advice, kindly reach out to a qualified and registered broker, investment advisor, or financial advisor.

The communications from Katusa Research should not form the basis of your investment decisions. Examples we provide regarding share price increases related to specific companies are based on randomly selected time periods and should not be taken as an indicator or predictor of future stock prices for those companies.

Li-FT Power Corp has reviewed and sponsored this article. The information in this newsletter does not constitute an offer to sell or a solicitation of an offer to buy any securities of a corporation or entity, including U.S. Traded Securities or U.S. Quoted Securities, in the United States or to U.S. Persons.

Katusa Research nor any employee of Katusa Research is not registered with the United States Securities and Exchange Commission (the "SEC"): as a "broker-dealer" under the Exchange Act, as an "investment adviser" under the Investment Advisers Act of 1940, or in any other capacity. He is also not registered with any state securities commission or authority as a broker-dealer or investment advisor or in any other capacity.

HIGHLY BIASED: In our role, we aim to highlight specific companies for your further investigation; however, these are not stock recommendations, nor do they constitute an offer or sale of the referenced securities. Katusa Research has received cash compensation from Li-FT Power Corp as reported in their Jan 9, 2024 news release and is thus extremely biased. Members of Katusa Research also own shares in Li-FT Power.

It is crucial that you conduct your own research prior to investing. This includes reading the companies' SEDAR and SEC filings, press releases, and risk disclosures.

The information contained in our profiles is based on data provided by the company, extracted from SEDAR and SEC filings, company websites, and other publicly available sources.

HIGH RISK: The securities issued by the companies we feature should be seen as high risk; if you choose to invest, despite these warnings, you may lose your entire investment. You must be aware of the risks and be willing to accept them in order to invest in financial instruments,

USA Declares Critical Metals War Against China
HIGHT RISK ALERT: MARIN KATUSA'S #1 LITHIUM STOCK
[Exclusive Report for Rich Dad Readers Only]

including stocks, options, and futures.

NOT PROFESSIONAL ADVICE: By reading this, you agree to all of the following: You understand this to be an expression of opinions and NOT professional advice. You are solely responsible for the use of any content and hold Katusa Research, and all partners, members, and affiliates harmless in any event or claim.

While Katusa Research strives to provide accurate and reliable information sourced from believed-to-be trustworthy sources, we cannot guarantee the accuracy or reliability of the information.

The information provided reflects conditions as they are at the moment of writing and not at any future date. Katusa Research is not obligated to update, correct, or revise the information post-publication.

FORWARD-LOOKING STATEMENTS: Certain of the information contained herein and in the Company's disclosures referenced herein constitutes "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian and U.S. securities laws ("forward-looking statements"), which involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance and achievements to be materially different from the results, performance or achievements expressed or implied therein. Forward-looking statements, which are all statements other than statements of historical fact, include, but are not limited to, statements respecting the Company's strategies, expectations regarding gold markets, expectations regarding the operations and results of the operators of the projects underlying the Company's interests and expectations regarding future production and revenues from the Company's royalties. Forward-looking statements are based upon certain assumptions and other important factors, including assumptions relating to commodities prices and the business of the Company. Forward-looking statements are subject to a number of risks, uncertainties and other factors which may cause the actual results to be materially different from those expressed or implied by such forward-looking statements, including those set forth in the Company's Annual Report on Form 20-F and its other publicly filed documents under its profiles at www.sedarplus.ca and www.sec.gov. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.

Readers should review Gold Royalty's public disclosures at www.sedarplus.ca and www.sec.gov for important information regarding it and its assets.

The Return of White Gold

In this month's KRO we go straight into a new buy alert in a sector gaining a lot of momentum.

1. **Big Skinny on Lithium**
2. **Mergers & Acquisitions Heat Up in Fight for Lithium Deposits**
3. **New Speculation Recommendation: Li-FT Power Corp (LIFT:TSX-V and LIFFF:US)**

We have an exciting new recommendation right off the bat this month.

The last time the KRO recommended a lithium stock in these pages was in October 2016.

Our thesis was correct, but it took time, and the company was bought out at a significant premium to our initial recommendation price +500%.

I first got interested in rechargeable lithium-ion batteries in the early 2000s as I started on my rare earth learning curve. To me, lithium-ion batteries made sense and I wrote at the time the world would move to a rechargeable battery from the old copper top alkaline batteries. Eventually I became a very large shareholder of a company, that I believed would be bought at multiples to our financing price. It required patience and prudence, but eventually happened with Lithium-One.

But that was then. And what KRO subscribers want to know is what is the “now” next lithium success story.

I have enough conviction in what I believe is the “now” lithium story that I have personally bought \$1,000,000 in the open market at roughly the same price the stock is trading for currently, as of this writing.

I have been following this story carefully for over a year, waiting like an alligator. In fact, we almost pulled the trigger on this recommendation in the last lithium report, but I didn't think the timing was right. Again, remembering the patience a company requires to mature that I have learned from my past.

- **For Open Disclosure:** I and other members of the Katusa Research have personally purchased \$1,000,000 of the stock in the open market at CAD\$5.00 per share.

Before you jump and buy the stock, please read this month's feature as I break down why I think this company - at current prices - is a very solid contender to make at least 50% in the near term (within 12 months) in the lithium sector.

And it's what I think has the potential to become the largest lithium deposit in North America and will attract the attention of a major company like my previous two lithium investments have.

Big Skinny on Lithium

There are two major ways to produce lithium.

1. Extracting lithium from a lithium rich liquid via an evaporation process.
2. Extracting lithium from a host rock, just like copper or gold

Both production methods are used on a commercial scale in many parts of the world. Typically, it comes down to geology within the region. The Lithium Triangle in South America (Argentina, Chile, Peru) hosts the world's best salars, which cater to an evaporation process. In places like Australia, the US or Canada, the typical production process is extraction from a host rock like in traditional mining operations. China is also a large player, producing lithium from brine.

What many investors may not know is that lithium in its natural form is not particularly useful. It must be processed, transforming it from Lithium Oxide to Lithium Carbonate (LCE) or Lithium Hydroxide Monohydrate (LHM).

The largest growth opportunity for lithium is in electric vehicles. On average, a long-range EV like a Tesla Model S electric vehicle today will require around 140 pounds of lithium carbonate equivalent.

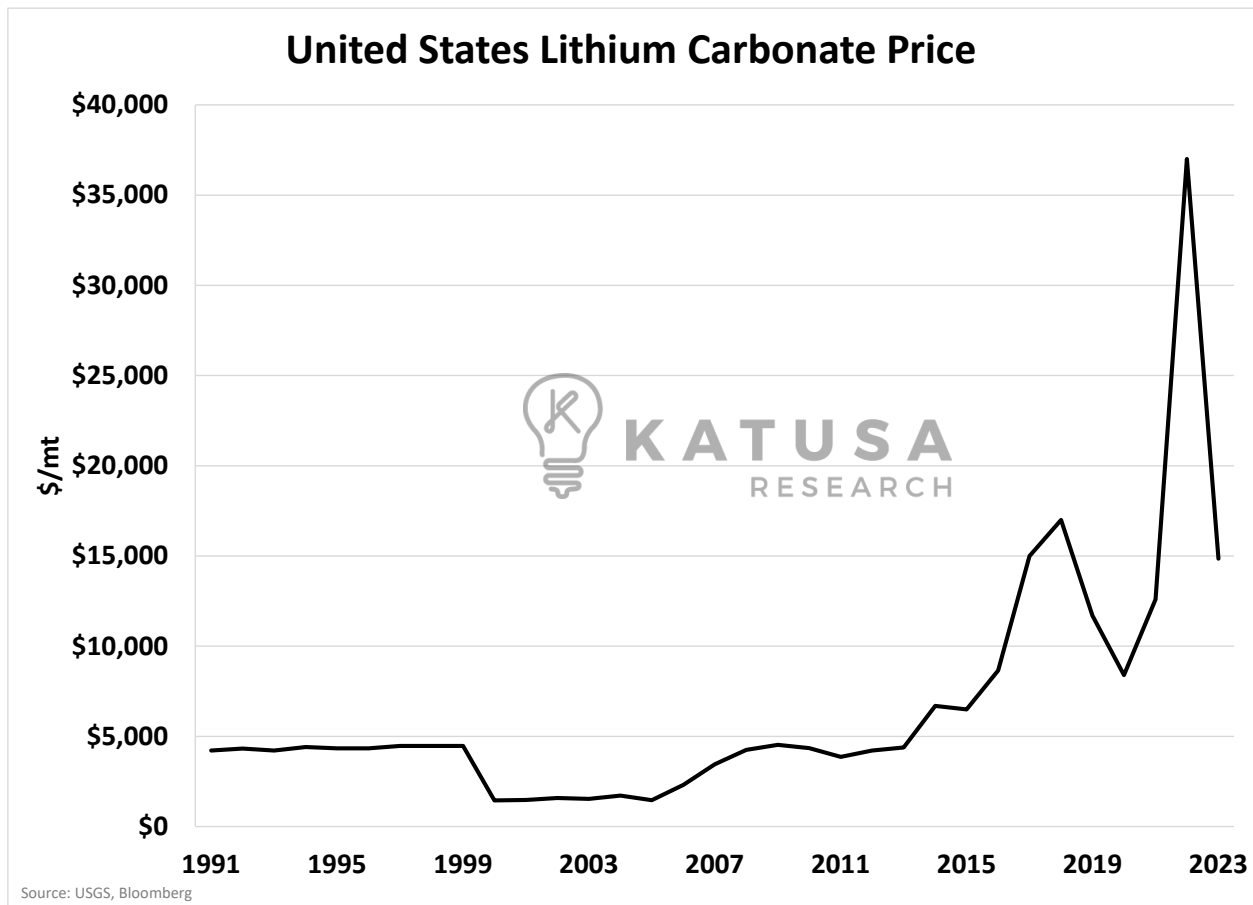
- In Q3 2023, 108,227 tonnes of lithium carbonate equivalent (LCE) were deployed onto roads globally in the batteries of newly-sold EVs.
- This represents a 38% (or nearly 30,000 tonne) increase over the same quarter in 2022.
- Over the same period, the amount of LCE contained in the average EV's battery rose 5%.

As I'll get into below, the demand for lithium is poised to increase significantly over the coming decades as EVs phase out gasoline engines and become the go-to vehicle.

Lithium History

Lithium is a well-known commodity that has been in existence for decades. Going as far back as the early 90s, lithium carbonates were used in ceramics, glass, aluminum, greases and rubbers. One of the largest single uses of lithium back in the day was in the tube for black and white televisions. At the time Chile and the United States were leading producers, along with small quantities from Canada, China, Argentina and Australia. Lithium was shipped to France, Germany, Japan and the UK to produce further refined lithium compounds.

Below is a chart that shows the booms and busts in lithium carbonate pricing over the past 3 decades.

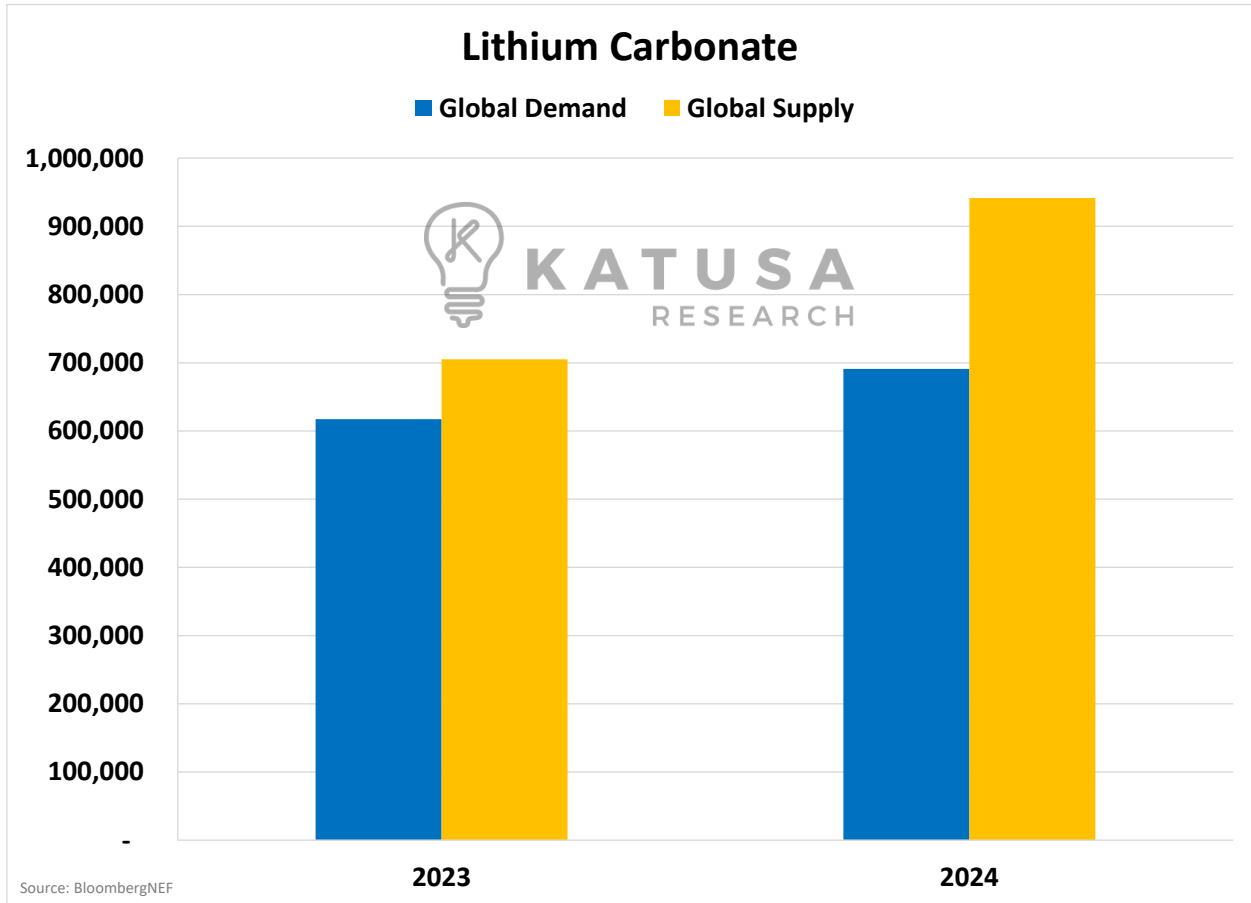


Prices remained relatively stable throughout the 90s. Lithium prices didn't really begin to rise until the mid-2000s when lithium-ion batteries became part of everyday conversation. Then in 2015 lithium prices began to soar when the linkage between electric vehicles and lithium batteries solidified. Prices rocketed higher post-covid as

demand for EVs outpaced expectations and cheap money fueled capex spending along with substantial government subsidies for all things decarbonization related.

Supply & Demand Expectations

The recent sharp price contraction is in large part due to oversupply expectations for 2023 and 2024. The chart below shows 2023 and 2024 global demand and supply for lithium carbonate.

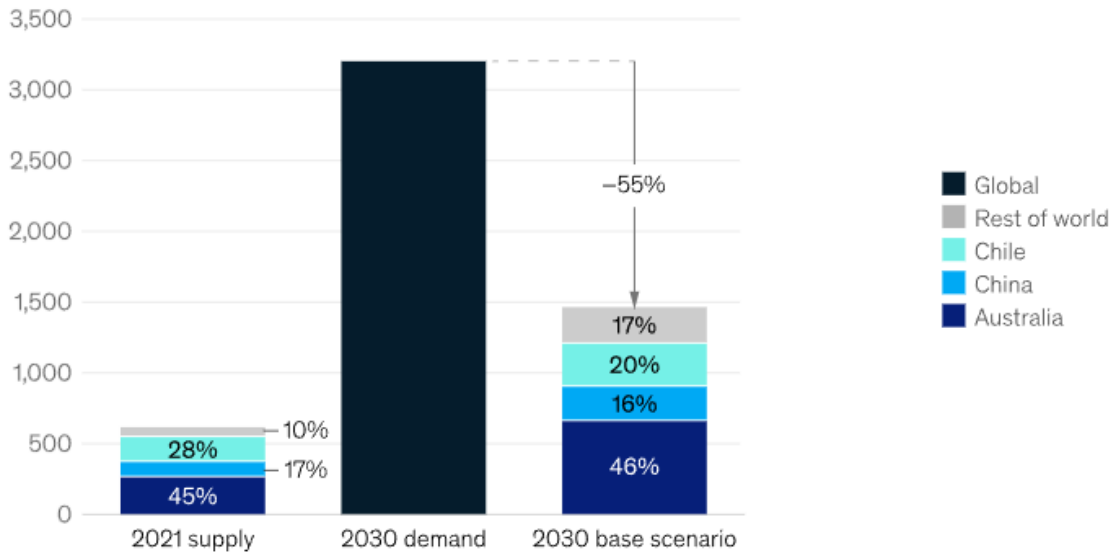


While there is potential for oversupply in the short term, over the longer term, if you believe in electric vehicles, the case is quite obvious that we are going to need additional lithium production worldwide.

The chart below shows the potential step change in demand required to meet global decarbonization needs by 2030.

USA Declares Critical Metals War Against China
HIGHT RISK ALERT: MARIN KATUSA'S #1 LITHIUM STOCK
 [Exclusive Report for Rich Dad Readers Only]

Lithium carbonate global equivalent demand 2030, supply 2021 and 2030 by country, kt



Source: McKinsey MineSpans, 2022

This substantial increase in capital provided to decarbonization efforts is what is fueling everything from large scale rollouts of battery manufacturing facilities, electric vehicle production, and renewable power + storage facilities. All of this new demand has created a landgrab for high quality lithium deposits, creating an ultra-high stakes environment for M&A activity.

Mergers & Acquisitions Heat Up in Fight for Lithium Deposits

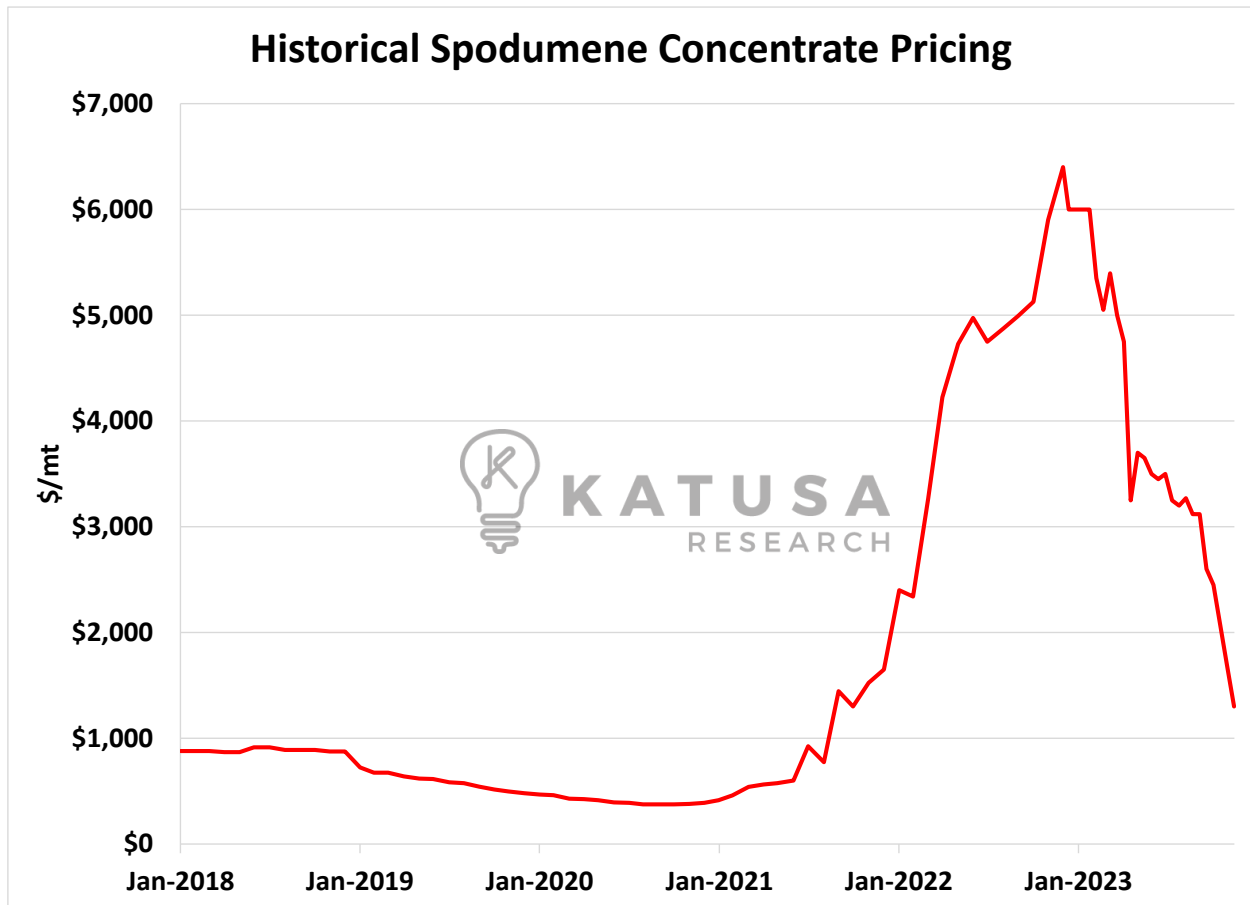
The low for Spodumene in mid-2020 was \$375 per tonne. Between June 2020 and December 2022, prices soared dramatically to \$6400 per tonne, a **17-fold price increase.**

This massive increase in price along with expectations of long-term demand growth, fueled a race to build up lithium resources. In the past 12 months there have been a handful of successful and unsuccessful takeover attempts along with direct investments into developers by major lithium producers.

1. **Azure Minerals:** \$1.1B acquisition by SQM & Hancock Prospecting
2. **Patriot Battery Metals:** \$100M direct investment by Albemarle
3. **Allkem & Livent:** \$10.6B merger
4. **Liontown Resources:** \$6.6B acquisition by Albemarle – unsuccessful bid
5. **Exxon Mobil** – enters the fray with Arkansas project

I believe we will see more of these types of big moves over the coming years as lithium deposits in safe jurisdictions become increasingly critical to decarbonization supply chains. As proven with copper and gold, risky South American and African jurisdictions are not nearly as desired as those in North America or Australia. Though early stage, I also find it very interesting that Exxon is getting into lithium in a big way. I do believe the lithium sector will continue to see larger companies in both the energy and mining sectors committing exploration and development budgets towards the lithium sector.

Below is a chart for spodumene which shows the booms and busts over the past 5 years.



Over the past 2 years, lithium prices have become incredibly volatile. Timing these windows is critical, because if you are outside those windows, it is very difficult to remain patient and disciplined.

This was a challenge for the KRO several years ago in a company called Neo Lithium. Neo was an early-stage developer which was delineating a worldclass lithium deposit in Argentina. It took considerable patience and fortitude as early investors dumped considerable stock in the open market, sending the share price below CAD\$1.00. In

USA Declares Critical Metals War Against China
HIGHT RISK ALERT: MARIN KATUSA'S #1 LITHIUM STOCK
 [Exclusive Report for Rich Dad Readers Only]

2021, Zijin Mining paid \$918 million (CAD\$6.50/share) which was a handsome return for those who held on or bought more.

Contrary to Neo Lithium’s salar, the deposits that are getting a lot of attention now are the spodumene deposits, located in North America and Australia. Spodumene refers to the lithium bearing ore which is mined through conventional truck and shovel mining practices.

This year prices have cratered, declining nearly 80% and are currently hovering in the \$1000-\$1300 range. This has led to big sell offs in multiple lithium developers.

Most notably in a company that I am building a speculative position in called Li-FT Power (LIFT.V)

FULL DISCLOSURE: I (Marin Katusa) and other members of Katusa Research have bought shares at \$5.00 and may look to increase my position. This is a highly speculative stock that comes with significant investment risk. If this bothers you, do not invest.

HIGH-RISK SPECULATION RECOMMENDATION: Li-FT Power Corp

Li-FT Power - Key Facts

<u>Company Information</u>	Company Name Primary Listing Market Capitalization Recent Share Price Portfolio Type	Li-FT Power TSXV: LIFT CAD\$ 231.4M CAD\$ 5.87 Speculation - buy first tranche below CAD\$6.50
<u>Balance Sheet & Structure</u>	(CAD Millions)	Cash Interest Bearing Debt Dividend Shares Outstanding Options & Warrants
<u>Area / Type of Operations</u>	Canada - Lithium exploration & development	
<u>Company Catalysts</u>	Prove out 1M mt LCE resource at 1.0% or higher Preliminary Economics late 2024 early 2025 Lithium price and sector recovery	

Why am I buying Li-FT Power?

1. A large fund was a big seller of the stock. The fund manager was forced to exit all his lithium positions and Li-Ft was the one he held onto the longest (because it was his favorite). We didn't like the way this stock was trading when we were looking to write the company up during the last lithium report and we later discovered the seller was this exact fund. That specific fund exited all their lithium positions. The fund was a major shareholder of the company and that selling triggered further tax loss selling.
2. Tax loss selling has hit this stock hard. The company continues to put out excellent drill results, yet the stock continues to be sold off.
3. Outside of the founders, the cost base of major investors is 50-100% above current price levels.
4. I believe there are multiple company related catalysts in 2024 which can increase the value of the company not including a potential Spodumene price recovery in 2024-2026.
5. M&A activity for large lithium deposits is heating up.
6. If I was running a major mining company, and had an interest in lithium deposits, this would be at the top of my list to make an investment and perhaps take control of (it's also why I bought CAD\$1,000,000 of this company in the open market).

Company Overview

Li-FT Power is a company backed by a successful European fund manager who has focused on lithium and has the best lithium track record. He's made more money in lithium than anyone else I know. He had pitched me on this asset previously but due to its early-stage nature and at the time high valuation before drill results, I passed.

I kept in contact with him, kept the stock on my radar and watched over 20,000 meters of drill results come out.

The drill results have been very impressive (top quartile of grades), yet the share price action does not reflect any of this drilling. On a year-to-date basis, the stock is down roughly 50%, and nearly 70% off its all-time high.

USA Declares Critical Metals War Against China
HIGHT RISK ALERT: MARIN KATUSA'S #1 LITHIUM STOCK
[Exclusive Report for Rich Dad Readers Only]

He rarely does interviews, so I won't even mention his name in print.

But in a KRO exclusive, he sat down in a special feature in late December in Vancouver with my old friend and one of the best interviewers around, Grant Williams.

Click on the image link below and enter the password to unlock the interview...



Password: kro789

Li-FT Power is run by previous executives of Kenorland, which ran a prospect generator business. Kenorland has joint ventures with Antofagasta and Sumitomo, 2 world class mining companies.

Francis MacDonald who was previously the CEO of Kenorland is now at the helm of Li-FT. The company is wrapping up its initial 40,000 meter drill program at the Yellowknife lithium project in the Canadian Northwest Territories (NWT). Francis is the real deal and passed my grilling with flying colors.

Northern Canada and specifically the NWT is home to many famous mining operations, most notably diamond mining conducted by DeBeers and gold mining by Agnico Eagle. As such, there is good infrastructure in the area and the towns are used to the hustle and bustle of mining folk.

USA Declares Critical Metals War Against China
HIGHT RISK ALERT: MARIN KATUSA'S #1 LITHIUM STOCK
[Exclusive Report for Rich Dad Readers Only]

In addition, the diamond mines are a few years out from shutting down, which currently support numerous jobs both at the mine site and in the city of Yellowknife. Assuming mining best practice for environmental standards and a strong bond between local First Nations groups and the company, a mine would likely be well supported by the local community.

The map below shows the location of the project, relative to cities, infrastructure and the other mining operations in the region.

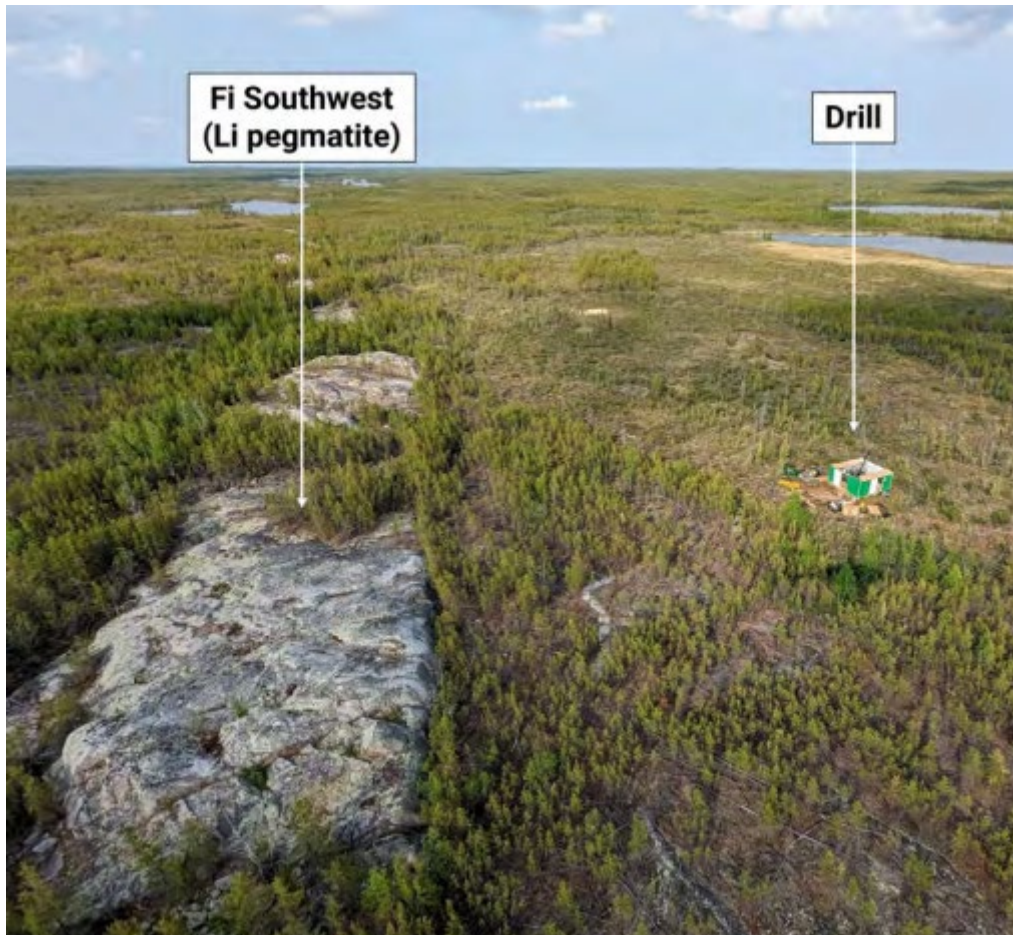


Li-FT Power is yet to put out its maiden resource estimate and I believe it is trading at a significant discount to peers based on what I believe the resource size could be.

- The company expects to release its Resource Estimate in the first half of 2024 and follow that up with a Preliminary Economic Assessment by year end or early 2025.

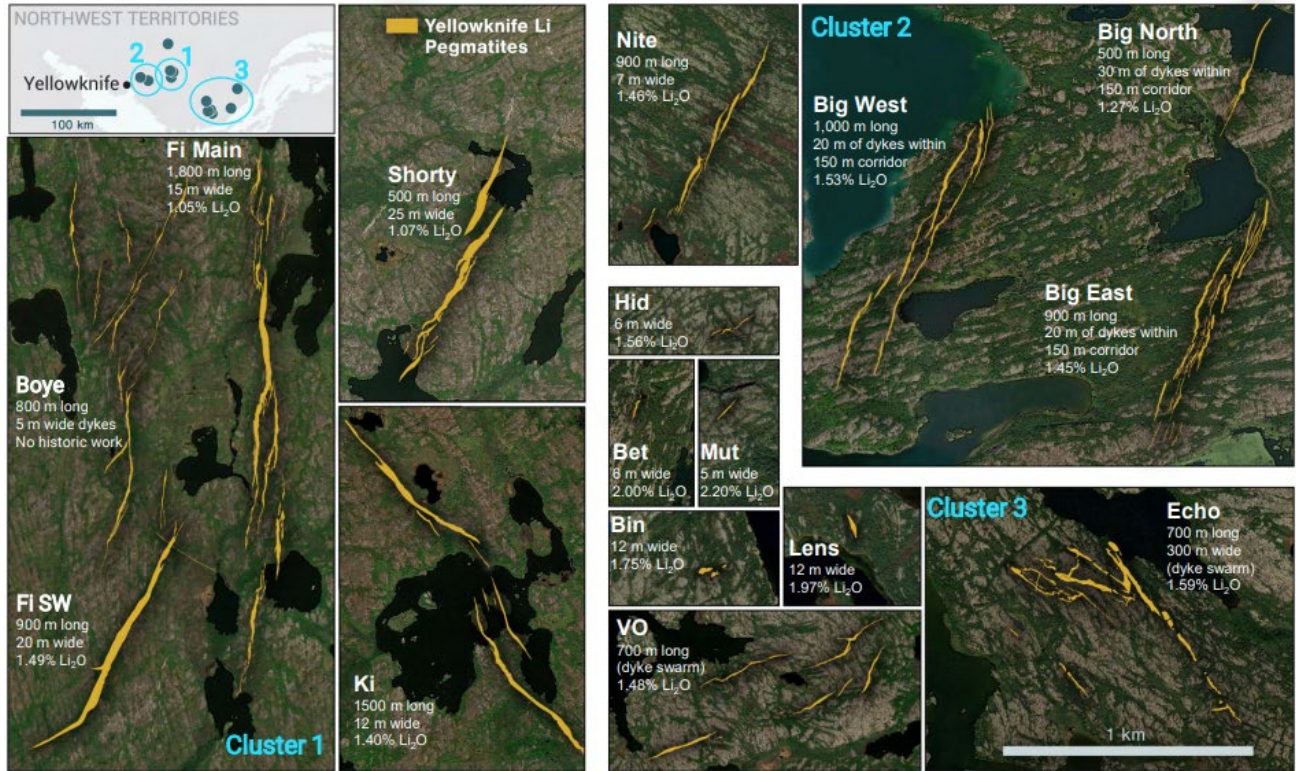
Key Asset: Yellowknife Lithium Project

The flagship asset in the company is the Yellowknife lithium project. The project has multiple kilometer scale lithium bearing zones that appear at surface. Below is a picture of one of the key outcroppings. For scale you can see how large the pegmatite zone is, relative to the drill pad.



In total there are 17 high priority targets, 11 of which are in the “core area” and another 6 which are in the regional exploration program. The map below shows the different zones of mineralization broken up into 3 clusters based on location. In addition, the map indicates the current length and width of the lithium bearing host rock.

USA Declares Critical Metals War Against China
HIGHT RISK ALERT: MARIN KATUSA'S #1 LITHIUM STOCK
 [Exclusive Report for Rich Dad Readers Only]



In the NWT there are no other peers. However, there are a handful of companies that are not yet in commercial production which can be used for peer comparison.

Below is the table of companies that are pre-production.

Company	Key Asset	Stage of Development	Project Location	Enterprise Value (Min USD)	Global LCE Resource (Min Mt)	Li %	EV/MT	Resource Host
Frontier Lithium	Pak, Bolt, Spark	PFS Complete	On, Canada	\$121	0.88	1.50%	\$137	Pegmatite
Patriot Battery Metals	Corvette	43-101 Complete	Qb, Canada	\$880	1.55	1.42%	\$567	Pegmatite
Liontown	Kathleen Valley	Construction	West Australia	\$2,629	2.24	1.40%	\$1,176	Pegmatite
Lithium Ionic	Itinga	PEA Complete	Brazil	\$160	0.45	1.37%	\$353	Pegmatite
Atlas Lithium	Minas Gerais	Updating 43-101	Brazil	\$326		1.35%		Pegmatite
Core Lithium	Finniss	Initial Production	Northern Australia	\$288	0.41	1.33%	\$699	Pegmatite
Vision Lithium	Sirmac	PEA Complete	Qb, Canada	\$0	0.00	1.33%	\$24	Pegmatite
Latin Resources	Colina	43-101 Complete	Brazil	\$489	2.20	1.32%	\$222	Pegmatite
Azure Minerals	Andover	Pre Resource	West Australia	\$1,137		1.25%		Pegmatite
Atlantic Lithium	Ewoyaa	FS Complete	Ghana	\$176	0.20	1.25%	\$887	Pegmatite
Delta Lithium	Mt Ida	43-101 Complete	West Australia	\$172	0.18	1.20%	\$956	Pegmatite
Critical Elements	Rose	FS Complete	Qb, Canada	\$133	0.30	1.02%	\$445	Pegmatite
RockTech	Georgia Lake	PFS Complete	On, Canada	\$88	0.14	0.91%	\$650	Pegmatite
Li-FT Power (Base Case)	Yellowknife	Pre Resource	NWT, Canada	\$149				Pegmatite

The most direct peers are **Patriot Battery Metals**, which owns the Corvette lithium deposit in Quebec Canada. Patriot is an earlier stage and recently completed its initial resource estimate, demonstrating a large system hosting 1.6M tonnes of lithium carbonate. The current Enterprise Value of Patriot is \$765M. Earlier this year, Patriot

USA Declares Critical Metals War Against China
HIGHT RISK ALERT: MARIN KATUSA'S #1 LITHIUM STOCK
 [Exclusive Report for Rich Dad Readers Only]

received a USD\$80M investment from Albemarle one of the largest lithium producers in the world.

Not in the table above is **Sigma Lithium** which has commenced production. Geologically it has a very similar structure to the pegmatite dykes found at Yellowknife. Sigma's Grotta do Cirilo in Brazil hosts 130M mt at an average grade of 1.43%. Project economics indicate a \$15B NPV after tax using an 8% discount rate with production costs of \$523/tonne.

Resource & Drilling Analysis

To date, the company has released drill hole data on 112 of 198 completed holes, totaling just over 20,000 meters. While there is no compliant resource out at this stage, using all the publicly available drill hole data, I believe we could see a total resource of 60+ million tonnes, which would imply a 1-1.4 million tonnes LCE resource.

Below are the projections based on each zone.

Core Zones									
Target	Strike Length	Width	Depth	Spec Gravity	Ore Tonnes (mt)	Li ₂ O %	Rec Rate	LCE Equivalent	
Fi main	1800	15	150	2.7	10,935,000	1.11%	65%	195,813	
Fi SW	900	20	150	2.7	7,290,000	1.28%	65%	150,502	
Shorty	500	25	150	2.7	5,062,500	1.30%	65%	106,116	
Big East	900	20	150	2.7	7,290,000	1.28%	65%	149,555	
Ki	1500	12	150	2.7	7,290,000	1.40%	65%	164,056	
Nite	900	7	150	2.7	2,551,500	1.46%	65%	59,881	
Big West	1000	20	150	2.7	8,100,000	1.50%	65%	195,305	
Big North	500	30	150	2.7	6,075,000	1.30%	65%	126,948	
Boye	800	5	150	2.7	1,620,000	1.00%	65%	26,041	
					56,214,000	1.29%		1,174,217	
Regional Targets									
Echo	700	10	150	2.7	2,835,000	1.59%	65%	72,458	
Tho	600	10	150	2.7	2,430,000	1.00%	65%	39,061	
Vo			150	2.7	3,645,000	1.48%	65%	86,715	
Bet	100	6	150	2.7	243,000	2.00%	65%	7,812	
Bin	125	12	150	2.7	607,500	1.75%	65%	17,089	
Hid	200	6	150	2.7	486,000	1.56%	65%	12,187	
Lens	100	12	150	2.7	486,000	1.97%	65%	15,390	
Mut	80	5	150	2.7	162,000	2.00%	65%	5,208	
					10,894,500	1.67%		255,921	
Totals					67,108,500	1.33%		1,430,138	

There are several key variables that drive the resource size.

Most notably is the *length* and *depth* of the ore body used in the calculation. Historical work indicates that the resource lies at least from 0 to 150 meters below ground.

Here's where it gets interesting...

No deep drill testing has been completed yet, but there is nothing geologically at this point that suggests the resource could not extend deeper, or further along strike. This leaves considerable room for expansion potential.

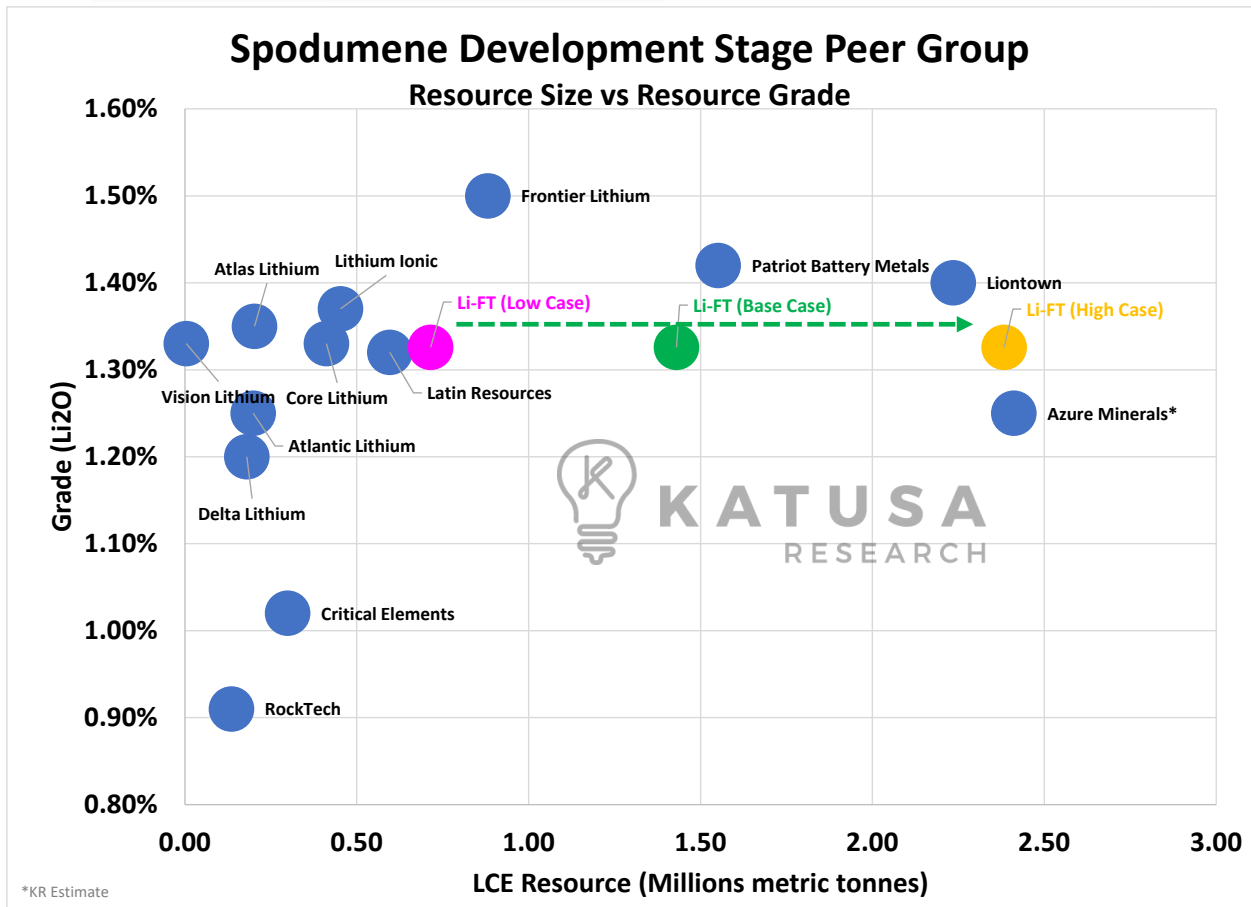
Width of the lithium bearing zone can be indicated through the assay results from the drill hole program. The width of the zones will not be uniform as these lithium bearing pegmatite dykes may pinch and swell, but for the purposes of identifying a resource, this is a reasonable approach.

Peer Group Comparison

With a resource estimate and lithium grade now calculated, let's compare it to its peer group to see how the company stacks up.

Below is a chart which plots all the other development stage projects and compares the total resource size in metric tonnes of lithium carbonate, relative to the grade of the deposit.

- Recall high grade materially means there is more lithium per tonne of rock. So, the higher grade is better and naturally the larger the resource the better.



A few things should stand out from the chart above.

1. The majority of lithium projects in the development stage are under 500,000 tonnes of LCE.
 2. Most projects have a grade of 1.20%-1.40% lithium
- Crunching the numbers using the data in the chart above, across all these development projects, the average resource size is 740,000 tonnes while the average grade is 1.28%.

In my low case, I expect the resource size to be larger than most peers and above average in grade. Based on drilling to date and as shown above in the table, I believe the resource will be 1.1 million tonnes in the core areas with an incremental 300,000 tonnes from regional targets. This assumes the resource depth is capped at 150 meters. If you allow for a deeper resource down to 300 meters or extend the strike lengths and widths it is possible to grow the resource well above 2 million tonnes LCE.

This bodes very well for Li-FT to delineate a resource that is superior to the peer group in both tonnage and grade.

How Does This Compare to a Gold Deposit?

Because we have mainly been gold, copper and uranium in the KRO—I wanted to put this impressive Li-FT deposit in terms of gold deposit to show you how impressive this deposit is.

Below is a conversion calculation that shows the total number of ounces of gold it would take to create the same in the ground economic resource value as currently expected by our internal resource estimate.

1. We do this by multiplying the current price per tonne of lithium carbonate equivalent by the resource size.
2. Then we divide this value by the current gold price to arrive at the equivalent number of gold ounces.

Lithium Carbonate Equivalent	
Current LCE Price (\$/kg)	\$14.85
Converted to \$/tonne	\$14,850
Li-FT LCE Resource Estimate (mt)	1,430,138
Implied Value of LCE in the ground	\$21,237,555,528 <-- Resource Size x LCE Price (\$/tonne)
Conversion to Gold Ounces	
Current Gold Price (\$/oz)	\$2,080
Equivalent Gold Ounces in Ground	10,210,363 <--LCE Resource Value divided by Gold Price

- **To put this further into perspective, globally there are only 109 mines out of 2500+ deposits that host a resource greater than 10.2 million ounces (less than 5%).**

To fine tune this calculation, we can use global averages for open pit gold mining grades and recovery rates to identify the number of ounces required to generate a similar in-situ value of a spodumene resource.

USA Declares Critical Metals War Against China
HIGHT RISK ALERT: MARIN KATUSA'S #1 LITHIUM STOCK
 [Exclusive Report for Rich Dad Readers Only]

Li-FT Spodumene Resource	KR Base Case	KR Upside
Spodumene Tonnage Estimate (mt)	8,053,020	12,000,000
Spodumene Price	\$1,300 (Spot)	\$2,000
Implied Value	\$10,468,926,000	\$24,000,000,000
Gold Equivalent		
Spodumene Price Used	\$1,300 (Spot)	\$2,000
Resource tonnage (mt)	155,535,151	356,564,143
Open Pit Rec Rate (Global Avg 2022/2023)	74%	74%
Open Pit Global Avg Au Grade (g/t)	1.36	1.36
Gold Price (Spot \$/oz)	\$2,080	\$2,080
In situ value	\$10,468,926,000	\$24,000,000,000
Gold Equivalent Ounces	5,033,138	11,538,462

This refined calculation demonstrates the significance and potential scale of this deposit.

- Without a doubt, a gold deposit of 5M+ ounces in Canada would be highly sought after by any mid-tier or major gold producer.

Given the market capitalization of Li-FT today is just \$160M, it is why I think many major and mid-tier mining companies will have this company on their radar very shortly. It will be a cash cow for whoever puts it into production, while meeting energy transition demands that large fund managers are looking for exposure to.

Below are several important reasons why this company will attract a larger company's attention:

1. **Low Cost Production & High Torque to Upside:** Our internal expected production costs are \$600 per tonne. Meaning at current depressed prices of lithium, our internal expected profit margins at the mine level are comparable to open pit gold mines (Spodumene 53% vs Gold 55% using today's prices). If you use the 2023 average spodumene price, which was above \$3,000 per tonne, this would indicate a margin of approximately 80%. This will grab the attention of every major mining CEO.
2. **Low Capex:** From my experience, this type of deposit I would expect the capex to build a spodumene operation would be substantially less than what it would cost to build a 5-million-ounce gold mine.

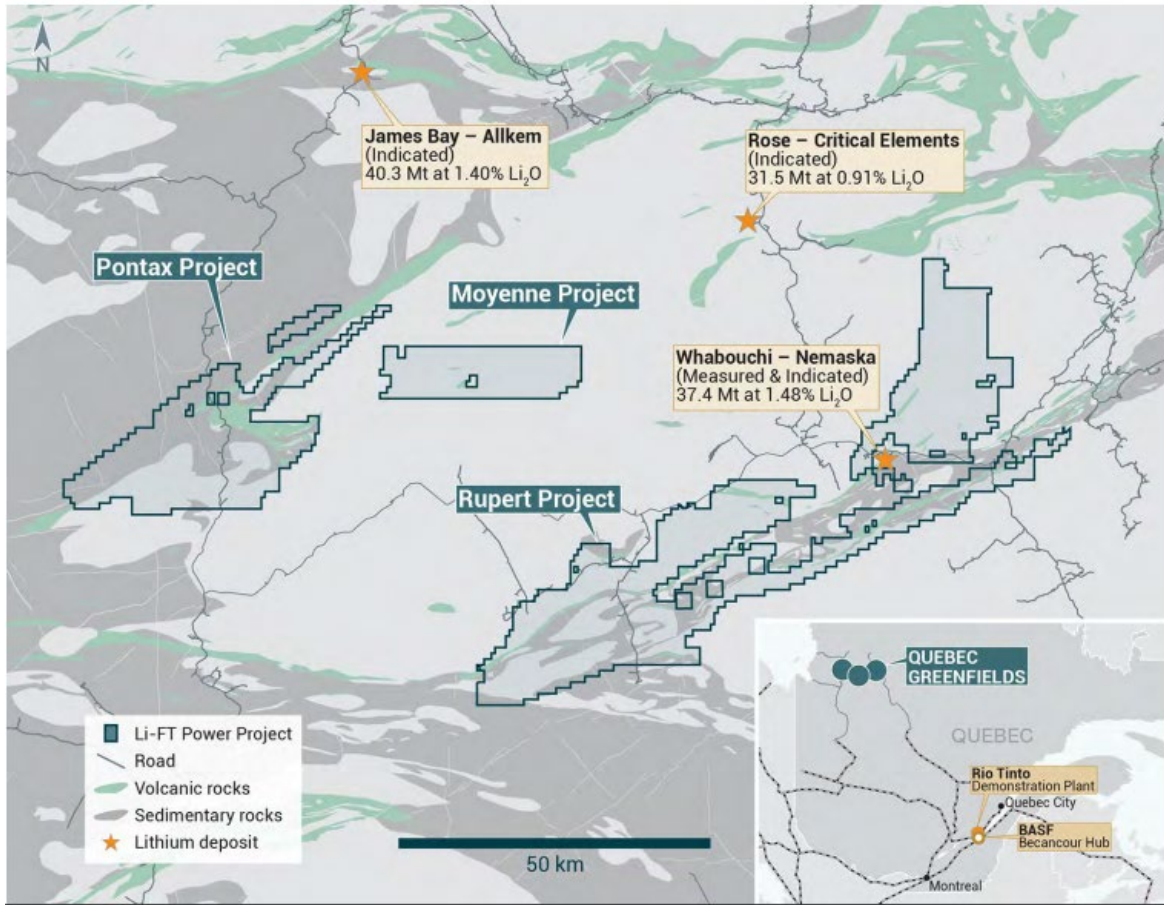
Non-Core Assets

Li-FT Power also has an early-stage exploration project on the eastern side of the NWT. The Cali project was previously owned by Canadian Superior Exploration which was Mobil (of ExxonMobil) back in 1977. There has been some initial exploration work completed but given the early stage nature of the project and the core focus being on the Yellowknife project, I have not attributed any value to this asset in the company valuation.

In addition to the NWT assets, Li-FT has assembled 3 greenfield lithium exploration projects in Quebec. These projects are near other mines which are in the development stage.

- Whabouchi is owned now by Livent and Pallinghurst. Livent is one of the largest Lithium producers in the world.
- James Bay owned by Allkem who is also one of the largest lithium producers in the world.
- The Rose project owned by Critical Elements has completed a Feasibility Study, Critical Elements currently has a market capitalization of CAD\$200M.

USA Declares Critical Metals War Against China
HIGHT RISK ALERT: MARIN KATUSA'S #1 LITHIUM STOCK
[Exclusive Report for Rich Dad Readers Only]



I think in a fire sale, given the location of these projects relative to others in the area and that Critical Elements has a \$200 million market capitalization with 1 asset that the 3 assets here Pontax, Moyenne and Rupert are worth \$25-\$50 million.

These are non-core assets of the company, and I don't expect any large exploration programs but there is still some incremental value to the company.

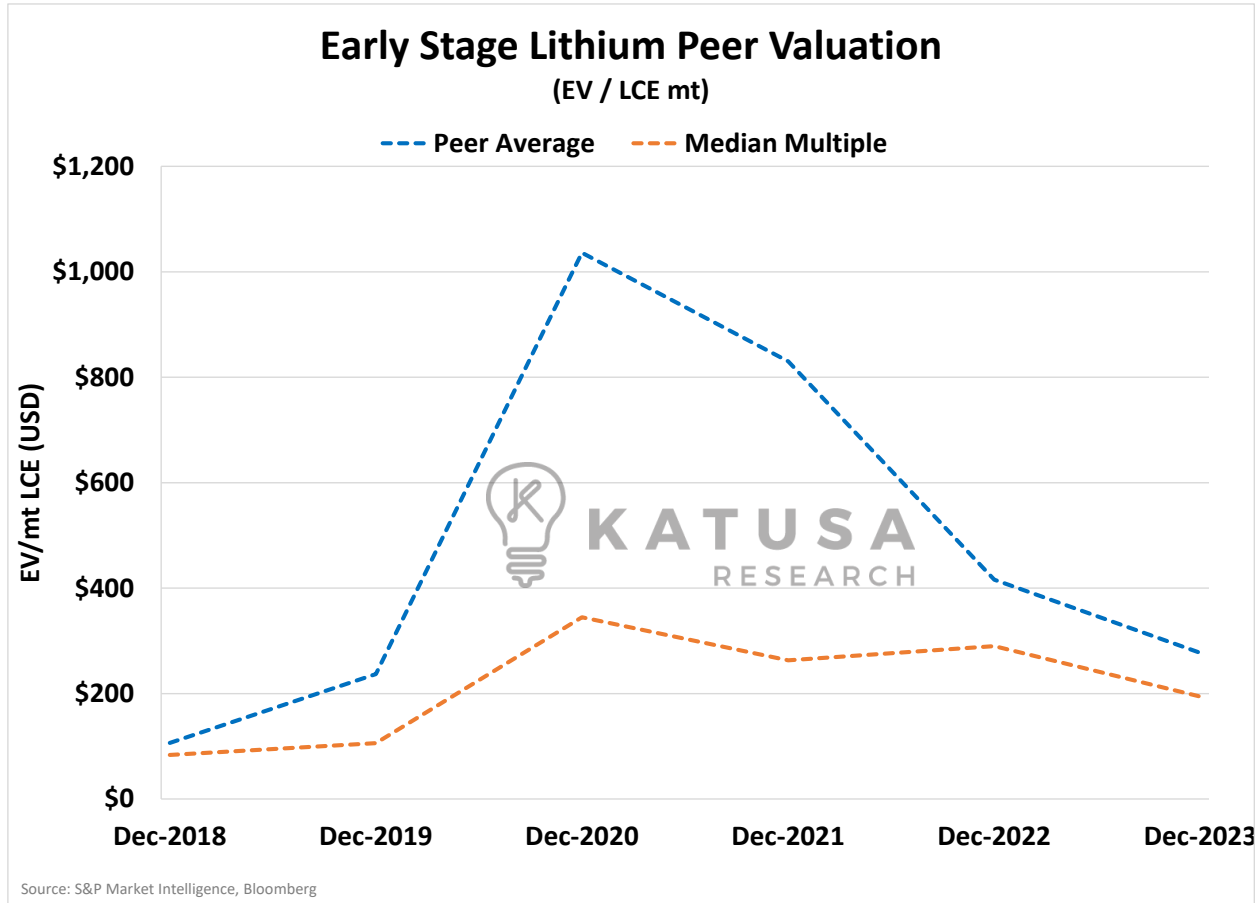
Valuing Li-FT

Given the early-stage nature it seems ambitious to build out full mine models with so many unknowns.

We can use peer comparable to build an apples-to-apples comparison and derive a valuation for Li-FT using the Enterprise Value to Reserves & Resources ratio.

Enterprise Value reflects the market capitalization of the company adjusted for cash and debt. We can look at this ratio over time to see how the market is pricing companies relative to each other.

Below is the Enterprise Value to LCE Reserves & Resources Ratio, plotted over the last few years. As you can see the peers have traded for \$100 to \$1,000 per tonne of LCE in the ground. Today the median is \$200 per tonne and the peer average is \$277 per tonne. Note that this ratio is in US Dollars.



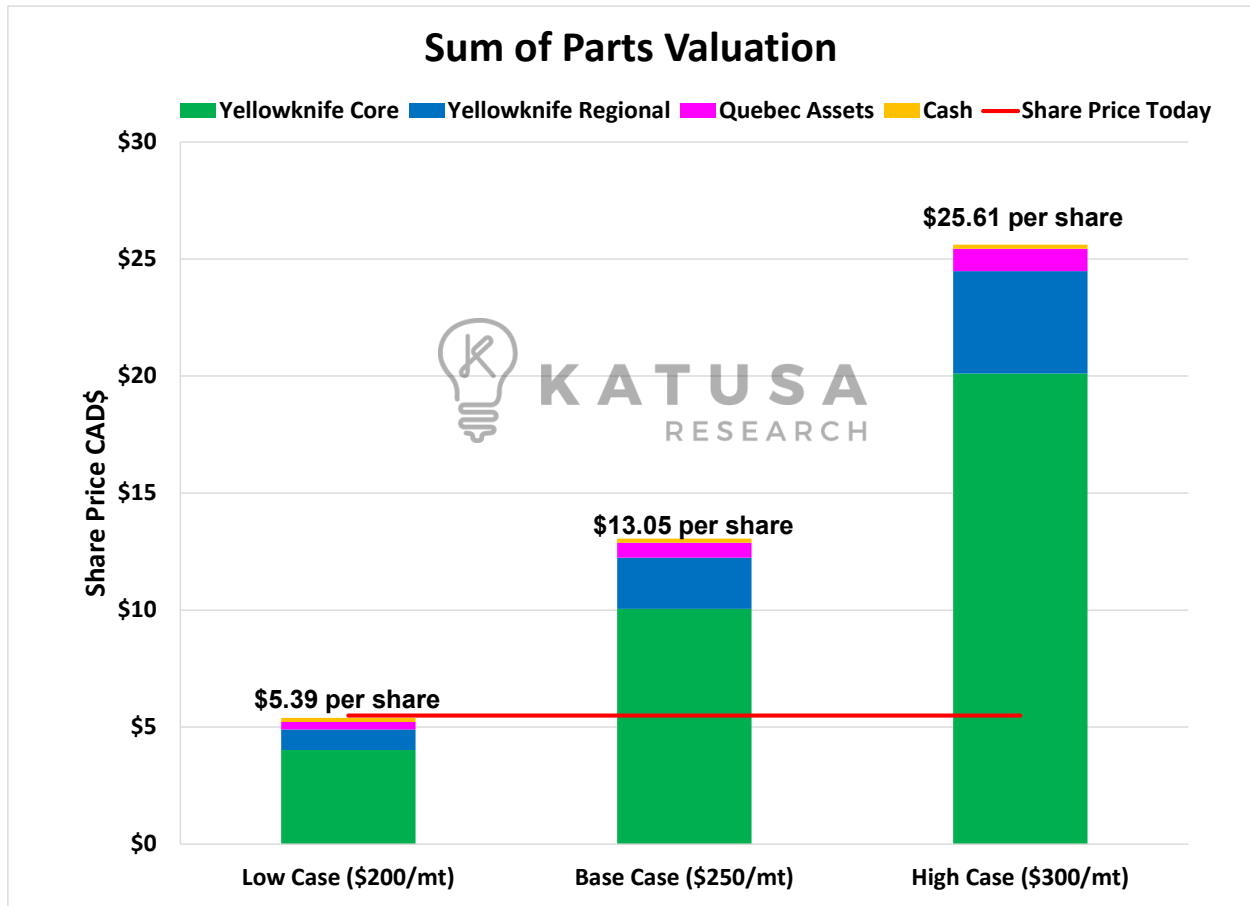
As you can see over time the ratio has risen and then declined as lithium prices have retreated this year.

From these ratios we can multiply this EV/Reserves & Resources ratio to our estimated lithium resource.

Recall our low base and high case scenarios.

- Low case is 715,000 tonnes LCE
- Base case is 1.4 million tonnes LCE
- High case is 2.4 million tonnes LCE

Below are the projected valuations based on this expected resource and historical valuations.



- The low case estimate is \$5.39 per share
- The base case estimate is \$13.05 per share
- The high case estimate is \$25.61 per share

As we can see from the chart above, I do believe we are getting a good deal on the company at current prices.

Another key catalyst that supports valuations is the price of lithium.

As I showed above, spodumene prices have corrected sharply, in fact so much that Albemarle one of the largest producers in the world said that current prices do not incentivize new development. This type of language is very similar to the language that Cameco used several years when uranium prices were in the dumps.

This is advantageous to us as investors who can use depressed market conditions to enter into positions. Remember commodity prices are highly cyclical, we want to be building positions during the troughs and selling as once prices recover. Naturally this is much easier said than done, but it is important to always remember that framework.

Could market conditions worsen and depress valuations further? Certainly, however I do believe that is a short-term issue.

The bigger risk is that the deposit does not grow to a reasonable size, big enough to attract the attention of other investors and large lithium producers looking for another asset to snap up.

I personally believe that the company can delineate a large resource and it is why I have bought the stock.

Li-FT Power: Company Catalysts in 2024

I see two very important catalysts for the company in 2024.

1. Lithium resource exceeding 1 million tonnes LCE

I don't believe a resource below 1M tonnes will garner the interest of majors or mainstream investors. Just like in other commodities, small deposits and junior companies sell for discounts to NAV rather than premiums to NAV. A resource above 1M tonnes would put it solidly on the radar relative to the rest of the peer group.

2. Lithium price / spodumene price recovery

This is out of the company's hands but still a very important driver in the share price. Higher lithium prices incentivize buyers to farm into projects such as this one and increase the value of the deposit. If interest rates do reverse course lower, this could fan the flames on a bounce in the lithium price which could serve as a big catalyst for share price appreciation.

USA Declares Critical Metals War Against China
HIGHT RISK ALERT: MARIN KATUSA'S #1 LITHIUM STOCK
[Exclusive Report for Rich Dad Readers Only]

Conclusion

I believe that over the next 6-12 months Li-FT can become a prominent name in the lithium developer space. Once the resource is public, and assuming the resource exceeds 1 million tonnes LCE, it should attract the attention of mid-tier and major producers. These catalysts should drive a significant rerating in the stock. I think it's plausible we can get a +50%-100% win here based on these assumptions.

I have begun to build a speculative sized position in this ultra-high-risk opportunity near \$5.00 per share. Personally, I think anything under CAD\$6.50 per share is cheap. Look to build a position near or below my cost base.

Again, if the fact that I and others in the office have acquired shares in the open market at current prices bothers you, do not invest.

I do think this stock corrects to CAD\$7.50-\$10 in a regular lithium market quite easily.

Investment Recommendation: Buy first speculative tranche below CAD\$6.50 per share

Warm Regards,



Marin Katusa and Katusa Research
www.katusaresearch.com