February 12, 2019

# Zacks Small-Cap Research

*Sponsored – Impartial - Comprehensive*

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## Wealth Minerals Ltd. (V.WML – TSX-V)

Wealth Minerals Provides Corporate Update: lithium portfolio fine-tuned, expecting copper spin-out, financing news

Based on comparative analysis that utilizes the valuation metric of price-to-book (P/B), our intermediate-term target is $1.23 per share, which represents a valuation target of 2.6 times book

| | |
|---|---|
| Current Price (02/12/19) | $0.38 |
| **Valuation** | **$1.23** |

### OUTLOOK

Wealth Minerals is a junior mineral exploration company that is well-positioned to benefit from its portfolio of prospective lithium projects in the Lithium Triangle. The company holds control over portions of **several lithium salar projects in northern Chile** (Atacama, Trinity and others). Management intends to advance its concessions through exploration programs and opportunistically acquire additional ones. The **Agreement with ENAMI** creates a path for the development of Wealth's Atacama and Laguna Verde Projects. The **Lithium Triangle** appears to be the global sweet spot for low-cost incremental supply of lithium.

### SUMMARY DATA

| | |
|---|---|
| **52-Week High** | **$2.00** |
| **52-Week Low** | **$0.37** |
| **One-Year Return (%)** | **-72.1** |
| **Beta** | **2.26** |
| **Average Daily Volume (shrs.)** | **143,939** |
| **Shares Outstanding (million)** | **124.7** |
| **Market Capitalization ($mil.)** | **$46.78** |
| **Short Interest Ratio (days)** | **N/A** |
| **Institutional Ownership (%)** | **N/A** |
| **Insider Ownership (%)** | **N/A** |
| **Annual Cash Dividend** | **$0.00** |
| **Dividend Yield (%)** | **0.00** |
| **5-Yr. Historical Growth Rates** | |
| **Sales (%)** | **N/A** |
| **Earnings Per Share (%)** | **N/A** |
| **Dividend (%)** | **N/A** |
| **P/E using TTM EPS** | **N/M** |
| **P/E using 2018 Estimate** | **N/M** |
| **P/E using 2019 Estimate** | **N/M** |

| | |
|---|---|
| **Risk Level** | **Above Average** |
| **Type of Stock** | **Small - Value** |
| **Industry** | **Mining** |

### ZACKS ESTIMATES

**Revenue**
(in millions of $)

| | Q1 (Feb) | Q2 (May) | Q3 (Aug) | Q4 (Nov) | Year (Nov) |
|---|---|---|---|---|---|
| 2017 | 0.0 A | 0.0 A | 0.0 A | 0.0 A | 0.0 A |
| 2018 | 0.0 A | 0.0 A | 0.0 A | 0.0 E | 0.0 E |
| 2019 | | | | | 0.0 E |
| 2020 | | | | | 0.0 E |

**Earnings per Share**
**(EPS is operating earnings before non-recurring items)**

| | Q1 (Feb) | Q2 (May) | Q3 (Aug) | Q4 (Nov) | Year (Nov) |
|---|---|---|---|---|---|
| 2017 | -$0.05 A | -$0.02 A | -$0.05 A | -$0.03 A | -$0.15 A |
| 2018 | -$0.04 A | -$0.02 A | -$0.03 A | -$0.02 E | -$0.11 E |
| 2019 | | | | | -$0.08 E |
| 2020 | | | | | -$0.06 E |

Zacks Projected EPS Growth Rate - Next 5 Years % **N/A**

Quarterly EPS may not equal annual EPS total due to rounding.

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## RECENT EVENTS

### Review of 2018

On March 19, 2019, Wealth Minerals announced the formation of a **strategic alliance with ENAMI** (Empresa Nacional de Minería aka National Mining Company of Chile). Under current Chilean regulatory framework, lithium can only be exploited by the Government of Chile, a Chilean state-owned company or special operational contracts specified by the President of Chile. Only three (3) entities qualify to advance lithium projects to production in Chile; ENAMI is one with the other two being CORFO and CODELCO. ENAMI was founded in 1969 as a state company to promote the success of small-and-medium sized Chilean mining companies by providing toll milling and processing services. ENAMI is partnered with CCHEN (La Comisión Chilena de Energía Nuclear aka the Chilean Nuclear Energy Commission), the governmental agency that grants lithium export quotas.

Lithium mining companies were pressured in 2018 over concerns that an oversupply situation would occur starting in 2019. In the second quarter of 2018, LCE prices began to decline sharply, pressuring all lithium stocks, including producers and juniors. During 2018, the Global X Lithium & Battery Tech ETF (NASDAQ: LIT) declined 30.4%.

However, at the same time, the future demand for lithium appears robust with many industrial companies, particularly EV manufacturers, announcing their anticipated need for lithium for use in battery applications. We believe that the demand for lithium will surpass the available supply in the next few years. Historically, supply projections have been overestimated due to the inability of lithium producers to ramp up production of battery-grade lithium in a timely fashion.

### Corporate Update

On February 11, 2019, Wealth Minerals provided a corporate update, which included announcements of a **$1.5 million loan facility,** of a renegotiated schedule for the option payment of the Atacama Project and fine-tuning the company's lithium asset portfolio.

*Loan Facility*

Wealth Minerals has obtained a **1-year, 8% $1,500,000 loan** from various lenders, who will also receive (in aggregate) 3,750,000 nontransferable bonus warrants, each exercisable into one common share at $0.40.

*Revised Schedule for Option Payment of the Atacama Project*

The **terms of the Atacama option** (dated October 28, 2016) has been **renegotiated** with Atacama Lithium SpA, the underlying property vendor. The Atacama Option grants Wealth Minerals the exclusive right to acquire a 100% royalty-free interest in 144 exploration mining concessions (pedimentos), which encompass 46,200 hectares in Chile's Region II.

| Cash USD $ | Wealth Shares | Due Date |
|---|---|---|
| $500,000 | 5,000,000 | February 19, 2019 |
| $2,000,000 | - | March 31, 2019 |
| $2,500,000 | - | January 31, 2020 |

The remaining commitment of the option (USD $5,000,000 and 5,000,000 common shares) due on March 1, 2019 has been rescheduled. The payment of 5,000,000 shares was moved up to February 19,

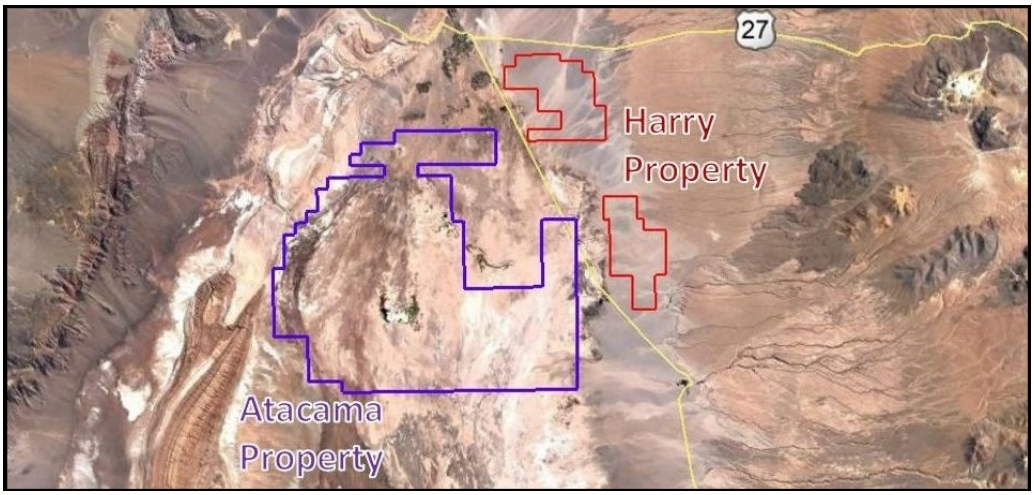
2019 while the $5.0 million was extended out in tranches with $2.5 million drawn-out by almost a year (see table above).

*Lithium Asset Portfolio Update*

Management continuous reviews the options on the mineral properties within company's lithium asset portfolio. At times, adjustments are made. In this corporate update, **several changes were announced**. Three new properties (Flamenco, Vapor and Harry) entered the portfolio while two projects (Laguna Verde and Five Salars) were relinquished. The land package associated with the Laguna Verde (namely the Salar Green & Union concessions) is being retained and remains in good standing. The changes were implemented primarily to conserve cash by eliminating the need for additional option payments on those options being relinquished. The development of the Atacama and Trinity projects remains the main focus of management.

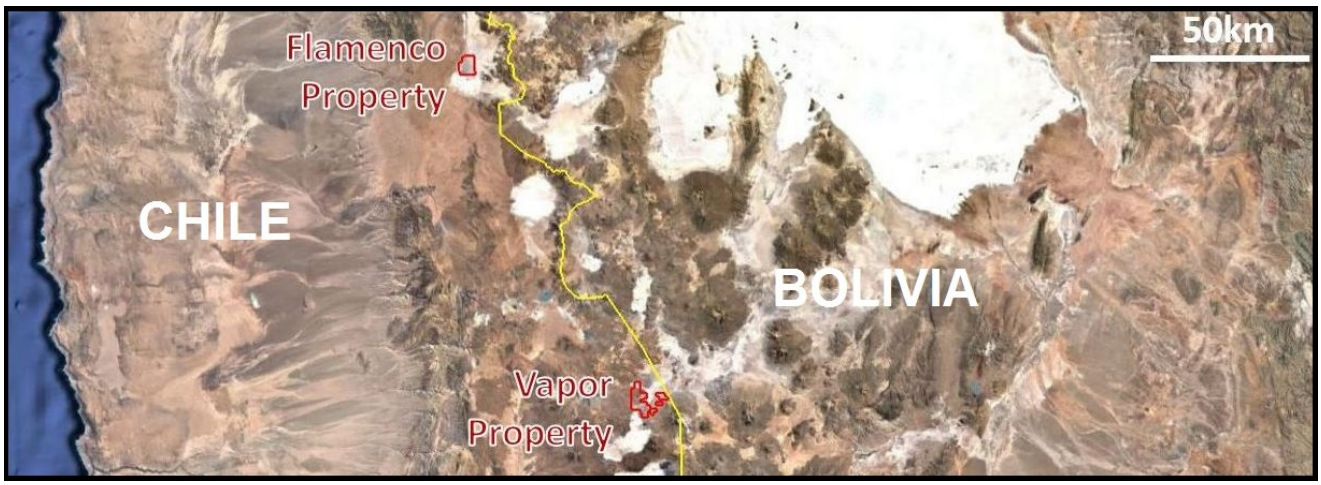
*Acquisition of the Flamenco, Vapor and Harry Projects*

Wealth Minerals has acquired three new projects (the Flamenco, Vapor and Harry Projects) for 1,450,000 common shares. The **Harry Project** increases the company's land position **in the Atacama Basin** from 46,200 to approximately 54,100 hectares.




The 2,800-hectare **Flamenco Project** is located in the **Salar del Huasco** in northern Chile. The property may have consolidation potential. Freeport McMoRan, BHP Billiton and CODELCO have copper properties in the region. However, the biodiversity of the area (including a wide variety of fauna and a significant flamingo population), concerns for the aquifer, the shallowness of the salar (predominately salt marshes and seasonal ponds with depths of only 4-to-18 centimeters) and the creation of the Salar del Huasco National Park in 1996 (which encourages tourism) would appear to hamper commercial efforts to extract minerals.






The 4,200-hectare **Vapor Project** is located in the **Salar de Ollagüe**. On an adjadcent property, Lithium Chile (TSXV: LITH) completed a drilling program that identified a 180-meter zone of brine with grades of up to 480 mg/l Li, though the company cautions that these drilling results should not be inferred to be applicable to the potential Vapor Project.




*Relinquishment of the Original Laguna Verde Property and Five Salars Project*

The size of the Laguna Verde Project was reduced with **the option on the original 2,438-hectare Laguna Verde property having been relinquished**. The option on the land package at Salar Laguna Verde (the Salar Green and Union concessions) remains in good standing. Simplistically, the areas with sub-surface drill targets that were determined by the Transient Electromagnetic (TEM) surveys completed in mid-2018 remain under the company's control while the area with above-ground surface brine have been relinquished.

**The option on the 10,500-hectare Five Salars Project was also relinquished** in consideration for a payment of USD $500,000 to Atacama Lithium SpA, the underlying property vendor.

These most recent changes increased the area of the company's lithium asset portfolio from 75,900 to 77,862 hectares.

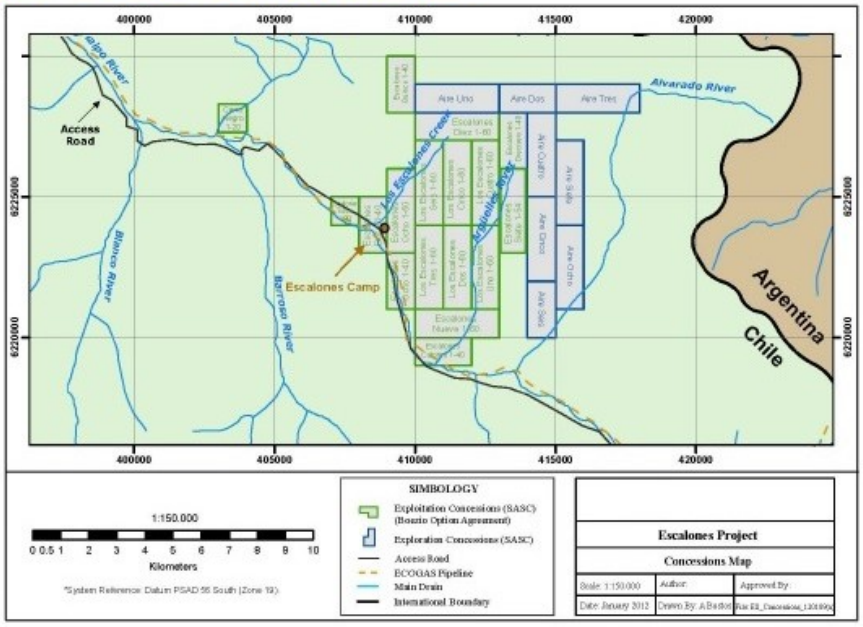
**Proposed Spin-Out of Newly Acquired Chilean Copper Assets**

On December 4, 2018, Wealth Minerals announced management's intent to spin-out two newly acquired Chilean copper projects (the **Escalones Copper Porphyry Project** and the **Cristal Copper Porphyry Project**) in an entity known as **Wealth Copper**. Management anticipates the timing to be in the spring of 2019 and contingent on shareholder approval, a final court order from the Supreme Court of British Columbia and approval for listing Wealth Copper on the TSX-V.

Management became aware of these opportunities through its constant exposure to deal flow in Chile. Rather than dilute the company's focus on lithium projects, it was decided to take advantage of these copper prospects and spin them out to shareholders of Wealth Minerals. Currently, the spin-out is anticipated to be one common share of Wealth Copper for every three common shares of Wealth Minerals with a concurrent CAD $5 million private placement by Wealth Copper resulting in TriMetals Mining (TSX-V: TMI) owning at least 30% of Wealth Copper, shareholders of Wealth Minerals holding approximately 30% and the private placement shareholders owning approximately 40%.

**Escalones Copper-Gold Porphyry Project**




The **Escalones Copper-Gold Porphyry Project** encompasses 59 exploitation concessions covering 16,100 hectares, some of which host porphyry and skarn copper-gold mineralization. The project is located 35 kilometers east of CODELCO's well-known El Teniente underground copper mine. A NI 43-101-compliant mineral resource estimate on the Escalones Porphyry Copper Project was completed in July 2014.

**Escalones Copper-Gold Porphyry Project Mineral Resource Statement**

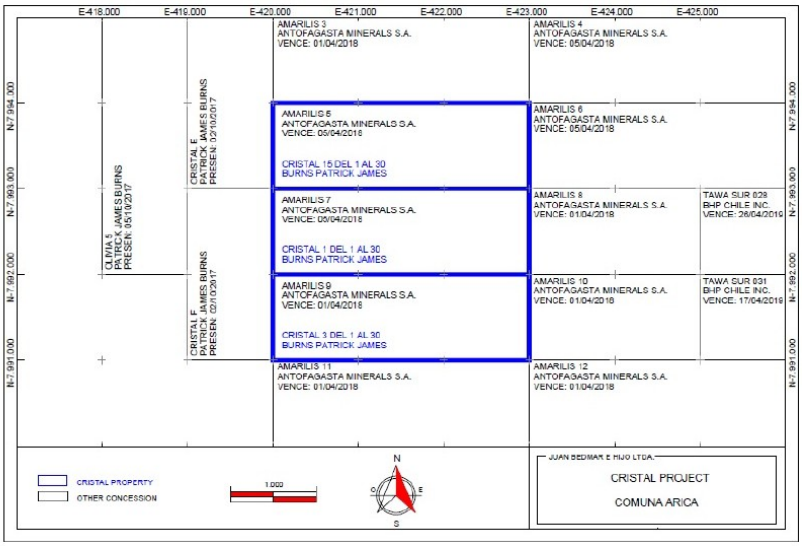
| | In Situ Grade | | | | | Total Contained Metal | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Tonnes | Copper | Gold | Silver | Moly | Copper | Gold | Silver | Moly |
| | Millions | % | g/t | g/t | % | Mlbs | Ozs | Moz | Mlbs |
| Indicated | 232.6 | 0.31 | 0.067 | 0.661 | 0.006 | 1,578 | 498,012 | 4.9 | 31.9 |
| Inferred | 527.7 | 0.34 | 0.036 | 0.849 | 0.007 | 3,992 | 609,437 | 14.4 | 79.5 |

Located in northern Chile about 10 kilometers from the border with Peru, the **Cristal Copper Porphyry Property** encompasses approximately 900 hectares in three exploitation concessions. A NI 43-101-compliant Technical Report on the Cristal Copper Property was completed in March 2018. It is believed

that the property hosts a porphyry copper mineralization deposit at depth as supported by a fault zone and airborne geophysical data surveys (magnetics, gravity, and electromagnetic) conducted by BHP Billiton between 2012 and 2014. A circular doughnut-shaped anomaly (approximately 3 kilometers in diameter) was defined by the reduced-to-pole magnetic data while the electromagnetic data suggests a northwest-trending topographic ridge underlies the volcanic cover-rocks at a depth of at least 600 meters. Wealth Minerals signed a letter of intent (LOI) on August 30, 2018 with New Energy Metals Corp. (TSX-V: ENRG) to acquire the Cristal Property.




Approximate Location of the Cristal Property




## Financing

On January 30, 2019, Wealth Minerals closed a private placement of 3,942,500 Units, each consisting of one common share and one-half of 2-year warrant. Each whole warrant is exercisable into one common share at a price of $0.75. Priced at $0.40 per Unit, **gross proceeds were $1,577,000**. The securities were issued in Canada and are not registered in the United States under the Securities Act of 1933. The net proceeds will be used to fund mineral property option payments, property assessment and exploration costs and general & administrative expenses. The private placement was oversubscribed having been originally announced as up to 3,750,000 Units in size.

## Webcast of CEO's Presentation at NobleCon 2019

On January 28, 2019, Henk Van Alphen, CEO of Wealth Minerals, presented at the 15th Annual Investor Conference hosted by Noble Capital Markets. The presentation should remain available for 90 days thereafter at: http://noble.mediasite.com/mediasite/Catalog/catalogs/noblecon-2019.

## KEY POINTS

- Wealth Minerals is junior mining company pursuing a strategy of **accumulating early stage exploration lithium projects within the Lithium Triangle**. Management is highly focused on prospective lithium-bearing salars located in Chile.
  - The company's strategy is to increase shareholder value by gaining control of prospective lithium exploration concessions that encompass salars.
  - The **Lithium Triangle**, particularly in Chile and Argentina, appears to be the **global sweet spot for low-cost incremental supply of lithium**.

- Wealth Minerals is transitioning a focus on acquisitions to one on development at the **Atacama** and **Trinity projects**, though management continues to monitor and evaluate other lithium properties within the Lithium Triangle.
    - At **Atacama**, a drilling campaign to test brine in the southwest corner of the project area has been delayed due to concerns expressed by local representatives. A community outreach effort is ongoing and will continue until a social license is secured.
        - The geophysical results (MT and TEM surveys) announced in December 2017 have been reinterpreted. A 10 km low resistivity anomaly is being **interpreted as a 100 km$^2$ area of high-salinity brines** with a depth ranging from 500 m to 2,000 m. Consequently, a drilling program is being planned to test three shallow drill targets in the west of the project and three deep holes into the 2-kilometer thick brine target in the east.
    - At the **Trinity** Project, Wealth Minerals acquired ownership of a **100% beneficial royalty-free interest in 24 claims of the Pacana Property**.
- Wealth Minerals controls several projects which encompass 77,862 hectares.

- The company may enter joint venture partnerships with senior mining companies to advance concessions to further explore and develop each property, thereby potentially receiving cash payments to carry the projects into the future while laying off significant exploration costs onto the partner.
- Management may consolidate properties under its control for the purpose of being able to offer more attractive packages of prospective lithium properties to senior mining companies.
- With lithium carbonate prices having risen significantly over the last three years from under $6,000 to above $25,000 per tonne in late 2017, **investors became intently focused on ferreting out opportunities in the lithium industry**. Subsequently, beginning in the second quarter of 2018, LCE prices began to decline sharply, pressuring all lithium stocks, producers and juniors. Since October 2018, the price of lithium carbonate has stabilized around the $12,000 per tonne level.
- Since the company's projects are still in the early exploration stage and management continues to pursue acquiring control over additional properties, Wealth Minerals will continue to need to raise capital in order to fund the advancement of its lithium brine projects.

**Wealth Minerals Ltd.**

| Project | Exploration Concession | Formal Option Date | Number of Concessions | Hectares (approx.) | Salar | Region |
|---|---|---|---|---|---|---|
| **Atacama** | | 10/28/2016 | 144 | **46,200** | Atacama | II |
| **Trinity** | | various | 43 | **10,500** | | II |
| | **Aguas Calientes Norte** | | | | | |
| | **Puritama** | 11/30/2016 | 8 | 2,000 | Aguas Calientes | II |
| | **Salar** | 7/25/2016 | 2 | 400 | Aguas Calientes | II |
| | **Quisquiro** | | | | | |
| | **Quisquiro** | 9/5/2016 | 9 | 2,400 | Quisquiro | II |
| | **Pacana** | 1/24/2018 | 24 | 5,700 | Pacana | II |
| **Land Package (Laguna Verde)** | | 3Q FY2017 | N/A | **6,262** | Laguna Verde | III |
| | **Salar Green** | | | | Green | III |
| | **Union** | | | | | III |
| **Land Package (various)** | | Feb. 2019 | N/A | **14,900** | | |
| | **Harry** | **Feb. 2019** | N/A | 7,900 | Atacama | II |
| | **Flamenco** | **Feb. 2019** | N/A | 2,800 | Huasco | I |
| | **Vapor** | **Feb. 2019** | N/A | **4,200** | Ollague | II |
| | **Total under Formal Option Agreements** | | | **77,862** | | |

## OVERVIEW

Headquartered in Vancouver, British Columbia, Wealth Minerals Ltd (WML.V) is a junior exploration company that is building a **portfolio of highly prospective lithium-brine mineral concessions** located within the Lithium Triangle, currently targeting properties within salars situated in Chile. However, management's scope for potential lithium-in-water and brine candidates extends beyond the region in the search for prospective mineral properties.

### Strategic Plan

**In late 2015, management recognized the increasing interest in lithium brines located with the Lithium Triangle**, especially Chile. Rising prices of the lithium compounds, especially lithium carbonate, appeared to be forerunner of an expected potential future supply shortage of high-grade lithium to feed the demand being generated by Electric Vehicle (EV) manufacturers and builders of battery gigafactories. The market dynamics of lithium portend profound structural issues from which the company is being positioned to benefit.

Management's business plan is comprised of initially acquiring greenfield lithium concessions, then **advancing the properties through exploratory studies** (brine sampling, geophysics and drilling) to an extent that they appear technically feasibility and economically viable and finally developing these properties into revenue generating operations. Given the growing global demand for lithium and the limited number of low-cost lithium-brine projects, management anticipates that strategic partnerships will be a core part of asset development. The company has identified and approached potential strategic partners, including mining companies, fertilizer companies and industrial concerns. In general, the expected timeframe to reach commercial production at Atacama and Laguna Verde (the company's priority projects) would require a minimum of four years.

Not only has **management positioned the company to benefit from the upcoming expected growth of demand in the lithium space**, but also continues to seek the acquisition of additional interests in prospective concessions. The company continues to constantly review and evaluate a number of properties in the region and then aggressively pursues control of the attractive ones that would complement the current portfolio of concessions.

Prior to 2016, Wealth Minerals was primarily focused on prospective precious metal and copper exploration concessions and still holds a 100% interest in the Yanamina Gold Project (Peru) and options to acquire a 100% interest in the Valsequillo Silver Project (Mexico) and the Jesse Creek Porphyry Copper Property (British Columbia). These prospective gold, silver and copper properties are now being advanced secondarily to the company's lithium projects.

**Management has been very successful in obtaining capital through equity offerings** (see Recent Financings section).

### Common Stock Chronicle

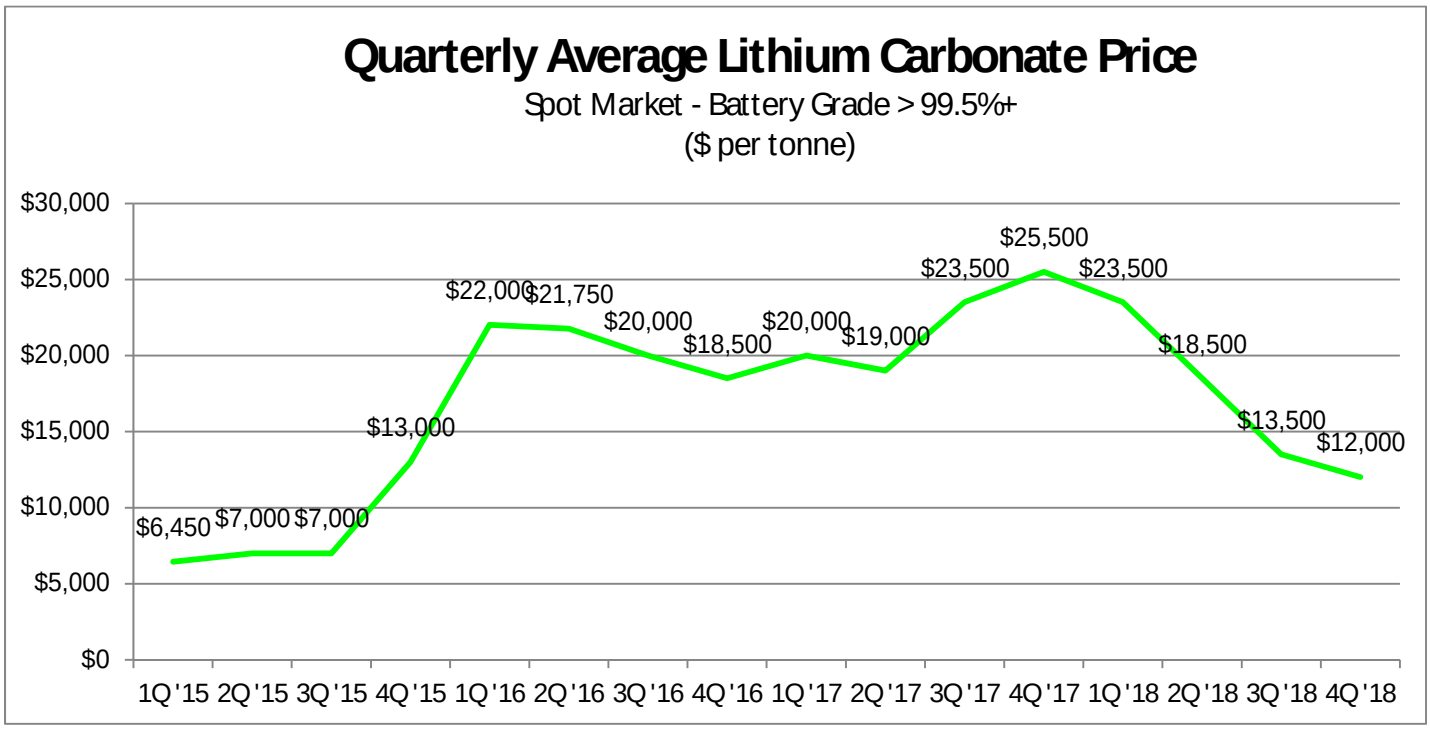
On May 31, 2016, Wealth Minerals Ltd. (OTCQB: WMLLF) was upgraded from the OTC Pink market to the OTCQB market. The company trading symbol remained unchanged.

On May 14, 2018, Wealth Minerals announced that its WMLLF stock began trading on the **OTCQX** Best Market, **an upgrade** from the OTCQB® Venture Market. The upgrade to the OTCQX market opens the company's stock to a wider investor audience, which is a key part of management's capital market strategy. Many institutions, and some individual investors, limit their investments to NYSE, NASDAQ and OTCQX listed equities and avoid venture exchange securities.

## LITHIUM PRICING UPDATE

After the steep run-up during the first half of 2016, spot lithium product pricing (battery-grade 99.5% lithium carbonate Li2CO3) corrected slightly and dipped below $20,000 during the first quarter of 2017 despite continued demand for lithium concentrate and lithium carbonate. However, spot pricing began to firm and strengthened during the third quarter of 2017 after Xin Guobin, China's Vice Minister of Industry and Information Technology, announced at an auto forum in Tianjin on September 9th that Chinese regulators are working on a timetable to phase out the production and sales of fossil fuel vehicles. Spot prices rallied to over $25,000 during the third quarter of 2017.

Since early 2018, spot pricing has been under considerable pressure, beginning after a **contract** was announced **between SQM** (Sociedad Quimica y Minera) **and CORFO** (Corporación de Fomento de la Producción - Chile's governmental agency for the promotion of production) in mid-January, which allows SQM (NYSE: SQM) to produce up to 216,000 tonnes of lithium carbonate annually through 2025, which raised **concerns about a potential oversupply situation**. Subsequently, a Morgan Stanley report forecasted that an oversupply of lithium would occur starting in 2019. **In the second quarter, LCE prices began to decline sharply**, pressuring all lithium stocks, including producers and juniors. **Since October 2018, the price of lithium carbonate has stabilized around the $12,000 per tonne level.**




On the other hand, the demand for lithium continues to grow. **Sales of Electric Vehicles (EVs) continue to expand**, and there are 50 battery mega-factories in the planning stage. The growth of Electric Vehicles should drive profound increases in demand for lithium. According to Metal Bulletin, the automotive industry is on track to grow from approximately 70 GWh in 2017 to 650 GWh by 2025.[i]

**Tesla** (NASDAQ:TSLA), a manufacturer of EVs, is now targeting a higher-volume consumer segment with its lower-priced Model 3, after having pursued higher-priced luxury segments with Model S and Model X. Demand is robust, and Tesla entered into a direct supply arrangement with Ganfeng Lithium through a three-year contract. It is estimated that Tesla requires at least 28,000 tonnes of lithium hydroxide annually. **BMW** (OTC ADR: BMWYY) is committed to having 12 all-electric and 13 hybrids by 2025; Also, beginning in 2021, new BMWs will be manufactured with modular platforms, which will be

capable of accommodating fully electric, plug-in hybrid or internal combustion powertrains. **Daimler-Benz** (OTC ADR: DMLRY) plans to invest $12 billion with the intention of manufacturing EVs in six plants on three continents. **Ford** (NYSE: F) plans to invest $11 billion on bolstering its EV effort in order to be able to offer 40 hybrids and EVs in its product line by 2022. **General Motors, Renault, Hyundai, Nissan and VW** have similar plans to meet the demand for EVs.

**Furthermore, government regulation will bolster the adoption of EVs.** Nine countries have announced plans to ban new internal combustion engine (diesel or gasoline) vehicles.

Austria: No sales of new ICEs after 2020
Norway: No sales of new ICEs by 2025 (hybrids exempt)
Israel: New ICE vehicle imports banned after 2030
Denmark: No new ICE vehicles sold after 2030
India: No new ICE vehicles sold after 2030
Germany: No registration of ICE vehicles by 2030
Scotland: No new ICE vehicles sold after 2032
France: No new ICE vehicles sold after 2040
Britain: No sales of new ICEs after 2040 (hybrids exempt)



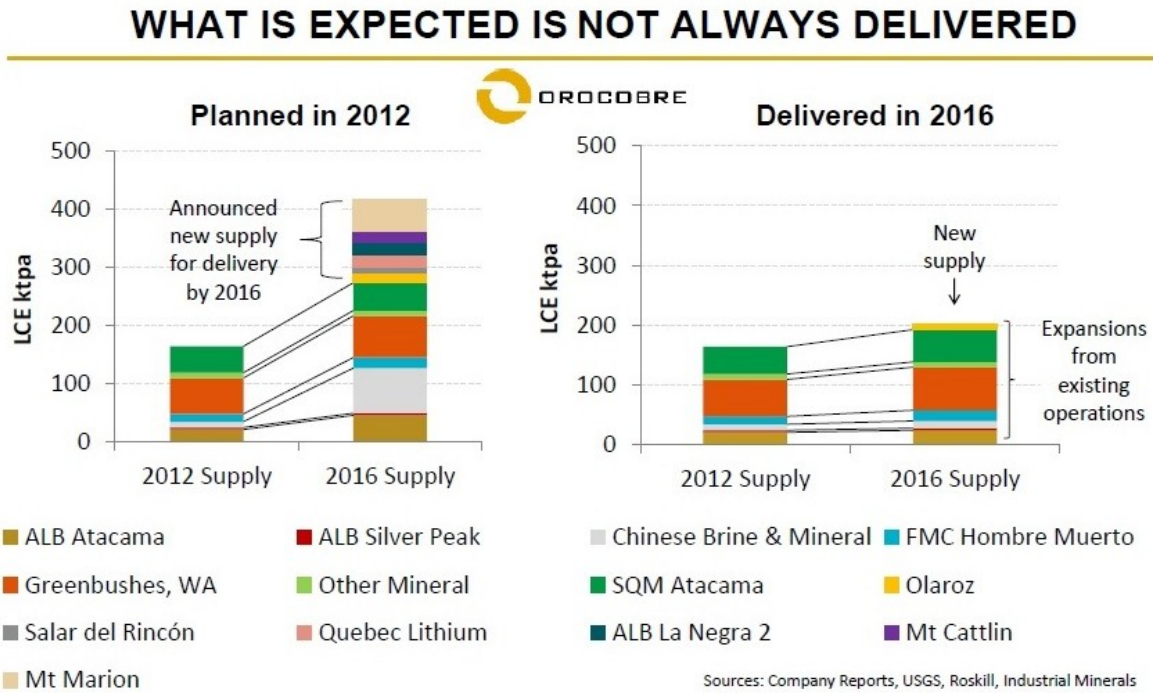




On September 9, 2017, at an auto industry event in Tianjin, Xin Guobin, China's Vice Minister of Industry and Information Technology, announced that **Chinese regulators are working on a timetable to phase out the production and sales of fossil fuel vehicles**. The Chinese Ministry stated that "relevant research" has begun in order to compose a timeline with an initial goal of having at least a fifth of Chinese automobile sales comprised of electric and plug-in hybrid cars by 2025. The Chinese Government expects annual production of EVs to reach 2 million vehicles by 2020 and rise to 7 million by 2025.

Also, historically **new lithium production capacity has been woefully slow coming online**. The lithium industry has not completed projects on time as exemplified by this graphic from Orocobre's investor presentation from a conference held on May 31, 2017. In 2012, lithium companies planned on

increasing capacity to bring on 200,000 tonnes of new supply by 2016. However, in 2016, less than 50,000 tonnes of new production came online.




We continue to believe the lithium theme is intact. Moreover, **Chile** with its low-cost and high-grade lithium brine deposits will become the **global low-cost producer of lithium**. In 2017, Chile produced 80,000 tonnes of lithium carbonate equivalent (LCE), which represents 35% of global production and second only to Australia. Chile also holds 48% of known global reserves. Furthermore, since the election of Conservative leader Sebastian Piñera in December 2017, the **government is mining-friendly**. Mr. Piñera is a pro-business and pro-investment. In the mining sector, the timetable for granting permits is expected to accelerate, especially for lithium mining projects. Baldo Prokurica, the new Minister of Mines, has consistently advocated for a more liberal mining regulatory framework in order to attract both domestic and foreign investment for the development of Chile's natural resources. While in London during October 2018, Mr. Prokurica voiced his support for lithium to be traded on the London Metals Exchange (LME).

## STRATEGIC ALLIANCE WITH ENAMI

On March 19, 2018, Wealth Minerals announced that the company had entered into an agreement with **ENAMI** (Empresa Nacional de Minería aka National Mining Company of Chile) to form a strategic alliance that should result in a JV partnership for the development and commercialization of Wealth Minerals' Projects in the Salar de Atacama and Laguna Verde. Management anticipates that it will be 24-month process to formally form and efficiently structure the JV, which will be 90% owned by Wealth Minerals and 10% owned by ENAMI with free-carried interest.

Under current Chilean law, lithium can only be exploited by the Government of Chile, a Chilean state-owned company or special operational contracts specified by the President of Chile. Only three (3) entities qualify to advance lithium projects to production in Chile: ENAMI, CORFO and CODELCO. **ENAMI** was founded in 1969 as a state company to promote the success of small-and-medium sized Chilean mining companies by providing toll milling and processing services. Founded in 1939, **CORFO** (Corporación de Fomento de la Producción aka Production Development Corporation) is a state development agency designed to promote economic development and business investments in Chile.

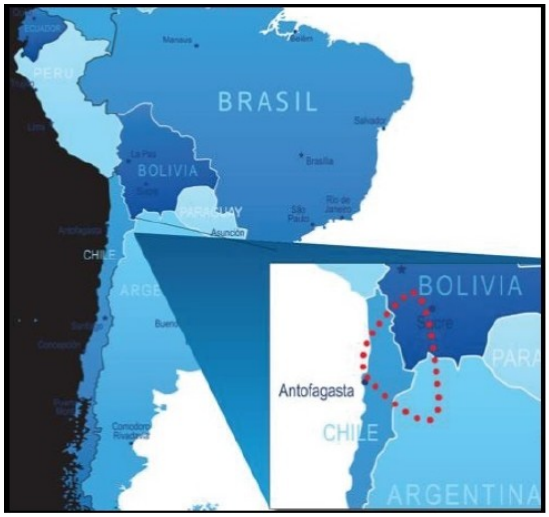
CORFO is the governmental agency that has contracted Albemarle (NYSE: ALB) and Sociedad Química y Minera de Chile S.A. (NYSE: SQM) to extract lithium from the Salar de Atacama. **CODELCO** (Corporación Nacional del Cobre de Chile aka National Copper Corporation of Chile) is Chile's state-owned copper mining company, formed by nationalizing foreign-owned copper companies in 1976. Though CODELCO focuses on copper production (and also produces molybdenum and gold doré), the company appears to meet the state-mandated qualifications to enter the lithium space.

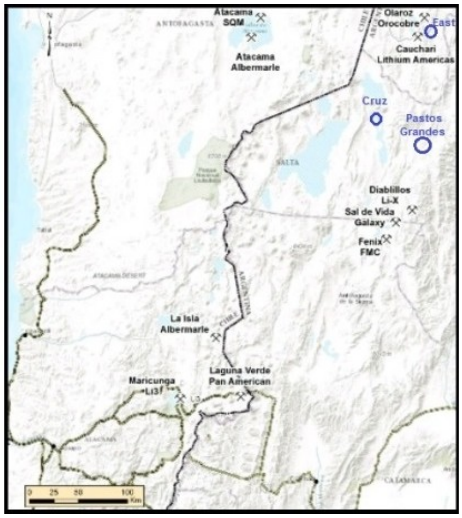



## LITHIUM TRIANGLE

**One of the world's largest and higher quality resource bases of lithium is the undeveloped brine deposits of the Lithium Triangle**, which refers to one of the world's major continental evaporate complexes located in the mountainous region where borders of Argentina, Bolivia and Chile meet. The Lithium Triangle hosts many significant lithium brine deposits that have formed in the closed basins of this tectonically active and arid region. The concentration of saturated salt brines include accumulations of lithium salts: initially deposited during periods of intense volcanic activity along the west coast of South America in the late-Cretaceous to early-Tertiary Periods; subsequently conveyed by hydrothermal activity (via preferential flow paths previously created by tectonic activity); and later concentrated in depressions (often inland closed lakes and/or calderas) through weathering and leaching of the volcanic lithium source-rocks by snowmelt and rainwater run-off. Another potential mechanism for transporting lithium to the basins may have been the interaction of groundwater with the magmatic systems. Nevertheless, **the accumulation of lithium-rich brine in closed basins (aka salars) within the Lithium Triangle is well documented**.

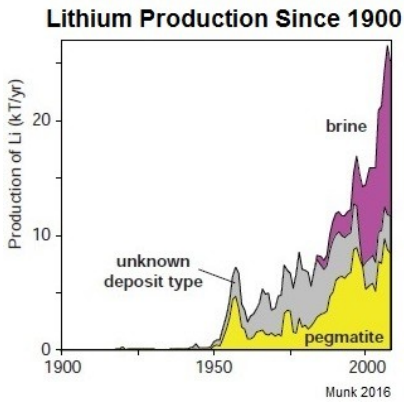
Around half of the world's lithium supply is derived from the brines of the Lithium Triangle. **Chile** is the #2 producer of lithium in the world and the #1 in identified lithium resources, while **Argentina** is #3 in both categories. Though **Bolivia** is #1 in in identified lithium resources, the country only made its first shipment to China in August 2016 due to various reasons: the unfavorable political/business environment, the cost considerations of refining Bolivia's magnesium-rich lithium salts and a less competitive evaporation rate.

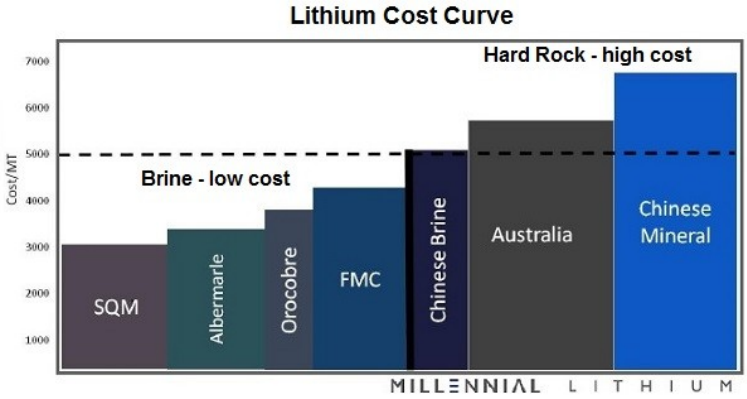



In the near future, **the Lithium Triangle is poised to become even more dominate as the major source of lithium in the world** not only due to the vast identified lithium resources in the region, but also because brine production more cost-competitive relative to hard-rock and clay sources of lithium.

With the tipping point toward higher lithium prices on the horizon and with brine deposits poised to be a major contributor to low-cost incremental supply, lithium exploration & development companies of the Lithium Triangle, with their blue sky potential, appear to be well positioned to benefit from higher lithium prices.




## VALUATION

The valuation of junior exploration companies with projects that do not contain estimated resources is challenging. As a junior gold exploration company, Wealth Minerals cannot be valued on the basis of revenues, EBITDA, earnings or cash flow. Also, more sophisticated methodologies based on market capitalization-to-resources, average grade of contained metals and elements, etc. also are not germane. Methodologies based on the geological potential of a project are decidedly dependent on an extraordinary degree of geological knowledge as well as experience, but tend to be highly subjective in ascertaining the magnitude of mineral deposit, estimating the expected exploration and infrastructure costs and prescribing the probability of the project's success.

Management's strategy is to increase shareholder value by gaining control of prospective lithium exploration concessions that encompass salars in the Lithium Triangle. This approach of accumulating potentially low-cost lithium-brine mineral concessions is hard-to-replicate. Therefore, a valuation

technique based on book value is an appropriate alternative, especially in comparison to junior lithium companies holding similar exploration-discovery stage concessions.

Book value of a junior exploration company represents the equity capital that has been raised to acquire the mineral concessions and to conduct exploration programs. An amalgamation of information is encapsulated within the raised capital total, including the quality of the properties (both in terms of mineral potential and political stability) and the exploration results from introductory geophysical surveys and brine sampling programs. The equity capital that has been raised augments book value, which then represents the extent to which investors are willing to fund the acquisitive and exploration efforts of the company or in other words, **expresses a measure of investor confidence in the company's projects**. Therefore, **book value captures the complex valuation potential of the company's resource value potential by investors**, many with expert knowledge of junior mining companies in the exploration phase. Hence, we find the use of book value is an appropriate metric by which to determine a junior exploration company's valuation.

First, large diversified lithium-producing companies are not appropriate comparables (such as Albemarle, SQM and FMC) as are companies exploiting and/or pursuing higher cost spodumene (hard rock) deposits. Nor are companies having recently attained commercial production, such as Galaxy Resources (ASX: GXY) and Orocobre (ASX: ORE), where the dynamics of initiating production and debt issues often are the primary factors driving valuation. **We believe that emerging junior exploration companies engaged in acquiring and/or advancing lithium-brine projects are the applicable comparables to Wealth Minerals.**

We believe that companies like Advantage Lithium Corp. (TSXV: AAL), Bearing Lithium (TSXV: BRZ), Lithium Americas Corp. (TSX: LAC), Lithium X Energy (TSXV: LIX), Millennial Lithium Corp. (TSXV: ML) and Neo Lithium Corp. (TSXV: NLC) are suitable comparables. The companies range in market capitalization from about $15 million to $356 million with each controlling properties with salars encompassing roughly 4,000-to-47,000 hectares. All operate in the exploration-pre-feasibility stage, focusing on the acquisition and/or exploration of lithium-brine properties. All are also focused on salars in the Lithium Triangle.

| ***Industry Comparables*** | **Ticker** | **Exchange** | **Beta** | **% Chg YTD** | **Mkt Cap ($ mil.)** | **Price/ Book** | **Peak Adj. Price/ Book** | **Month of High P/B** |
|---|---|---|---|---|---|---|---|---|
| **WEALTH MINERALS LTD.** | **WML.V** | TSXV | 1.93 | -12.8% | 46.8 | 0.8 | 12.3 | May-17 |
| Industry Mean | | | 5.03 | 19.7% | 138.1 | 1.6 | 9.5 | N/A |
| Industry Median | | | 4.62 | 0.0% | 99.4 | 1.5 | 9.7 | N/A |
| S&P 500 | | | 1.00 | 9.5% | N/M | 3.2 | 5.1 | Dec-99 |
| **Small Cap Juniors** | | | | | | | | |
| ADVANTAGE LITHIUM CORP. | AAL.V | TSXV | 5.28 | 37.0% | 99.4 | 1.5 | 11.9 | Apr-16 |
| BEARING LITHIUM LTD. | BRZ.V | TSXV | 0.64 | -2.1% | 15.1 | 0.8 | 9.7 | Feb-17 |
| LITHIUM AMERICAS CORP. | LAC.CA | TSX | 2.30 | -7.0% | 355.6 | 2.9 | 8.5 | Dec-17 |
| MILLENNIAL LITHIUM CORP. | ML.V | TSXV | 4.62 | 70.5% | 147.8 | 1.8 | 11.1 | Sep-16 |
| NEO LITHIUM CORP. | NLC.V | TSXV | 12.31 | 0.0% | 72.9 | 1.2 | 6.5 | Jan-18 |
| **Larger Cap Producers** | | | | | | | | |
| OROCOBRE LTD | ORE | ASX | 1.17 | -5.4% | 798 | 1.6 | 6.1 | Jan-18 |
| SQM | SQM | NYSE | 0.79 | 4.9% | 10,570 | 5.1 | 7.4 | Jan-18 |
| ALBEMARLE | ALB | NYSE | 1.11 | 4.4% | 8,540 | 2.4 | 4.1 | Nov-17 |

Though lithium-brine companies may trade as a group based on the fundamentals of lithium in general, peak valuations of individual stocks are largely determined by company specific developments (reaching a particular project development milestone or announcing a property/company transaction). To determine our target, we observed the peak valuation levels of the comparable companies, which range from 6.5-to-11.9 times book value. **When the industry/company reaches peak valuation levels**, we believe that Wealth Minerals can attain at least a price-to-book valuation of 6.5 times book, indicating a **long-term target of $3.10 per share**. However, since lithium prices are currently under pressure, our **intermediate-term target is $1.23 per share**, which represents a mid-top quartile valuation of 2.6 times book.

The stocks of junior mining companies have a unique trading profile. The stocks tend to mark time, trading sideways-to-down, during an incubation phase until a discovery, partnership or acquisition is announced. Significant positive results are the stimulus for upside gaps in stock's price in a mark-up phase as the new information is discounted by first-movers.

In the case of Wealth Minerals, management's change in focus from gold to lithium in early 2016 (and the subsequent acquisition of control over multiple properties) sparked considerable price appreciation on heavy volume (+680% from $0.25 to $1.96). At some point, the newly created demand instigated by the company's new emphasis on prospective lithium-brine properties is fulfilled.

After the initial rally, another period of time of sideways-to-down action occurs. Often the stock retraces some, or sometimes all, of the prior price-appreciation during this digestion phase. If and when subsequent acquisitions or partnerships to facilitate project development are announced, another mark-up phase typically is set in motion.

## RISKS

- As with almost all junior resource exploration companies, the accounting firm's opinion in the company's most recent annual filing to SEDAR contains the standard language for a company that does not generate sufficient cash flow from operations to adequately fund its activities and is in need of additional capital to continue as a going concern. Wealth Minerals has effectively funded its operations and initiatives to date. In fact, the company's working capital in now positive due to the successful completion of recent private placements. Despite the fact that management expects to operate at a loss for the foreseeable future, we believe that the company should be able to continue to raise additional capital over the near-term as the demand for lithium continues to increase.
- Shares outstanding have increased dramatically in fiscal 2015 (+140%), fiscal 2016 (+94%) and fiscal 2017 (+34.1%) as private placements and option agreement payments funded the company's acquisition of options on exploration concessions and other activities. In fiscal 2018, we estimate that shares outstanding increased roughly 23%.
- The acquisition of greenfield mining concessions, exploration for resource deposits and advancement of prospective mineral properties is a speculative endeavor for junior mining companies. Many risks are beyond the company's control, especially the fluctuations in the price of the sought-after mineral and potential changes in governmental regulations. In the case of Wealth Minerals, the macro-economic dynamics of the lithium industry appear very positive while the Government of Chile is considered to be mining friendly, which is demonstrated by its mining laws and by overt statements by officials encouraging foreign investment in the sector.
- There are no known resources or reserves on any of the properties over which Wealth Mineral has control. There is no assurance that exploration will discover NI 43-101-compliant resources or that partners can be found to help defray the cost of advancing the company's projects.

## BALANCE SHEET

| Wealth Minerals Ltd. | | | | | | |
|---|---|---|---|---|---|---|
| Year ending November 30th | FY 2013 | FY 2014 | FY 201 | FY 201 | FY 201 | 3Q FY 2018 |
| (Canadian Dollars) | 11/30/2013 | 11/30/2014 | 11/30/2015 | 11/30/2016 | 11/30/2017 | 8/31/2018 |
| **ASSETS** | | | | | | |
| Cash and cash equivalents | 7,057 | 4,946 | 96,887 | 2,988,156 | 2,474,738 | 3,216,192 |
| Accounts receivable | 390,366 | 16,388 | 23,724 | 50,169 | 32,957 | 60,327 |
| Advances | 0 | 0 | 0 | 188,173 | 8,711 | 3,447 |
| Subscription receivable | 0 | 0 | 0 | 0 | 0 | 0 |
| Prepaid expenses | 28,021 | 21,166 | 35,916 | 73,994 | 97,042 | 791,122 |
| **Total Current Assets** | **425,444** | **42,500** | **156,527** | **3,300,492** | **2,613,448** | **4,071,088** |
| Equipment | 7,698 | 5,545 | 9,040 | 10,866 | 25,305 | 23,919 |
| Exploration and evaluation assets | 0 | 0 | 450,748 | 8,601,295 | 33,595,285 | 55,910,902 |
| **TOTAL ASSETS** | **433,142** | **48,045** | **616,315** | **11,912,653** | **36,234,038** | **60,005,909** |
| **Liabilities and Stockholders' Equity** | | | | | | |
| Accounts payable and accrued liabilities | 477,453 | 396,009 | 224,457 | 202,747 | 605,901 | 239,825 |
| Loans payable | 1,170,865 | 1,223,365 | 1,258,194 | 1,063,587 | 0 | 0 |
| Due to related parties | 1,409,908 | 567,537 | 585,919 | 118,585 | 81,298 | 113,237 |
| Flow through share premium liabilities | 0 | 0 | 0 | 71,506 | 0 | 0 |
| **Total Current Liabilities** | **3,058,226** | **2,186,911** | **2,068,570** | **1,456,425** | **687,199** | **353,062** |
| **TOTAL LIABILITIES** | **3,058,226** | **2,186,911** | **2,068,570** | **1,456,425** | **687,199** | **353,062** |
| Capital stock | 42,490,817 | 42,499,967 | 45,031,919 | 62,189,356 | 98,019,897 | 126,871,323 |
| Share based payment reserve | 6,347,263 | 6,347,263 | 6,976,818 | 9,359,880 | 11,353,708 | 16,393,317 |
| Obligation to issue shares | 0 | 1,290,800 | 50,000 | 0 | 0 | 0 |
| Accumulated deficit | (51,463,164) | (52,276,896) | (53,510,992) | (61,093,008) | (73,826,766) | (83,611,793) |
| **Total Stockholders' Equity** | **(2,625,084)** | **(2,138,866)** | **(1,452,255)** | **10,456,228** | **35,546,839** | **59,652,847** |
| **TOTAL LIABILITIES & STOCKHOLDERS' EQUITY** | **433,142** | **48,045** | **616,315** | **11,912,653** | **36,234,038** | **60,005,909** |
| Shares outstanding | 15,438,397 | 15,565,897 | 37,428,251 | 72,615,911 | 97,384,562 | 119,673,628 |

## INCOME STATEMENT

| Wealth Minerals Ltd. | | | | | | |
|---|---|---|---|---|---|---|
| Income Statement (Canadian Dollars) | FY 2013 | FY 201 | FY 201 | FY 2016 | FY 2017 | FY 2018 E |
| Period ending | 11/30/2013 | 11/30/2014 | 11/30/2015 | 10/30/2016 | 10/30/2017 | 10/30/2018 |
| **Revenues** | **0** | **0** | **0** | **0** | **0** | |
| **Expenses** | | | | | | |
| Amortization | 3,020 | 2,153 | 1,538 | 1,618 | 3,459 | 4,402 |
| Consulting | 503,958 | 217,925 | 832,980 | 1,884,342 | 1,802,256 | 1,236,768 |
| Exploration and evaluation expenditures | 20,381 | 14,914 | 278,237 | 553,561 | 2,835,192 | 1,727,418 |
| Foreign exchange loss (gain) | 13,235 | (31,733) | 3,993 | 4,000 | (41,355) | (4,013) |
| Listing and transfer agent fees | 15,542 | 18,162 | 24,914 | 101,552 | 162,836 | 77,920 |
| Office, administration and miscellaneous | 92,409 | 70,090 | 57,034 | 77,484 | 269,006 | 323,620 |
| Option termination costs | 0 | 0 | 0 | 669,500 | 0 | 0 |
| Professional fees | 122,810 | 48,965 | 97,058 | 333,870 | 1,728,210 | 1,475,653 |
| Property investigation | 29,786 | 900 | 0 | 0 | 0 | 0 |
| Rent | 30,161 | 26,646 | 28,851 | 33,659 | 34,148 | 36,087 |
| Salary | 57,617 | 22,702 | 516 | 15,277 | 73,290 | 26,424 |
| Share-based compensation | 0 | 0 | 629,555 | 2,829,366 | 3,996,307 | 5,137,245 |
| Shareholders' communications | 102,624 | 11,121 | 72,086 | 395,933 | 517,697 | 345,008 |
| Travel and promotion | 22,088 | 24,262 | 79,357 | 190,022 | 282,631 | 279,653 |
| **Loss Before Other Income (Expenses)** | **(1,013,631)** | **(426,107)** | **(2,106,119)** | **(7,090,184)** | **(11,663,677)** | **(10,666,184)** |
| **Other income (expense):** | | | | | | |
| Interest income (expense) | (52,500) | (52,500) | (52,500) | (45,393) | (3,378) | 0 |
| Gain (loss) from discontinued operations | 847,716 | 0 | 0 | 0 | 0 | 0 |
| Recovery (loss) of flow-through premium | 0 | 0 | 0 | 33,494 | 71,506 | 4,341 |
| Gain (loss) on settlement of debt | 0 | 0 | 968,100 | (412,865) | (491,082) | 0 |
| Forgiveness of debt | 0 | 21,323 | 146,423 | 0 | 0 | 0 |
| Gain (loss) on debt | 0 | (346,248) | 0 | 0 | 0 | 0 |
| Recovery (write-off) of accounts payable | 0 | 0 | 0 | 67,555 | 0 | 0 |
| Recovery (write-off) of accounts receivable | 0 | 0 | 0 | 0 | (46,582) | 0 |
| Exploration and evaluation assets (write-down) | (272,074) | (10,200) | (190,000) | (134,623) | (600,545) | 0 |
| **Total other income (expense)** | **523,142** | **(387,625)** | **872,023** | **(491,832)** | **(1,070,081)** | **4,341** |
| **Net Loss Before Tax** | **(490,489)** | **(813,732)** | **(1,234,096)** | **(7,582,016)** | **(12,733,758)** | **(10,661,843)** |
| Income tax expense (recovery) | 0 | 0 | 0 | 0 | 0 | 0 |
| **Net Loss** | **(490,489)** | **(813,732)** | **(1,234,096)** | **(7,582,016)** | **(12,733,758)** | **(10,661,843)** |
| **Net loss per share:** | | | | | | |
| Basic and diluted loss per share | **(0.03)** | **(0.05)** | **(0.04)** | **(0.14)** | **(0.15)** | **(0.09)** |
| Wgted avg. shares - basic & diluted | 15,438,397 | 15,466,342 | 30,614,725 | 54,337,350 | 84,204,987 | 115,719,131 |

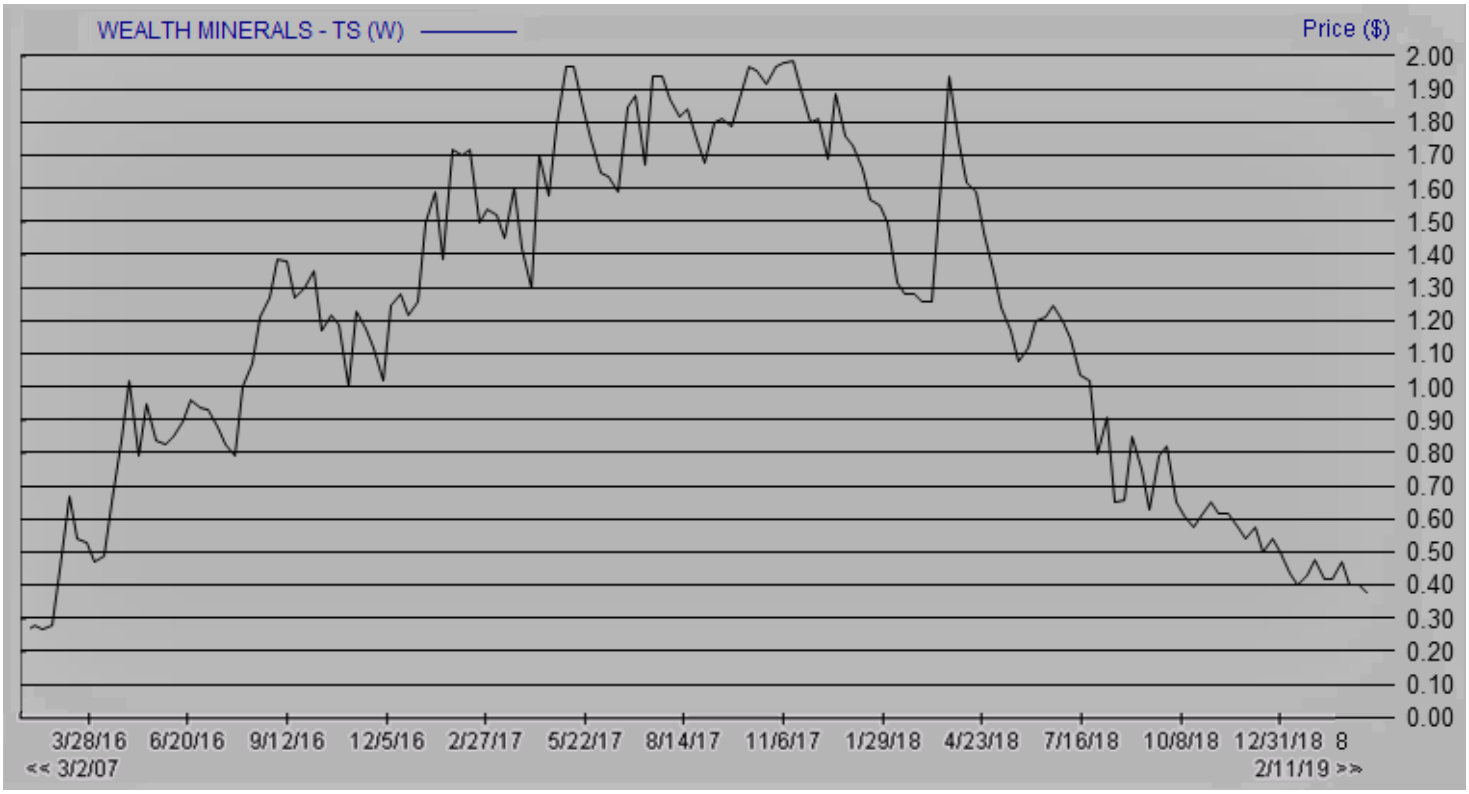
# Wealth Minerals Ltd.

| Income Statement (Canadian Dollars) Period ending | Fiscal Year FY 2016 11/30/2016 | 1Q FY 201 2/28/2017 | 2Q FY 201 5/31/2017 | 3Q FY 201 8/31/2017 | 4Q FY 201 11/30/2017 | Fiscal Year FY 2017 11/30/2017 |
|---|---|---|---|---|---|---|
| **Revenues** | **0** | **0** | **0** | **0** | **0** | **0** |
| **General and Administrative Expenses** | | | | | | |
| Amortization | 1,618 | 417 | 419 | 417 | 2,206 | 3,459 |
| Consulting | 1,884,342 | 401,533 | 392,543 | 661,368 | 346,812 | 1,802,256 |
| Exploration and evaluation expenditures | 553,561 | 1,169,599 | 668,087 | 647,761 | 349,745 | 2,835,192 |
| Foreign exchange loss | 4,000 | 38,585 | 9,176 | (5,538) | (83,578) | (41,355) |
| Forgiveness of debt | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest | 45,393 | 3,378 | 0 | 0 | 0 | 3,378 |
| Listing and transfer agent fees | 101,552 | 18,010 | 54,608 | 6,408 | 83,810 | 162,836 |
| Loss (gain) on settlement of debt | 412,865 | 531,402 | 0 | 0 | (40,320) | 491,082 |
| Office, administration and miscellaneous | 77,484 | 24,604 | 150,112 | 31,618 | 62,672 | 269,006 |
| Option termination costs | 669,500 | 0 | 0 | 0 | 0 | 0 |
| Professional fees | 333,870 | 288,877 | 272,720 | 580,925 | 585,688 | 1,728,210 |
| Recovery of accounts payable | (67,555) | 0 | 0 | 0 | 0 | 0 |
| Recovery of flow-through premium | (33,494) | (67,165) | 0 | 0 | (4,341) | (71,506) |
| Rent | 33,659 | 9,756 | 9,341 | 6,869 | 8,182 | 34,148 |
| Salaries and benefits | 15,277 | 0 | 63,415 | 6,583 | 3,292 | 73,290 |
| Share-based compensation | 2,829,366 | 993,457 | 0 | 1,516,008 | 1,486,842 | 3,996,307 |
| Shareholders' communications | 395,933 | 71,886 | 126,842 | 217,638 | 101,331 | 517,697 |
| Travel and promotion | 190,022 | 57,725 | 107,640 | 153,220 | (35,954) | 282,631 |
| Write-off of exploration and evaluation assets | 134,623 | 0 | 0 | 290,000 | 310,545 | 600,545 |
| Write-off of accounts receivable | 0 | 0 | 1,000 | 0 | 45,582 | 46,582 |
| **Total Expenses** | **7,582,016** | **3,542,064** | **1,855,903** | **4,113,277** | **3,222,514** | **12,733,758** |
| **Net Loss** | **(7,582,016)** | **(3,542,064)** | **(1,855,903)** | **(4,113,277)** | **(3,222,514)** | **(12,733,758)** |
| **Net loss per share:** | | | | | | |
| Basic and diluted loss per share | **(0.14)** | **(0.05)** | **(0.02)** | **(0.05)** | **(0.03)** | **(0.15)** |
| Wgted avg. shares - basic & diluted | 54,337,350 | 74,601,674 | 80,651,326 | 87,523,175 | 92,461,326 | 84,204,987 |

# Wealth Minerals Ltd.

| Income Statement (Canadian Dollars) Period ending | Fiscal Year FY 2017 11/30/2017 | 1Q FY 201 2/28/2018 | 2Q FY 201 5/31/2018 | 3Q FY 201 8/31/2018 | 4Q E FY 201 11/30/2018 | Fiscal Year FY 2018 E 11/30/2018 |
|---|---|---|---|---|---|---|
| **Revenues** | **0** | **0** | **0** | **0** | **0** | **0** |
| **General and Administrative Expenses** | | | | | | |
| Amortization | 3,459 | 1,102 | 1,101 | 1,345 | 1,099 | 4,647 |
| Consulting | 1,802,256 | 509,708 | 300,232 | 400,261 | 403,400 | 1,613,601 |
| Exploration and evaluation expenditures | 2,835,192 | 380,318 | 540,336 | 590,179 | 318,655 | 1,829,488 |
| Foreign exchange loss | (41,355) | 46,293 | (50,306) | 11,788 | 0 | 7,775 |
| Forgiveness of debt | 0 | - | - | - | - | 0 |
| Interest | 3,378 | 0 | 0 | 0 | 0 | 0 |
| Listing and transfer agent fees | 162,836 | 32,287 | 15,633 | 23,634 | 15,000 | 86,554 |
| Loss (gain) on settlement of debt | 491,082 | - | - | - | - | 0 |
| Office, administration and miscellaneous | 269,006 | 40,879 | 173,660 | 140,944 | 157,302 | 512,785 |
| Option termination costs | 0 | - | - | - | - | 0 |
| Professional fees | 1,728,210 | 198,175 | 417,422 | (33,632) | 193,988 | 775,953 |
| Recovery of accounts payable | 0 | - | - | - | - | 0 |
| Recovery of flow-through premium | (71,506) | (4,341) | 0 | 0 | 0 | (4,341) |
| Rent | 34,148 | 8,840 | 8,992 | 11,678 | 11,795 | 41,305 |
| Salaries and benefits | 73,290 | 5,260 | 11,091 | 3,344 | 6,565 | 26,260 |
| Share-based compensation | 3,996,307 | 2,990,123 | 647,122 | 1,855,375 | 1,830,873 | 7,323,493 |
| Shareholders' communications | 517,697 | 62,684 | 102,324 | 103,484 | 89,497 | 357,989 |
| Travel and promotion | 282,631 | 27,757 | 110,896 | 99,039 | 79,231 | 316,923 |
| Write-off of exploration and evaluation assets | 600,545 | - | - | - | - | 0 |
| Write-off of accounts receivable | 46,582 | - | - | - | - | 0 |
| **Total Expenses** | **12,733,758** | **4,299,085** | **2,278,503** | **3,207,439** | **3,107,406** | **12,892,433** |
| **Net Loss** | **(12,733,758)** | **(4,299,085)** | **(2,278,503)** | **(3,207,439)** | **(3,107,406)** | **(12,892,433)** |
| **Net loss per share:** | | | | | | |
| Basic and diluted loss per share | **(0.15)** | **(0.04)** | **(0.02)** | **(0.03)** | **(0.02)** | **(0.11)** |
| Wgted avg. shares - basic & diluted | 84,204,987 | 102,324,545 | 111,569,448 | 118,580,656 | 126,032,460 | 114,626,777 |

## HISTORICAL STOCK PRICE




## DISCLOSURES

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[i] The lithium-ion battery boom and its impact on raw material markets, August 9, 2018, https://www.metalbulletin.com/Article/3825438/The-lithium-ion-battery-boom-and-its-impact-on-raw-material-markets.html