

April 25, 2022

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Snow Lake Resources Ltd. (LITM - \$5.38 - Buy)

Strategic Li Supplier to Domestic Battery Supply Chain | Initiate With Buy | PT \$15

Key Points

Global Lithium Outlook. Battery-grade lithium chemical demand is set to reach 640,000 metric tons of lithium carbonate equivalent (tLCE) by 2025 and 1.5 million metric tons LCE (Mt LCE) by 2030. By 2030, there should be enough capacity to supply battery demand. But we could fall short of the 1.7Mt LCE of total lithium demand. Recycling can help balance the market.

The lithium chemical supply curve grows slowly from 2025 to 2030. By 2030, BNEF expect more than a 200,000 tLCE deficit in hydroxide. However, this deficit can be met by shifting excess carbonate capacity, helping to rebalance both markets.

BNEF estimates an additional \$14 billion is needed to finance the lithium resource and refining capacity planned to come online by 2025. Supply-chain companies will opt to both maximize conventional large-scale production and try to diversify geographically into more marginal, unconventional resources. Snow Lake is well positioned to monetize macro trends.

National security. The transport and power markets have significantly increased the usage of batteries. Consequently, they have become a more critical part of a country's infrastructure. The concentration of natural resources and manufacturing is higher in the battery supply chain than in the overall energy industry. Reducing this vulnerability is an aim for many policymakers.

Battery Raw Materials. The U.S. has relatively limited access to battery raw materials such as lithium, nickel, cobalt, and graphite. Only China has strong local demand for batteries and meaningful production and reserves of these critical metals. Countries such as the D.R.C., Indonesia, Chile, and Australia have significant reserves. They are likely to export the materials in some form rather than use it to satisfy domestic battery demand. Snow Lake TBL Project is a vital step to establishing a more integrated domestic battery supply chain.

Funds Needed. A significant portion of lithium mining projects are developed by junior to mid-cap exploration companies rather than Tier 1 firms. Additional funds, either via capital markets, through debt, or joint venture partnerships, are needed for Snow Lake assets to ramp up.

Snow Lake - Competitive Strength. Initial metallurgical test work has yielded a spodumene concentrate grading 6.37% Li₂O. Initial metallurgical test work demonstrates the TBL property can produce a concentrate material of 6.37% Li₂O using standard metallurgical laboratory test techniques. If these inferred numbers are confirmed as probable or proven resources, a fully functioning lithium mine could provide 8 to 10 years of producing 160k tonnes per annum of 6% lithium ore concentrate.

Growth Strategy. Feasibility studies. The company has started feasibility studies on the TBL property. This is the next step in moving from exploration to establishing commercial operations. The company will continue drilling to provide sufficient data to upgrade the indicated resources to measured resources and add additional tonnage through further drilling.

Summary

Key assumptions for the Mine/Concentrator include ore mined/processed of 0.16 Mtpa (88% recovery rate), grade of 6% Spodumene, life of mine of 10 years, project start of 1H25. We assume an initial capital outlay of \$250 million to commercialize the mine. Our assumptions translate to capex payback of four years. We use Spodumene pricing of \$2,000 per ton for China Spodumene 6% CIF. Projected EBITDA translates to net cash flow of \$280 million annually beginning year 4. We estimate operating cost at \$300 per ton. Our project NPV is \$1.4 billion, using a 7.5% discount rate. Our de-risked base case NPV - a longer payback period, lower spot prices and higher discount rate - translates to NPV of \$330 million.

Rating, Price and Target

Symbol	LITM
Rating	Buy
Price	\$5.38
Price Target	\$15.00

Market Data

Market Cap (M)	\$95.76
Shares Outstanding (M)	17.80
Average Daily Volume (000s)	1,300.00
Float (M)	6.68
Total Debt (M)	\$1
Net Cash/Debt (\$M)	\$23.70
Dividend	NM

FYE Jun	2021A	2022E	2023E
EBIT ¹	(0.88)	(4.20)	(4.20)
Revenue (M) (\$)	-	-	-

¹LITM fiscal year ends June 30. The Company's reporting currency and functional currency is the Canadian dollar

Company Description

Snow Lake Resources Ltd., a natural resource exploration company, engages in the exploration and development of mineral resources in Canada. The company explores for lithium mineral resources. Its primary assets include the Thompson Brothers Lithium property as well as the Sherritt Gordon and Grass River pegmatites, which consists of 122 mining claims spread over 86 square miles located in Manitoba. The company was incorporated in 2018 and is based in Winnipeg, Canada.

Strategic Li Supplier to Domestic Battery Supply Chain

Overview

Snow Lake Resources Ltd. d/b/a Snow Lake Lithium Ltd. is an exploration-stage mining company engaged in lithium exploration in Manitoba, Canada. Its primary focus is exploration for lithium at the 100% owned Thompson Brothers Lithium Project (TBL).

The objective is to develop a world-class lithium mine in the jurisdictionally friendly Canadian province of Manitoba and to become the first fully electric and fully renewable lithium hydroxide producer in North America. The TB Project is strategically located to supply the U.S. "Auto Alley" and the European battery market via the Hudson Bay Railway and the Port of Churchill.

The company expects to derive substantial revenues from the sale of lithium hydroxide to the EV and stationary storage markets globally. The company expects to become the first supplier in North America of lithium mined exclusively with the benefit of power produced from wholly sustainable, local sources. The company is situated in the province of Manitoba, which generates 96% of its energy from hydroelectric and 3% from wind.

ESG Strategy

The company has entered into an MOU with Meglab for the delivery of the first all-electric lithium mine in the world.

Power to operate the future lithium mine is expected to be supplied by Manitoba Hydro on a 97% renewable basis.

The company is identifying sites within Manitoba for hydroxide processing of spodumene that will also be powered by renewable energy sources.

The company has entered into an MOU with CentrePort Canada as the potential location to build a hydroxide plant.

The Arctic Gateway Group's Hudson Bay Railway lines are within 65 kilometers of the TBL property, connecting the lithium mining operations to the North American auto industry with a minimum carbon footprint¹.

The company's business model is driven by concerns over critical mineral security and a desire to localize supply chains to improve the industry's carbon footprint.

Operational

The company launched feasibility studies, including in-depth metallurgy analysis, resource definition, engineering assessment, and ore sorting optimization with initial results expected during the second half of 2022. During the first quarter of 2022, the company began an additional drilling program to expand further the existing resource and a mag drone survey that will be partially financed by a grant from the Manitoba Government.

During the remainder of 2022, the company intends to survey historic drilling holes from Sherritt Gordon's lithium discoveries more than 50 years ago and drill test the newly discovered Grass River Pegmatite. On confirmation of the historic mineralization assessments on the TBL property, the company will be able to begin the construction and commissioning of the mining operations during 2024/2025.

¹ Snow Lake Resources Ltd. Prospectus April 7, 2022

Figure 1. Snow Lake Resources Ltd. - Highlights

Positioned to capitalize on the rapid growth in demand for lithium, driven by the electrification of the global automobile fleet

Powered by 100% renewable energy and launching the first fully electric lithium mine

Geographic proximity to the expanding North American electric vehicle and battery production positions us as an integral provider of sustainable raw materials

Based on current resource, a fully functioning lithium mine could produce 160,000 tonnes per annum of 6% lithium spodumene concentrate over an 8-10 year period

55,318-acre site has only been 1% explored and already uncovered 11.1 million metric tonnes indicated and inferred resource at 1% Li₂O

Leadership team of experienced mining executives and operators, with a track record of de-risking and delivering

Company reports and ThinkEquity estimates

Global Lithium Outlook

Battery-grade lithium chemical demand is set to reach 640,000 metric tons of lithium carbonate equivalent (tLCE) by 2025 and 1.5 million metric tons LCE (Mt LCE) by 2030².

By 2030, there should be enough capacity to supply battery demand. We could fall short of the 1.7Mt LCE of total lithium demand. Recycling can help balance the market.

The lithium chemical supply curve grows slowly from 2025 to 2030. By 2030, we expect more than a 200,000tLCE deficit in hydroxide. However, this deficit can be met by shifting excess carbonate capacity, helping to rebalance both markets.

BNEF estimates an additional \$14 billion is needed to finance the lithium resource and refining capacity planned to come online by 2025. To meet demand by 2030, an additional \$0.5-5 billion is needed. Supply-chain companies will opt to both maximize conventional large-scale production and try to diversify geographically into more marginal, unconventional resources.

National Security. The transport and power markets have significantly increased the usage of batteries. Consequently, they have become a more critical part of a country's infrastructure. The concentration of natural resources and manufacturing is higher in the battery supply chain than in the overall energy industry. Reducing this vulnerability is an aim for many policymakers.

U.S. Ecosystem. The U.S. has a large number of early-stage battery technology companies that are working toward significant advancements in battery technologies and manufacturing processes. It has a highly skilled workforce, and the industry could benefit from the support, expertise, and funds of the U.S. Department of Energy and its National Laboratories. A likely scenario is that U.S.-developed technologies will be integrated into foreign companies' operations - potentially located in the U.S. - rather than see the emergence of multiple new U.S. battery manufacturers and suppliers. Snow Lake is positioned to benefit from the long-run industry trends.

Battery Raw Materials. The U.S. has relatively limited access to battery raw materials such as lithium, nickel, cobalt, and graphite. Only China has strong local demand for batteries and meaningful production and reserves of these critical metals. Countries such as the D.R.C., Indonesia, Chile, and Australia have significant reserves. They are likely to export the materials in some form rather than use it to satisfy domestic battery demand. Snow Lake TBL Project is a vital step to establishing a more integrated domestic battery supply chain.

Regulation and Policy. Policymakers and regulators have several levers available to them that would encourage the creation of a U.S. battery supply chain. Incentives include subsidies, easier permitting, and operating standards. On the other hand, imposing tariffs are a headwind.

Trade Measures. The broader trade dispute has also affected the raw materials trade flows. In the recent past, the U.S. has been an exporter of lithium hydroxide products, with China as its largest customer. With the trade conflict unresolved, China put a 25% tariff on lithium hydroxide, and a 20% tariff on lithium carbonate from the U.S. Subsequently, China's U.S. trade in lithium-hydroxide and -carbonate has dropped significantly.

² BNEF Lithium Outlook (2021)

Hydroxide versus carbonate. Increasing adoption of higher-nickel cathode chemistries means that demand for lithium hydroxide (better suited to higher-nickel chemistries) will grow much faster than demand for lithium carbonate. BNEF forecast that demand for battery-grade lithium hydroxide will reach nearly 1.7 million metric tons LCE, representing 86% of battery demand for lithium chemicals by 2030. Snow Lake resource technology addresses this demand.

Funds Needed. A significant portion of lithium mining projects are developed by junior to mid-cap exploration companies rather than Tier 1 firms. Additional funds, either via capital markets, through debt, or joint venture partnerships, are needed for Snow Lake assets to ramp up.

Snow Lake Resources - Competitive Strengths

Initial metallurgical test work has yielded a spodumene concentrate grading 6.37% Li₂O. Initial metallurgical test work demonstrates the TBL property can produce a concentrate material of 6.37% Li₂O using standard metallurgical laboratory test techniques. If these inferred numbers are confirmed as probable or proven resources, a fully functioning lithium mine could provide 8 to 10 years of producing 160k tonnes per annum of 6% lithium ore concentrate³.

Historical flotation tests indicate that a spodumene concentrate with +6.0% Li₂O may be produced from the deposit. The company announced in 2018 high-grade drill results at the TBL property. The results confirm high-grade and consistent lithium-bearing pegmatite dyke in the TBL property that appears open at depth and along strike at both ends.

TBL property is large and is likely host to valuable lithium resources. The TBL property comprises 22,386 hectares. This property has an S-K 1300 compliant indicated and inferred mineral resource estimate of approximately 11.1 million tonnes of lithium-bearing ore consisting of an Indicated Resource of 9,082,600 tonnes of lithium-bearing ore grading 1.00% Li₂O, for 91,200 Li₂O tonnes, and an Inferred Resource of 1,967,900 tonnes of lithium-bearing ore grading 0.98% Li₂O, for 19,300 Li₂O tonnes. With only 1% of the TBL property explored, there are likely additional lithium-bearing pegmatites on the TBL property yet to be explored.

No significant technical challenges related to the exploration and development of these deposits have been identified to date.

Strategically located in the North American market. The TBL property is located in proximity to major US battery customers. The project is located close to the CN rail lines to deliver lithium products to the Auto Alley market.

Management team. The management team has the experience, knowledge, and vision in the mining industry to help achieve growth, we believe.

Snow Lake Resources - Growth Strategy

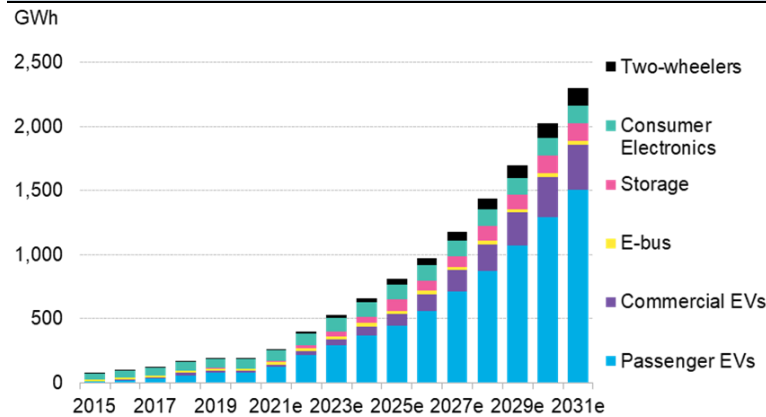
Feasibility studies. The company has started feasibility studies on the TBL property. This is the next step in moving from exploration to establishing commercial operations.

The company will continue drilling to provide sufficient data to upgrade the indicated resources to measured resources and add additional tonnage through further drilling.

Global Lithium Outlook

BNEF forecasts global lithium-ion battery demand on a steady path to 2,300GWh by 2031. Almost 90% of this demand will come from electric transport applications - passenger EVs, electric buses, commercial vehicles, and two-wheelers. At the end of the decade, China will be the largest battery market, accounting for 50% of demand from passenger EVs and 35% of demand in the stationary storage market. Europe and the U.S. will follow with 20% and 15% of demand from passenger EVs respectively.

³ Snow Lake Resources Ltd. Prospectus April 7, 2022

Figure 2. Lithium-ion Battery Demand by Sector

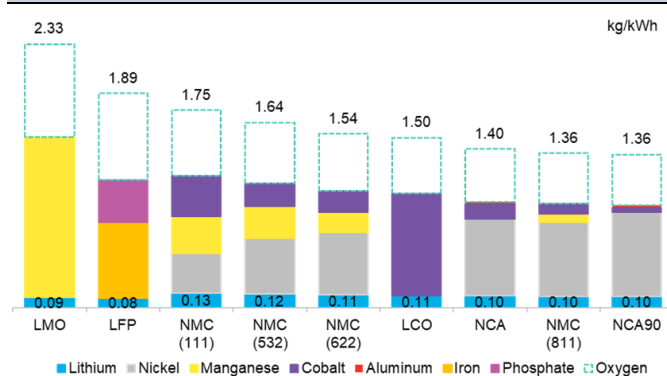
Sources: BNEF and Company Reports

Battery Chemistries

Lithium-iron-phosphate (LFP) has been given a boost in the passenger EV sector due to the adoption of designs that allow cells to be directly integrated into the pack, forgoing the need for modules. This has enabled pack-level energy densities of 140Wh/kg for LFP, up from less than 100Wh/kg. This provides automakers with low-cost, cobalt-free chemistry that allows EVs with ranges comparable to vehicles using low nickel NMC packs. This chemistry is favored for low-range, low-cost entry-level EVs.

Nickel-manganese-cobalt (NMC) is still one of the most widely used and available chemistries in the passenger EV market. The high-nickel chemistries, such as NMC (811), that are becoming common, can achieve energy densities of more than 200Wh/kg and have a relatively low cobalt content. The trade-off is higher raw material costs than LFP.

Nickel-cobalt-aluminum (NCA) has primarily been used by Tesla, although other automakers are now adopting it. The chemistry provides an energy density comparable to or better than high-nickel NMC systems but with a lower cobalt content.

Figure 3. Lithium Content Across Different Battery Chemistries

Sources: BNEF and Company Reports

LFP will largely be confined to entry-level passenger EVs, electric buses, stationary storage, and some commercial vehicles. NMC and NGA will be the preferred chemistry for long-range and performance EVs, but the composition of these chemistries will change over time.

A more important driver of the longer-term uncertainty of lithium demand is the pace of adoption of solid-state lithium batteries. This technology has the potential to elevate lithium-ion battery energy density to the next level but is still in the early stages of development. Shifting to a solid-state will increase lithium intensity per kWh from 25% to as much as 50% due to the higher lithium content in the electrolyte. However, solid electrolytes translate into growing demand for Li metal, produced from lithium chloride, often a pre-cursor to carbonate. Solid-state technologies are not likely to achieve mass adoption until after 2030, so they will only have a marginal impact on lithium demand.

By 2030, BNEF estimates that total global lithium demand will reach 1.7Mt LCE. Demand for hydroxide will reach 1.1Mt LCE, while carbonate demand will reach nearly 600,000t LCE. The rapid growth in hydroxide is driven by projection for high-nickel chemistries. However, the split between carbonate and hydroxide will vary depending on costs, chemistry adoptions, and consumer preferences.

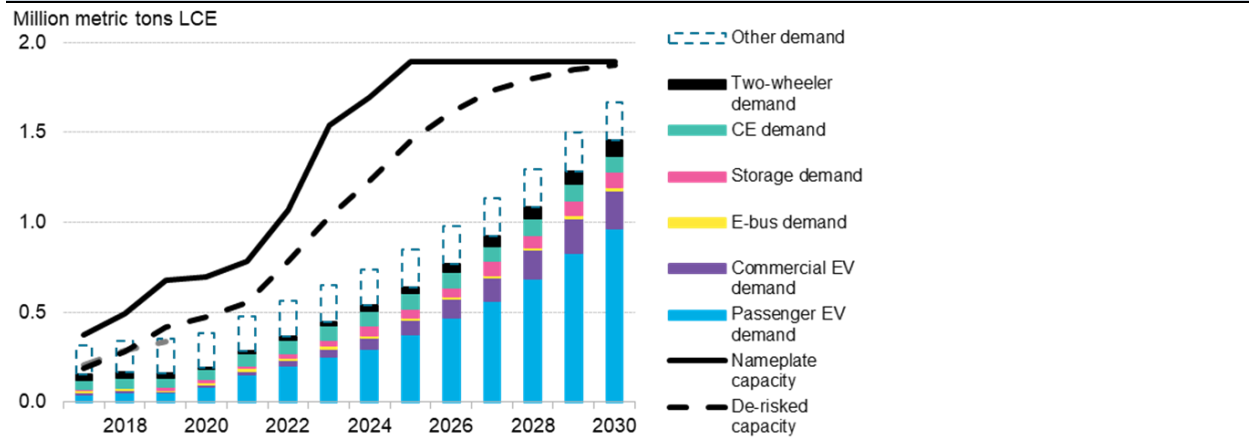
Mine supply

Since 2018, the lithium market was oversupplied, and prices unable to support costs for many producers. As a result, zero new lithium mines were commissioned during 2020, and some miners—mostly in Australia—cut production or furloughed their operations. Producers also delayed new projects and expansions.

By the end of 2020, the market was back in balance. The restraint in production and expansions resulted in higher prices by the end of the year. Combined with higher demand expectations, this resurfaced support for projects coming online in the middle of the decade.

By 2030, BNEF expects lithium nameplate capacity to rise to 1.9Mt LCE and de-risked capacity to 1.8Mt LCE.

Figure 3. Lithium Resource Supply and Demand Balance



Sources: BNEF, and Company Reports

By 2030, there could be enough capacity to supply the 1.5Mt LCE of battery demand but could fall short of the 1.7Mt LCE of total lithium demand needed for pharmaceuticals and manufactured products. Given that de-risked capacity can overstate actual supply, the lithium market could tighten in the next two years and the last couple of years of the decade.

By 2030, recycling could help lessen the supply crunch. However, end-of-life batteries are not likely to supply more than 10% of demand by 2030.

An emerging trend is the rise of unconventional lithium projects in Europe and North America. Driven by concerns over critical mineral security and a desire to localize supply chains in a bid to improve the carbon footprint of the industry, various projects have started exploring the potential to produce lithium from resources like clay, geothermal brines, and waste tailings of other resource projects (oil and gas).

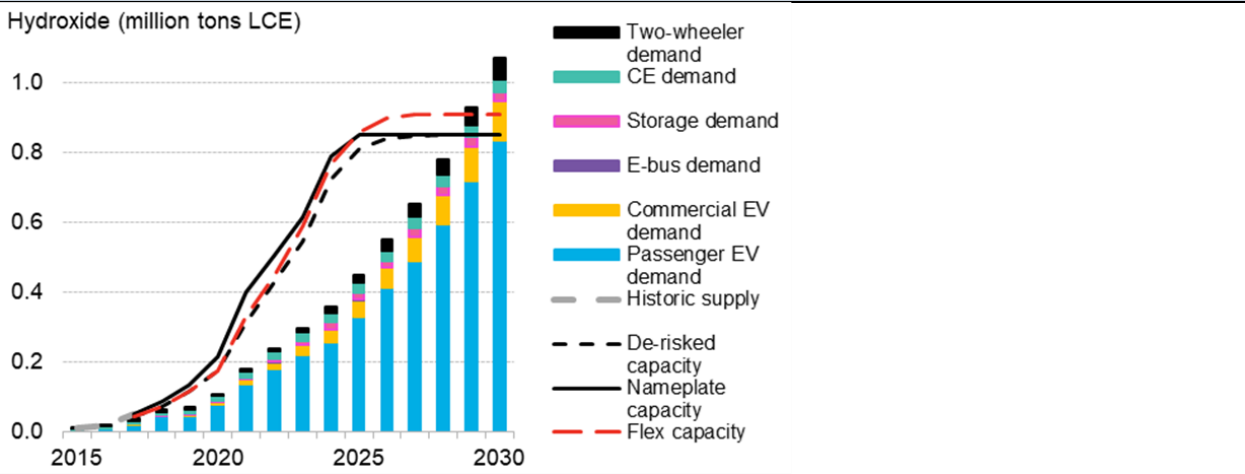
Chemical supply

The market for battery-grade lithium chemicals will be in balance by the end of the decade. BNEF expects 770,000t of carbonate and 750,000t of hydroxide de-risked capacity to come online by 2025.

Carbonate appears to be oversupplied through 2030. Some carbonate converters in China are flexible and designed to produce hydroxide but have not demonstrated an ability to do this yet. Additionally, some carbonate converters produce mostly industrial-grade carbonate, which serves as feedstock for further conversion to battery-grade hydroxide.

BNEF estimates the hydroxide market looks to be sufficiently supplied until hitting a deficit in 2028.

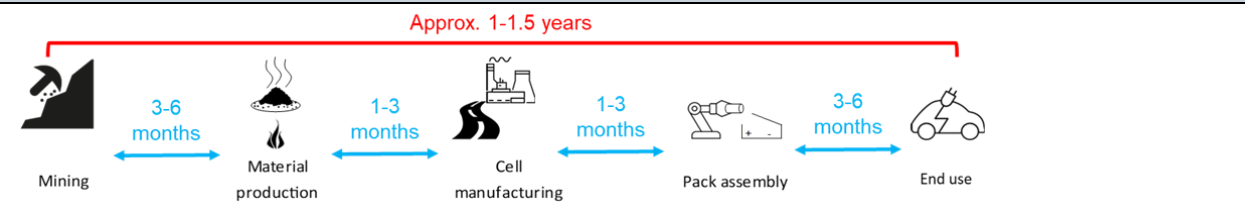
Figure 4. Lithium Chemical Supply Demand Balance



Market shares

Tier 1 producers are companies that hold controlling stakes in both mines and chemical converters and have more than 30,000t LCE of annual production capacity in operation. Tier 2 producers have vertically integrated operations and controlling stakes of 15-30,000t LCE in or near operation.

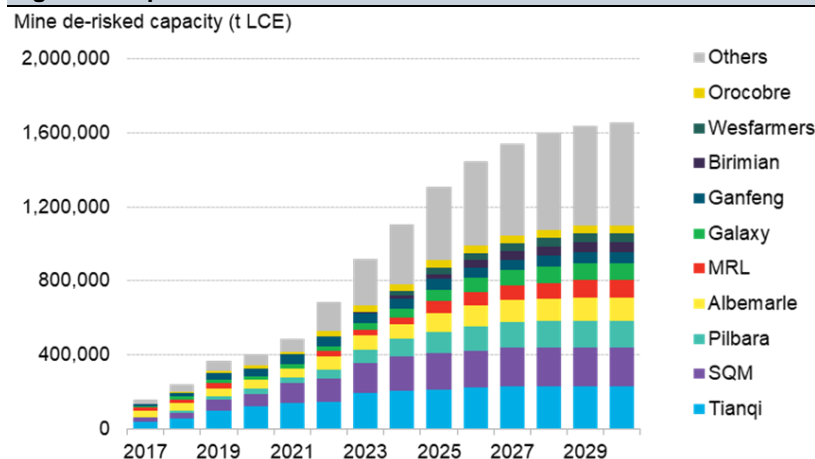
Figure 5. TimeLine from Metal Supply to End-Use Demand



Sources: BNEF, and Company Reports

In the short term, Tianqi, SQM, Albemarle, and Ganfeng will continue to be the top companies in terms of controlling share. Other notable producers are Pilbara, Mineral Resources, and Galaxy (Orocobre) in Australia, which will grow substantially throughout the decade. In China, General Lithium, Sichuan Yahua, and Qinghai Salt Lake also head the industry.

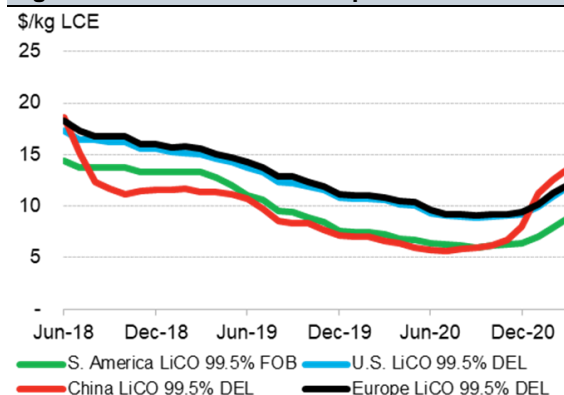
In the long term, we expect the market share of current Tier 1 producers to shrink, with suppliers like Snow Lake joining the market.

Figure 6. Top Lithium Miners

Sources: BNEF, and Company Reports

Prices

Lithium prices reached rock bottom in 2020 and are now experiencing a rapid rise. The first sign of increasing prices began in October 2020 with Chinese lithium carbonate, supported by a rapid recovery of domestic battery manufacturing, particularly for LFP. Carbonate prices in the Americas and Europe soon followed suit. High expectations of demand, particularly in Europe, have sustained the rise.

Figure 7. Lithium Carbonate Spot Price in China

Sources: BNEF, and Company Reports

Lithium hydroxide prices are also increasing, but not as much. Similarly, the rise started in China and is now widespread. Most chemical converters' capacity today is in stand-alone plants in China, meaning chemical costs will largely be a function of Australian spodumene prices.

Hydroxide prices in China and Europe are now below carbonate, reversing their relationship. We expect hydroxide to eventually regain its premium, as marginal producers' costs often include buying carbonate and converting it to hydroxide. In the long run, demand appetite from high-nickel battery applications, like EVs, will return hydroxide to its rightful place.

Snow Lake Resources – Initial Metallurgical Test Work

Initial metallurgical test work demonstrates the TBL property can produce a concentrate material of 6.37% Li_2O using standard metallurgical laboratory test techniques. Spodumene concentrates were achieved with a concentrate grade of 6.37% Li_2O , indicating the likelihood that industry-relevant amounts of concentrate can be produced. If these inferred numbers are confirmed as probable or proven resources, a fully functioning lithium mine could provide 8 to 10 years of producing 160k tonnes per annum of 6% lithium ore concentrate⁴.

⁴ Snow Lake Resources Ltd. Prospectus April 7, 2022

Figure 7. Thomson Brothers Project Inferred and Indicated Resources

Cut-Off 0.3 Li ₂ O%	Tonnes (t)	Grade Li ₂ O%	Li ₂ O tonnes
Indicated	9,082,600	1.00	91,200
Inferred	1,967,900	0.98	19,300

Sources: Company Reports and Think Equity estimates

The lithium resource is comprised entirely of one spodumene pegmatite dyke (TB1 Dyke) as defined by the 2017/2018 drill programs, with 4,800 meters drilled during that period.

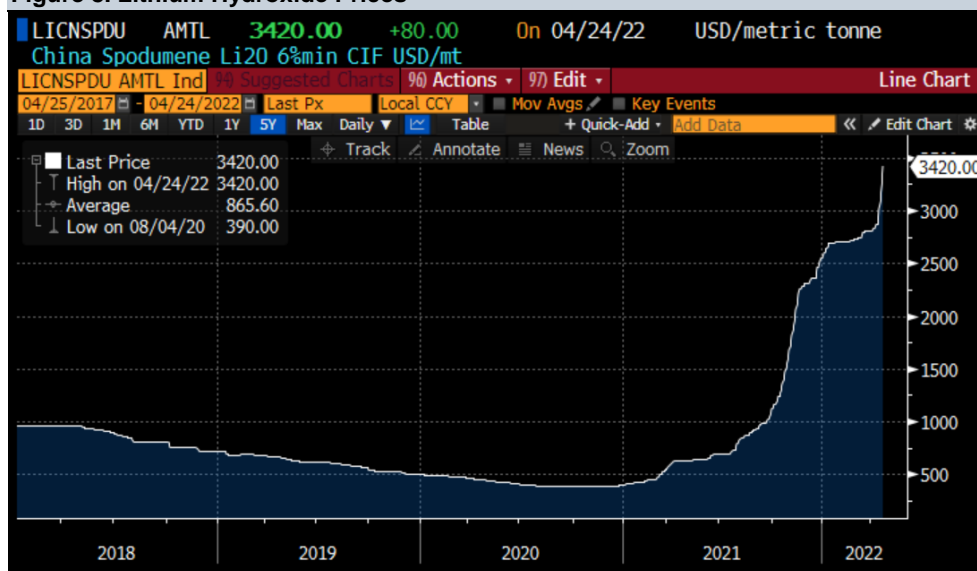
The Project could expand to a lithium hydroxide chemical plant supplied with spodumene concentrate from an open-pit mine and concentrator. The Project has compelling forecast economics from lower operating costs, extended mine life, measurable by-product credits, infrastructure advantages, lower royalties, and advantaged corporate income taxes.

Valuation

Our base case project valuation embeds operating parameters that are more conservative than highlighted in Snow Lake Lithium's initial metallurgical test work. Key assumptions for the Mine/Concentrator include Ore mined/processed of 0.16 Mtpa (88% recovery rate), Grade of 6% Spodumene, Life of mine of 10 years, Project Start of 1H25.

We assume an initial capital outlay of \$250 million to commercialize the mine. We estimate the Capex to be funded by equity and operating cash flow. Our assumptions translate to Capex payback of four years.

The project valuation parameters are in line with those for comparison companies that include Piedmont Lithium (PLL), Critical Elements (CRE), Altura Mining (AJM), and Nemaska Lithium (NMX).

Figure 8. Lithium Hydroxide Prices

Sources: Asian Metal, Benchmark Minerals, BNEF, and Company Reports

We use Spodumene pricing of \$2,000 per ton, a discount to current pricing of \$3,400 per ton for China Spodumene 6% CIF. Based on these project economics, projected EBITDA translates to net cash flow of \$280 million annually beginning year 4. We estimate operating cost at \$300 per ton, or margins of \$1,700 per ton.

Our project NPV is \$1.4 billion, using a 7.5% discount rate. Our de-risked base case NPV - a longer payback period, lower spot prices and higher discount rate - translates to NPV of \$330 million. Our net asset value per share assumes a diluted share count of 20.8 million. Our per share valuation is \$15.

Financial Results

Years ended June 30, 2021 and 2020

For the year ended June 30, 2021, the company had not yet placed any of its mineral properties into production. The company incurred a net loss of CAD 552.4K. As of June 30, 2021, the company had a deficit of CAD 2.3 million and current liabilities in excess of current assets of CAD 977.4K⁵.

For the six months ended December 31, 2021, the company incurred a net loss of CAD 2.4 million. As of December 31, 2021, the company had a deficit of CAD 4.7 million and current assets in excess of current liabilities of CAD 30 million

The company does not anticipate generating any revenues until the fourth quarter of 2024, at the earliest.

Figure 9. Snow Lake Resources Ltd. – Overview of Business

(, in '000)	Year Ended		
	June 30, 2021		June 30, 2020
	CAD	USD	CAD
Expenses			
Bank fees and interest	\$ 2,084	\$ 1,680	\$ 2,669
Consulting fees	34,399	27,732	43,255
Director and officer consulting fees	200,858	161,930	118,700
General and administrative	8,254	6,654	20,626
Interest expense and accretion	140,264	113,080	-
Amortization of transaction cost	13,284	10,709	-
Professional fees	174,211	140,477	57,272
Transfer agent and regulatory fees	22,244	17,933	3,885
Travel expenses	-	-	957
Other income (loss)	43,162	34,796	65,248
Comprehensive income (loss) for the period	(552,436)	(445,399)	(182,116)

Sources: Company reports and ThinkEquity estimates

The company reported a loss and comprehensive loss of CAD 552.4K for the year ended June 30, 2021. The company had a loss and comprehensive loss of CAD 2.4 million for the period ended December 31, 2021.

As of December 31, 2021, the company had cash of CAD 30.8 million and a deficit of CAD 4.7 million.

⁵ Snow Lake Resources Ltd. Prospectus April 7, 2022

Figure 10. Snow Lake Resources Ltd. – Balance Sheet Summary

	As of	
	31 Dec 2021	30 Jun 2021
(in '000)	CAD	CAD
ASSETS		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 30,779	\$ 318
Prepaid and deposits	1,254	68
Sales tax receivable	53	11
Total Current Assets	32,086	397
<u>Non-Current Assets</u>		
Exploration and evaluation assets	6,170	5,730
TOTAL ASSETS	38,256	6,127
LIABILITIES		
<u>Current liabilities</u>		
Accounts payable	391	262
Loan payable	782	-
Other current liabilities	876	1,112
Total Current Liabilities	2,050	1,375
Other non-current liabilities	-	-
TOTAL LIABILITIES	2,050	1,375
NET ASSETS	36,206	4,752
EQUITY		
Share capital	37,925	5,750
Reserves	2,965	1,274
Deficit	(4,684)	(2,272)
TOTAL EQUITY	36,206	4,752

Sources: Company Reports and ThinkEquity estimates

Liquidity and Capital Resources

As of December 31, 2021, the company had cash of CAD 30.8 million, a deficit of CAD 4.7 million and working capital of CAD 30 million.

Figure 11. Snow Lake Resources Ltd. – Cash Flow Results

	Six Months Ended December 31,	
	2021	2020
(in '000)		
Net cash flows used in operating activities	\$ (2,231)	\$ (77)
Net cash flows used in investing activities	(324)	(47)
Net cash flows from financing activities	33,015	33
Increase (decrease) in cash and cash equivalents	30,461	(91)
Cash and cash equivalents at beginning of the period	319	143
Cash and cash equivalents at end of the period	30,779	52

*Financial statements are presented in CAD

Sources: Company Reports and ThinkEquity estimates

The net cash used in operating activities was CAD 2.2 million for the period ended December 31, 2021.

The net cash used in investing activities was CAD 324K for the period ended December 31, 2021. The net cash used in investing activities for the six months ended December 31, 2021 was for payments for exploring and evaluating assets.

The net cash provided by financing activities was CAD 33 million for the period ended December 31, 2021.

Capital Markets

The company raised CAD 34.9 million in its IPO and CAD 855K through the conversion of convertible debt. Also, CAD 240K was raised through the exercise of warrants.

Snow Lake continues to explore joint venture opportunities for building of the hydroxide plant, as well as financing and strategic opportunities for its all-electric lithium mine.

Cash Requirement

In 2022 the company began a two-phase exploration program that included resource definition drilling of the TB-1 pegmatite as well as exploration drilling of the Sherritt Gordon (SG) pegmatite cluster and Grass River (GRP) pegmatite.

This includes a roughly 10,000 m drilling program to expand the dimensions of the TB-1 pegmatite and define the deposit in more detail. The company also plans to prospect the TBL property. The cost estimate to complete is CAD 3 million.

The company also began a magnetic survey flown by UAV (drone) to identify targets for future prospecting and exploration.

On June 30, 2021, the company estimated its minimum operating expenses and working capital requirements for the next 12-month period of CAD 6.8 million.

Operational Risks

The TBL mineral mining site is subject to operational risks that are generally outside the company's control and could adversely affect operating results and cash flows. Operational risks include:

- Unanticipated ground and water conditions
- Adverse claims to water rights and shortages of water to which the company has rights
- Adjacent land ownership that results in constraints on current or future operations
- Metallurgical and other processing problems
- Lower than expected ore grades or recovery rates
- Delays in the receipt of or failure to receive necessary government permits
- Uncertainty of exploration and development

Risks to the development of the TBL property

The company's success will depend upon successfully exploring, developing, and managing the TBL property. Development of the TBL property could be delayed, incur increased costs, or be unable to complete.

Risks include:

- Changes in the regulatory environment, including environmental compliance requirements
- Escalation in anticipated costs of exploration and development, or delays in construction resulting in insufficient funds being available to complete planned exploration and development
- Increases in extraction costs, including energy, material, and labor costs
- Construction, procurement, and performance of the processing plant and ancillary operations falling below expected levels of output or efficiency
- A material and prolonged deterioration in lithium market conditions, resulting in material price erosion

For additional risk considerations, please refer to the company's filings with the SEC.

Figure 12. Snow Lake Resources Ltd. - Income Statement, 2020-2023E

	For the year ended June 30,			
	2020A	2021A	2022E	2023E
	CAD	CAD	CAD	CAD
Continuing operations (,000)				
Revenue				
Operating Revenue	\$ -	\$ -	\$ -	\$ -
Total Operating Revenue	-	-	-	-
Cost of Goods Sold	-	-	-	-
Gross Profit	-	-	-	-
Other Income				
Expenses				
Bank fees and interest	2,669	2,084	8,725	9,800
Consulting fees	43,255	34,399	302,084	642,000
Director and officer consulting fees	118,700	200,858	719,806	1,170,000
General and administrative	20,626	6,656	226,814	631,800
Interest expense and accretion	-	140,264	73,251	-
Insurances	-	1,598	597,376	1,399,000
Amortization of transaction costs	-	13,284	142,512	-
Professional fees	57,272	174,211	461,212	143,300
RSU compensation	-	-	98,858	-
Stock based compensation	-	-	1,713,160	-
Transfer agent and regulatory fees	3,885	22,244	226,146	88,000
Travel expenses	957	-	81,422	78,000
Other income/(expenses)	65,248	43,162	(499,274)	-
Loss Before Income Tax	(182,116)	(550,838)	(4,152,092)	(4,161,900)
Income Tax Expense	-	-	-	-
Loss for the Period	(182,116)	(550,838)	(4,152,092)	(4,161,900)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Loss for the Period	(182,116)	(550,838)	(4,152,092)	(4,161,900)
Basic/Diluted Loss per Share (cents per share)	\$ (0.01)	\$ (0.04)	\$ (0.04)	\$ (0.04)
Weighted-average number of shares outstanding - diluted	13,007,995	13,008,669	13,008,669	13,008,669

Sources: Company Reports and ThinkEquity Estimates

Figure 13. Snow Lake Resources Ltd. - Valuation Comparables, Prices as of 4/19/22

(Amounts listed in CAD. Numbers in millions, except per share data)

Company	Stock Price ⁽¹⁾	Market Value of Equity	Enterprise Value ⁽²⁾	Enterprise Value as a Multiple of:							Price as a Multiple of:	
				Sales			EBITDA			EBIT	CY+1 EPS	CY+2 EPS
				LTM	CY+1	CY+2	LTM	CY+1	CY+2	LTM		
Piedmont Lithium Inc.	0.92 ⁽³⁾	1,655.2	1,555.1	NM	NM	17.13x	NM	NM	NM	NM	NM	NM
ioneer Ltd	0.67 ⁽⁴⁾	1,390.4	1,252.0	NM	NM	NM	NM	NM	NM	NM	NM	NM
Liontown Resources Limited	1.58 ⁽⁴⁾	3,456.7	3,024.2	NM	NM	NM	NM	NM	NM	NM	NM	NM
AVZ Minerals Limited	1.13 ⁽⁴⁾	4,004.8	3,947.5	NM	NM	NM	NM	NM	NM	NM	NM	NM
Neometals Ltd	1.65 ⁽⁴⁾	905.9	838.4	NM	NM	NM	NM	NM	NM	NM	NM	NM
Lithium Americas Corp.	40.43 ⁽³⁾	5,422.3	5,122.7	NM	49.69	9.57	NM	NM	28.4	NM	NM	35.4
Pilbara Minerals Limited	2.66 ⁽⁴⁾	7,919.5	7,939.4	20.82	12.68	4.24	56.3	42.8	4.0	61.2	29.8	7.7
Alkem Limited	12.41 ⁽³⁾	7,912.5	7,897.2	25.87	3.59	3.37	58.3	4.5	4.7	90.0	8.2	10.6
Core Lithium Ltd	1.39 ⁽⁴⁾	2,387.4	2,241.6	NM	NM	62.11	NM	NM	120.2	NM	NM	149.5
Sayona Mining Limited	0.36 ⁽⁴⁾	2,547.0	2,520.1	24.89	NM	NM	28.3	NM	NM	28.4	NM	NM
High				25.87x	49.69x	62.11x	58.3x	42.8x	120.2x	90.0x	29.8x	149.5x
Average				23.86	21.99	19.28	47.6	NM	39.3	NM	NM	50.8
Median				24.89	12.68	9.57	56.3	NM	16.5	NM	NM	23.0
Low				20.82	3.59	3.37	28.3	4.5	4.0	28.4	8.2	7.7

Snow Lake Resources Ltd.	7.56	134.9	104.9	NM	NM	NM	NM	NM	NM	NM	NM	NM
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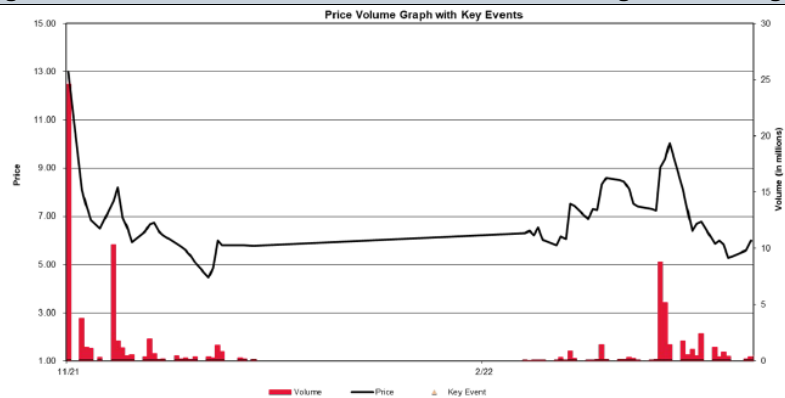
(1) Financial data provided by S&P Cap IQ, Google Finance, Company Reports as of 04/19/2022

(2) Calculated as Market Value of Equity plus total debt, non-controlling interest and preferred stock, less cash & equivalents.

(3) Converted to CAD from USD at an exchange rate of 1.263.

(4) Converted to USD from AUD at an exchange rate of 0.737.

Sources: S&P Cap IQ, Google Finance and ThinkEquity Estimates

Figure 14. Snow Lake Resources Ltd. – 3 Year Price Target and Rating History

Date	Key Development
4/25/2022	Snow Lake Resources Ltd. Initiate with Buy. PT \$15

Sources: S&P Cap IQ, Google Finance and ThinkEquity Estimates

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BUY (B) - Total return expected to exceed S&P 500 by at least 10%

HOLD (H) - Total return expected to be in-line with S&P 500

SELL (S) - Total return expected to underperform S&P 500 by at least 10%

Current Ratings Distribution

This Equity Ratings Distribution reflects the percentage distribution for rated equity securities for the twelve month period June 30, 2019 through June 30, 2020. Within the twelve month period ended June 30, 2020, Think Equity, LLC has provided investment banking services to 54% of companies with equity rated a Buy, 0% of companies with equity rated a Hold and 0% of companies with equity rated a Sell. As of June 30, 2020, ThinkEquity, LLC had twenty-three stocks under coverage: Buy 23 (100%), Hold 0 (0%), Sell 0 (0%).

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All companies under coverage:		All companies under coverage to which it has provided investment banking services in the previous 12 months:	
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Hold (2)	0.00%	Hold (2)	0%
Sell (3)	0.00%	Sell (3)	0%