

## Rover Metals Corp. (TSXV: ROVR / OTCQB: ROVMF / FSE: 4XO)

### Options Two District-Scale Projects Targeting Lithium & Zinc-Copper

**BUY**

Current Price: C\$0.12

Fair Value: C\$0.56

Risk: 5

#### Sector / Industry: Junior Resource

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#### Highlights

- Rover has **shifted focus to lithium and zinc/lead/copper/silver** through new option agreements on two projects: (1) the Let's Go Lithium project (Nevada), and (2) the Indian Mountain Lake ("IML") project (NT, Canada). The company retains the Cabin Gold project (also in NT, Canada), but has no immediate plans for this property.
- Let's Go Lithium (pre-resource) is estimated to hold **lithium-bearing clay mineralization similar to advanced-stage deposits** in Nevada, such as the ones held by Cypress Development (TSXV: CYP/MCAP: \$150M), American Lithium (TSXV: LI/MCAP: \$419M), and Noram Lithium (TSXV: NRM/MCAP: \$58M). Economic studies on CYP and NRM's projects have returned robust economics. Due to the proximity of all these projects, we believe that **the area is ripe for consolidation**.
- A surface sampling program at Lets' Go Lithium returned several high-grade samples (**up to 1,218 ppm Li**). Management plans to conduct a drill program to test high-grade areas. We note that delineating a lithium resource is a faster and cheaper process vs mainstream metals such as gold and copper.
- We believe miners/battery manufacturers are actively monitoring juniors for M&A, as they are **constantly seeking long-term stable sources of lithium for EV batteries**. Note that EV sales are expected to increase from 6M per year currently, to 30M by 2030.
- The IML property hosts a historic VMS-style zinc-copper-lead-silver resource, including **280 Mlbs Zn/Pb, 17 Mlbs Cu, and 5 Moz silver**, at relatively high grades. We note that VMS deposits are one of the richest sources of copper, lead, and zinc. The company is preparing for preliminary exploration to identify drill targets. We believe **the project has resource expansion potential**, especially considering that historic resources account for just 3% of the total land package, and as VMS deposits tend to occur in clusters.
- Upcoming catalysts** include preliminary exploration from the two recently optioned projects, and positive sentiment for juniors focused on EV metals.

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#### Price Performance (1-year)



	YTD	12M
ROVR	-62%	-68%
TSXV	-37%	-35%

#### Company Data

52 Week Range	C\$0.06 - C\$0.39
Shares O/S	31M
Market Cap.	C\$3.6M
Yield (forward)	N/A
P/E (forward)	N/A
P/B	0.7x

Key Financial Data (FYE - Dec 31)		
(C\$)	2021	2022 (9M)
Cash	\$642,772	\$50,662
Working Capital	\$205,866	-\$36,836
Mineral Assets	\$3,011,203	\$4,243,961
Total Assets	\$4,420,841	\$4,803,439
Net Income (Loss)	-\$1,675,511	-\$1,146,440
EPS	-\$0.10	-\$0.05

\*Subsequent to Q3, ROVR raised \$0.38M.

\*See last page for important disclosures, rating and risk definitions. All figures in C\$ unless otherwise specified.

## Indian Mountain Lake (IML) VMS Project, NT, Canada

Rover has an **option to acquire a 90% interest** in this project by issuing 3.5M shares, and through staged cash payments totaling \$2M, and work commitments totaling \$2M.

Located 195 km east-northeast of Yellowknife, NT

30,000 acres

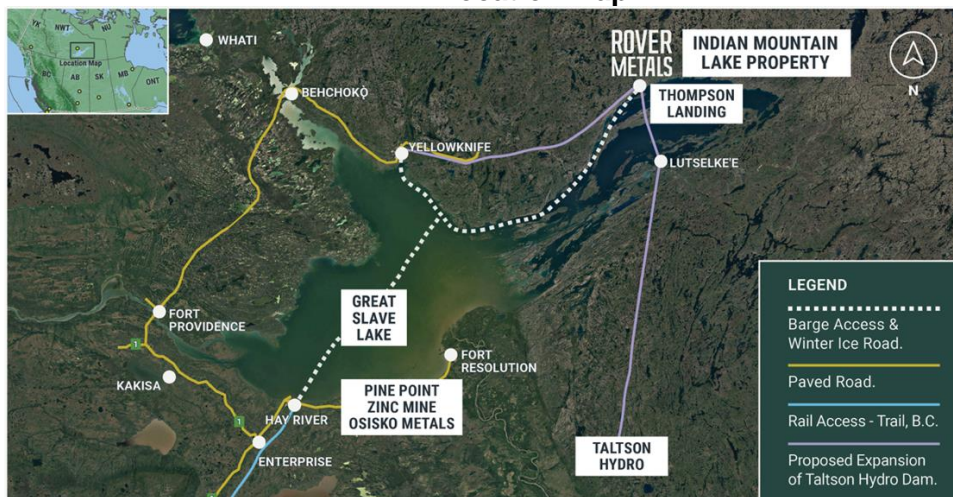
Barge and ice road access from Yellowknife and Hay River

Osisko Metals' (TSXV: OM) Pine Point zinc-lead project is located southwest of IML; a recent PEA on Pine Point returned an AT-NPV8% of \$602M, with a high AT-IRR of 25%

VMS deposits tend to form mining districts

An attractive Zn/Pb resource (280 Mlbs at 10%), with silver and copper

Location Map



Source: Company

The IML property hosts VMS deposits. **VMS deposits are base metal-rich deposits (zinc, copper, and lead), with gold/silver as by-products.** They commonly occur in clusters (1 – 20 Mt), and individual deposits when combined, form mining districts/camps. Canada's three largest VMS camps are the Flin Flon-Snow Lake (Saskatchewan and Manitoba), Bathurst (New Brunswick), and Noranda (Quebec) camps. While depths of smaller deposits (under 4Mt) are in the 0 to 300m range, larger ones (10+ Mt) extend deeper to the 1,000 to 2,000 m range.

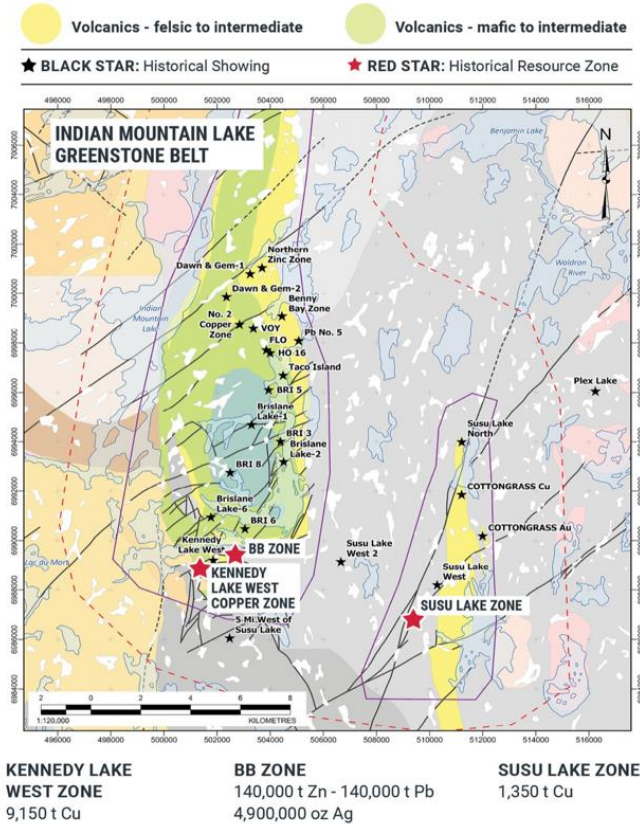
The project has historic resources, spread across four zones.

Historic Resources	Tons	Zn/Pb (%)	Cu (%)	Ag (opt)	Zn/Pb (lbs)	Cu (lbs)	Ag (oz)
BB & Kennedy Lake Zones	1,400,000	10%	-	3.5	280,000,000	-	4,900,000
Kennedy Lake West Zone	610,000	-	1.15%	-	-	14,030,000	-
Susu Lake Zone	142,500	-	0.95%	-	-	2,707,500	-
<b>Total</b>	<b>2,152,500</b>			<b>3.5</b>	<b>280,000,000</b>	<b>16,737,500</b>	<b>4,900,000</b>

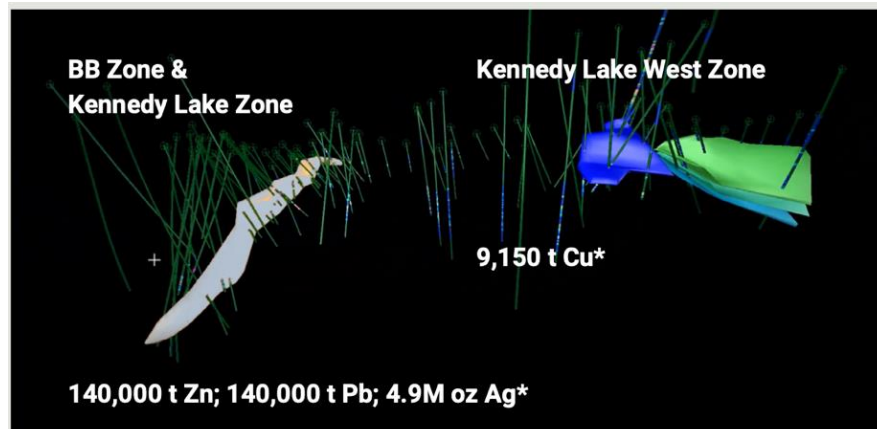
Source: FRC / Company

Two zones with zinc-lead mineralization (Kennedy Lake and BB), and two zones (Kennedy Lake West and Susu Lake) with copper mineralization

Historic resources account for just 3% of the total land package



**Mineralized Zones**



Source: Company

The BB zone measures 90 m along strike, and 100 m at depth

Planning to complete a NI 43-101 compliant resource within 24 months (\$2M exploration budget)

**Management plans to convert the historic resource to an NI 43-101 compliant resource within the next 24 months.** The company is preparing for preliminary exploration to identify drill targets. Overall, we believe the project has resource expansion potential, especially considering that historic resources account for just 3% of the total land package, and as VMS deposits tend to occur in clusters.



*A district-scale land package, totaling 6,000 acres*

*Nevada is well-known for its claystone lithium deposits*

*Located 80 miles northwest of Las Vegas*

*Existing infrastructure includes hydro power lines, and direct road access*

*The property has never been drilled for lithium*

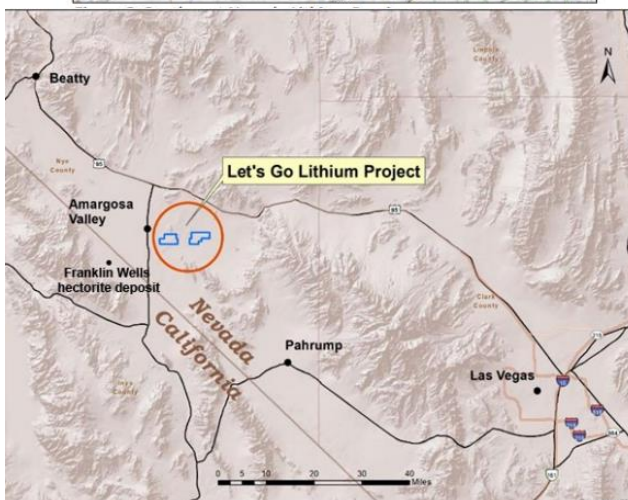
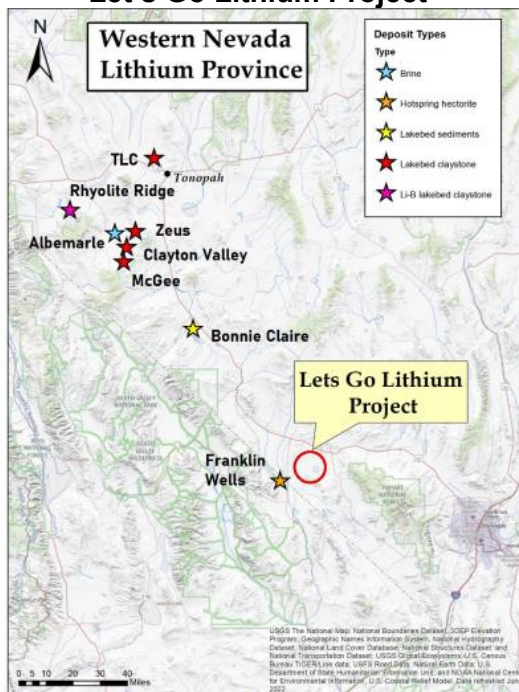
*High lithium grades of up to 3,110 ppm have been identified at the Franklin Wells deposit, located 7.5 miles southwest of Let's Go*

## Let's Go Lithium Project, Nevada

Rover has an **option to acquire a 100% interest** in this project through staged cash+share payments totaling US\$2M, and work commitments totaling US\$0.2M.

Nevada is host to several advanced stage claystone lithium projects, such as Cypress Development's Clayton Valley project, American Lithium's TLC project, Spearmint Resources' (CSE: SPMT) McGee project, Noram Lithium's Zeus project, and Iconic Minerals' (TSXV: ICM) Bonnie Claire project. **Economic studies on projects in the area have returned robust economics.**

### Let's Go Lithium Project



Source: Company

High-grade surface samples

RC drilling planned in H1-2023

Subsequent to Q3-2022, ROVR raised \$0.38M of a financing of up to \$0.80M

After introducing our valuations on the new projects, and accounting for share dilution since our previous report, our valuation declined from \$1.14 to \$0.56 per share

We have lowered our valuation on the legacy project (Cabin gold), from \$1.12 to \$0.21 per share, as the company has no immediate plans for the project, and as the average sector EV/oz is down 54%

At Lets' Go Lithium, a surface sampling program returned several high-grades, such as **1,218 ppm Li, 910 ppm, 780 ppm, 778 ppm, 724 ppm, and 710 ppm**. We note that grades of 500+ ppm are attractive for shallow deposits. Historic water well drilling on the property by the USGS indicates that mineralization is near surface, implying potential for relatively low OPEX.

Management plans to conduct a Reverse Circulation (RC) drill program (\$200k budget) to test high-grade areas. We note that delineating a lithium resource is a faster and cheaper process vs mainstream metals such as gold and copper.

## Financials

(in C\$)	2021	2022 (9M)
Cash	\$642,772	\$50,662
Working Capital	\$205,866	-\$36,836
Current Ratio	1.31	0.85
Monthly Burn Rate (G&A)	-\$111,741	-\$96,269
Cash from Financing Activities	\$3,762,578	\$1,903,825
Cash Sent on Properties	-\$1,963,717	-\$1,168,356

Options	#	Exercise Price	Amount
Total	1,396,237	\$0.60	\$837,742
In-the-Money	-		-

Warrants	#	Exercise Price	Value
Total	15,872,260	\$0.56	\$8,897,460
In-the-Money			-

Source: FRC / Company

## FRC Valuation and Rating

Valuation Summary	Value (\$M)	VPS (\$)
Cabin Lake Gold Project, NT- 200 Koz @ \$33/oz	\$6.54	\$0.21
Indian Mountain Lake (IML) Project, NT - 418 Milbs ZnEq @ \$0.013/lb	\$2.90	\$0.09
Let's Go Lithium Project, Nevada - 2.4 kha @ \$3.4k/ha - applying a 75% discount to the sector average	\$7.88	\$0.25
Working Capital	\$0.13	\$0.00
Fair Value	\$17.45	\$0.56

Source: FRC

We valued ROVR's projects using comparables

Gold juniors are trading at \$33/oz (previously \$71/oz)

Lithium juniors are trading at \$17k/hectare, while zinc juniors are trading at \$0.013/lb (introducing in this report)

	Gold Companies	Enterprise Value (\$,M)	EV / Resource
1	Sabina Gold	\$650	\$82.82
2	Probe Metals	\$152	\$70.30
3	Radisson Mining Resources	\$33	\$63.65
4	Marathon Gold Corp.	\$234	\$59.09
5	Sonoro Gold	\$14	\$34.78
6	Doubleview Gold	\$84	\$33.91
7	Gold Springs	\$33	\$30.64
8	Monarch Mining	\$26	\$28.08
9	O3 Mining	\$81	\$27.65
10	Fury Gold	\$64	\$25.10
11	Sokoman Minerals	\$48	\$23.99
12	Gowest Gold Ltd.	\$19	\$23.76
13	Moneta Gold	\$134	\$21.73
14	Maple Gold Mines Ltd.	\$34	\$21.28
15	Renforth Resources	\$8	\$22.87
16	Equity Metals	\$7	\$20.56
17	Bonterra Resources	\$25	\$17.85
18	GMV Minerals	\$6	\$17.44
19	Nighthawk Gold Corp.	\$20	\$15.38
20	Cartier Resources	\$23	\$12.94
	<b>Average (excl outliers)</b>		<b>\$32.69</b>

\* Net Resource = 100% of M&I + 50% of Inferred Resources

	Lithium Companies	Status	Enterprise Value (EV) - millions	EV / Area (\$/ha)
1	Cypress Development	PFS	\$123	\$52,858
2	Noram Lithium	PEA	\$33	\$29,126
3	Standard Lithium	PEA	\$851	\$29,101
4	Enertopia Corp	Pre-Resource	\$4	\$5,761
5	Pure Energy	PEA	\$17	\$1,799
	<b>Average</b>			<b>\$17,267</b>

	Zinc Companies	Location	EV (C\$, M)	EV/ Resource (\$/ lb)
1	Hannan Metals Ltd.	Ireland	\$31	\$0.037
2	New World Resources	U.S./Mexico	\$60	\$0.026
3	Solitario Zinc	USA	\$42	\$0.024
4	Wolfden Resources	USA	\$29	\$0.015
5	Fireweed Zinc	Canada	\$73	\$0.011
6	Tinka Resources Limited	Peru	\$48	\$0.008
7	NorZinc Ltd	Alaska / Peru	\$30	\$0.005
8	American West Metals	USA	\$22	\$0.004
9	Rathdowney Resources	Poland	\$8	\$0.004
10	Metallum Resources Inc.	Canada	\$4	\$0.003
11	ZincX Resources Corp	Canada	\$15	\$0.003
12	InZinc Mining Ltd.	USA	\$2	\$0.001
13	Blue Moon Metals	USA	\$2	\$0.001
14	Silver Bull Resources	Mexico	\$6	\$0.001
	<b>Average</b>			<b>\$0.013</b>

\*Net Resource = 100% of Measured and Indicated + 50% of Inferred Resources

Source: FRC/S&P Capital IQ/Various

**We are maintaining our BUY rating, and adjusting our fair value estimate from \$1.14 to \$0.56 per share.** Key near-term catalysts include exploration results, and positive sentiment for juniors focused on EV metals.

## Risks

- The company's value is dependent on commodity prices
- Exploration and development risks
- **No NI 43-101 compliant resource estimate or economic studies on any properties**
- Access to capital and share dilution

Maintaining our risk rating of 5 (Highly Speculative)

**Fundamental Research Corp. Equity Rating Scale:**

**Buy** – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk

**Hold** – Annual expected rate of return is between 5% and 12%

**Sell** – Annual expected rate of return is below 5% or the expected return is not commensurate with risk

**Suspended or Rating N/A**— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

**Fundamental Research Corp. Risk Rating Scale:**

**1 (Low Risk)** - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

**2 (Below Average Risk)** - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

**3 (Average Risk)** - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

**4 (Speculative)** - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

**5 (Highly Speculative)** - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues and may rely on external funding. These stocks are considered highly speculative.

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