



September 13, 2016

ICONIC MINERALS LTD.

(TSX.V – ICM)

(FSE – YQGB)

(OTC – BVTEF - \$0.232)

PRICE TARGET: \$0.80

RATING: SPECULATIVE BUY



ICONIC MINERALS LTD. Low-Risk Play on Huge Lithium Growth

Rob Goldman
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COMPANY SNAPSHOT

Iconic Minerals Ltd. is an exploration company focused on acquiring, exploring and developing projects of merit in North America. The Company's main focus is to discover and develop lithium deposits through the exploration of high quality projects; located primarily in Nevada in areas of historically large discovery potential, which would allow for development and mine production at low cost rates.

KEY STATISTICS

Price as of 9/12/16	\$0.232
52 Week High – Low	\$0.3336 - \$0.013
Est. FD Shares Outstanding	79.5M
Market Capitalization	\$18.4M
Average Volume	13,967
Exchange	OTCPK

COMPANY INFORMATION

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 Email: info@iconicmineralsltd.com

INVESTMENT HIGHLIGHTS

Iconic Minerals is well-positioned to take advantage of both the huge demand for lithium and the supply constraints expected to plague the industry in the coming years. Industry estimates suggest that lithium production will jump from 202,000 in 2015 to 380,000 in 2020.

Iconic owns 100% of a vast, non-depleted basin that is adjacent to a famed lithium producing site in Nevada that has been in production for 50 years. Characteristics are similar for both sites which bode extremely well for the Company's prospects.

The Company is in the midst of a series of milestone events that should raise Iconic's overall valuation. These include a staggered drill program with early results slated for release in the near future.

Members of the technical team have had senior roles with major lithium producer Talison which sold for 800 Million to Tianqi. The Iconic approach is low cost exploration and production, and a shorter road to production.

We believe these shares could jump to \$0.80 as milestones are achieved. Peers that also own property adjacent to the Silver Peak property carry higher valuations than Iconic and that spread should dramatically narrow. Plus, the recently acquisitive nature of leader Albemarle (NYSE – ALB) seeking to add supply could make Iconic a takeover target as it nears a full production launch. We rate these shares Speculative Buy.

COMPANY OVERVIEW

Boasting a lithium brine property offering huge upside potential, pure play **Iconic Minerals Ltd. (OTC – BVTEF - \$ - Speculative Buy)** is set to emerge as a key, future source of lithium. Iconic's crown jewel is the ownership of a 100% controlling interest in a large lithium brine claim position of 23,100+ acres (9,348 ha) in Nevada. The Bonnie Claire property is located just 60 km (37 mi) south of North America's only producing lithium operation, **Albemarle's (NYSE – ALB)** Silver Peak property, which has been producing for the past 50 years. It should be noted that Bonnie Claire's large gravity low drainage basin, is 1½ times larger than the existing Clayton Valley's basin, the legacy Albemarle site, enhancing the potential value of the site and the volume of production resource.

Current and future demand for lithium is high, driven by the utilization of lithium in many products. Interestingly, this demand is heightened by the current limited supply of the sought-after resource, as 85% of the world's supply is produced by four companies, with no near-term growth projects nearing completion. Lithium is a key component of some of the world's fastest-growing energy products such as battery electric vehicles (BEVs), grid and other power storage, along with hand-held electronics. According to SAI, the renewable energy storage and the transportation/BEV markets are the key drivers contributing to the growth and utilization of lithium. In fact, from 2014 – 2024, the estimated CAGRs for lithium carbonate equivalent (LCE) and lithium ion (Li-Ion) products used for transportation and grid storage are 38% and 30%, respectively.

In our view, Iconic's positioning is unique and should drive a series of increases in market value of the Company, as milestones are successfully achieved. Perhaps the most important aspect of its positioning is the selection of the Bonnie Claire property itself. Management carefully selected this gravity low property because it is adjacent to the Clayton Valley basin, and has lithium-rich host rocks and highly anomalous lithium in surface salt deposits. Moreover, this unexplored, undepleted, virgin resource has demonstrated surface brine evaporation yielding up to 500 ppm of lithium, which is very similar to the Clayton Valley results. Plus, 9 lines of MT Geophysics conducted shows the property is underlain by an extensive brine horizon. Lithium brine extraction dramatically reduces exploration and production time as compared with hard rock lithium extraction. Thus, lithium brine production is possible within just three years, with the possibility of supplying to end users in four years to supplying--and at meaningfully lower operating costs than other methods, providing a faster time to revenue and monetization for Iconic.

Earlier this summer, Iconic commenced a three drill hole program to test a portion of the currently defined 27.5 square km (10.6 square miles) interpreted brine zone. Total footage drilled in the Drill Program is expected to be 1,525-1,830 m (5,000 to 6,000 ft), and will be followed by additional programs heading into the fall. Although drilling of the Wells spaced approximately 1.3 miles (2.1 km) apart will take at least two and half months, initial lithium brine geochemical results are expected very soon. If successful, as we expect they will be, the drill holes will be reamed to a larger diameter and pumping tests will be performed to determine potential production grade and flow rates. Successful testing would then result in turning the test holes into production wells.

We believe that Iconic's shares should trade at a significantly higher valuation than currently afforded, given its 100% ownership of a vast property adjacent to Clayton Valley that has the potential to replicate much of the

success of the famed Silver Peak property. Thus, we believe that these shares should trade at valuation similar to its geographic peers as milestone events are achieved. This group includes **Lithium X Energy (TSX.V – LIX)** and **Pure Energy Minerals (TSX.V – PE)**, both of which have property adjacent to Silver Peak. Our \$0.80 price target is still a discount to the valuation assigned Pure Energy, but reflects an expected re-valuation of the Company. Moreover, as drilling and production well programs achieve success going forward, we would not be surprised if Iconic were to emerge as a takeover candidate, given the M&A appetite of firms such as Albemarle of late. We rate these shares Speculative Buy.

INDUSTRY OVERVIEW

A Primer

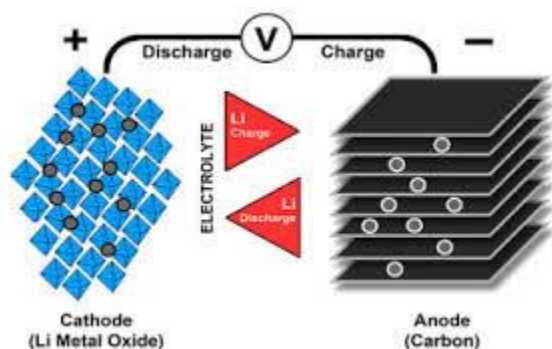


Figure 1: How Lithium-ion Works

Source: GSCR

Lithium has incredibly low density and can float in water. What makes it so versatile is that it is highly reactive on a chemical basis. In fact, when it floats in water it burns in a highly intensive manner. Years ago, a discussion on the lithium market would have referred to industrial uses such as glass or ceramics, along with medical applications to treat certain mental disorders. Fast forward to the 21st century and the demand for the product is huge, currently outstripping supply. The drivers have shifted on a dime from industrial uses, to products in the transportation and renewable energy spaces.

As a result, the evolution of lithium usage migrated from mobile phone and laptop batteries to batteries found in hybrid autos to include electric-only cars, and later with grid storage devices. Still, by far the major growth driver of the space is in BEV, or battery electric vehicles, which is logical considering that lithium has the highest electric output per unit weight of any battery material. Moreover, they have higher current and longer usage capabilities than predecessor technologies. The product is measured in tonnage under the category lithium carbonate equivalent, or LCE. Battery-grade LCE can be used to make cathode material for lithium-ion batteries which are used in BEVs and other products and carry higher prices than other forms such as lithium hydroxide.

Lithium is found in hard rock deposits as well as brine with key locations in Latin America such as Chile, Argentina and Bolivia which have two-thirds of the world's estimate deposits. Other geographies include China, Tibet, Australia, and the U.S. Interestingly, brine deposits, typically found in flat, arid, salt fields at or below the surface, account for a majority of the global resource. Given that it is so much easier to explore and collect lithium from brine rather than hard rock, and faster to put into production with far fewer capital costs, this is by far the preferred method today.



Figure 2: Sample Lithium Brine Deposits

Source: InvestingNews.com

Since brine is a liquid, this exploration is akin to drilling for water, or shallow oil wells. In fact, since lithium brine is not as deep as the hard rock deposits, much of the surveys and drilling are done at shallow depths. Advanced exploration phases such as raw bulk sampling and recovery can be easily tested to determine lithium levels. Plus, it is easier to produce a resource estimate.

The Market

According to Bloomberg New Energy Finance:

“The electric vehicle revolution could turn out to be more dramatic than governments and oil companies have yet realized. New research by Bloomberg New Energy Finance suggests that further, big reductions in battery prices lie ahead, and that during the 2020s EVs will become a more economic option than gasoline or diesel cars in most countries. The study forecasts that sales of electric vehicles will hit 41 million by 2040, representing 35% of new light duty vehicle sales. This would be almost 90 times the equivalent figure for 2015, when EV sales are estimated to have been 462,000, some 60% up on 2014.”

Table I. Lithium Market: The 411

	2015	2020E	2025E	
Market Size (ton)	202,800	380,000	534,000	
Price/Ton	\$8,000	\$9,000	\$10,000	
Market Size (\$)	\$1,622,400,000	\$3,420,000,000	\$5,340,000,000	
Application	Cell Phone	Laptop	BEV (25kWh)	Tesla 85kWh
Li Content	3 grams	30 grams	44 lbs	112 lbs
App Categories	Transportation	Renewable Energy	Consumer Elec	
App Segments	Cars, Buses	Solar & Wind Storage	Phones, Tablets, Wearables	

Sources: SAI, Credit Suisse, Deutsche Bank, Albemarle, GSCR

No wonder the transportation sector could account for as much as 70% of the industry’s growth as the amount of lithium content required for BEVs is huge, especially compared with the paltry 3 grams required per cell phone.

Market size forecasts, along with pricing projections may vary, but the shift in the marketplace is undeniable given the growth (and pricing) for BEVs, especially the Tesla 85kWh. Meanwhile, SAI projects that the CAGRs for lithium products from 2014-2024, will grow by 38% and 30% for the transportation and renewable energy (wind and solar) segments, respectively. This even excludes the projected 15% CAGR for consumer electronics which, while requiring small amounts, are found on more and more products.

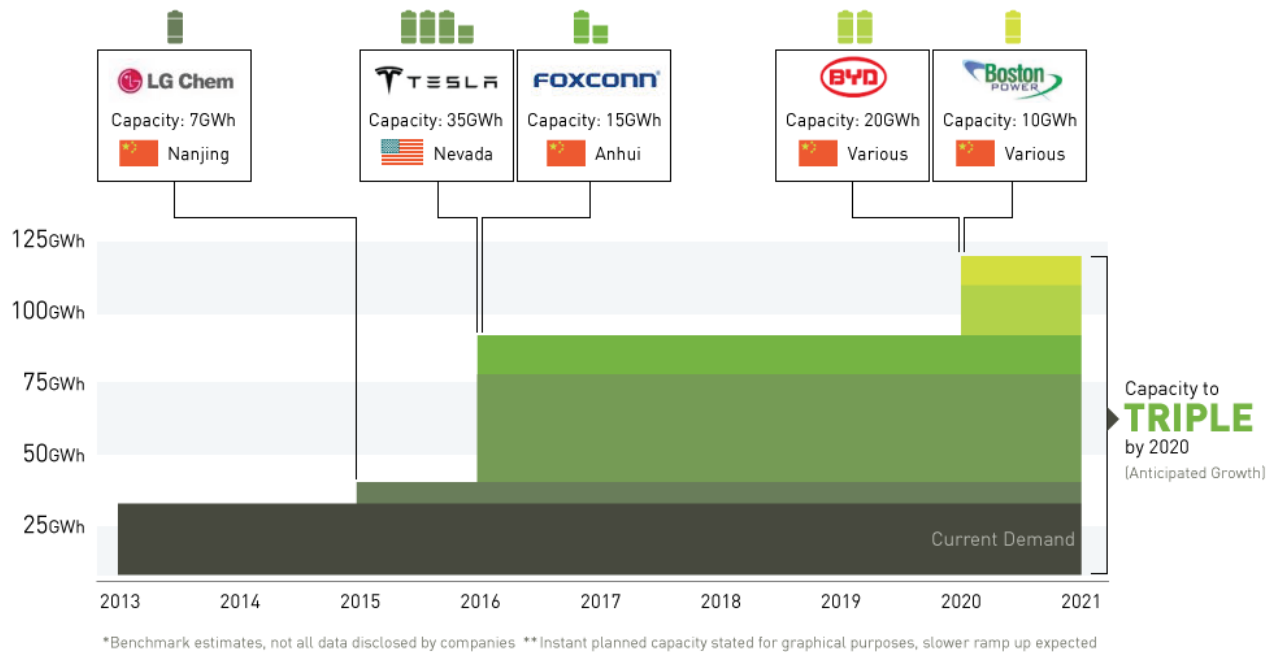
The pricing/supply issues are interesting and everyone has an opinion. The consensus is that there was and is a supply issue with some reported tonnage prices as high as \$25,000 earlier this year. Still, this supply issue will likely right itself in a couple years which will be just in time for Iconic to begin selling product at fair prices. On a preliminary basis, we are using \$9000 for 2020 and \$10,000 for 2025, and those could prove to be on the high side.

Tesla (NASDAQ – TSLA) is clearly driving this market from the technology and pure play sales perspectives. Moreover, their soon to be completed “Gigafactory) in Nevada will be a monstrosity and beacon for the space. Selecting the Nevada site indicates that they believe this is their go-to source for product. (They do have a product sourcing agreement in place but given time and demand, they will likely require more lithium providers. Enter Iconic?) Meanwhile, Tesla is not the only player (in terms of production or electric car for that matter, as Toyota is a meaningful player as well.)

Chart of the Week

THE LITHIUM-ION BATTERY MEGAFABRIQUES ARE COMING

Production capacity of lithium-ion batteries is anticipated to more than triple by 2020



Data by:



visualcapitalist.com



Figure 3: Lithium Ion Battery Factories
 Source: www.VisualCapitalist.com

The Players

While only a handful of players control an estimated 85% of the lithium supply market, they aren't without their issues.

Albemarle (NYSE – ALB) is likely the brand name in the space, considering that they have been producing product on the Silver Peak property in Nevada for 50 years. Of course after 50 years of production, supply and production issues catch up with you. That is why much it was produced in its high quality site in Chile, which is the largest active lithium brine resource in the world. ALB estimates that for 2014 its LCE production share was 34%, second only to the 36% recorded by SQM, due to their properties in Latin America. They have many projects in various stages of development but nothing that will go on line in the near term, despite their unique vertical integration and number of properties. Perhaps that is why ALB just announced that it signed a definitive agreement to acquire the lithium hydroxide and lithium carbonate conversion assets and supporting business functions currently operated by Jiangxi Jiangli New Materials Science and Technology Co. Ltd. These assets have a total lithium salts capacity of 15,000 MT/year, and help management try to achieve its goal of capturing 50% of the growth in the lithium industry.

Arguably the largest producer, Talison (Tianqui) has a great deal of hard rock assets as well as brine in Australia. Aside from its capital and time-intensive hard rock assets, it may have some processing issues. FMC and SQM, both of whom operate out of the lucrative lithium triangle in South America have geo-political and some potential production issues in the region.

Thus, it fosters opportunities for emerging players such as **Lithium X Energy (TSC.V - LIX)** that has unexplored 15,020 acres in Clayton Valley as well as Argentina, and **Pure Energy (TSC.V – PE)** that has 9,324 acres, 466 claims, and an inferred resource of 816,000 tons of LCE, along with a supply deal with Tesla.

AN ICONIC STORY

Tracing its roots to 2011 when it began acquiring ownership interests, today Iconic has 100% ownership interests in Bonnie Claire, a lithium brine property comprising of 23,100 acres of contiguous placer claims, currently in control of 28.75 square miles (75 km²) located in Nye County, Nevada. The property area is contained within a valley that is 60kms from the only producing lithium mine in North America (Albemarle Silver Peak Mine). Bonnie Claire's valley is over +20 miles (+30 km) long and 12 miles (20 km) wide into which streams from a +800 mi² (2,070 km²) drainage basin empty. The source rocks are quartz-rich volcanics that contain anomalous amounts of lithium.

Sampling of salt flats within the basin, have found lithium values in salt samples yielding up to 340 ppm, 500ppm by the USGS. The deeper part of a gravity low within the valley is 12 miles (20 km) long and initial estimates are the depth to bedrock ranges from 1,500 to 2,000 feet (460-610 m) within this gravity low. The current claim block covers the gravity low and associated mud flats that could be used for evaporation ponds if significant lithium brines are discovered in drilling.

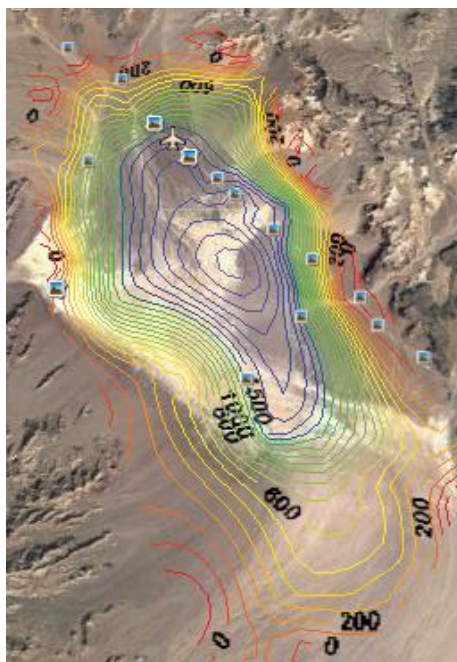


Figure 4: The Bonnie Claire Project

It should be noted that Bonnie Claire's large gravity low drainage basin (830 square miles), is 1½ times larger than the existing Clayton Valley's basin (500 square miles), which is the legacy Albemarle site. These factors illustrate the potential value of the site, the reservoir size and prospective volume of production resource. Management carefully selected this gravity low property because it is adjacent to the Clayton Valley basin, and has lithium-rich host rocks and highly anomalous lithium in surface salt deposits. Moreover, this unexplored, undepleted, virgin resource has demonstrated surface brine evaporation yielding up to 500 ppm of lithium according to USGS sampling, which is greater than the Clayton Valley results. Early production average grade in Clayton Valley was only in the 400ppm range. Plus, 9 lines of MT Geophysics conducted shows the property is underlain by an extensive brine horizon. Lithium brine extraction dramatically reduces exploration and production time as compared with hard rock lithium extraction. Thus, lithium brine production is possible within just three years, and at meaningfully lower operating costs than other methods, providing a faster time to revenue and monetization for Iconic.

This property has several additional, distinct features:

- ▶ Deposits flow consistently into the valley and magnesium is not present which alleviates any need to purify the resource and highlights the quality of the flow.
- ▶ Acquired water rights permits for placing first three wells into production have already been approved by BLM, alleviating any water sharing issues experienced in Clayton Valley.
- ▶ A highly conductive interpreted brine horizon has been identified.
- ▶ After evaporation lithium recovered using proven conventional methods through a small on site processing plant.

Key Milestones: Exploration

As noted above, a Magneto Telluric (MT) Geophysics survey was recently completed and indicated that the property is underlain by an extensive brine horizon. An additional MT survey has been initiated to determine the full extent of the brine. Interestingly, the results show a well-defined, very low resistivity layer starting at a minimum of 330 feet (100 meters). Plus, the large brine horizon averages 985 feet (300 meters) in thickness. The MT geophysical method is highly effective in identifying where the lithium brine aquifers are strongest to define drill targets.

With that in mind, earlier this summer, Iconic commenced a three drill hole program to test a portion of the currently defined 27.5 square km (10.6 square miles) interpreted brine zone. Total footage drilled in the Drill Program is expected to be 1,525-1,830 m (5,000 to 6,000 ft), and will be followed by additional programs heading into the fall. Although drilling of the Wells spaced approximately 1.3 miles (2.1 km) apart will take at

least two months, initial lithium geochemical results are expected very soon. If successful, as we expect they will be, the drill holes will be reamed to a larger diameter and pumping tests will be performed to determine potential production grade and flow rates. Successful testing would then result in turning the test holes into production wells.

A Notice of Intent was filed with the BLM to drill 6 wells (with a potential for 8 locations) and following the drilling of the test wells, samples of the brine will be taken to determine lithium content. In addition, a standardized test program is being initiated to ensure quality and consistency of brine sampling chemical analysis.

Looking ahead, Iconic will engage in a series of events in the coming months that should enhance the Company's valuation. These include bulk sampling and brine level measurement per minute from the pump following the conclusion of the production well drilling and pumping. The next stage, whereby a resource estimate can be determined, is typically where a big jump in value occurs, and is slated to occur in 2017. Given the current standing, we believe that full production could commence by 2020, with an initial run-rate of several thousand tonnes per year (based on previous production by Albemarle's Silver Peak lithium operation in Clayton Valley).

Gold Properties

Although the lithium property is the Company's crown jewel, Iconic also owns other properties in Nevada.

Located in the Western Nevada Walker Lane Mineral Belt, 17 kilometers from the famous Comstock Lode Mine. Iconic has 100% ownership of 116 mining claims, 2,320 acres a historical resource being 1 Mi+ oz Au (**Non-43-101 Compliant Resource*). With the geology demonstrating a Comstock "Look Alike", it has the potential to be a heap leach, open pit Bulk Movable Target, which has been partially tested. Additional high grade material of over 10 g/t has further potential to be milled on site, with potential bonanza grade targets untested at depth. The **Hercules** project is permitted and has been approved by the BLM to drill 200+ holes.

The **New Pass** project is a gold and silver property which, is comprised of 107 unpatented lode mining claims (2,231 acres). The property is located in eastern Churchill County, Nevada; in the New Pass Mining District, 27 miles west of Austin, Nevada and 105 miles east of Reno. Iconic Minerals has a controlling interest in the property, in a joint venture with McEwen Mining, with Iconic earning a 50% interest.

Drilling completed by predecessor companies and the JV has, to date, established a mineral resource of the New Pass project, using the CIM Definition Standards and the criteria set out in the NI 43-101 report. The property currently contains an Inferred Mineral Resource of 15,515,488 short tons at 0.022 ounce per ton (opt) gold equivalent or 341,750 ounces of gold equivalent. Approximately 75% of this resource is oxidized and may be amenable to open pit, heap leaching, the remainder of the resource consists of mixed oxide and sulfide. A 0.010 opt (ounce per short ton) cut-off was used to create the Inferred Resource. This cut-off is at, or above the cut-off grades used at existing open pit gold/silver mines and defined resources in Nevada.

MANAGEMENT TEAM AND BOARD OF DIRECTORS

We should note that Iconic's technical advisory team consists of world renowned experts who possess over 30 years of knowledge and experience which has translated into success in both the lithium and mining space. Utilizing the expertise gained through their previous exploration and development on the Talison lithium brine project in Chile, this team has positioned Iconic with tremendous future explorative and developmental advantages.

Richard R. Kern, M.Sc., P.Geo., President, Chief Executive Officer & Director

Mr. Kern is a Professional Geologist, with over 25+ years of experience in base and precious metal exploration in the U.S., Central America, South America and Australia. He has been involved in major discoveries in the Western U.S. and Australia, discoveries including recent finds at *Fire Creek Mine, Nevada, Moss Mine, Arizona and the Bruner Property, Nevada.*

His hands-on, field oriented mentor management style has been implemented with great success. Mr. Kern's exploration involve a mixture of methods such as practical field geology, geochemistry and drilling with state of the art GIS, geochemical and geophysical methods.

Mr. Kern is currently the president of MinQuest, Inc.,(is that RK's geologic consulting co, if so, define it) and prior to joining MinQuest he was a principal in the companies BristleCone Ventures, LP, Geo Surveys, and Sierra VisionLaunch, LLC. In addition, Mr. Kern has held executive and management level positions in companies such as Western North America North Mining, Inc., Homestake Mining Company, Superior Oil, and U.S. Geological Survey. Mr. Kern's areas of expertise include establishing base and precious metal exploration programs throughout North America, with an emphasis on Western U.S., Mexico, Honduras and Panama. He has also managed significant gold and copper exploration projects situated in W. U.S., Australia, Mexico, and Ecuador, including some minor work in New Guinea, Malaysia, China and Fiji. Mr. Kern has strong analytical skills and has proven success in developing various mining ventures.

Mr. Kern has a Master's of Science Degree in Geology from Idaho State University and a Bachelor of Science Degree from Montana State University in Geology. In addition, Mr. Kern has published a Thesis titled: "Geology and Economic Deposits of the Slate Creek Area, Custer County, Idaho.

Richard Barnett, CGA, Chief Financial Officer, Secretary

Mr. Barnett has extensive corporate experience as a Chief Financial Officer, Controller, and Secretary with over 20 years of accounting experience serving both public and private corporations. His experience covers a wide range of companies producing oil & gas, resource & explorations, engineering, and research & development. Mr. Barnett is a member of the Certified General Accountants of British Columbia. In order to stay abreast of new business procedures, he has taken extensive business and accounting courses in addition to regulatory courses and workshops. In addition to overseeing the accounting functions within the Company, Mr. Barnett's responsibilities include managing the annual audit, budgeting, preparation of financial statements and management discussions & analyses.

Joseph Charland, Director

Mr. Charland has been a financial and Investment consultant since 1995, having over 30 years' experience in the mining finance industry as a director, executive and/or consultant. Mr. Charland is also currently acting President, CEO and a director of Damon Capital Corp (TSX-V DAM.H)

Huitt Tracey, Director

Mr. Tracey has been involved in the North American venture capital markets for over 22 years. Serving in capacities as stockbroker, director, officer or investor relations consultant, he has provided expertise to numerous companies in industries including advanced technology, IP, telecommunication, bio-technology, energy and mining. In more than a decade as an Account Executive with brokerage firms that specialize in the corporate financing of American and Canadian ventures, he assisted in the initial public offering and development funding of many now well-established companies that pioneered innovative and disruptive technologies.

Jurgen Wolf, Director

Mr. Wolf has owned and operated precast concrete factories in Calgary and Vancouver, as well as operated and owned a successful commercial construction company from the years 1959 to 2002. Mr. Wolf has been involved in public oil and gas companies for more than 24 years with positions in senior level management, including; President & Director of US Oil and Gas Resources Inc. (TSX-V USR), as well as, Director of Flow Energy Inc., a wholly owned subsidiary. Mr. Wolf is currently a Director of TransAmerican Energy Inc. (TSX-V TAE), a Director of Altima Resources Ltd. (TSX-V ARH) and a Director of Petrichor Energy Inc. (TSX-V PTP).

LITHIUM TECHNICAL TEAM (EXPERTS)

David Shaw; Ph.d

Dr. Shaw has over 30 years' experience in resource and finance industries, with specific emphasis on technical and financial due diligence of resource projects. He has in the past worked with Chevron Canada Resources in their metal and hydrocarbon exploration programs, and with Yorkton Securities Inc. in their Corporate Finance department. In 2009, Dr. Shaw was Chairman of Salares Lithium Inc., where he assisted in the development of their Chilean lithium brines project. That project was subsequently acquired in 2010 by Talison Minerals Pty., an Australian corporation, which then formed Talison Lithium Inc. ("Talison"), which some consider to be the world's largest pure lithium company. Dr. Shaw served as a director of Talison until it was acquired by Chengdu Tianqi Industry Co., Ltd. in 2013 for over CDN\$800 million.

Ian Hutcheon; Ph.d

With over 35 years' expertise in the oil, gas and mineral resource industries, Dr. Hutcheon obtained an Honors B.Sc degree in Geology, Earth Sciences/Geosciences from the University of British Columbia, in Vancouver, B.C. in 1969, and a Ph.D. and MSc. in Geochemistry and Petrology from Carleton University in Ottawa, Ontario in 1977. For 24 years Dr. Hutcheon was a Professor at the University of Calgary, where he taught and

researched Petroleum Geology and Environmental Geochemistry. In 2002 he received Emeritus Professor status from the University of Calgary. Dr. Hutcheon also consulted on the lithium brines project in the Chilean salares that was acquired in 2010 by Talison. In 2014, Dr. Hutcheon received the Vernadsky Medal from the International Association of Geochemistry. Dr. Hutcheon currently consults on oil fields projects specifically, with issues relating to scaling, and water and acid gas production in conventional, CO₂-assisted, and steam assisted recovery

Matt Vitale; M.Sc

Mr. Vitale is an independent hydrogeologist and a Professional Geologist (in California), with 14 years' experience in surface water, groundwater and water quality on public and private water projects within North America and Australia. He has worked with various mining companies, including De Beers Canada and Newmont Mining Corporation. Mr. Vitale was also Project Manager for several Nevada State Department projects, including with the U.S. Bureau of Reclamation, the State of Nevada Department of Conservation, and the Nevada Division of State Lands.

COMPETITIVE ADVANTAGES

Lithium Brine:

- Lower cost exploration
- Shorter timeline to production
- Requires less capital
- Lower cost production than bedrock
- Found beneath salt flats in brine bearing aquifers
- Easily pumped to surface from vertical production well

Iconic Positioning:

- 100% ownership
- Untested (virgin) reservoir
- Technical Team has had senior roles in major lithium production sites
- Acquired water rights for first three production wells
- Conventional production capabilities (evaporation of lithium)

FINANCIALS

For the nine months ended May 2016, Iconic recorded an operating loss of over (\$703,000) which is a reasonable expectation considering the MT geophysics survey and the pending launch of the drill program. The Company ended the period with over \$1M in cash and a similar amount in current liabilities. However, it is our expectation that Iconic will raise a small amount of funds in order to fund its programs, which should be followed by rises in overall valuation. We should also note that the Company carries its properties on its books at a value of roughly \$5M which we view as conservative.

RISK FACTORS

In our view, Iconic's biggest risks are relate to exploration and development including results from its test and production drilling programs, along with results of a future inferred resource estimate. . However, in our view, this risk is largely mitigated by the Silver Peak site's production history and data we deem it unlikely that mineralization will not occur. Changes in supply/demand/pricing are typical future concerns and are also consistent with firms of Iconic's size and standing.

Volatility and liquidity are typical concerns for microcap stocks that trade on the over the counter market and the TSX Venture Exchange, especially those that are not generating revenue. Finally, the shares outstanding of this stock could increase due to potential capital needs or to execute future acquisitions. However, since the proceeds of any future funding would likely be used in large part to fund its advanced exploration and development efforts, we believe that any dilutive effect from such a funding would be nullified by a related increase in overall market value.

VALUATION AND CONCLUSION

Iconic Minerals is well-positioned to take advantage of both the huge demand for lithium and the supply constraints expected to plague the industry in the coming years. Industry estimates suggest that lithium production will jump from 202,000 in 2015 to 380,000 in 2020.

Iconic owns 100% of a vast, non-depleted basin that is adjacent to the famed Silver Peak lithium producing site in Nevada that has been in production for 50 years. Characteristics are similar for both sites which bode extremely well for the Company's prospects.

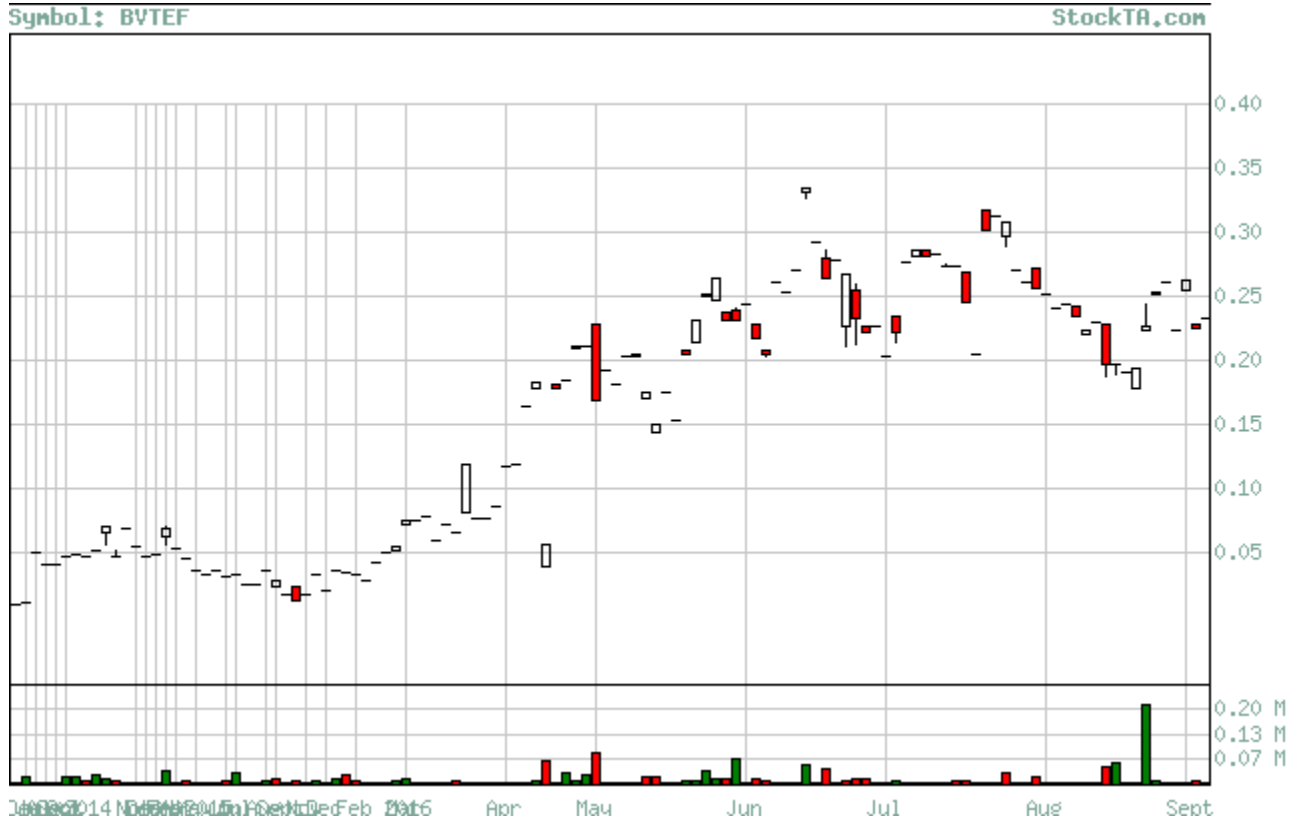
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The management and technical have had senior roles with some of the largest lithium projects around the globe. The Iconic approach is low cost exploration and production, and a shorter road to production.

We believe these shares could jump to \$0.80 as milestones are achieved. Peers that also own property adjacent to the Silver Peak property carry higher valuations than Iconic and that spread should dramatically narrow. Plus, the recently acquisitive nature of leader Albemarle (NYSE – ALB) seeking to add supply could make Iconic a takeover target as it nears a full production launch, especially considering the leverage gained by the geography. We rate these shares Speculative Buy.

RECENT TRADING HISTORY FOR ICONIC MINERALS LTD.

(Source: www.Stockta.com)





SENIOR ANALYST: ROBERT GOLDMAN

Rob Goldman founded Goldman Small Cap Research in 2009 and has over 20 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

ANALYST CERTIFICATION

I, Robert Goldman, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

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