

Grid Metals Corp. (TSXV:GRDM)

## Drilling Identifies Sub-Parallel Li-Bearing Dykes at Donner Lake

Exploration Update

January 18, 2023

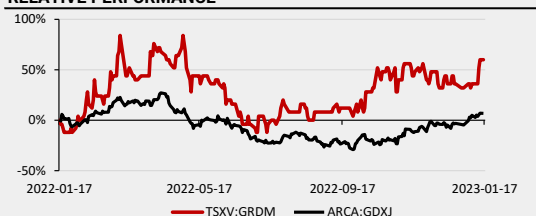
(Currency is CAD\$ unless noted otherwise)

Closing Price (C\$/sh)	\$0.19
Rating	BUY
Target (C\$/sh)	\$0.40
Return to Target	111%
NAV (C\$/sh)	\$0.54
P/NAV	0.35x
52 Week Low / High	\$0.10 / \$0.23
<b>CAPITALIZATION</b>	<b>Basic Diluted</b>
Shares Outstanding (M)	165.1 207.4
Market Capitalization (C\$M)	\$31.4
Enterprise Value (C\$M)	\$17.4
Cash and Cash Equivalents (C\$M)	\$14.0
Total Debt (C\$M)	\$0.1

### STOCK CHART



### RELATIVE PERFORMANCE



<b>NET ASSET VALUE</b>	<b>(C\$M)</b>	<b>(C\$/sh)</b>
East Bull Lake (PGM) (100%)	\$16.8	\$0.10
Makwa-Mayville (Ni-Cu-PGM-Co) (100%)	\$25.3	\$0.15
Falcon West (Li) (100%)	\$0.5	\$0.00
Donner Lake (Li) (75%)	\$27.8	\$0.17
Campus Creek (Li) (75%)	\$1.0	\$0.01
Equity Investments (100%)	\$3.3	\$0.02
Total Corporate Adjustments	\$14.0	\$0.08
<b>Corporate NAV</b>	<b>\$88.7</b>	<b>\$0.54</b>

### MAJOR SHAREHOLDERS

Management (2.82%), Lithium Royalty Corp. (8.46%), Mackenzie Financial Corporation (1.24%)

### DISCLOSURE CODE:

3,6

(Please refer to the disclosures listed on the back page)

Source: RCS, Company Information, S&P Capital IQ

### Company Description

Grid Metals Corp. is an exploration and development company currently focused on exploration and resource growth at its properties in Manitoba and Ontario. Grid Metals has a diversified portfolio of properties where it is actively exploring for Ni-Cu-PGM-Co, Pd and Li. The Makwa Mayville project, 145 km from Winnipeg, MB, has a significant NI 43-101 compliant resource of Ni-Cu-PGMs and a highly prospective Li property (Donner Lake). The company also has a 100% interest in the East Bull Lake PGM project, which covers 80% of the highly prospective East Bull Lake intrusion near Sudbury, Ontario. The company was formerly known as Mustang Minerals Corp. and changed its name to Grid Metals Corp. in June 2018. Grid Metals Corp. was incorporated in 1997 and is headquartered in Toronto, Canada.

### Impact: Positive

Grid Metals reported initial drill results from its 75%-owned Donner Lake Li property, located in southeastern Manitoba (Figure 1). Results from delineation drilling were reported for six holes that targeted the Main Dyke pegmatite and were in line with historical results. **We believe the identification of sub-parallel dykes in the hangingwall and footwall of the Main Dyke is encouraging and could potentially result in the delineation of more mineralization than originally contemplated.**

- **Drilling has covered a strike of 800m and vertical depth of 250m.** These six holes targeted the Main Dyke pegmatite and included the following highlight intercepts: 1) 1.4% Li<sub>2</sub>O over 9.5m, 2) 1.6% Li<sub>2</sub>O over 4.3m and 3) 1.7% Li<sub>2</sub>O over 3.4m (Figures 2 & 3). A total of 29 drill holes have been completed, with spodumene intersected in all drill holes. Assays from 23 holes remain pending. An important initial finding from the resource drilling along the Main Dyke trend is the recognition of multiple, sub-parallel pegmatite dykes. To date, three distinct Li-enriched pegmatite dykes have been identified ranging from ~1-10m in core width. We believe follow-up is warranted.
- **Two drill rigs are currently turning at Donner Lake** with the intention to complete >10,000m of drilling during the campaign (Figure 4), with the following objectives: 1) complete an initial phase of resource delineation at Donner – which would feed into an updated MRE, 2) testing the strike extensions of the Main and Northwest dykes, 3) testing the initial targets identified by the lithogeochemical program conducted on the property in 2022, and 4) testing other mapped Li-bearing pegmatites including the Southwest dykes.
- **Progress at Donner Lake continues.** The company plans to submit an advanced exploration permit from the Manitoba government to enable bulk samples to be collected by the end of Q1/23. Additionally, a drone magnetic survey is currently being flown to assist in the generation of new exploration targets. A metallurgical study is also in progress on samples from both the Main and Northwest Dyke.
- **Our mineral inventory estimate for Donner Lake (read more).** Based on historical and 2022 drilling completed by Grid, we calculate that the Main and Northwest Dykes could host a deposit containing ~4.0M tonnes at ~1.4% Li<sub>2</sub>O. This equates to ~139k tonnes of LCE. We value Grid's 75% interest in Donner Lake at C\$27.8M or C\$0.17/sh.

### Valuation:

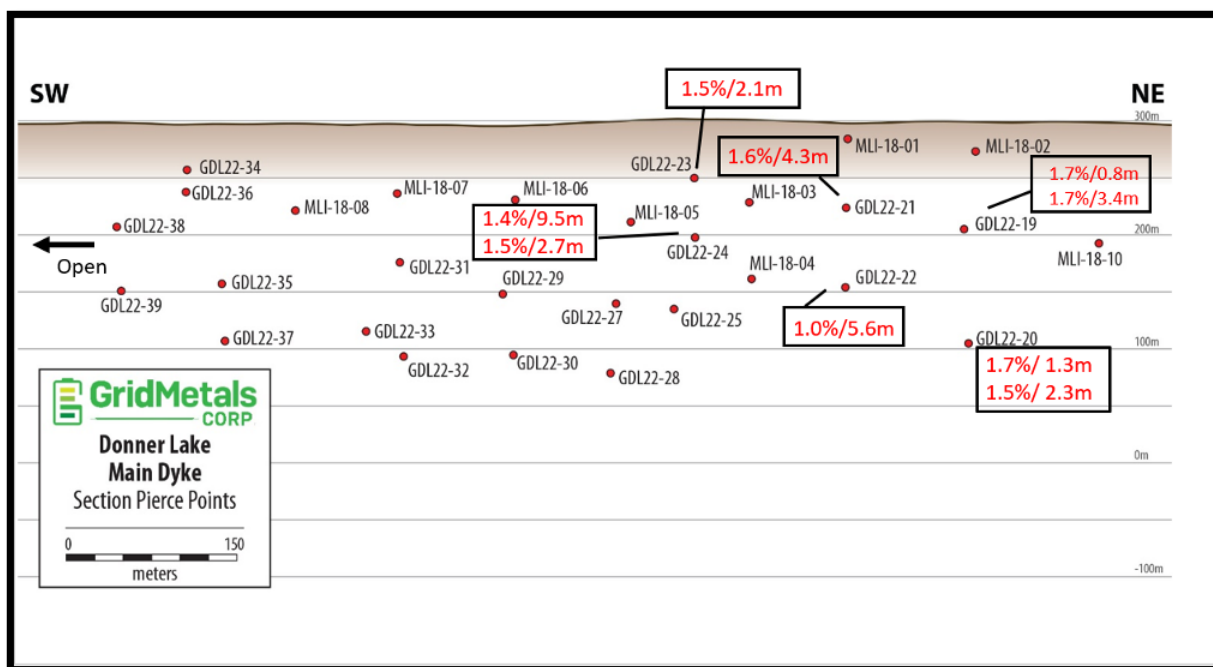
**We maintain our BUY rating and target price of C\$0.40/sh.** We previously updated our valuation to account for the 56M shares issued in Sep/22, the acquisition of Falcon West, and incorporated our mineral inventory estimate for Donner Lake. Our target price is based on 0.70x our sum-of-parts derived NAVPS estimate of \$0.54 (unchanged). **Upcoming catalysts:** 1) Drilling and an updated PEA at Makwa-Mayville (2023) and 2) Drill results and updated MRE for Donner Lake (H1/23).

Figure 1: Plan view of the Donner Lake pegmatite field



Source: Company Reports

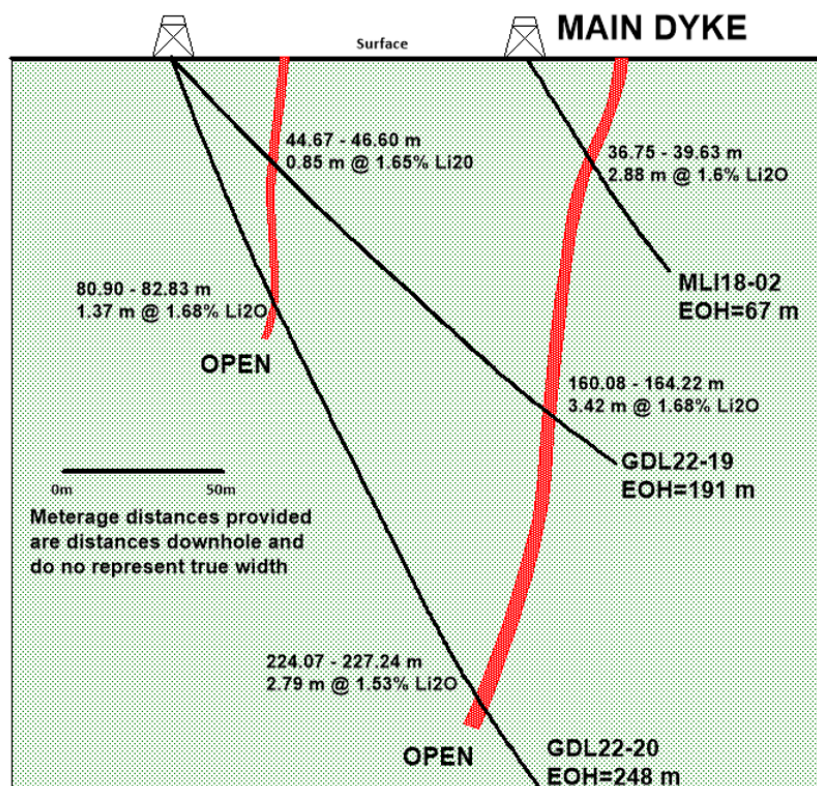
Figure 2: Long section of Main Dyke showing location of Main Dyke drill holes



Source: Company Reports

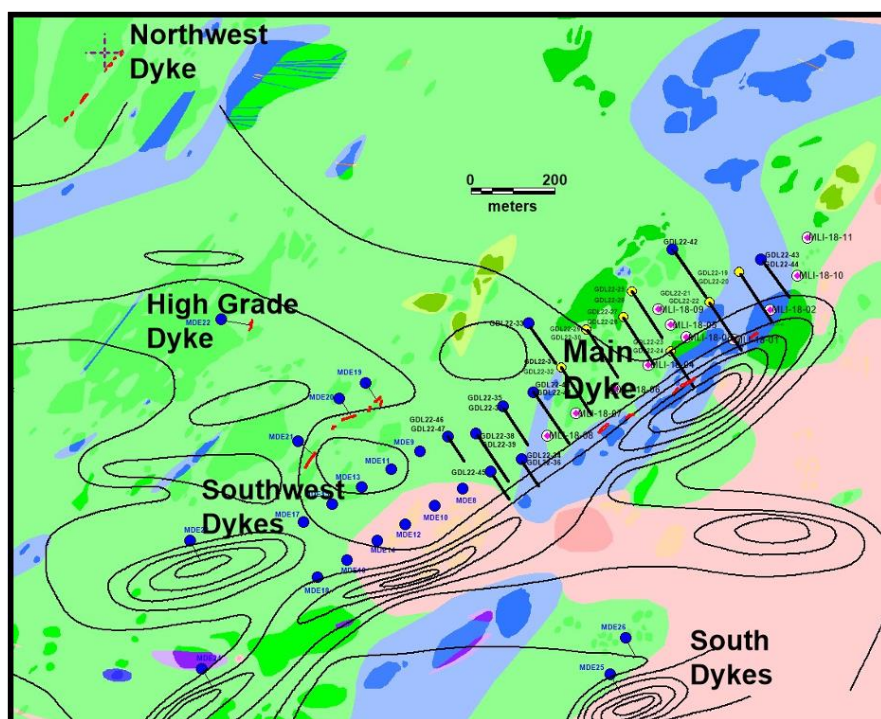


**Figure 3: Cross section showing steep dips of Li-enriched pegmatites intersected in holes GDL22-19 and GDL22-20**



Source: Company Reports

**Figure 4: Plan view map showing Li abundance contours reported in the Tanco lithogeochemical survey at Donner Lake**



Source: Company Reports



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Disclosure Statement

Updated January 17, 2023

Recommendation / Target Change			Red Cloud Securities has this percentage of its universe assigned as the following:	
Date	Rating	Target	Status	%
2021-01-29	NA	NA	BUY	68%
2021-02-18	BUY (S)	NA	BUY (S)	25%
2021-03-08	BUY (S)	NA	HOLD	0%
2021-03-12	BUY (S)	NA	TENDER	2%
2021-04-12	BUY (S)	NA	NA	2%
2021-05-06	BUY (S)	NA	UNDER REVIEW	2%
2021-05-10	BUY	0.60		
2021-06-18	BUY	0.60		
2021-06-29	BUY	0.60		
2021-07-15	BUY	0.60		
2021-08-24	BUY	0.60		
2021-09-15	BUY	0.60		
2021-10-06	BUY	0.60		
2021-10-13	BUY	0.40		
2021-10-21	BUY	0.40		
2021-11-18	BUY	0.40		
2022-01-17	BUY	0.40		
2022-01-28	BUY	0.40		
2022-03-07	BUY	0.40		
2022-03-14	BUY	0.40		
2022-04-06	BUY	0.40		
2022-04-27	BUY	0.40		
2022-06-08	BUY	0.40		
2022-07-29	BUY	0.40		
2022-11-14	BUY	0.40		
2023-01-10	BUY	0.40		

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Company Name	Ticker Symbol	Disclosures
Grid Metals Corp.	TSXV:GRDM	3,6

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