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### Analysts' Ideas of the Week – Vanadiumcorp Announces Resource Estimate

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#### Vanadiumcorp Announces Resource Estimate

On February 27, 2015, Vanadiumcorp Resource Inc. (TSXV: VRB) announced the receipt of their Lac Doré project's first NI 43-101 compliant resource estimate, which stated inferred resources of 111.93 Mt @ 0.42% V<sub>2</sub>O<sub>5</sub> on the Lac Doré East deposit. **We were pleased with the estimate as it is very close to the historic estimate of 102 Mt grading 0.49% V<sub>2</sub>O<sub>5</sub>.** Lac Dore East is estimated to represent half of the total project strike length of 3.5km. The estimate is based on an open-pit mining method, up to a maximum depth of 200m.

After a major change in the management team in 2013, the new management team, we believe, has been on track and is focused on advancing the company's two projects, namely the Lac Doré and the Iron-T projects in Quebec. Both projects are focused on vanadium mineralization but also contain significant amounts of titanium and iron. The projects have key strengths of being located in mining friendly Quebec, having infrastructure advantages, as well as geological similarities to currently producing vanadium mines found worldwide. The following map shows the location of the two projects.



*Source: Company*

The Iron-T vanadium/titanium/iron project, located in central Quebec near Matagami, Quebec, has an inferred resource estimate of 14.38 Mt with 0.77%  $V_2O_5$  equivalent.

The company raised \$1 million in August of last year, and has a reasonably healthy balance sheet.

**We are currently updating our fair value estimate based on the new resource estimate announced by the company. An update report will be published shortly.**



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### **Input Looks to Add Soybeans to Streaming Model**

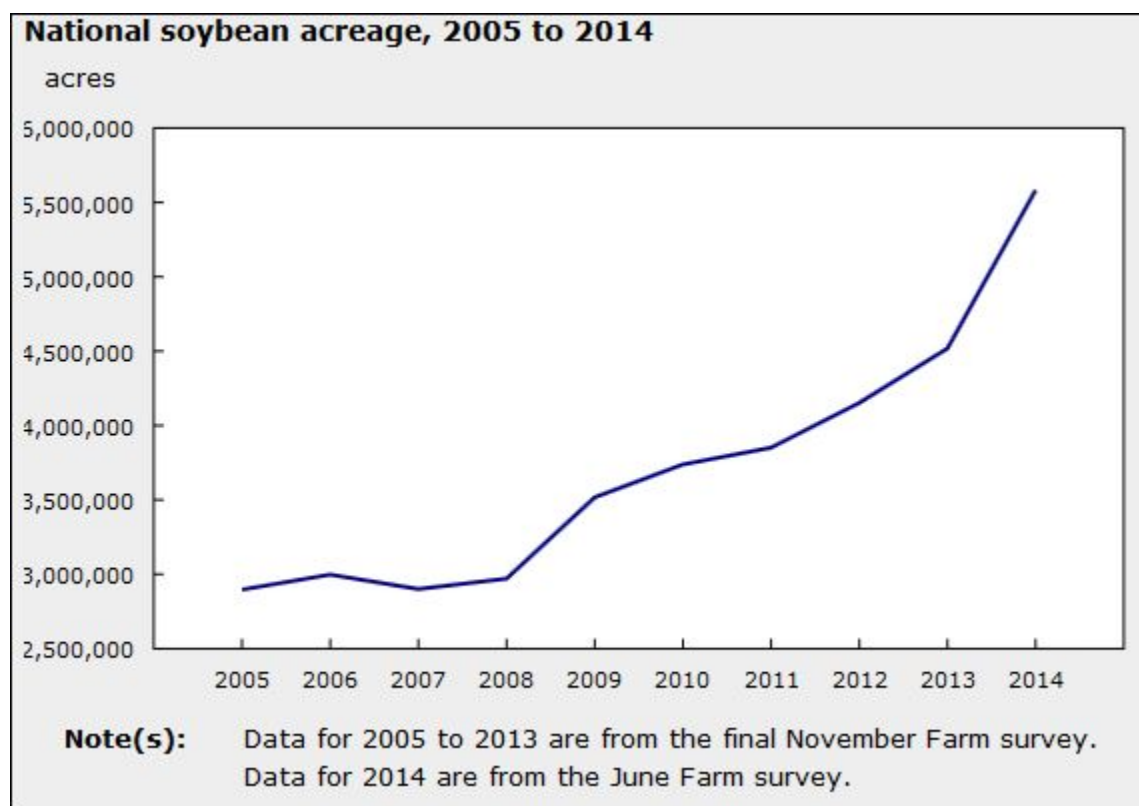
Input Capital (TSX-V: INP) announced last week that they would look into adding Soybean crops to their streaming model. They note farmers in Manitoba and Ontario have been requesting the service and it ties in well with their existing operations. We feel that adding an additional crop would be beneficial for Input. Soybean planted acreage has been quickly expanding.

Canola is the top revenue producing crop in Canada. Soybeans are fourth behind, wheat and corn. Over the last decade, Soybean growth in acres seeded has outperformed that of canola. Shown below is hectares seeded versus canola.

Seeded Area (Thousands of hectares)				
	2011	2012	2013	2014
Canola	7,684.70	8,911.70	8,069.80	8,225.20
Soy bean	1,558.80	1,680.40	1,869.20	2,251.00

*Source: Statistics Canada*

A chart showing the rapid increase of seeded acreage of soybeans since 2005 is shown below.



Source: Statistics Canada

The rapid increase in soybeans is due to improving yields. Soybeans are more durable and cost less to plant. Soybeans long-term average yield has been below that of canola. However, in recent years, yields have become comparable. Statistics Canada forecasts Soybean yields to be higher than canola for the 2015/2016 season. Soybean crops are also more durable than canola. They can withstand wet conditions and dry spells better. Although Soybeans fetch a lower price, the cost to farm Soybeans is much lower. Annual costs and revenue projections from the Manitoba government, and statistics Canada, for the 2015 harvest season, are shown below.

Costs in dollars per acre	Canola	Soybean
Yield (Tonne per hectare) 2015/2016F	1.92	2.86
Price per tonne 2015/2016F	\$430-\$480	\$370-\$410
Gross revenue (at midpoint price)	\$ 873.60	\$ 1,115.40
Operating costs per hectare (seed, fertilizer, crop insurance, herbicide etc.)	\$ 623.90	\$ 483.21
Operating profit	\$ 249.70	\$ 632.19

Source: Statistics Canada / Government Manitoba

Soybeans have a smaller area where they are grown. Manitoba, Ontario and Eastern Canada are the primary growing areas, compared to Alberta and Saskatchewan for Canola.



Source: Canadian Soybean Council

As shown by the increase in seeded acreage, many farmers are switching to soybean crops. We feel Input will benefit from adding soybean streams as it would diversify the location and increase the number of farms Input could target. With the significant amount of cash on hand, deployment of capital has been a focus for the company. We continue to maintain a positive outlook on Input, and expect strong revenue to be reported in Q4.

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