

June 4, 2010

Rock Tech Lithium Inc. (TSXV: RCK, Frankfurt: RJIA) – Initiating Coverage - Exploration of Lithium Property with Historic Resource of 9 MT @ 1.14% Li₂O

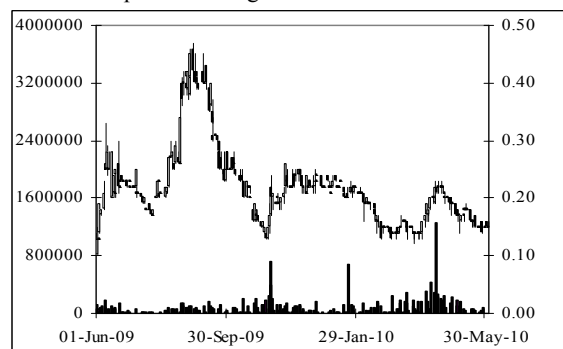
Sector/Industry: Junior Mining

www.rocktechresources.com

Market Data (as of June 3, 2010)

Current Price	CS\$0.15
Fair Value	CS\$0.30
Rating*	BUY
Risk*	5 (Highly Spec)
52 Week Range	CS\$0.12 - CS\$0.47
Shares O/S	31.93 mm
Market Cap	CS\$4.79 mm
Current Yield	N/A
P/E (forward)	N/A
P/B	1.23
YoY Return	-21.1%
YoY TSXV	33.4%

*see back of report for rating and risk definitions



Investment Highlights

- Rock Tech Lithium Inc. is a TSX Venture listed junior exploration company focused on exploring and potentially developing hard rock lithium resources in Ontario and Quebec.
- The 100% owned Georgia Lake lithium project located in northwestern Ontario has a historic resource estimate of 9 million tons grading 1.14% Li₂O. The project witnessed underground development including the sinking of a four compartment shaft in the 1950's, long before the current upswing in the lithium market.
- The 100% owned Kapiwak lithium project in James Bay, Quebec, shares a property boundary with the Lithium One Cyr project which is currently undergoing an assessment for resource estimation.

Risks

- Access to capital and share dilution.
- The company currently has no operating mines.
- The value of the company is dependent on the success of drilling as well as determination and expansion of favourable resource estimates.

Key Financial Data (FYE - Dec 31)

(C\$)	2008	2009	Q1-2010
Cash	295,526	97,413	520,206
Working Capital	601,262	(185,548)	445,141
Mineral Assets	2,932,486	3,973,524	3,991,629
Total Assets	3,588,769	4,132,027	4,611,484
Net Income	(2,808,814)	(2,815,481)	(356,072)
EPS	(0.33)	(0.19)	(0.01)

Note: An FRC analyst has visited RCK's property in the past 12 months; see the back of this report for additional disclosures

Rock Tech Lithium is currently focused on bringing the historic resource estimates at the Georgia Lake Lithium project to NI 43-101 standards. Historic resources total 9 million tons grading 1.14% Li₂O (Lithium Oxide). The property has experienced underground development including the sinking of a shaft in 1957; however, production was never initiated.

Company Overview

Rock Tech Lithium Inc. is a Vancouver, British Columbia based, TSX Venture listed, junior mining company focused on the exploration and development of its 100% owned lithium projects located in northwestern Ontario and northwestern Quebec. The company is also listed on the Frankfurt stock exchange under the symbol RJIA and the Pink Sheets under the symbol RCKTF.

The company's current focal point is the Georgia Lake lithium project located 145 kilometers northeast of Thunder Bay. The company's land package covers more than half of the 50 known lithium bearing occurrences in the area. The company plans on confirming the historic resource of over 9 million tons grading 1.14% Li_2O , and bringing it to 43-101 standards in a timely fashion as financing becomes available.

The company holds several other properties prospective for lithium, uranium, and other valuable metals such as vanadium, titanium, nickel, PGE's and iron. The Kapiwak property, located in the James Bay region of northwestern Quebec, shares its northern boundary with the Lithium One Inc. ("Lithium One" TSXV: LI) Cyr property where significant lithium mineralization has been identified. This report focuses largely on the Georgia Lake lithium project which was visited by us in May, 2010.

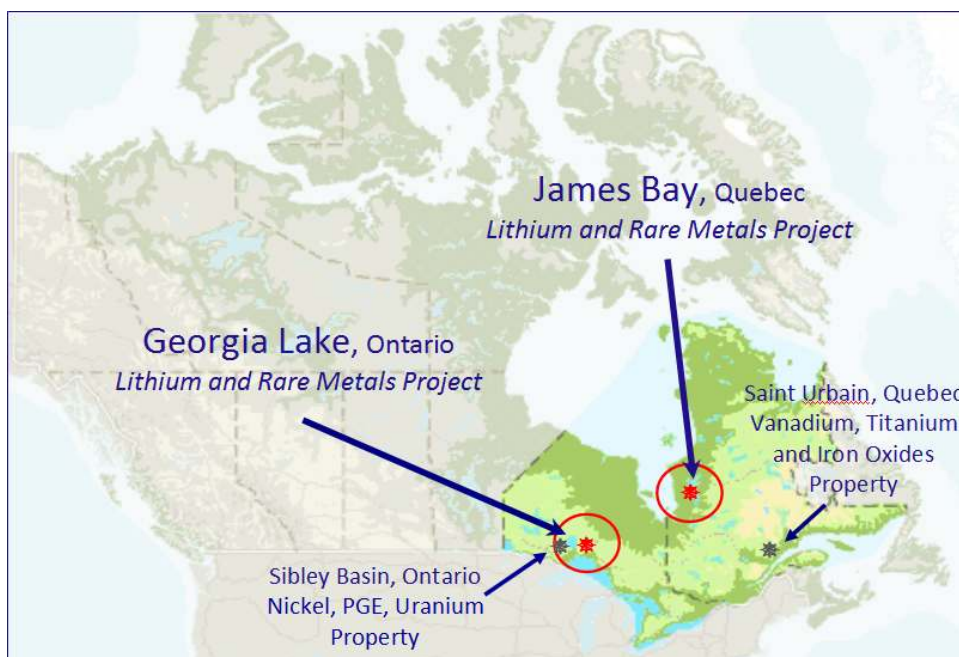


Figure 1: Rock Tech Lithium project locations. The company is focused on the politically safe jurisdictions of Ontario and Quebec. (Source: Company)

Company History

Originally formed under the name Gravity West Mining Corporation, the company was incorporated in the province of British Columbia and became an active gold and mineral exploration company in the State of Nevada in November 2004. On January 6, 2009, the company announced a proposed 10 for 1 share consolidation and a name change to Rock Tech Resources Inc. which was approved by the shareholders. More recently the company changed its name to Rock Tech Lithium Inc.

**Georgia Lake
Lithium**

Project Overview: The Georgia Lake Lithium project, located 145 kilometers northeast of Thunder Bay, Ontario, hosts multiple lithium bearing pegmatite deposits within four unconnected claim blocks. The company's land package witnessed substantial exploration in the 1950's and has a historic resource estimate of 9 million tons grading an average of 1.14% Li₂O*. Additionally, a shaft was sunk to a depth of 153 meters on one of the properties in 1957, but development never officially reached the production stage. The company is currently focused on bringing the historical resource to NI 43-101 standards.

The Project covers 25 of approximately 50 known lithium bearing occurrences within the Georgia Lake area. Many of the occurrences outcrop and mineralization is at or near surface. However, heavy glacial till may conceal potential outcrops and drilling may show additional mineralized lenses not visible at surface.



Figure 2: Clearly defined contact between the pegmatite dyke (R) and country rock at the Aumacho River outcrop. (Source: Fundamental Research Corp.)

**The historical resource estimate cited in this research report is taken from the Ontario Department of Mines Geological Report No. 31 titled, "Geology and Lithium Deposits of Georgia Lake Area", by E.G. Pye, 1965. The author of the report took resource estimates from the assessment reports filed by previous operators, and other available sources. FRC and Rock Tech Lithium Inc. believes that the estimate is relevant to an appraisal for the merits of the property because it was based on drilling, trenching and other exploration work in each claim block on the property. No additional recent data on resource estimates are available in the public domain. No additional work has been completed by a qualified person to classify the historical resource estimate as a current resource or reserve. FRC and Rock Tech Lithium Inc. are not treating the historical resource as a current mineral resource or reserve. The historical resource estimates should not be relied on and does not comply with NI 43-101 standards.*

Ownership: The company compiled the current land package in two steps, first acquiring eight historically explored claims (the “Original Claims”) and then by staking around the Original Claims consolidating the land package to four claims blocks. The Original Claims are composed of eight primary claim blocks all of which were subject to historic exploration and six of which contain a historic resource estimate. The eight blocks comprising the Original Claims are: Aumacho River, Conway, Jean Lake, McVittie, Nama Creek, Newkirk-Vegan, Foster-Lew and MNW.

The company originally obtained 23 mining claims and 61 mining leases (Original Claims, appearing in orange in Figure 3 below) in 2009, by acquiring 100% interest in James Bay Midarctic Developments Inc. from Lithium One Inc. for an aggregate of 6.3 million commons shares of the company. The additional claims were acquired in April 2010 through staking and the entire land package was consolidated into the current four claim blocks (Figure 3).

The claims staked in 2010 cover additional pegmatite dykes and lithium showings known in the Georgia Lake area. In total, the company holds 64 mining claims and an additional 61 mining leases covering a total of 11,481 hectares all within the Thunder Bay Mining District.

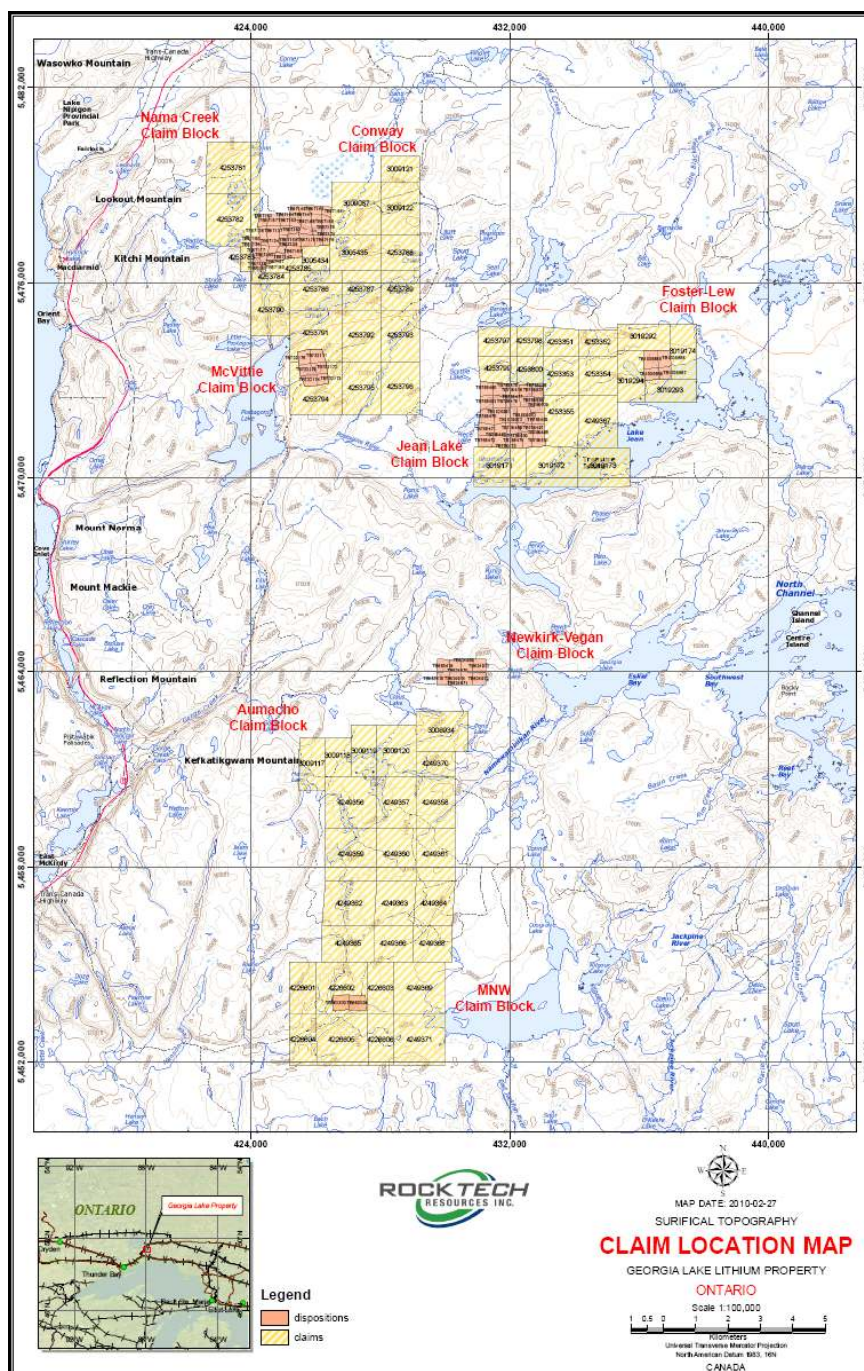


Figure 3: Claim blocks composing the Georgia Lake Lithium project. (Source: Company)

Location/Access/Infrastructure: The project sits approximately 145 kilometers northeast of Thunder Bay, Ontario. Many of the claim blocks are easily accessed via logging or service roads from Highway 11, an all weather road with access directly to Thunder Bay. Drill locations however are not entirely accessible by road, and for the most recent drill program, helicopters were utilized in the placement of drills at some locations. We would expect that helicopters will continue to be used for necessary applications until the project is at such a stage that development of additional access roads is necessary.



Figure 4: Location in respect to Thunder Bay (red 'X') of Georgia Lake Lithium properties.
(Source: Company)

History: As previously noted, the Original Claims have been subject to exploration in the past. In total, over 200 drill holes totaling approximately 33,000 meters have been completed on these claims (all drilling completed in the late 1950's):

Property	Historical Exploration
Aumacho River	Diamond drilling from Oct 1955 to April 1956 and in 1957
Conway	82 drill holes totaling 9,227 meters
Jean Lake	50 drill holes totaling 7,425 meters
McVittie	12 drill holes totaling 1,093 meters
Nama Creek	57 drill holes totaling 10,817 meters
Newkirk-Vegan	4,575 meters of diamond drilling exploring a dike for 600 meters strike length

Subsequent to the drilling on the properties and delineation of resources (see **Resource Estimate** below for additional information), the previous operators initiated the sinking of a vertical four compartment shaft to a depth of 153.3 meters. The shaft included stations at depths of 45.7 meters, 91.4 meters and 137.2 meters. Development was halted in 1957 due to a retraction in the lithium market, and up until the 2009 program on the property, no significant exploration has taken place.



*Figure 5: Surface development on the Nama Creek claim from ~1957.
(Source: Fundamental Research Corp.)*



*Figure 6: Surface development on the Nama Creek claim from ~1957.
(Source: Fundamental Research Corp.)*

Rock Tech Exploration: As part of its due diligence in evaluating the project, company geologists completed a field exploration program in the fall of 2009. Assay results from 14 of the total 23 surface samples taken averaged 2.12% Li_2O ranging from 1.16% Li_2O to 3.34% Li_2O .

Another surface sampling program completed in December 2009 returned Li_2O results of up to 7.22%. Additional elements that may prove to add further value to the project had average assay grades as follows:

- Beryllium – 1,326.1 ppm (28 samples), including a high of 35,400 ppm (3.54%)
- Cesium – 183.5 ppm (28 samples)

- Rubidium – 514.7 ppm (30 samples)

Also in December 2009, the company completed a 750 meter drill program that was initiated by Lithium One prior to vending the property to RCK. The program tested the Conway and Aumacho targets where historic resources have previously been identified.

Highlights of the program include 13.4 meters at 1.18% Li_2O (including 1.54% over 8.9 meters) and 1.31% Li_2O over 14.4 meters (including 1.62% over 10.5 meters). **We view the results as being positive as significant mineralization was intersected and historical drill data was partially corroborated.** At Conway, drill results were also positive for both rubidium and beryllium. Over the intersection 31.30 meters to 44.70 meters, Rubidium and beryllium averaged 960.6 g/t and 125.3 g/t, respectively. At Aumacho, drill results returned elevated grades of niobium, tantalum, cesium and rubidium.

Geology and Mineralization: The property is underlain by metasediments and metavolcanics of Archean age (i.e., the Canadian Shield). These rocks were later intruded by granites and genetically related sills and dykes with porphyritic, pegmatitic and aplitic characteristics. The pegmatite dykes bearing the mineral spodumene are the primary targets being investigated in this project.



*Figure 7: Pegmatite outcrop at the Aumacho River showing.
(Source: Fundamental Research Corp.)*



Figure 8: Large spodumene crystals at the Aumacho River showing. (Source: Fundamental Research Corp.)

The project itself covers 25 of the approximately 50 known lithium bearing occurrences within the Georgia Lake area. Many of the identified dykes outcrop and mineralization is at or near surface.

The area has been exposed to heavy glaciations, and as a result, the area is largely covered in glacial till (overburden) reducing the number of outcrops. Drilling may potentially identify additional dikes (or mineralized lenses) at depth in these areas that have not previously been observed or anticipated at surface.

Such is possibly already the case in hole 09-3, drilled in 2009, at the Aumacho showing. This hole intersected high grade mineralization in pegmatitic mineralization (2.02% Li_2O over 0.75 meters) over the interval of 43.95 meters to 44.7 meters down-hole. While standing at the site of the drill hole, we believe the previously identified dyke appeared to be situated much too far away and dipped at too steep an angle to be the source of mineralization.

In addition to spodumene, other important minerals that have been identified within the project area include beryl, columbite, molybdenite, amblygonite, apatite and bityite. These minerals further enhance the lithium and rare metals potential of the area. Figure 9 is potentially the mineral bityite based on the micaceous crystal habit and its existence as a yellowish mass of small crystals. In addition, various samples appeared as a hexagonal mass possibly due to bityite's close association with beryl after which it occasionally forms as a pseudomorph.



*Figure 9: The pegmatite showings host several other potentially valuable minerals.
(Source: Fundamental Research Corp.)*

Resource Estimate: The Georgia Lake project does not currently have a 43-101 compliant resource estimate.

However, a historical resource from exploration completed in the 1950's is provided below. The estimate is divided between the various Original Claims on which they were identified.

Property	Name of Occurrence	Historical Estimated Resource (Tons)	Average Lithium Content (%Li ₂ O)
Aumacho River	No. 1 (Brink)	759,475	1.65
	No. 5	96,000	1.5
Conway	Conway	1,830,000	0.96
Jean Lake	No. 4 (Parole)	1,689,000	1.3
McVittie	McVittie	261,000	1.03
Nama Creek	North Zone	2,784,000	1.11
	South Zone	1,508,332	0.96
Newkirk-Vegan	No. 2 (Newkirk)	75,000	1.38
Total		9,002,807	
Average Grade			1.14

Other Pegmatite Lithium Deposits

There are several pegmatite lithium deposits currently being explored in Canada including the company's own Kapiwak Lithium project in Quebec and the adjacent Cyr project being explored by Lithium One. Canada Lithium Corp. (TSXV: CLQ) holds the Quebec lithium

project in Quebec which has measured and indicated resources of 31.6 million tonnes grading 1.11% Li₂O and inferred resources of 38.9 million tonnes grading 1.12% Li₂O. Nemaska Exploration Inc. (TSXV: NMX) recently announced an initial resource for the Whabouchi deposit in the James Bay Region of Quebec stating measured and indicated resources of 9.8 million tonnes grading 1.63% Li₂O and inferred resources of 15.4 million tonnes grading 1.57% Li₂O.

Metallurgy: The company has yet to complete metallurgical testwork on project mineralization.

Current Status: The company is currently assessing any available historical data along with information gathered from the 2009 sampling and drilling programs.

Development Timeline: The company's plan is to bring the historical resource to NI 43-101 standards in a timely fashion based on the availability of capital.

The company will also pursue metallurgical testing building upon proven technologies to determine a potential method for producing lithium carbonate and may take a bulk sample during the summer exploration season.

Kapiwak Lithium

Property Summary: The Kapiwak Lithium property, situated in northwest Quebec in the James Bay region, is comprised of 123 map designated claims covering 6,433 hectares. The property benefits from location in terms of being positioned on the southern border of Lithium One's Cyr Lithium project (Figure 10).

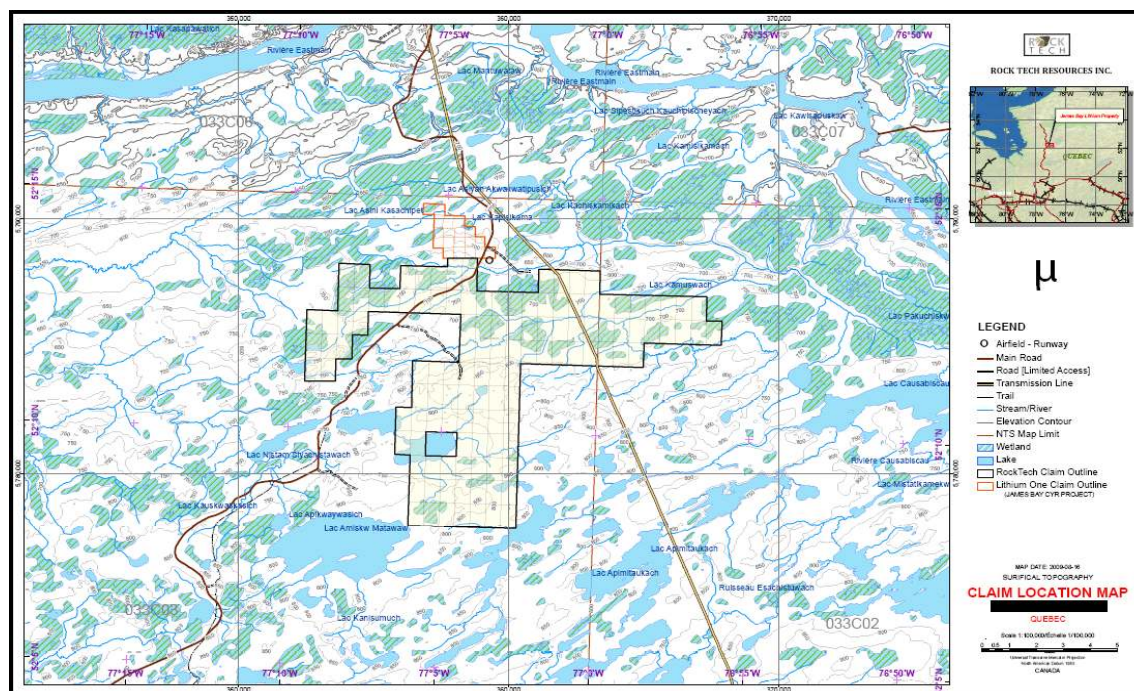


Figure 10: Claim location of the Kapiwak lithium property in northwest Quebec. The orange outlined claims belong to the Cyr project operated by Lithium One.

The Cyr project does not currently have a mineral resource; however, significant lithium bearing spodumene mineralization has been identified in several dyke swarms throughout the property. Highlight drill intersections on the Lithium One Cyr project include 64.0 meters of 1.65% Li₂O and 57.9 meters of 1.66% Li₂O. The company's land is considered to be prospective for similar spodumene bearing pegmatites; **baseline exploration in 2009 included surface sampling which returned an average grade of 1.47% Li₂O**

The property is accessed by the paved Matagami-Radisson James Bay Road which cuts through the property in a north south direction. The property is also bisected by Hydro Quebec power lines which proved access to additional parts of the property. A camp operated by the James Bay Economic Development Group is located close to the property and supplies power, water, food, lodging and fuel services.

Management

Eunho Lee – President, Chief Executive Officer, Director

Mr. Lee is experienced in corporate development, management, administration, marketing and finance, strategic planning, and project management having held these responsibilities for numerous junior public exploration companies. He has over 15 years experience as a senior manager and director in trade and brand marketing in the tobacco industry, working in both domestic and international markets. Mr. Lee is responsible for the day-to-day management of all corporate affairs.

Afzaal Pirzada P.Geo – Vice President of Exploration, Director

Mr. Pirzada has over 20 years of experience working in mineral exploration and mining in Canada and internationally. He holds a M.Sc. degree in Geology and is registered as a Professional Geologist in British Columbia, Northwest Territories and Nunavut. Before joining Rock Tech, Mr. Pirzada was the Project Manager of Adriana Resources Inc.'s Bear Valley Uranium and MIE Copper-Nickel-PGE projects. His experience includes 20 years with Atomic Energy Minerals Centre Pakistan where he was responsible for uranium exploration in sandstone type deposits. During his professional career, he has carried out acquisition related review of over 100 mineral exploration and mining projects, co-authored two volumes on uranium resource potential, five research publications and more than 25 reports on mineral deposits and exploration. Mr. Pirzada is a Qualified Person under National Instrument 43-101 and is responsible for all aspects of Rock Tech's exploration work. He has been a Director of the Company since May 2008.

Geoffrey Carter – Chairman of the Board, Director

Geoff Carter was appointed Director of Rock Tech Resources Inc. in December 2009. A principal of Broad Oak Associates who graduated with an Honours Bachelor of Science (1968) degree in Mining Engineering from University of Wales, University College Cardiff, South Wales, United Kingdom in 1968, Mr. Carter is a member of the Professional Engineering Association of Manitoba, and a Professional Engineer in Ontario. He has practiced his profession for nearly 40 years.

Mr. Carter's experience includes a 15 year assignment as Mine Engineer with Anglo American Corporation from 1968-1983, General Mine Foreman at Hudson Bay Mining and Smelting Limited, and Vice President Operations for Inspiration Coal where he was

responsible for bringing mining projects into full production. Mr. Carter also served as a Mining Analyst and Corporate Finance Advisor, at Midland Doherty from 1983-1990.

Since 1990, Mr. Carter has been involved in independent research, due diligence reports, NI 43-101 reports and valuations, as well as general corporate advice and assistance to the mining industry. Most recently, Mr. Carter was the author of Lithium One's NI43-101 report for their Cyr lithium project that borders on Rock Tech's Kapiwak lithium project in the James Bay area of Quebec.

Chuck Jenkins – Chief Financial Officer

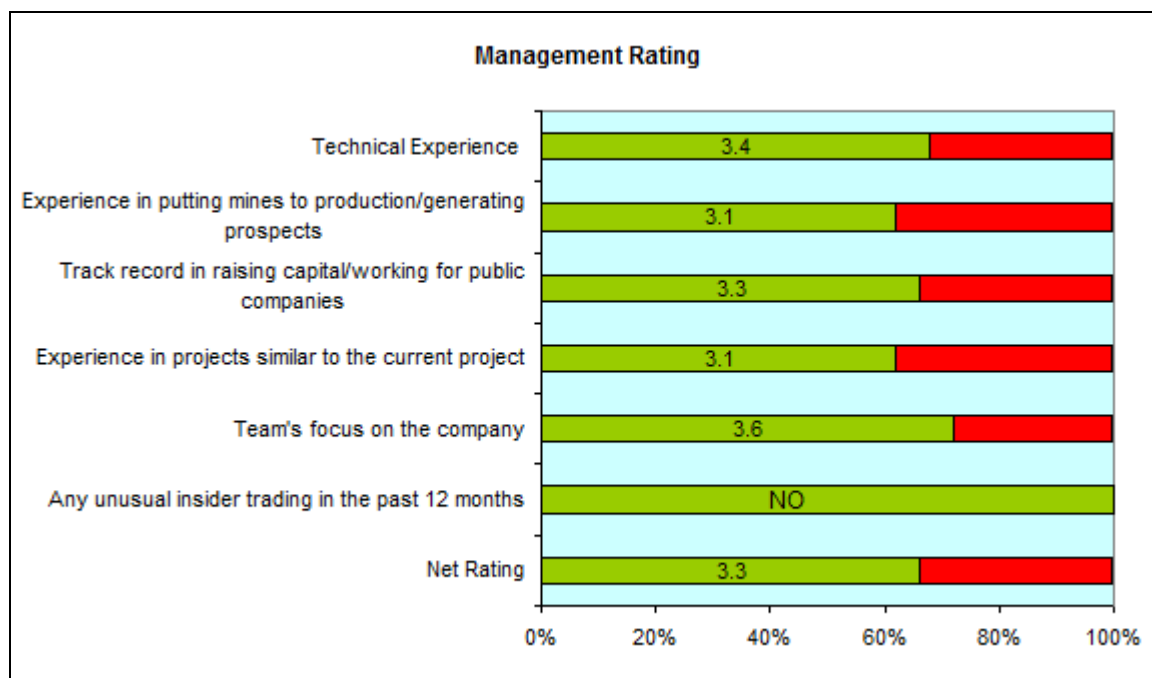
Mr. Jenkins has held senior financial positions with publicly-traded companies including Oromex Resources Inc., White Mountain Titanium Corporation and Aurcana Corporation. He has also worked in a corporate finance and regulatory compliance capacity with three leading brokerage firms and served with the British Columbia Securities Commission. Mr. Jenkins obtained his BA in 1977 and has held his CGA designation since 1983.

John Anderson - Director

John Anderson was originally appointed to the Board of Directors in June 2009 and was reappointed as Director in April 2010 by the shareholders of Rock Tech. Mr. Anderson holds a Bachelor of Arts from the University of Western Ontario and is the co-founder of Aquastone Capital Advisors LP, a US-based gold investment fund. With over 15 years experience in the capital markets, Mr. Anderson's specialty is identifying undervalued opportunities in the resource industry and investing capital into these situations. He has played a significant role in a number of successful reorganization and restructuring situations, providing financing, investor relations and corporate development services. Mr. Anderson is currently a director of a number of public companies.

Management Rating

We believe that one of the most important aspects of a junior mining company is its management. Therefore, we have developed a management rating system as a quantitative way to rate management based on a number of factors, including technical experience, the ability to raise financing, and management's time commitment to the company. We also analyzed trading records to identify for evidence of unusual trading by management. **Our net rating for Rock Tech Lithium (see below) is 3.3 out of 5.0, which we have rated average.**



Strength of Board

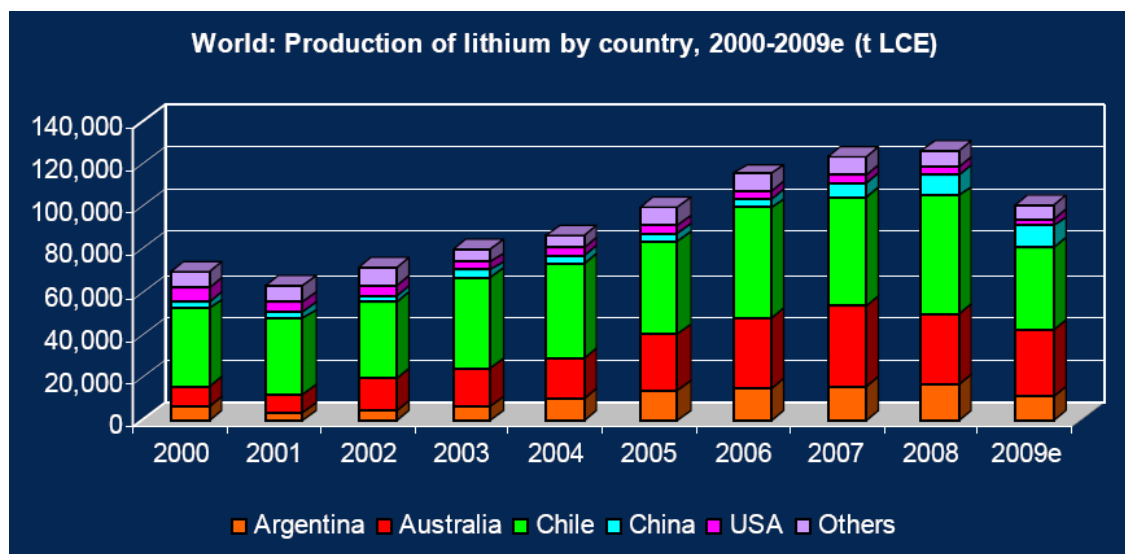
We believe that the Board of Directors of a company should include independent or unrelated directors who are free of any relationships or business that could materially interfere with the director's ability to act in the best interest of the company. An unrelated/independent director can be a shareholder.

In this section, we present our strength of board rating for Rock Tech Lithium, which uses information available from the company's annual "Management Information Circular" to ensure that the company has an independent Board of Directors, Audit Committee and Compensation Committee.

Rock Tech Lithium's Board of Directors is made up of four individuals: Afzaal Pirzada, Geoffrey Carter, John Anderson, and Eunho Lee. None of the directors have filed for personal bankruptcy. Geoffrey Carter, Afzaal Pirzada and Eunho Lee hold shares in the company. John Anderson and Geoffrey Carter are the independent directors. The related/non-independent directors are Eunho Lee and Afzaal Pirzada as they are executive officers of the company. The Audit Committee is composed of John Anderson, Geoffrey Carter and Eunho Lee.

Outlook on Lithium

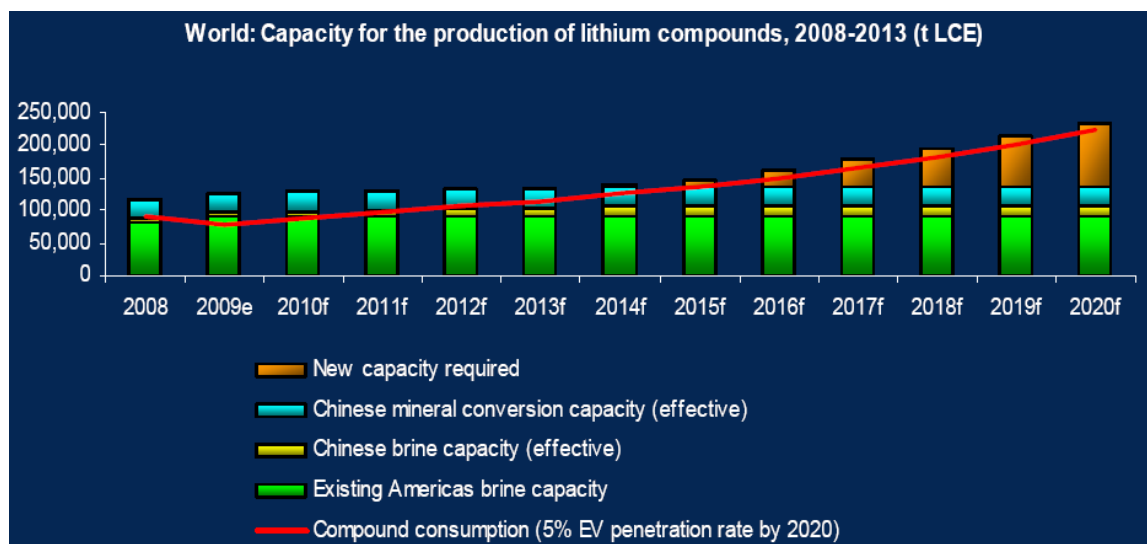
In 2008, total world production of lithium reached 120,000t LCE (lithium carbonate equivalent), compared to 68,700t in 2000. The growth in output was primarily from Argentina, Australia, and Chile. Production from these three countries accounted for 82% of total lithium production in the world. Production is expected to have dropped by about less than 10% YOY in 2009 as shown in the following chart.



(Source: Roskill Consulting)

Lithium demand growth has been driven by the strong growth in rechargeable batteries for portable consumer electronics. According to Roskill Consulting, production of lithium secondary batteries increased at a rate of 25% per annum between 2000 and 2007. With the introduction of electric cars, we expect lithium demand for batteries (which accounts for 20% of overall consumption) to stay strong going forward.

In order to meet the growing demand for lithium from electric vehicles and rechargeable batteries, the lithium market requires additional new capacity from 2015 and beyond, as shown in the following chart.



(Source: Roskill Consulting)

The expected growth in demand, and the need for additional supply from 2015+, we believe, will be the primary drivers of lithium going forward.

Financials

At the end of Q1-2010 (ended March 2010), the company had \$0.52 million in cash. Working capital was \$0.45 million. The company reported a net loss of \$0.36 million (EPS: -\$0.01) in the first three months of FY2010. We estimate the company had a burn rate (spending on operations and exploration) of \$0.16 million per month in Q1- 2010, versus \$0.09 million in FY2009 (12 month period). The table below shows a summary of the company's cash and liquidity position.

(in C\$)	2008	2009	Q1-2010
Working Capital	601,262	(185,548)	445,141
Current Ratio	15.76	0.44	3.76
Monthly Burn Rate (incl. exploration)	(182,527)	(85,263)	(157,791)
Cash from Financing Activities	488,365	825,889	896,166
LT Debt / Assets	-	-	-

We estimate the company has sufficient cash on hand for the next 3 to 4 months, after which, the company will have to raise capital to fund its operations.

Stock Options and Warrants: At the end of March 2010, the company had 1.54 million stock options and 14.26 million warrants outstanding. None of the stock option and warrant is currently in the money.

Valuation & Rating

We valued the Georgia Lake project based on the average enterprise value (EV) to resource ratio of its peers. We have discounted RCK's resources by 50%, as we typically do for historic resource estimates.

	Company	SYM	Price	EV / Resources (Li lbs)
1	Lithium One	TSXV: LI	\$1.40	\$0.57
2	Western Lithium	TSXV: WLC	\$1.23	\$0.11
3	Pan American Lithium	TSXV: PL	\$0.28	\$0.09
4	First Lithium	TSXV: MCI	\$0.08	\$0.06
5	Nemaska Exploration Inc	TSXV: NMX	\$0.48	\$0.06
	Average EV / Resources¹			\$0.12
	Fair Value of Georgia Lake (\$)			\$0.20

1. Discounted LI's EV/resource ratio by 50% as it is an outlier

* Resources include all measured and indicated, and half of inferred and historical resources

Based on a peer average EV/resource ratio of \$0.12/lb, we estimate the fair value of RCK's Georgia Lake project is \$0.20 per share.

Adding working capital and the book value of RCK's other projects, we arrived at a fair value of \$0.28 per share on the company.

Valuation Summary	
Georgia Lake Project	\$0.202
Book Value of Other Projects	\$0.066
Working Capital	\$0.009
Fair Value	\$0.277

Georgia Lake Project	\$0.202
Book Value of Other Projects	\$0.066
Working Capital	\$0.009

Fair Value	\$0.277
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We initiate coverage on Rock Tech with a BUY rating and a fair value of \$0.30 per share.

Risks

The following risks, though not exhaustive, may cause our estimates to differ from actual results:

- The company currently has no operating mines.
- The value of the company is dependent on the success of drilling and the determination and expansion of favourable resource estimates.
- Access to capital and share dilution.

We rate the company's shares a RISK 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.**Disclaimers and Disclosure**

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