

Analysts' Ideas of the Week – Positive Initial Drilling Results from Monarques

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Positive Initial Drilling Results from Monarques

On March 26, 2015, Monarques Gold Corp. (TSXV: MQR) announced the initial results of its Phase 1 drilling program completed on March 17, 2015. Phase 1 included 12 holes totaling 3,984 m. Results from five holes were announced.

The following table shows a summary of the results. “VG” indicates visible gold.

Hole #	Section	Dip	From (m)	To (m)	Length (m)	Au (g/t)	
CR-15-421	0-E	-69	272	275	3	16.01	
Including			272	273	1	34.64	VG
and			274	275	1	12.87	VG
CR-15-423	750-O	-70	300	301	1	1.00	
			326	327	1	0.92	
CR-15-425	690-O	-68	277	278	1	2.05	
CR-15-428	680-O	-68	179	181	3	9.31	
			203	204	1	6.7	
			211	212	1	4.19	
			215	218	3	2.06	



Source: Monarques Gold

Hole CR-15-421 returned the best results with 16.01 gpt over 3m, including 34.64 gpt over 1m. CR-15-428 returned 9.31 gpt over 3 m. **We see these results as highly encouraging as they have increased the potential for increasing the project's indicated and inferred resources.**

The primary goal of the program is to increase the resource estimate in the known zones, and evaluate untested areas. The program is expected to consist of 13,000 m, split in three phases.

- Phase 1 (commenced) will consist of 200 m of drilling in 10 holes, 250 to 350 metres deep.
- Phase 2, which is expected to be conducted in May/June, will consist of 7,000 m, and is expected to cover a wider portion of the deposit.
- Phase 3, which is expected to be conducted in September, will test a few of the historical promising showings on the property, outside the mining lease.

The company had announced positive prefeasibility study ("PFS") results in October 2014. At the end of 2014, the company had \$2.46 million in cash. Working capital was \$2.04 million. As the project can be put into production with a relatively low CAPEX, and quicker time frame, we believe the company should be able to arrange a JV partnership or financing shortly. We maintain our BUY rating and fair value estimate of \$0.50 per share (Risk 5: Highly Speculative) on MQR's shares.



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Canola Council of Canada 2025 targets

The Canola Council of Canada (“CCC”) released their 2014 annual report a few weeks ago discussing 2014, and gives targets for the canola industry into 2025. We feel that the targets are encouraging for Input Capital (TSX-V: INP) as the CCC looks to grow the Canola Industry. Input Capital provides financing to canola farmers through canola streams and recently hit a 52 week high of \$3.06 on March 27.

The chart below outlines the 2014 results and the CCC’s 2025 targets. They estimate canola production will increase to 26 million tonnes from 15.6 million tonnes in 2014. Seeded acreage is estimated to increase by 10%, but the yield per acre is anticipated to rise substantially to 52 bushels an acre.

	2014 Results	2025 Target
Exported Seed	9.7 MMT	12 MMT
Domestic Processing	7 MMT	14 MMT
Acres	20 million	22 million
Yield	31.5 bu/acre	52 bu/acre
Production	15.6 MMT	26 MMT
High Oleic and Specialty Oil	11% of canola acres*	33% of canola acres
Oil Content (average of No. 1 grade)	44.5%	Maintain global competitiveness in oil content (10 yr average = 44.2%)
Saturated Fat Content	7%	Global leadership position in oil saturated fat content
Meal Crude Protein Content (oil-free basis)	39.6% (10 yr average = 39.9%)	Increase protein availability by target species

Source: Canola Council of Canada

Yield performance is a significant factor for the Industry and Input. There is limited remaining farmland in Canada that is not yet being farmed. In order to increase production, and grow canola production, gains need to

come from higher yields. CCC is projecting large increases in canola production through technology. They estimate that harvest management, pest control, fertility management, and genetic improvements, can improve the yield to 52 bushels per acre.

Another highlight of the report is the work the CCC is doing to expand Canola throughout the globe. The report notes the CCC were in 13 trade discussions trying to improve the access of Canadian canola internationally. They have also taken significant steps to expand canola to China, which they see as their number one target market. These steps include developing a mandarin language website and educating users on the differences between canola and rapeseed, and expanding trade relationships.

We feel that production of canola in Canada will continue to improve and anticipate a healthy demand for canola. We continue to maintain a positive outlook on Input Capital.

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