

Analyst Ideas of the Week – Gold Junior Reports Good Grades Over Long Intervals

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Sid Rajeev, B.Tech, MBA, CFA
Head of Research

Company Name:	Ticker Symbol	Current Share Price:	FRC Fair Value Estimate:	Date of PR:
Aton Resources Inc.	TSXV: AAN	\$0.06	\$0.13	Jan 3-2019
PR Content		FRC Opinion		
<p>Announced seven RC holes at Rodruin in Egypt. Key results included:</p> <ul style="list-style-type: none"> ➤ 47m @ 1.72 g/t Au from surface, and 11m @ 5.20g/t Au and 23.0 g/t Ag from 59m depth ➤ 40m @ 1.30 g/t Au and 13.5 g/t Ag from surface ➤ 40m @ 0.64 g/t Au from 11m ➤ 34m @ 2.00 g/t Au from 10m ➤ 31m @ 2.45 g/t Au and 12.5 g/t Ag from 2m depth 		<p>Positive – We were pleased with the results as all seven holes intersected gold mineralisation. These results continue to increase the probability of delineating a large bulk minable near-surface gold resource. The company is planning phase II RC drilling at Rodruin, as well as a drill program on a few of the 17 exploration targets on the property. We believe an initial resource estimate on Rodruin will likely be larger than the already existing NI 43-101 compliant inferred resource of 341 Koz and an indicated resource of 137 Koz at Hamama West.</p>		



Anthony De Ruijter, B.A. (econ)
Analyst

Company Name	Ticker Symbol	Current Share Price	FRC Fair Value Estimate	Date of PR
DataMetrex AI Ltd.	TSXV: DM	\$0.04	\$0.23	Jan-7-2019

PR Content	FRC Opinion
<p>The company announced that it intended to complete a non-brokered private placement for up to 30 million units at \$0.05 per unit, comprising a single common share and a warrant exercisable at \$0.08 per share. This represents gross proceeds of \$1.50 million if completed. The company also may raise an additional 6 million units at their discretion. Note that at the time of the announcement, the company’s stock price was \$0.05.</p>	<p>Neutral: The raise can now be considered accretive given the current market price, which is below the price of the raise. However, an increase in shares outstanding will likely impact our fair value estimate.</p>

Company Name:	Ticker Symbol	Current Share Price:	FRC Fair Value Estimate:	Date of PR:
RavenQuest BioMed Inc.	CSE: RQB	\$0.59	\$2.09	Jan-3-2019
PR Content		FRC Opinion		
<p>RavenQuest announced that it has acquired 51% of 1 Life Cannabis Corp., an Abbotsford, B.C. based company that intends to build-out a small-scale craft cannabis production facility. The acquisition is largely nominal, as RavenQuest will acquire the 51% ownership for total consideration of \$1, with 1 Life retaining the option to repurchase the ownership interest in return for ongoing royalties equal to 15% of gross revenue from the future facility, which will be paid to the company.</p>		<p>Neutral: The acquisition is in its early stages, and it is not clear which party will take on the burden of financing Life 1’s facility build-out. If the burden falls upon RavenQuest, it may be an uneconomic deal, given that Life 1 may repurchase the ownership interest for such a nominal amount.</p>		

Company Name:	Ticker Symbol	Current Share Price:	FRC Fair Value Estimate:	Date of PR:
The Green Organic Dutchman Holdings Ltd.	TSX: TGOD	\$2.55	\$9.20	Jan-3-2019
PR Content		FRC Opinion		
<p>The company announced that it has signed a royalty-bearing commercial sublicense with EnWave Corp. (TSXV:ENW) and Tilray Inc. (NASDAQ: TLRY). The license pertains to a dehydration technology developed by EnWave, with whom Tilray maintains an exclusivity agreement. TGOD has submitted a purchase order to EnWave for a large-scale 60 KW commercial dehydration machine to be used upon initiation of organic cannabis production at their Canadian facilities.</p>		<p>Neutral: The economic terms of the agreement, including the royalty to be paid to EnWave and Tilray, was undisclosed. As a result, the economic benefits and drawbacks to this licensing agreement are uncertain. TGOD will need to prepare their facilities to optimize organic cannabis production, and the move indicates that the company is gearing up for the nearing production start.</p>		

Cannabis Provincial Pricing Update

The below table summarizes provincial cannabis pricing across Canada as of January 7, 2019:

Province (As of 07/01/2019)	Average Price per Gram	Average Price THC per Gram	Average Price per Gram CBD	# of Products	Min. Price	Max. Price
B.C.*	\$ 11.05	\$ 11.23	\$ 10.09	131	\$ 7.23	\$ 17.91
Ontario	\$ 11.83	\$ 11.98	\$ 10.98	73	\$ 8.10	\$ 17.25
Quebec*	\$ 9.32	\$ 9.15	\$ 10.01	46	\$ 7.11	\$ 12.46
Alberta*	\$ 12.80	\$ 12.70	\$ 13.69	53	\$ 9.43	\$ 17.60
N.B.	\$ 12.39	\$ 12.38	\$ 12.51	48	\$ 8.99	\$ 15.50
P.E.I.*	\$ 12.01	\$ 12.21	\$ 10.59	65	\$ 8.13	\$ 13.03
Newfoundland*	\$ 10.00	\$ 10.25	\$ 8.43	50	\$ 6.60	\$ 14.29
Yukon*	\$ 14.44	\$ 14.71	\$ 12.65	23	\$ 10.52	\$ 21.73
Nunavut*	\$ 13.31	\$ 14.61	\$ 9.43	4	\$ 9.43	\$ 15.71
Northwest Territories*	\$ 14.44	\$ 14.44		3	\$ 14.44	\$ 16.93
CANADA (Excluding SK, MB, NS, NWT)	\$ 12.16	\$ 12.36	\$ 10.93			

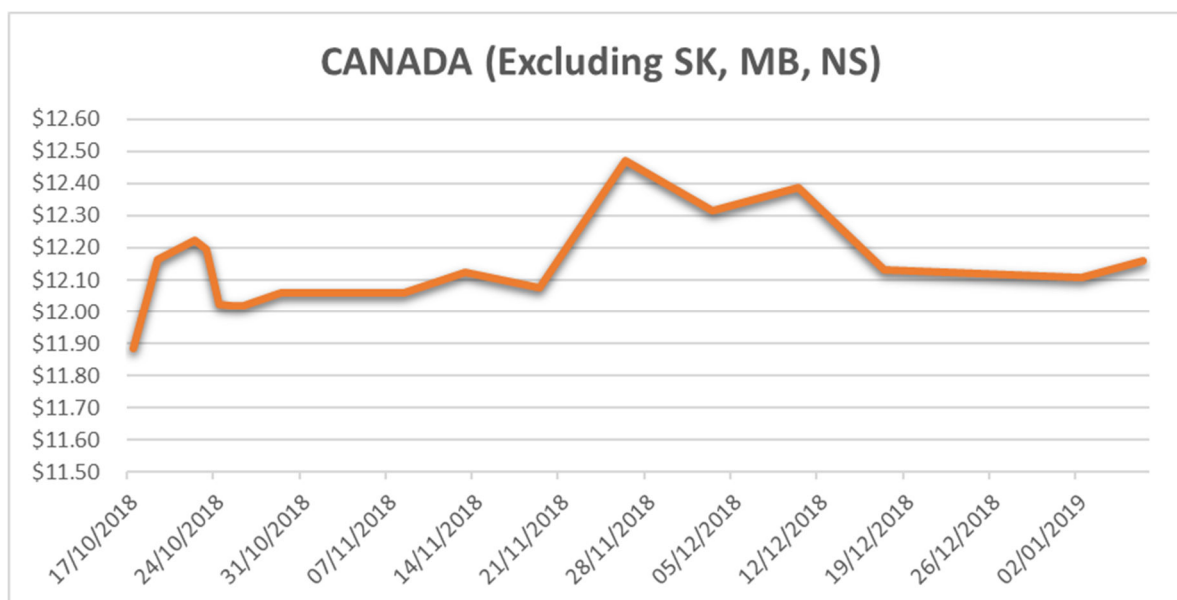
Source: FRC, Online Provincial Cannabis Stores

It would appear that most online stores have stocked their shelves, with the exception of the Alberta webstore. Pricing appears to have increased slightly upwards, but the change is minor. The table below outlines pricing summary in our last AIW.

Province (As of 02/01/2019)	Average Price per Gram	Average Price THC per Gram	Average Price per Gram CBD	# of Products	Min. Price	Max. Price
B.C.*	\$ 11.02	\$ 11.14	\$ 10.39	130	\$ 7.23	\$ 17.91
Ontario	\$ 12.34	\$ 12.54	\$ 11.32	63	\$ 8.10	\$ 17.25
Quebec*	\$ 9.42	\$ 9.23	\$ 10.27	43	\$ 7.11	\$ 12.46
Alberta*	\$ 12.76	\$ 12.63	\$ 14.17	62	\$ 9.43	\$ 17.60
N.B.	\$ 12.86	\$ 12.78	\$ 13.51	36	\$ 8.99	\$ 15.50
P.E.I.*	\$ 10.47	\$ 10.45	\$ 10.59	61	\$ 8.13	\$ 13.03
Newfoundland*	\$ 10.02	\$ 10.28	\$ 8.43	49	\$ 6.60	\$ 14.29
Yukon*	\$ 14.44	\$ 14.71	\$ 12.65	23	\$ 10.52	\$ 21.73
Nunavut*	\$ 13.31	\$ 14.61	\$ 9.43	4	\$ 9.43	\$ 15.71
Northwest Territories*	\$ 14.44	\$ 14.44		3	\$ 14.44	\$ 16.93
CANADA (Excluding SK, MB, NS)	\$ 12.11	\$ 12.28	\$ 11.20			

Source: FRC, Online Provincial Cannabis Stores

The below chart shows average price per gram nationwide since we began price coverage:



Source: FRC, Online Provincial Cannabis Stores

The data shown below is based on crowd sourced submissions on self-reported expenditures on cannabis. Furthermore, we have sorted the data to include only legal purchases of cannabis, as the pricing survey allows respondents to report pricing for black market cannabis as well as legal cannabis. The price has diminished slightly from the last reported average price of \$10.67 per gram.

Cannabis Pricing (Legal Purchases Only)	31/12/2018
B.C.*	\$ 9.77
Ontario	\$ 10.31
Quebec*	\$ 7.86
Alberta*	\$ 10.21
N.B.	\$ 11.05
P.E.I.*	\$ 11.43
Newfoundland*	\$ 10.57
Yukon*	
Nunavut*	
Northwest Territories*	\$ 13.62
SK	\$ 10.03
MB	\$ 10.25
NS	\$ 10.93
CANADA (Excluding YT, NU)	\$ 10.55

Source: Statistics Canada

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