

### Analyst Ideas of the Week – Disruptive Tech Co Announces \$10M Financing to Acquire U.S. Manufacturer

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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:
Kootenay Silver Inc.	TSXV: KTN	\$0.14	\$0.62	March-13-2019

PR Content	FRC Opinion
<p>Announced positive metallurgical test-work on the Cervantes property in Sonora, Mexico, which is optioned to Aztec Minerals (TSXV: AZT). Aztec has an option to acquire a 100% interest.</p> <p>KTN also announced the closing of its final tranche related to its previously announced \$7 million financing. The original plan was to raise just \$2.5 million.</p>	<p><b>Positive</b> – As mentioned in our note last week, the strong appetite for KTN’s financing is highly encouraging. The company’s primary focus this year will be on its newly acquired Columba property (also in Chihuahua) - a historic producer of high-grade silver. The property has never been systematically explored.</p>

<b>Company Name:</b>	<b>Ticker Symbol</b>	<b>Current Share Price:</b>	<b>FRC Fair Value Estimate:</b>	<b>Date of PR:</b>
<b>Corvus Gold Inc.</b>	TSX: KOR	\$2.22	\$3.85	March-13-2019

<p><b>PR Content</b> Appointed Ron Largent as Chairman. Mr. Largent was most recently the COO - International of AngloGold Ashanti (JSE: ANG)</p>	<p><b>FRC Opinion</b> <b>Positive</b> - We see this as a strong addition as we continue to believe that Corvus is a strong acquisition target. The current Phase III drill program at Mother Lode is likely to result in an updated resource estimate shortly. In late 2018, the company had announced a strong PEA (based on US\$1,250 per oz gold) which showed an after-tax Net Present Value at 5% of US\$586 million, and an after-tax Internal Rate of Return of 38%. The cash cost estimate is \$591 per oz in the first four years.</p>
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<b>Company Name:</b>	<b>Ticker Symbol</b>	<b>Current Share Price:</b>	<b>FRC Fair Value Estimate:</b>	<b>Date of PR:</b>
<b>Monarch Gold Corporation</b>	TSX: MQR	\$0.25	\$0.71	March-13-2019

<p><b>PR Content</b> Announced results of another 20 holes from its 61 hole (13,945 metres) drill program on the McKenzie Break gold project, near its Camflo and Beacon mills. Results of the first 21 holes were announced last month. The second batch gave good results such as 24.40 g/t Au over 2.0 metres, 20.12 g/t Au over 2.6 metres, etc. Visible gold was found in 12 of the first 41 holes.</p>	<p><b>FRC Opinion</b> <b>Positive</b> – MQR’s shares are up 20% since our previous update in January. Its properties currently hold measured and indicated resources totaling 3.16 Moz, and inferred resources of 0.44 Moz, implying an Enterprise Value (“EV”) of just \$18 per oz versus the comparables average of \$50 per oz.</p>
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<b>Wealth Minerals Ltd</b>	TSXV: WML	\$0.56	\$0.87	March-13-2019

<b>PR Content</b>	<b>FRC Opinion</b>
Announced an option to acquire a 100% interest in the Meductic vanadium properties (1,749 ha) located approximately 79 km west northwest of Fredericton, New Brunswick for cash payments totaling \$0.72 million and shares totaling 2.5 million over four years. The properties have anomalous vanadium outcrops plus encouraging results from sampling conducted in 2018.	<b>Neutral</b> - Our discussions with management indicated that this deal does not mean the company is shifting its focus from its flagship lithium assets. Management indicated that they see potential for these new properties, while allowing the company to stay in the battery metals space.

<b>Company Name:</b>	<b>Ticker Symbol</b>	<b>Current Share Price:</b>	<b>FRC Fair Value Estimate:</b>	<b>Date of PR:</b>
<b>Carube Copper Corp.</b>	TSXV: CUC	\$0.045	\$0.23	March-13-2019

<b>PR Content</b>	<b>FRC Opinion</b>
Received \$25k in cash and 0.50 million in shares from Tocvan Ventures Corp. (CSE: TOC) as option payments towards the Rogers Creek Property in British Columbia	<b>Neutral</b> – Although the company’s core focus remains on its properties in Jamaica, activities have bene significantly slower than expected. The company had announced encouraging channel sampling results in January. We are hoping to see an update form management regarding plans for the rest of 2019.

<b>Company Name:</b>	<b>Ticker Symbol</b>	<b>Current Share Price:</b>	<b>FRC Fair Value Estimate:</b>	<b>Date of PR:</b>
<b>Vertical Exploration Inc.</b>	TSXV: VERT	\$0.07	\$0.32	March-18-2019

<b>PR Content</b>	<b>FRC Opinion</b>
<p>Completes a planned 23-hole drill program on its St-Onge-Wollastonite Deposit in Quebec.</p>	<p><b>Neutral</b> - The drilling program will allow Vertical to update its resource as well as move forward with its plans to begin quarry permitting. The St. Onge wollastonite project has a high grade open-pittable measured and indicated resource of 14 Mt at 36.61%, and an inferred resource of 18 Mt at 40.25%. Management’s goal is to add another 5 Mt to the existing resource. The St. Onge project is a historic producer of wollastonite. The project can be put back into production relatively quickly and at a low CAPEX, as it can be operated as a simple quarry and crushing operation. Permitting is expected to be relatively straightforward.</p>

<b>Company Name:</b>	<b>Ticker Symbol</b>	<b>Current Share Price:</b>	<b>FRC Fair Value Estimate:</b>	<b>Date of PR:</b>
<b>Marifil Mines Limited</b>	TSXV: MFM	\$0.06	\$0.31	March-15-2019

<b>PR Content</b>	<b>FRC Opinion</b>
<p>Announced a \$0.70 million financing at \$0.05 per unit. Each unit will consist of a share and one full warrant (exercise price of \$0.07 per share for two year). The proceeds will be used for working capital.</p>	<p><b>Negative</b> - MFM’s share price has lagged since our initiating report in October 2018. The company has yet to announce details of its plans for 2019, which is starting to concern us.</p>

**Dropping Coverage**  
 We are dropping coverage on Trilogy Metals Inc. (TSX: TMQ), Asante Gold Corporation (CNSX: ASE), and Beleave Inc. (CNSX:BE), as the companies did not want our analysts to continue coverage.



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

<b>Company Name:</b>	<b>Ticker Symbol</b>	<b>Current Share Price:</b>	<b>FRC Fair Value Estimate:</b>	<b>Date of PR:</b>
<b>Clean Seed Capital Group Ltd.</b>	TSXV: CSX	\$0.40	\$2.03	Mar-13-2019
<b>PR Content</b>		<b>FRC Opinion</b>		
<p>The company announced that it had entered into an engagement letter with a syndicate to raise \$10 million on a best effort's basis through the issue of 10,000 unsecured convertible note units. Each unit will consist of \$1,000 face value convertible notes and 1,000 warrants exercisable at \$0.75 per share. The notes will bear an interest rate of 9.50% per annum and will have a conversion price equal to \$0.50 per share. The proceeds are expected to be used to advance the acquisition of Harvest International, which we had covered in our most recent update. The cash raise will largely satisfy the requirements of the acquisition.</p>		<p><b>Positive:</b> Harvest has not been included in our models at this time, but one feature of the acquisition is that it provides the company a strong gateway into the U.S. market. Though the interest expenses arising from the notes may prove burdensome in the near-term, the unlocking of the U.S. market may well be worth the short-term pain. We also note that the conversion price is 25% higher than the current market price at the time of writing.</p>		

<b>Company Name:</b>	<b>Ticker Symbol</b>	<b>Current Share Price:</b>	<b>FRC Fair Value Estimate:</b>	<b>Date of PR:</b>
<b>Alliance Growers Corp.</b>	CSE: ACG	\$0.08	\$0.35	Mar-06-2019
<b>PR Content</b>		<b>FRC Opinion</b>		
The company announced that it had secured a \$4 million equity facility with Global Corporate Finance (“GCF”), a U.S.-based family office. The facility can be drawn down at the discretion of the company and money will be raised via market price issuances		<b>Positive:</b> The company now has access to cash which satisfies their financial obligations to the development of the cannabis biotech complex project and can begin turning their eye to cash-flow and revenue generation. Furthermore, no dilution is expected of the company as GCF’s facility calls for issues at the market price.		

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<b>DataMetrex AI Limited.</b>	TSXV: DM	\$0.03	\$0.23	Mar-18-2019
<b>PR Content</b>		<b>FRC Opinion</b>		
The company announced that it had entered into a final agreement with a former vendor of Ronin Blockchain Corp. who had issued a statement of claim against the company. The company will issue 2 million common shares to the vendor at a deemed price of \$0.05.		<b>Neutral:</b> The issuance is at an accretive price relative to the share price, but represents an outflow based on the company’s failed Ronin subsidiary.		

<b>Company Name:</b>	<b>Ticker Symbol</b>	<b>Current Share Price:</b>	<b>FRC Fair Value Estimate:</b>	<b>Date of PR:</b>
<b>Kontrol Energy Corp.</b>	CSE: KNR	\$0.75	\$2.44	Mar-18-2019
<b>PR Content</b>		<b>FRC Opinion</b>		
The company announced that it had planned to bring their IoT solutions to the global Asset and Facilities Management industry. According to Research and Markets, the Facilities Management global market size was estimated at US\$34.65 billion in 2018, and is forecasted to grow at a CAGR of 11.40% to reach US\$59.33 billion by 2023.		<b>Neutral:</b> The process for bringing their IoT solutions to the new market has not been fully disclosed.		

<b>Company Name:</b>	<b>Ticker Symbol</b>	<b>Current Share Price:</b>	<b>FRC Fair Value Estimate:</b>	<b>Date of PR:</b>
<b>Kontrol Energy Corp.</b>	CSE: KNR	\$0.75	\$2.44	Mar-14-2019
<b>PR Content</b>		<b>FRC Opinion</b>		
<p>The company announced that it had entered into an LOI to acquire an Electrical Efficiency company with unaudited average revenues of \$6.50 million, and normalized EBITDA of \$0.70 million per annum over the past three years. The purchase price is \$3 million, subject to a holdback of \$0.30 million for 12 months. The target's name has not been disclosed.</p>		<p><b>Positive:</b> The company continues to acquire cash-flowing companies with reasonable operating margins, with each acquisition increasing their presence across energy efficiency market verticals. The purchase price is less than half average annual sales, a relatively cheap valuation on the surface, though we are not privy to further profitability information regarding the target.</p>		

<b>Company Name:</b>	<b>Ticker Symbol</b>	<b>Current Share Price:</b>	<b>FRC Fair Value Estimate:</b>	<b>Date of PR:</b>
<b>Kontrol Energy Corp.</b>	CSE: KNR	\$0.75	\$2.44	Mar-13-2019
<b>PR Content</b>		<b>FRC Opinion</b>		
<p>The company announced the commencement of a non-brokered private placement of up to \$6 million in proceeds through the issue of unsecured debenture units. Each unit will comprise \$1,000 face value debenture notes bearing 8% coupons as well as 50 common shares of the company (price per share undisclosed). The majority of the offering (\$5.25 million) will be offered to holders of 8% coupon-bearing debentures expiring October 31, 2019, largely replacing their debentures with identical instruments expiring a year later along with equity to sweeten the deal.</p>		<p><b>Neutral:</b> The company requires significant funding to fuel its inorganic growth objectives, and also has a large debt holding in previous debentures. The raise allows them to essentially refinance the previous debt as well as raise a little extra for use in future acquisitions and working capital investment.</p>		

## Suspending Coverage – Permex Petroleum Corp. (CSE: OIL)

We are suspending coverage on the company. We had previously sent documents for factual review to the company, and management have not provided sufficient commentary for us to continue coverage. Our rating and fair value estimate is no longer valid.

## Cannabis Provincial Pricing Update

The below table summarizes provincial cannabis pricing across Canada as of March 18, 2019:

Province (As of 18/03/2019)	Average Price per Gram	Average Price THC per Gram	Average Price per Gram CBD	# of Products	Min. Price	Max. Price
B.C.*	\$ 11.26	\$ 11.31	\$ 10.99	157	\$ 7.23	\$ 19.80
Ontario	\$ 12.41	\$ 12.32	\$ 12.95	72	\$ 8.10	\$ 17.25
Quebec*	\$ 9.69	\$ 9.53	\$ 10.64	56	\$ 6.29	\$ 11.75
Alberta*	\$ 13.80	\$ 13.72	\$ 14.57	61	\$ 9.43	\$ 16.65
N.B.	\$ 11.07	\$ 11.08	\$ 10.80	59	\$ 6.67	\$ 16.28
P.E.I.*	\$ 10.83	\$ 10.79	\$ 11.07	81	\$ 8.13	\$ 14.35
Newfoundland*	\$ 10.66	\$ 10.87	\$ 9.00	53	\$ 7.54	\$ 14.29
Yukon*	\$ 14.58	\$ 14.74	\$ 13.42	17	\$ 10.52	\$ 21.73
Nunavut*	\$ 16.71	\$ 16.98	\$ 16.10	13	\$ 15.08	\$ 18.69
Northwest Territories*	\$ 14.85	\$ 14.85	\$ 14.85	4	\$ 14.44	\$ 16.06
<b>CANADA (Excluding SK, MB, NS)</b>	<b>\$ 12.59</b>	<b>\$ 12.62</b>	<b>\$ 12.17</b>			

*Source: FRC, Online Provincial Cannabis Stores*

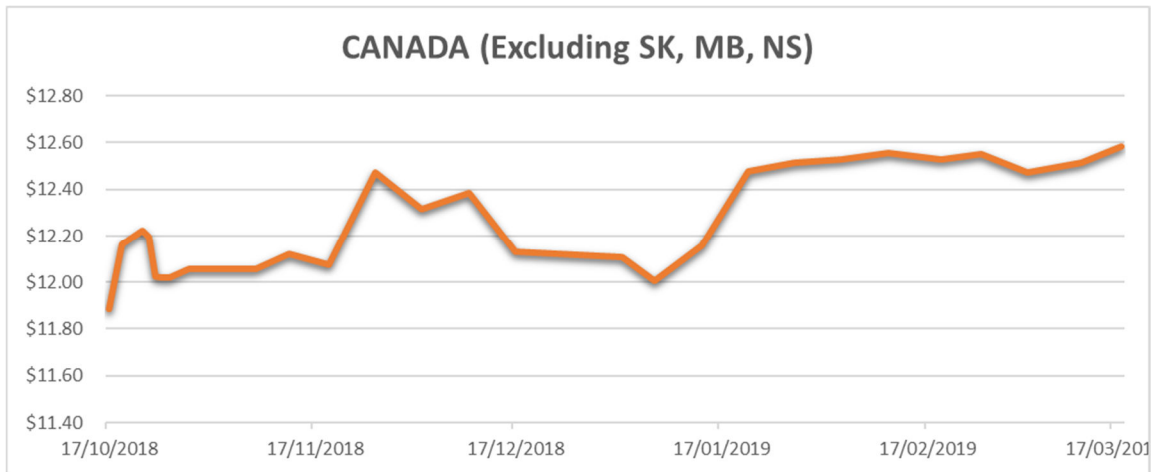
National cannabis pricing has only slightly changed week over week, and distribution has not changed significantly for any one provincial webstore. CBD prices appear to have up-ticked more than THC-dominant prices this week.

Province (As of 12/03/2019)	Average Price per Gram	Average Price THC per Gram	Average Price per Gram CBD	# of Products	Min. Price	Max. Price
B.C.*	\$ 11.20	\$ 11.24	\$ 10.99	151	\$ 7.23	\$ 19.80
Ontario	\$ 12.02	\$ 12.08	\$ 11.61	76	\$ 8.10	\$ 17.25
Quebec*	\$ 9.63	\$ 9.55	\$ 10.02	60	\$ 6.29	\$ 11.75
Alberta*	\$ 13.70	\$ 13.56	\$ 14.76	68	\$ 9.43	\$ 16.65
N.B.	\$ 11.03	\$ 11.03	\$ 10.80	58	\$ 6.67	\$ 16.28
P.E.I.*	\$ 10.97	\$ 10.96	\$ 11.07	79	\$ 8.13	\$ 14.35
Newfoundland*	\$ 10.68	\$ 10.89	\$ 9.00	55	\$ 7.54	\$ 14.29
Yukon*	\$ 14.58	\$ 14.74	\$ 13.42	17	\$ 10.52	\$ 21.73
Nunavut*	\$ 16.64	\$ 16.85	\$ 16.10	14	\$ 15.08	\$ 18.69
Northwest Territories*	\$ 14.85	\$ 14.85	\$ 14.85	4	\$ 14.44	\$ 16.06
<b>CANADA (Excluding SK, MB, NS)</b>	<b>\$ 12.53</b>	<b>\$ 12.57</b>	<b>\$ 11.97</b>			

*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

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