
Analyst Ideas of the Week – Monarch Gold Invests in a Junior for \$2.6 per oz

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Head of Research

Company Name:	Ticker Symbol	Current Share Price:	FRC Fair Value Estimate:	Date of PR:
Monarch Gold Corporation	TSX: MQR	\$0.23	\$0.71	May-9-2019

PR Content	FRC Opinion
Invests \$0.75 million in the share of a junior, Unigold Inc. (TSXV: UGD). UGD holds a project in the Dominican Republic, which has 2 Moz of gold at 1.59 g/t Au. Osisko Gold Royalties Ltd. (14.7%) and a company owned by Rob McEwen (7.3%), are the other major shareholders of UGD. MQR's investment reflects 14.24% of the outstanding shares of Unigold.	Positive – A 14% interest in UGD for \$0.75 million reflects a valuation of just \$2.6 per oz. This compares to our global estimate of \$30 - \$50 per oz for gold juniors. Wasamac remains MQR's core asset – a FS (completed last year) showed an After-Tax Net Present Value (“AT-NPV”) @ 5% of \$311 million. MQR also recently announced Q3 revenues of \$5.2 million. We will be publishing an update report shortly.

Company Name:	Ticker Symbol	Current Share Price:	FRC Fair Value Estimate:	Date of PR:
Goldplay Exploration Ltd.	TSXV: GPLY	\$0.16	\$0.98	May-13-2019

PR Content	FRC Opinion
<p>First two surface trenches at the Nava zone returned 40 m at 0.7 g/t Au, including 6.0 m @1.9 g/t Au.</p>	<p>Positive – Nava, located 1.5 km west of the company’s San Marcial silver resource, is one of the five identified exploration targets. In February 2019, the company had announced a maiden resource estimate at San Marcial, which showed an indicated resource of 36 Moz at an average grade of 147 gpt AgEq, and an inferred resource of 11 Moz at 108 gpt AgEq. The estimate includes a shallow, high-grade open pittable indicated resource of 23 Moz AgEq at 239 gpt AgEq. Historic drilling has only tested 500 m of a 3.5 km mineralized trend. A PEA is expected to be completed this year.</p>

Company Name:	Ticker Symbol	Current Share Price:	FRC Fair Value Estimate:	Date of PR:
Southern Silver Exploration Corp.	TSXV: SSV	\$0.175	\$0.60	May-9-2019

PR Content	FRC Opinion
<p>Updated resource estimate at the Cerro Las Mintas project showed an increase in indicated resource from 116 Moz to 134 Moz AgEq (16% increase), and inferred resource from 93 Moz to 138 Moz AgEq (48% increase).</p>	<p>Positive – We estimate that silver juniors are currently trading at approximately \$1.06 per oz (100% of measured and indicated and 50% of inferred resources). Therefore, the new resource at Cerro Las Mintas implies a potential valuation of \$215 million. The property is located close to several well-known mines / advanced stage deposits, offering toll milling options for SSV to advance to production quickly, and at a significantly low CAPEX. We will be publishing an update report shortly, with a revised fair value estimate.</p>

Company Name:	Ticker Symbol	Current Share Price:	FRC Fair Value Estimate:	Date of PR:
Lake Resources N.L.	ASX: LKE	A\$0.05	\$0.73	May-6-2019

PR Content	FRC Opinion
Commenced design and engineering work for a pilot plant at its Kachi lithium project, Argentina. The plant is expected to adopt a direct extraction technology, which has potential for rapid, low-cost production with high recoveries and minimal environmental impact. According to the company, a phase 1 engineering study showed potential for production costs to be in the lowest quartile of global lithium production costs.	Neutral – Positive results from this pilot study will make it much easier for the company to attract a JV / partner on the development of Kachi. Lake had recently commenced a PFS on the Kachi lithium project, and drilling is underway at the Cauchari project. We are pleased to see that the company is simultaneously advancing the Cauchari and Kachi lithium projects.

Company Name:	Ticker Symbol	Current Share Price:	FRC Fair Value Estimate:	Date of PR:
Global Energy Metals Corporation	TSXV: GEMC	\$0.075	\$0.24	May-7-2019

PR Content	FRC Opinion
Announce a strategic initiative with Canada Cobalt Works (TSXV: CCW) wherein cobalt-nickel-copper bearing mineralized material from GEMC's Nevada based Lovelock and Treasure Box properties will be put through CCW's Re-2OX process (a proprietary hydrometallurgical process), which has previously demonstrated potential for high recovery rates.	Neutral – Although this is a very encouraging development, it is too early for us to speculate on the outcome. The Lovelock mine (historic cobalt mine) and the Treasure Box project are located just 150 km east of Tesla's (NASDAQ: TSLA) Gigafactory in Nevada. The Lovelock mine has had small-scale production of nickel, copper and cobalt in the late 1800s. The Treasure Box project has had historical drilling, which returned 1.52% copper over 85 feet (from surface) and 1.55% copper over 40 feet from a depth of 85 to 125 feet.

Company Name:	Ticker Symbol	Current Share Price:	FRC Fair Value Estimate:	Date of PR:
Hannan Metals Ltd	TSXV: HAN	\$0.075	\$0.57	May-8-2019

<p>PR Content Commenced an exploration program at the San Martin copper-silver project in north-central Peru.</p>	<p>FRC Opinion Neutral – The project is considered to have potential for a large and high-grade sediment-hosted copper and silver discovery. Copper-silver mineralization has been discovered over 76 kilometres of strike, and the company has identified four areas of high-grade copper and silver over 15 kilometres. We continue to believe Hannan’s shares are significantly undervalued just based on the resource estimate at its project in Ireland. We believe the exploratory work in Peru (if positive) has a chance to provide major catalysts for the company’ share price</p>
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Company Name:	Ticker Symbol	Current Share Price:	FRC Fair Value Estimate:	Date of PR:
MGX Minerals Inc.	CSE: XMG	\$0.25	\$0.75	May-13-2019

<p>PR Content Announces that its wholly owned subsidiary MGX Renewables Inc. has successfully generated zinc for its patented zinc-air energy storage system. According to the company, the storage system is designed to deliver power in the range of 20 kW – 50MW, with a capacity in the range of 120 Kwh – 1 GWh over extended periods of time.</p>	<p>FRC Opinion Positive – This is very positive as the company is in the process of a capital raise and a 40% spin-out of MGX Renewables into a newly listed public company. MGX had acquired MGX Renewables in 2017, from Teck Resources (TSX: TECK), for \$0.25 million cash and 4.78 million shares. MGX recently announced that it expects to generate \$2 million in revenues in 2019, from the deployment of two wastewater treatment systems in Alberta.</p>
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Note: We are suspending coverage on the following companies as we have been unable to get in contact with their management teams to discuss our questions and produce an update report.

1. Standard Lithium Ltd. (TSXV: SLL)
2. Bonterra Resources Inc. (TSXV: BTR)
3. Canarc Resource Corp (TSX: CCM)

Dropping Coverage (end of term)

1. Canada Jetlines Ltd. (TSXV: JET)



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

Company Name:	Ticker Symbol	Current Share Price:	FRC Fair Value Estimate:	Date of PR:
Alliance Growers Corp.	CSE: ACG	\$0.07	\$0.35	May-13-2019
PR Content		FRC Opinion		
CORRECTION: In our last AIW, we mis-stated that the company had announced an anticipated completion of the cannabis biotech complex facility for Q3-2019. Management has since reported that this is solely for the construction filling, with actual completion of the facility set for Q3-2020.		Negative: We had originally modelled a completion date within Q1-2020, and the later guidance will result in a delay of cash flows.		

Company Name:	Ticker Symbol	Current Share Price:	FRC Fair Value Estimate:	Date of PR:
Agrios Global Holdings Ltd.	CSE: AGRO	\$0.60	\$0.65	May-07-2019
PR Content		FRC Opinion		
The company announced that it had received an industrial hemp cultivation permit in Yunan Province, China. Agrios' China-based subsidiary HMB plans to grow just shy of 438,000 square-feet of industrial hemp for the 2019 season. HMB received three permits, which cover hemp cultivation, import/ export and food trading in the province.		Positive: The additional operations in Asia suggest cash flows that have not yet been included in our models.		

Company Name:	Ticker Symbol	Current Share Price:	FRC Fair Value Estimate:	Date of PR:
Blueberries Medical Corp.	CSE: BBM	\$0.64	N/A	May-13-2019
PR Content		FRC Opinion		
The company announced that it had received approval to sell five CBD wellness products in Colombia, and internationally, from the Colombian National Food and Drug Surveillance Institute.		Positive: The company is securing approval that increases the size of its finished goods product portfolio.		

Company Name:	Ticker Symbol	Current Share Price:	FRC Fair Value Estimate:	Date of PR:
FinCanna Capital Corp.	CSE: CALI	\$0.12	\$0.39	May-09-2019
PR Content		FRC Opinion		
The company announced that its investee ezGreen had completed integration with METRC in 6 U.S. states.		Positive: Licensees in California are required to be compliant with METRC, which is a tracking system for cannabis products. ezGreen's integration with METRC increases the attractiveness of their PoS compliance software.		

Company Name:	Ticker Symbol	Current Share Price:	FRC Fair Value Estimate:	Date of PR:
Permex Petroleum Corp.	CSE: OIL	\$0.14	\$1.03	May-09-2019
PR Content		FRC Opinion		
The company announced that it had closed the first tranche of a previously announced private placement, raising \$0.61 million via the issue of 4.05 million units at \$0.15 per share.		Positive: The raise is now accretive given the lower market price, and we expect the proceeds to boost production via deployment in restarting new wells.		

Company Name:	Ticker Symbol	Current Share Price:	FRC Fair Value Estimate:	Date of PR:
TransCanna Holdings Inc.	CSE: TCAN	\$7.22	\$7.80	May-09-2019
PR Content		FRC Opinion		
The company announced that it had signed an LOI with Persuasion Brewing Co. to create CBD-infused non-alcoholic beer. Both parties have agreed to set up a brewing division within the company's 196,000 square-foot facility.		Positive: The LOI represents initial moves to establish a consumer product division within the company's future facility, a pre-emptive move that could result in a high-margin infused product.		

Company Name:	Ticker Symbol	Current Share Price:	FRC Fair Value Estimate:	Date of PR:
The Green Organic Dutchman Holdings Ltd.	TSX: TGOD	\$3.85	\$7.60	May-13-2019
PR Content		FRC Opinion		
The company announced that its subsidiary HemPoland had entered into a distribution agreement with Mediakos for the German Pharmacy market.		Positive: Mediakos distributes products to a network of more than 15,000 pharmacies and over 10 million customers. This provides HemPoland with large exposure to the German market.		

Company Name:	Ticker Symbol	Current Share Price:	FRC Fair Value Estimate:	Date of PR:
The Green Organic Dutchman Holdings Ltd.	TSX: TGOD	\$3.85	\$7.60	May-09-2019
PR Content The company announced that it had secured a supply agreement with the BCLDB.		FRC Opinion Positive: The company is securing sales with the province prior to beginning cultivation operations.		

Company Name:	Ticker Symbol	Current Share Price:	FRC Fair Value Estimate:	Date of PR:
The Green Organic Dutchman Holdings Ltd.	TSX: TGOD	\$3.85	\$7.60	May-08-2019
PR Content The company announced that it would be entering the U.S. through an undisclosed strategic investment in Califormulations LLC. Califormulations is a newly formed entity that is expected to operate out of Columbus, Georgia, and is expected to expedite the U.S. launch of TGOD branded CBD beverages in the states where such products are permitted.		FRC Opinion Neutral: The information disclosed to the market is not concise enough for us to provide a definitive opinion.		

Cannabis Provincial Pricing Update

In an important change to how applicants apply for cannabis licensing in Canada, Health Canada amended application guidelines so that applicants are required to finish their facilities prior to submitting applications for review. This is to ensure that Health Canada avoids wasting taxpayer resources on reviewing paper applications from players who have not committed the requisite planning and budgeting which could result in stalled or abandoned applications. Apart from potentially reducing government resources in cannabis applications, we believe it could also result in a substantial decrease in cannabis-related go-public transactions. A defining feature of the pre-legalization boom in Canada was the number of applicants who went to market without significant operations in place or even planned to a substantial degree. With a stricter application process, the number of applicants should be significantly reduced.

The below table summarizes provincial cannabis pricing across Canada as of May 13, 2019:

Province (As of 13/05/2019)	Average Price per Gram	Average Price THC per Gram	Average Price per Gram CBD	# of Products	Min. Price	Max. Price
B.C.*	\$ 11.62	\$ 11.74	\$ 11.01	153	\$ 7.23	\$ 19.80
Ontario	\$ 12.61	\$ 12.53	\$ 13.16	90	\$ 9.06	\$ 22.66
Quebec*	\$ 10.11	\$ 10.00	\$ 10.77	61	\$ 5.81	\$ 14.41
Alberta*	\$ 13.72	\$ 13.61	\$ 14.52	125	\$ 8.17	\$ 17.60
N.B.	\$ 11.28	\$ 11.37	\$ 10.77	66	\$ 6.67	\$ 16.28
P.E.I.*	\$ 11.07	\$ 11.04	\$ 11.34	87	\$ 8.13	\$ 18.04
Newfoundland*	\$ 10.77	\$ 10.93	\$ 9.45	58	\$ 7.58	\$ 14.29
Yukon*	\$ 14.92	\$ 14.83	\$ 16.84	24	\$ 7.34	\$ 22.28
N.S.	\$ 11.71	\$ 11.60	\$ 12.38	80	\$ 3.00	\$ 15.00
Nunavut*	\$ 16.45	\$ 16.49	\$ 16.23	16	\$ 15.08	\$ 18.69
Northwest Territories*	\$ 15.44	\$ 15.44	\$ 5	5	\$ 14.44	\$ 16.93
CANADA (Excluding SK, MB)	\$ 12.70	\$ 12.69	\$ 12.65			

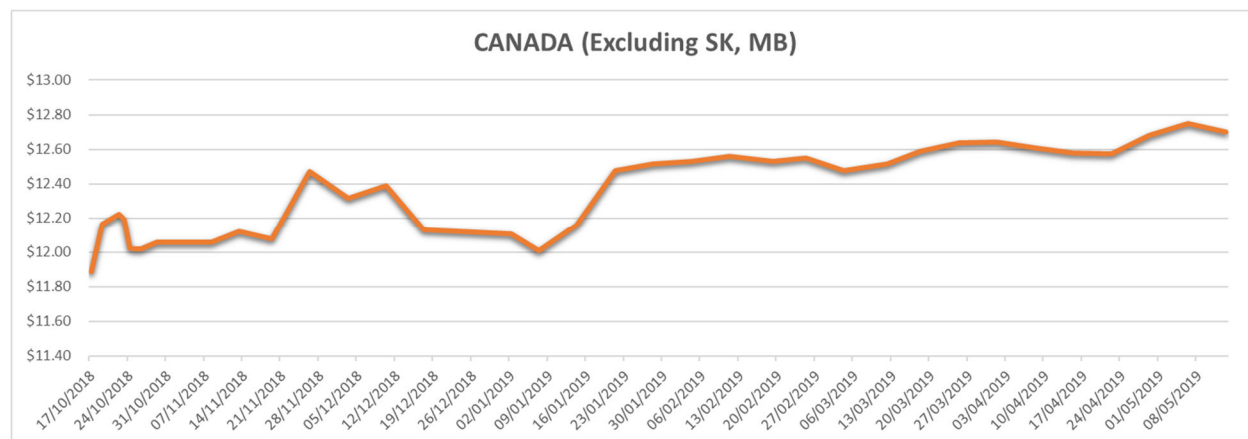
Source: FRC, Online Provincial Cannabis Stores

Pricing has dipped slightly nationwide to \$12.70, providing a small breather in the steady rise in cannabis prices. Distribution was little changed week-over-week.

Province (As of 06/05/2019)	Average Price per Gram	Average Price THC per Gram	Average Price per Gram CBD	# of Products	Min. Price	Max. Price
B.C.*	\$ 11.58	\$ 11.70	\$ 10.96	157	\$ 7.23	\$ 19.80
Ontario	\$ 12.66	\$ 12.57	\$ 13.31	92	\$ 9.06	\$ 22.66
Quebec*	\$ 10.11	\$ 10.00	\$ 10.77	61	\$ 5.81	\$ 14.41
Alberta*	\$ 13.74	\$ 13.63	\$ 14.49	124	\$ 8.17	\$ 17.60
N.B.	\$ 11.28	\$ 11.37	\$ 10.77	68	\$ 6.67	\$ 16.28
P.E.I.*	\$ 11.03	\$ 11.00	\$ 11.34	88	\$ 8.13	\$ 18.04
Newfoundland*	\$ 10.73	\$ 10.88	\$ 9.45	57	\$ 7.58	\$ 14.29
Yukon*	\$ 15.50	\$ 15.44	\$ 16.84	22	\$ 7.34	\$ 22.28
N.S.	\$ 11.90	\$ 11.83	\$ 12.36	77	\$ 8.49	\$ 14.99
Nunavut*	\$ 16.45	\$ 16.49	\$ 16.23	16	\$ 15.08	\$ 18.69
Northwest Territories*	\$ 15.26	\$ 15.26	\$ 5	5	\$ 14.44	\$ 16.93
CANADA (Excluding SK, MB)	\$ 12.75	\$ 12.74	\$ 12.65			

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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