
Analyst Ideas of the Week - Giga Commences Exploration

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Giga Commences Exploration

Giga Metals Corporation (TSXV: GIGA / Share Price: \$0.27 per share/ FRC Fair Value Estimate: \$1.25 per share) - Giga's shares are up 69% since we initiated coverage in March 2018. The company announced today that it has commenced its 2018 exploration program at the 100% owned Turnagain nickel/cobalt project in north central British Columbia, which will include:

- 9,600 m of drilling.
- Test several high impact exploration targets
- Infill, metallurgical and geotechnical drilling to support PFS
- Geophysical surveys and trenching to define new targets

Turnagain is one of the largest undeveloped nickel-cobalt sulphide deposits in the world. Measured and indicated resources total 4 Blbs of nickel and 250 Mlbs of cobalt at 0.21% nickel and 0.013% cobalt; inferred resource total 4.3 Blbs of nickel and 280 Mlbs of cobalt at 0.20% nickel and 0.013% cobalt. Management's goal is to complete a pre-feasibility study by mid-2019, and a

feasibility study by 2021. We consider Giga to be an attractive speculative play on the nickel sector, backed by a high-quality asset.

Hannan Metals Ltd (TSXV: HAN / Share Price: \$0.13 per share/ FRC Fair Value Estimate: \$0.57 per share) – Hannan announced today that it has closed a non-brokered private placement, and raised \$1.11 million by issuing 7.37 million units at \$0.15 per unit. Each unit consisted of a common share and one full warrant (exercise price of \$0.25 per share for 3 years). In March 2018, the company had announced plans for an aggressive 20,000 m drilling program focused on its flagship Kilbricken prospect, and several prospects on the extensive Clare prospecting licenses. On May 7, 2018, the company announced the discovery of an outcrop covering an area of 70 m by 60 m, approximately 600 m north of the current resource. We consider this very encouraging as Irish style deposits are known to occur in multiple bodies across large districts. We expect the upcoming resource program to expand on the initial resource estimate of 2.66 million tonnes (“Mt”) at 8.8% zinc equivalent (“ZnEq”) indicated, and 1.68 Mt at 8.2% ZnEq inferred. Note that the property has only been drilled over 1.5 km, of a potential 40 km strike length.

Foran Mining Corporation (TSXV: FOM / Share Price: \$0.48 per share/ FRC Fair Value Estimate: \$1.81 per share) - Foran completed the final tranche (\$3 million) of its non-brokered private placement last week. In total, the company raised \$9.38 million from two tranches. The funds will be used to complete a feasibility study. Glencore Canada Corporation (LSE: GLEN) is offering guidance to complete a feasibility study on Foran’s McIlvenna Bay project, in return for an exclusive off-take agreement to purchase all of the minerals produced from the project. We believe the recently completed significant financing is a very positive indicator of the company’s prospects and ongoing FS.

Arctic Star Exploration Corp. (TSXV:ADD / Share Price: \$0.13 per share/ FRC Fair Value Estimate: N/A) - Arctic announced the second set of results (on 262.33kg of drill core) from drilling at the White Wolf kimberlite occurrence at its Timantti diamond project (Finland). The following table summarizes all of the results announced to date. A total of 1,032 diamonds were identified in 409.3kg of White Wolf kimberlite.

White Wolf Kimberlite

	Sample	+0.106	+0.15	+0.212	+0.3	+0.425	+0.60	+0.85	+1.18	Total
Kimberlite	Weight	mm	mm	mm	mm	mm	mm	mm	mm	Stones
	Kg									
White Wolf New	262.33	393	168	95	62	18	11	7	3	758

White Wolf Previous	147.60	123	85	41	19	9	5	0	2	274
White Wolf Total	409.93	516	253	136	81	27	16	7	5	1,032

Source: Arctic

Considering these positive results from White Wolf, we recommend investors closely monitor the company's developments as results from two other kimberlites (Black Wolf and Grey Wolf) are expected in the coming weeks.



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Analyst

YDreams Global Interactive Technologies Inc. (TSXV: YD / Share Price: \$0.13 per share / FRC Fair Value Estimate: \$0.40 per share) – On July 6, 2018, the company announced that it planned to undertake a non-brokered private placement of up to 4.4 million units at \$0.15 per unit for gross proceeds of \$0.66 million. Each unit will consist of one common share and one warrant exercisable at \$0.25 for a period of five years. Proceeds are expected to be used to expand the company’s existing operations, as well as grow the company’s Arkave initiative.

As expected, the company will need to raise additional funds to continue expansion of their Arkave franchise. Company-owned stores will require significant CAPEX, estimated at \$0.3-\$0.4 million per store. Another avenue for the growth of the Arkave franchise is for YDreams to sign on franchisees to develop third-party stores. This would allow the company to realize recurring cashflows without the need for upfront capital outlays. The company has yet to reveal any third-party stores to the market, though we anticipate that the traction of Arkave stores upon initial penetration may be strong. This is due to the global connectedness of the VR technology underpinning Arkave, allowing players to interact with Arkave users at other locations across the globe. This is a feature that is not offered by any other VR arena franchise, to our knowledge.

Beleave Inc. (CSE: BE / Share Price: \$1.37 per share / FRC Fair Value Estimate: \$3.53 per share) – On July 5, 2018, the company followed on their recent announcement of their investment in Procannmed S.A.S, a Colombian-based cannabis cultivator, with an announcement that Procannmed had achieved a land-lease agreement. The land-lease agreement will allow Procannmed to lease up to 27 hectares (approximately 2.9 million square-feet) of private land for a fee of approximately US\$100 per hectare per month. That implies an annual cost of US\$32,400 to lease the land.

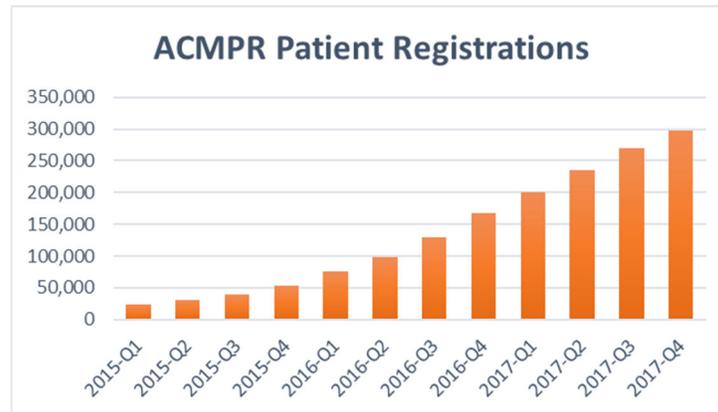
Given the size of the land package, we estimate that the company will utilize outdoor production facilities. Though outdoor production is seen as the lowest-yield form of production, given lack of automated control systems and uniform treatment of crops, Columbia may offer significant advantages due to an ideal climate and an ample supply of trained agricultural workers. This may allow Beleave to significantly boost production capacity whilst also realizing the cost benefits of outdoor production.

RESAAS Services Inc. (TSXV: RSS / Share Price: \$0.31 per share / FRC Fair Value Estimate: \$1.05 per share) – On July 2, 2018, the company announced that it had signed an agreement with REALTY UNIVERSAL Inc., a full-service network of 6,000 agents worldwide. The agreement provides members of the REALTY UNIVERSAL network with access to an exclusive area within the RESAAS software that is specifically designed for referral transactions within the U.S. In addition, REALTY UNIVERSAL agents will receive slight discounts to subscriptions to Global Elite, RESAAS’ premium service. Though the terms of the agreement are undisclosed, we believe that the agreement provides a material boost to revenues and should also increase the number of premium users on the RESAAS system.

As readers may recall, our valuation of RESAAS is dependent on continued growth in the number of premium users using the RESAAS system. The signing of agreements with large agent networks implies large increases in the number of premium users in the system, and also serves as a confirmation of the benefits of RESAAS’ offering. Given that the number of premium users appears to be increasing organically regardless of these large signing events, we see these agreements as a positive development and an indication that revenues may increase at a faster than expected rate.

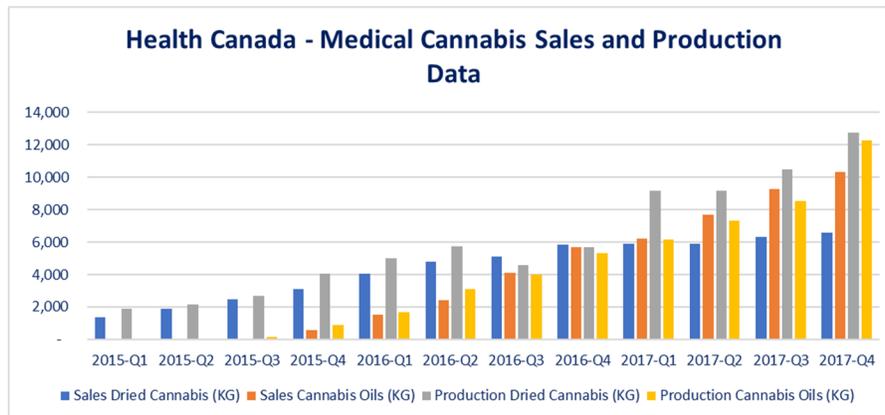
Updated ACMPR Market Data: Patient Growth Slows and Implies Maturity

Health Canada released updated statistics regarding patient count and production data. At the end of Q4 of FY2017-2018 (ended March 2018), Health Canada reported there were 296,702 patients registered under the ACMPR program, or less than one per cent of Canada’s population. This reflects growth of 10.09% over the previous quarter, the slowest quarterly growth since the ACMPR program was initiated. Patient data is presented in the chart below:



Source: Health Canada, FRC

Data regarding sales and production is given below:



Source: Health Canada, FRC

As shown above, the upward trend of both production and sales continues, with oil sales continuing to dominate dried flower sales in terms of kilogram volume.

We believe the slowdown in the number of ACMPR patient registrations was due in large part to two factors:

- **Maturity of the ACMPR program:** Though only a few years old, the ACMPR data demonstrates that program may be losing steam, as the universe of legitimate medical cannabis users nears saturation within Canada.
- **Onset of legalization:** With October 17, 2018 set as the date on which recreational cannabis becomes legal for consumption nationwide, prospective ACMPR users may be holding off on registration until recreational use becomes legal. The perception that there is little

difference between recreational and medically referred cannabis may lead users to wait out the next few months until they can purchase cannabis more freely. This is especially true since medical cannabis tends to command a premium relative to recreational cannabis.

However, we believe that the ACMPR program will continue to attract further patient registrations as cannabis use for medical purposes is still an area that requires further research and the advice of medical practitioners. Moving forward though, registration growth though positive, may begin to exhibit a downward trend.

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