
Analyst Ideas of the Week - Thor on Track to Complete a DFS

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Thor Explorations Ltd. (TSXV: THX / Share Price: \$0.19 per share/ FRC Fair Value Estimate: \$0.50 per share):

Announcement: On August 6, 2018, Thor announced the appointment of Adrian Coates as Non-Executive Chairman. Mr. Coates, who had been a Non-executive Director since December 2016, has a long track record in investment banking, and has held significant roles at HSBC, UBS, Credit Suisse First Boston, etc. The company also announced the appointment of Collin Ellison as a Non-executive Director. Mr. Ellison is a Mining Engineer with over 40 years of experience, including mine construction and project implementation experience in West Africa.

Thor is pursuing a financing of up to \$10 million by issuing up to 55.56 million units at a price of \$0.18 per unit. Each unit will be comprised of a common share and one full warrant (exercise price of \$0.28 per share for 3 years).

Impact: Positive

Outlook: We consider the financing and strengthening of the board to be very timely, as Thor is scheduled to complete a Definitive Feasibility Study (“DFS”) by Q4-2018, on its 100% owned Segilola project in Nigeria. Management is planning to take Segilola to production by 2020. A Pre-Feasibility Study (“PFS”) completed on the project in October 2017, showed highly robust economics, with a relatively low CAPEX. For example, the after-tax IRR was 29%, even at a gold price of US\$1,050/oz. Thor also intends to complete an initial resource at its Dousta gold project this year.

Telson Mining Corporation (TSXV: TSN / Share Price: \$0.62 per share/ FRC Fair Value Estimate: \$1.69 per share):

Announcement: Telson announced an update on production at its 100% owned Campo Morado mine. The company had declared commercial production on May 15, 2018. The total mill throughput in Q2 was up 9.3% QoQ. From May 15, 2018, to July 30, 2018, the Campo Morado mill produced 9,383 tonnes of zinc concentrates and 1,612 tonnes of lead concentrates, processing approximately 124,482 tonnes of mineralized material. The average recoveries were 73.3% zinc, 31.2% lead, 32% silver and 18% gold.

Impact: Positive

Outlook: In Q1-2018, Telson generated \$10.7 million from the sale of concentrates produced from Campo Morado and Tahuehueto. We expect significantly improved numbers in Q2. Management expects to ramp up production to 2,500 tpd over the next few weeks, and 3,000 tpd by the end of this year. The company also disclosed details of its initiatives to improve production and recoveries.

Aton Resources Inc. (TSXV: AAN / Share Price: \$0.03 per share/ FRC Fair Value Estimate: \$0.13 per share):

Announcement: Aton announced an update on its work at the Rodruin prospect at the 100% owned Abu Marawat Concession in Egypt. All of the 84 channel samples returned mineralised intersections, including **25.5m @ 4.74 g/t Au**, **16.5m @ 2.15 g/t Au**, and **28.0m @ 1.83 g/t Au**. In addition, nine samples from an ancient underground working returned **35.3 g/t**, **20.6 g/t** and **14.85 g/t Au**, and **37.9%** and **20.7% Zn**.

Impact: Positive

Outlook: *We believe these results reflect the potential of Aton’s upcoming drill program at Rodruin.* The outcrop of mineralized carbonates and workings at Rodruin cover a significantly larger area than at Hamama, where the company has already delineated a NI43-101 compliant resource. Another positive for the company was the receipt of an official notice from the Egyptian

Mineral Resources Authority (EMRA), accepting Aton’s study in support of its declaration of commerciality. Aton had submitted a study on the oxide portion of the resource at Hamama West to the EMRA in May. **We expect the company to complete an** updated resource estimate and a Preliminary Economic Assessment (“PEA”) at Hamama West shortly, which we expect will serve as catalysts for the share price.



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

Lexaria Bioscience Corp. (CSE: LXX, OTCQX: LXP / Share Price: US\$1.76 per share / FRC Fair Value Estimate: US\$4.64 per share) – On August 7, 2018, the company announced results regarding animal in vivo testing of their DehydraTECH drug delivery technology for the delivery of nicotine. According to the company, nicotine in edible form was delivered to the blood plasma of test subjects within minutes of dosing, and DehydraTECH exhibited 90.2% greater delivery (at the 10-minute mark of the study) of nicotine than the control.

- **Expected impact of news on valuation:** Neutral.
- **Reasoning:** Whilst this represents a significant breakthrough for the company in their nicotine-specific R&D, until human testing begins, it will be uncertain whether DehydraTECH can significantly improve the delivery of nicotine in humans. However, we do note that successful animal testing will give the company the greenlight to move to human testing, and successful results from human testing could lead to a substantial share price boost.

On August 1, 2018, the company also announced that human testing of DehydraTECH as applied to CBD yielded favourable results, with the company's drug delivery technology delivering 317% more CBD as compared to the control.

- **Expected impact of news on valuation:** Neutral.
- **Reasoning:** The company has previously conducted extensive testing of DehydraTECH as applied to cannabinoids, and we believe the market has already priced in Lexaria as a solely cannabinoid delivery technology company. Excess returns will likely be tied to breakthroughs in the delivery of nicotine, NSAIDS and vitamins.

Beleave Inc. (CSE: BE / Share Price: \$1.23 per share / FRC Fair Value Estimate: \$3.53 per share) – On August 7, 2018, the company announced that it intended to open two new Medi-Green cannabis clinics/ stores. One of the stores will be located in London, Ontario, and the other will be located in Montreal, Quebec.

- **Expected impact of news on valuation:** Positive.
- **Reasoning:** The company continues to grow its Medi-Green clinic network, which represents a sales outlet for the company. This will allow the company to retail a larger portion of its future production, allowing for higher margins than if Beleave were to wholesale their production.

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