



Fundamental
Research Corp.
Investment Analysis for Intelligent Investors

Analyst Ideas of the Week

Gold Junior Trading at \$19/oz vs Comparables' Average of \$66/oz

September 9, 2019

www.researchfrc.com

Mining / Exploration

Company Name:	Ticker Symbol	Current Share Price:	FRC Fair Value Estimate:	Date of PR:
Monarch Gold Corporation	TSX: MQR	\$0.26	\$0.70	Sept-3-2019 Sept-6-2019

PR Content	FRC Opinion
<p>Announced results of a recent drill program (586 m / 14 infill holes) at its newly acquired Fayolle gold project. We believe the best results were:</p> <ul style="list-style-type: none"> • 50.94 g/t Au over 2.70 m (20.3 m to 23.0 m), including 124.08 g/t Au over 1.00 m • 40.50 g/t Au over 4.86 m (2.64 m to 7.50 m), including 132.01 g/t Au over 1.00 m, and 17.23 g/t Au over 5.30 m • 37.97 g/t Au over 2.98 m • 15.79 g/t Au over 4.00 m • 7.09 g/t Au over 5.15 m 	<p>Positive – MQR had recently acquired Fayolle from Hecla (NYSE: HL) and Typhoon Exploration (TSXV: TYP). The property, located approximately 35 km northeast of Rouyn-Noranda, Quebec, has a historical estimate of 548,500 tonnes grading 5.75 g/t Au, for 101,326 oz of gold. We believe the latest results indicate strong potential for high-grade near-surface mineralization. MQR’s properties currently hold measured and indicated resources totaling 3.16 Moz, and inferred resources of 1.10 Moz, implying an Enterprise Value (“EV”) of just \$19 per oz versus the comparables’ average of approx. \$66 per oz.</p>

Company Name:	Ticker Symbol	Current Share Price:	FRC Fair Value Estimate:	Date of PR:
Southern Silver Exploration Corp.	TSXV: SSV	\$0.235	\$0.52	Sept-5-2019

PR Content	FRC Opinion
<p>Closed the final tranche of \$1.11 million of a \$4.21 million financing.</p>	<p>Positive – A \$4M+ raise with a market cap of \$30 mm is significant. As mentioned before, investment interest is primarily a result of stronger silver prices, and a recently updated resource on its flagship Cerro Las Minitas silver-lead-zinc property in Durango. Indicated AgEq (silver eq) contained resources increased 15% to 134 Moz, and inferred AgEq contained resources increased 49% to 138 Moz. Electrum Group maintains a 60% interest in the project, as well as 36% of the total outstanding shares of SSV.</p>

Company Name:	Ticker Symbol	Current Share Price:	FRC Fair Value Estimate:	Date of PR:
Hannan Metals Ltd.	TSXV: HAN	\$0.055	\$0.57	Sept-3-2019

PR Content	FRC Opinion
<p>Announced sampling results from the Tabalosos claim of the San Martin project in north central Peru.</p> <ul style="list-style-type: none"> • At Tabalosos North West, grab samples had an average grade of 4.2% copper and 17 g/t silver over a 5 km strike. • Tabalosos North East (3 km from Tabalosos North West) had average grades of 2.7% copper and 29 g/t silver over a strike length of 9 km. • A sample located 8.5 km south of Tabalosos South West returned 12.3% copper and 70 g/t silver; this is located 3 km north of an area which returned average grades of 3.3% copper and 12 g/t silver. 	<p>Positive – In total, mineralization has been discovered over 16 km of strike at Tabalosos, which is located 80 km north of the Sacanche claim, where high grade outcrops returned 3 metres of 4.1% copper and 45 g/t silver. With a market capitalization of under \$4 million, we believe the market is overlooking Hannan’s core zinc-lead asset in Ireland, which has a resource estimate.</p>

Technology

Company Name:	Ticker Symbol	Current Share Price:	FRC Fair Value Estimate:	Date of PR:
iSignthis Ltd.	ASX: ISX	A\$1.56	A\$1.30	September 9, 2019
<p>PR Content Announced that its annualized monthly GPTV at August 31, 2019, was A\$1.10 billion, up 160% from June 30, 2019, GPTV of A\$423 million.</p>		<p>FRC Opinion Positive – This implies that the total GPTV in August 2019 was A\$91.67 million (A\$1.10 billion divided by 12), a 160% increase over the average monthly GPTV of A\$35.25 in June 2019 (A\$423 million divided by 12). Shares were up over 14% today on this news.</p> <p>As stated in our note last week, it seems like the company will beat our 2019 revenue forecast of \$34 million. Even if we very conservatively assume that there will be no growth in GPTV in September, we now expect Q3-2019 revenues to be \$14 million, versus our previous forecast of \$10 million, and up from \$6 million in Q2-2019.</p>		

Cannabis

The following summarizes provincial cannabis pricing across Canada as of September 9, 2019:

Province (As of 9/9/2019)	Average Price per Gram	Average Price THC per Gram	Average Price per Gram CBD	# of Products	Min. Price	Max. Price
B.C.*	\$ 10.96	\$ 11.09	\$ 10.34	114	\$ 5.03	\$ 19.80
Ontario	\$ 12.67	\$ 12.85	\$ 11.89	99	\$ 7.12	\$ 22.66
Quebec*	\$ 10.34	\$ 10.37	\$ 10.18	97	\$ 5.63	\$ 14.55
Alberta*	\$ 13.55	\$ 13.57	\$ 13.42	198	\$ 7.70	\$ 22.00
N.B.	\$ 11.23	\$ 11.23	\$ 11.21	84	\$ 2.53	\$ 16.28
P.E.I.*	\$ 10.96	\$ 10.97	\$ 11.00	100	\$ 8.13	\$ 18.04
Newfoundland*	\$ 10.76	\$ 10.88	\$ 9.74	57	\$ 7.38	\$ 14.29
Yukon*	\$ 14.86	\$ 15.26	\$ 12.76	19	\$ 9.71	\$ 22.28
N.S.	\$ 11.80	\$ 11.76	\$ 12.08	102	\$ 7.64	\$ 14.99
Nunavut*	\$ 12.44	\$ 13.95	\$ 11.55	18	\$ 11.31	\$ 15.40
Northwest Territories*	\$ 14.03	\$ 15.44		5	\$ 14.44	\$ 16.93
CANADA (Excluding SK, MB)	\$ 12.15	\$ 12.49	\$ 11.42			

Province (As of 2/9/2019)	Average Price per Gram	Average Price THC per Gram	Average Price per Gram CBD	# of Products	Min. Price	Max. Price
B.C.*	\$ 10.09	\$ 10.19	\$ 10.42	116	\$ 5.03	\$ 19.80
Ontario	\$ 12.85	\$ 12.95	\$ 12.36	96	\$ 8.28	\$ 22.66
Quebec*	\$ 9.44	\$ 10.43	\$ 10.18	96	\$ 6.29	\$ 14.55
Alberta*	\$ 12.41	\$ 13.64	\$ 13.74	191	\$ 7.70	\$ 22.00
N.B.	\$ 11.39	\$ 11.41	\$ 11.26	87	\$ 7.57	\$ 16.28
P.E.I.*	\$ 9.97	\$ 10.97	\$ 11.00	101	\$ 8.13	\$ 18.04
Newfoundland*	\$ 9.66	\$ 10.76	\$ 9.40	61	\$ 7.38	\$ 14.29
Yukon*	\$ 14.56	\$ 16.08	\$ 15.39	24	\$ 10.49	\$ 22.28
N.S.	\$ 11.81	\$ 11.77	\$ 12.09	99	\$ 7.64	\$ 14.99
Nunavut*	\$ 12.44	\$ 13.95	\$ 11.55	18	\$ 11.31	\$ 15.40
Northwest Territories*	\$ 14.03	\$ 15.44		5	\$ 14.44	\$ 16.93
CANADA (Excluding SK, MB)	\$ 11.70	\$ 12.51	\$ 11.74			

Source: FRC, Online Provincial Cannabis Store

The average price per gram nationwide increased 3.85% from \$11.70 to \$12.15. The average price per gram increase nationwide was primarily driven by price increases in the provinces of Newfoundland, Prince Edward Island (“P.E.I.”), Quebec, Alberta, and British Columbia (“B.C.”).

British Columbia

Average price per gram increased 8.68% from \$10.09 to \$10.96. The minimum and maximum price remained the same, with the number of available cannabis products decreasing nominally from 116 to 114. There was no notable news regarding cannabis in B.C. that, we believe, could have caused the increase in price per gram. As such, we suspect that the pricing increase witnessed this week was due to an abnormally high-demand week (perhaps from the start of school). We expect pricing to come down next week.

Ontario

Average price per gram decreased 1.38% from \$12.85 to \$12.67. The minimum price decreased from \$8.28 to \$7.12, while the maximum price remained the same. The number of available cannabis products increased nominally from 96 to 99.

On September 5, 2019, Global News reported that the Ontario Cannabis Store (“OCS”) has been selling data related to online customer purchases. This has caused backlash onto the OCS, which stated in its privacy policy, that it never sells customer information. In addition, Patrick Ford (CEO of the OSC) announced his resignation for undisclosed reasons. Although the news of the OSC selling customer data, and the resignation of the CEO of OSC were reported on the same day, we will not jump to conclusions until more information is available. With the news article stating that the OSC has been selling data related to online customer purchases, we believe that this may cause customers to be wary of making online cannabis purchases on the OCS. As such, we suspect such negative headlines could diminish demand for online cannabis purchases and decrease cannabis pricing in Ontario in the short-term.

Quebec

Average price per gram increased 9.48% from \$9.44 to \$10.34. The minimum price decreased from \$6.29 to \$5.63, while the maximum price remained the same. The number of available cannabis products increased nominally from 96 to 97. There was no notable news regarding cannabis in Quebec that, we believe, could have caused the increase in price per gram. We believe that the price per gram increase was due to an abnormally high-demand week (perhaps from the start of school).

On September 8, 2019, CTV News reported that Quebecers have shown greater support of cannabis legalization (at 55%) compared to 40% in 2017. In addition, on September 4, 2019, CBC News reported that a provincial law prohibiting Quebecers from growing cannabis for personal use was unconstitutional. Despite strict cannabis laws in Quebec (as outlined in previous AIWs), it seems that more and more residents in Quebec are open to cannabis use. This leads us to believe that the strict cannabis laws in Quebec could potentially be changed in the future. In regard to Quebecers being able to grow cannabis for personal use, we believe that would decrease cannabis pricing in the medium-term as Quebecers look to grow their own cannabis instead of having to purchase cannabis from the province.

Alberta

Average price per gram increased 9.15% from \$12.41 to \$13.55. The minimum and maximum price remained the same, with the number of available cannabis products increasing from 191 to 198. There was no notable news regarding cannabis in Alberta that, we believe, could have caused the increase in price per gram. As such, we suspect that the pricing increase witnessed this week was due to an abnormally high-demand week (perhaps from the start of school). We expect pricing to come down next week.

Prince Edward Island

Average price per gram increased 9.95% from \$9.97 to \$10.96. The minimum and maximum price remained the same, with the number of available cannabis products decreasing nominally from 101 to 100. There was no notable news regarding cannabis in P.E.I. that, we believe, could have caused the increase in price per gram. As such, we suspect that the pricing increase witnessed this week was due to an abnormally high-demand week (perhaps from the start of school). We expect pricing to come down next week.

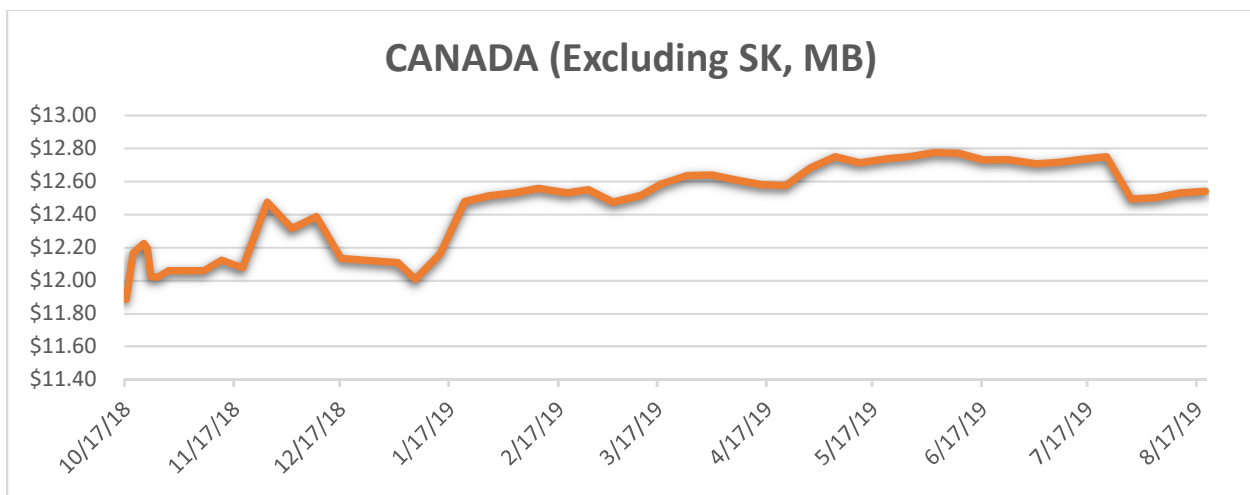
Newfoundland

Average price per gram increased 11.42% from \$9.66 to \$10.76. The minimum and maximum price remained the same, with the number of available cannabis products decreasing nominally

from 61 to 57. We believe that the price per gram increase was due to an abnormally high-demand week (perhaps from the start of school).

On September 4, 2019, CBC News reported that the government of Newfoundland and Labrador has signed a deal with Auxly Cannabis Group (“Auxly”), where Auxly will build a \$37-million cannabis production facility and operate five new retail stores. With this new cannabis production facility, we believe that this would increase cannabis supply and cause cannabis pricing to decrease over the long-term.

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



Source: FRC, Online Provincial Cannabis Store

Disclaimers and Disclosure

The opinions expressed in this report are the true opinions of the analyst(s) about any companies and industries mentioned. Any “forward looking statements” are our best estimates and opinions based upon information that is publicly available and that we believe to be correct, but we have not independently verified with respect to truth or correctness. There is no guarantee that our forecasts will materialize. Actual results will likely vary. Companies mentioned in this report are covered by FRC under an issuer paid model or are candidates for coverage. FRC or companies with related management, may hold shares in some companies mentioned in this report. Distribution procedure: our reports are distributed first to our web-based subscribers on the date shown on this report then made available to delayed access users through various other channels for a limited time. The performance of FRC’s research is ranked by Investars. Full rankings and are available at www.investars.com.

To subscribe for real-time access to research, visit <https://www.researchfrc.com/> for subscription options.

This report contains "forward looking" statements. Forward-looking statements regarding the Company, industry, and/or stock’s performance inherently involve risks and uncertainties that could cause actual results to differ from such forward-looking statements. Factors that would cause or contribute to such differences include, but are not limited to, continued acceptance of the Company's products/services in the marketplace; acceptance in the marketplace of the Company's new product lines/services; competitive factors; new product/service introductions by others; technological changes; dependence on suppliers; systematic market risks and other risks discussed in the Company's periodic report filings, including interim reports, annual reports, and annual information forms filed with the various securities regulators. By making these forward-looking statements, Fundamental Research Corp. and the analyst/author of this report undertakes no obligation to update these statements for revisions or changes after the date of this report.

Fundamental Research Corp DOES NOT MAKE ANY WARRANTIES, EXPRESSED OR IMPLIED, AS TO RESULTS TO BE OBTAINED FROM USING THIS INFORMATION AND MAKES NO EXPRESS OR IMPLIED WARRANTIES OR FITNESS FOR A PARTICULAR USE. ANYONE USING THIS REPORT ASSUMES FULL RESPONSIBILITY FOR WHATEVER RESULTS THEY OBTAIN FROM WHATEVER USE THE INFORMATION WAS PUT TO. ALWAYS TALK TO YOUR FINANCIAL ADVISOR BEFORE YOU INVEST. WHETHER A STOCK SHOULD BE INCLUDED IN A PORTFOLIO DEPENDS ON ONE’S RISK TOLERANCE, OBJECTIVES, SITUATION, RETURN ON OTHER ASSETS, ETC. ONLY YOUR INVESTMENT ADVISOR WHO KNOWS YOUR UNIQUE CIRCUMSTANCES CAN MAKE A PROPER RECOMMENDATION AS TO THE MERIT OF ANY PARTICULAR SECURITY FOR INCLUSION IN YOUR PORTFOLIO. This REPORT is solely for informative purposes and is not a solicitation or an offer to buy or sell any security. It is not intended as being a complete description of the company, industry, securities or developments referred to in the material. Any forecasts contained in this report were independently prepared unless otherwise stated, and HAVE NOT BEEN endorsed by the Management of the company which is the subject of this report. Additional information is available upon request. THIS REPORT IS COPYRIGHT. YOU MAY NOT REDISTRIBUTE THIS REPORT WITHOUT OUR PERMISSION. Please give proper credit, including citing Fundamental Research Corp and/or the analyst, when quoting information from this report. The information contained in this report is intended to be viewed only in jurisdictions where it may be legally viewed and is not intended for use by any person or entity in any jurisdiction where such use would be contrary to local regulations or which would require any registration requirement within such jurisdiction.

©2019 Fundamental Research Corp. “ 10+ Years of Bringing Undiscovered Investment Opportunities to the Forefront “

www.researchfrc.com

PLEASE READ THE IMPORTANT DISCLOSURES AT THE BACK OF THIS REPORT