

Canaccord Genuity Equity Research
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Canaccord Genuity Corp. (Canada)

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Industry Update

**Gold caught in the Trump Trade War crossfire;
Stress-testing producers at \$1,100/oz**

Gold price back below \$1,200/oz - Gold fell through the \$1,200/oz mark last week for the first time in over 18 months and is down 13% since late January amid a 9% surge in the US dollar. We believe the stronger dollar is being driven by the escalating rounds of US trade tariffs and counter tariffs. A strong dollar, not only affects gold, but the broader commodity complex: silver has declined 16%, copper 18% and zinc 35%.

Correction or new bear market? In our view, while tariffs may be short-term inflationary, the potential combination of reduced global trade (and consumption) and a stronger dollar is ultimately deflationary. And it also doesn't help that the Federal Reserve continues to tighten monetary policy. It remains to be seen how this will play out and whether trade tensions will continue to escalate and spill over into global economic data. It is also unclear what the Trump administration's ultimate goal is or whether it will stay the course (particularly ahead of mid-term elections or the President's own re-election cycle) and/or whether it will achieve new trade agreements. US economic data to date appears strong, suggesting that the Fed is unlikely to change its tightening course any time soon. With the dollar setting new recent highs, we suspect that gold prices could go lower in the short term.

But ultimately, we expect gold prices to move higher. The mining industry tends to operate in cycles of over-investment followed by under-investment. We believe that we are still in a period of under-investment in gold (as is the case in many other commodities) following the lengthy commodity bear market over 2011-2016. We believe that global gold production has peaked, and current prices are insufficient to sustain production and replace reserves. We believe gold prices of >\$1,350/oz are required to incentivize large greenfield gold projects.

Risk/reward trade skewed to the upside - The most recent cyclical bottom in gold of \$1,051/oz came in December 2015 with the S&P/TSX Gold Index (in US\$ terms) at 729. At the same time, copper was at \$2.06/lb and WTI oil was trading at \$35/bbl, both of which are unsustainable prices, in our view. We believe that period was driven by fears of a significant slowdown in China which ultimately did not materialize. With the S&P/TSX gold index currently at 899, retesting the December 2015 low implies 19% downside from here and 11% downside in the gold price. Conversely, assuming global growth continues, and the USD strength fades, we see ~15% upside in gold and 50-90% upside in the equities by reverting back to recent highs.

Stress testing producers at \$1,100/oz - We have taken a look at what balance sheets, free cash flow, valuations look like at \$1,100/oz. In general, most producers continue to generate FCF after sustaining capital and net debt/EBITDA is <2.5x suggesting producers have time to wait out low metal prices without requiring asset sales, selling streams or issuing equity.

Our top picks are Goldcorp, IAMGOLD, B2Gold among the senior producers; Atlantic Gold and Teranga among the intermediate/junior producers and Wheaton Precious Metals among the royalty companies.

Company	Rating	Price	Target
Precious Metals and Minerals			
FNV-TSX	Buy	C\$87.40	C\$120.00
OR-TSX	Buy	C\$10.53	C\$19.00
RGLD-NASDAQ	Buy	US\$78.09	US\$102.00
SSL-TSX	Buy	C\$4.70	C\$9.75
WPM-TSX	Buy	C\$24.13	C\$41.00
Precious Metals - Developer/Explorer			
PG-TSX	Buy	C\$1.99	C\$5.00
Precious Metals - Producer			
ABX-TSX	Hold	C\$13.10	C\$17.00
AEM-TSX	Buy	C\$46.52	C\$66.00
AGB-TSXV	Spec Buy	C\$1.62	C\$3.50
AGI-TSX	Buy	C\$5.72	C\$13.00
AKG-TSX	Hold	C\$1.11	C\$1.50
AR-TSX	Buy	C\$1.92	C\$5.25
BTO-TSX	Buy	C\$2.85	C\$6.50
CG-TSX	Hold	C\$5.73	C\$6.75
DGC-TSX	Buy	C\$10.28	C\$19.00
EDV-TSX	Buy	C\$18.96	C\$35.50
ELD-TSX	Hold	C\$1.23	C\$1.45
G-TSX	Buy	C\$14.04	C\$23.00
IMG-TSX	Buy	C\$5.40	C\$10.50
K-TSX	Buy	C\$3.80	C\$7.50
LMC-TSX	Buy	C\$2.07	C\$4.25
NEM-NYSE	Hold	US\$32.06	US\$40.00
NGD-TSX	Hold	C\$1.32	C\$1.50
OGC-ASX	Buy	A\$3.73	A\$4.30
PVG-TSX	Spec Buy	C\$11.20	C\$15.00
ROXG-TSX	Buy	C\$0.93	C\$2.00
SSRM-TSX	Buy	C\$11.37	C\$20.00
TGZ-TSX	Buy	C\$3.63	C\$7.50
THO-TSX	Buy	C\$4.93	C\$9.00
TXG-TSX	Buy	C\$8.09	C\$15.00
YRI-TSX	Buy	C\$3.54	C\$5.50

Priced as of close of business 16 August 2018

Figure 1: Recommendations and targets

RECOMMENDATIONS AND TARGETS

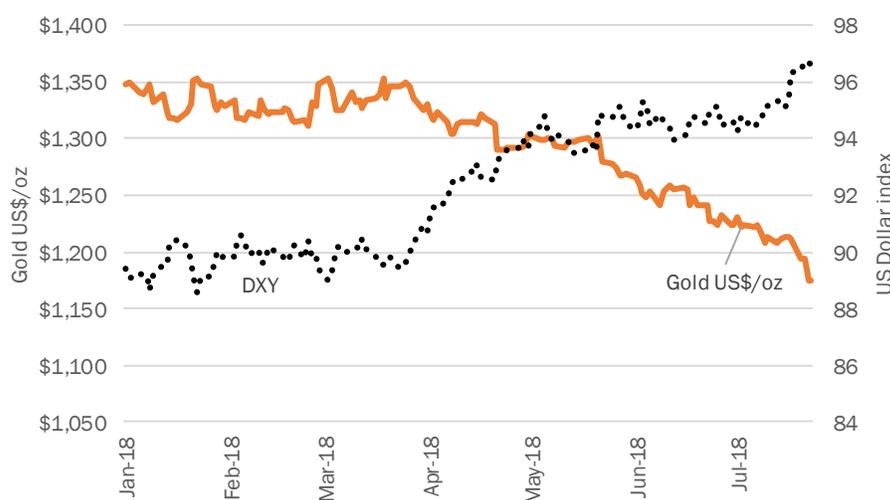
Prices close date: 17-Aug-18													
Company		Price C\$/sh	Mkt cap (US\$m)	Rating	Target (C\$/sh)	Dividend (US\$/sh)	Total Implied Return	Share price performance					
								1 wk	1 mo	3 mo	6 mo	12 mo	2018 YTD
ROYALTY													
Sandstorm Gold	SSL	\$4.70	\$696	BUY	\$9.75	\$0.00	107%	-15%	-20%	-17%	-22%	-15%	-25%
Osisko Gold Royalties	OR	\$10.53	\$1,262	BUY	\$19.00	\$0.18	83%	-9%	-15%	-18%	-21%	-35%	-27%
Wheaton Precious Metals	WPM	\$24.13	\$8,193	BUY	\$41.00	\$0.33	72%	-12%	-17%	-13%	-2%	1%	-13%
Franco-Nevada	FNV	\$87.40	\$12,510	BUY	\$120.00	\$0.91	39%	-7%	-10%	-4%	-5%	-12%	-13%
Royal Gold	RGLD	US\$78.09	\$5,112	BUY	US\$102.00	\$0.96	32%	-6%	-14%	-12%	-8%	-10%	-5%
AVERAGE							66%	-10%	-15%	-13%	-12%	-14%	-17%
LARGE CAP													
B2Gold	BTO	\$2.85	\$2,250	BUY	\$6.50	\$0.00	128%	-11%	-16%	-18%	-22%	-10%	-27%
Kinross	K	\$3.80	\$3,655	BUY	\$7.50	\$0.00	97%	-8%	-24%	-17%	-23%	-31%	-30%
IAMGOLD	IMG	\$5.40	\$1,932	BUY	\$10.50	\$0.00	94%	-16%	-30%	-29%	-27%	-25%	-26%
Detour Gold	DGC	\$10.28	\$1,391	BUY	\$19.00	\$0.00	85%	-14%	-16%	2%	-22%	-38%	-30%
Tahoe Resources	THO	\$4.93	\$1,192	BUY	\$9.00	\$0.00	83%	-14%	-22%	-19%	-5%	-29%	-18%
Goldcorp	G	\$14.04	\$9,295	BUY	\$23.00	\$0.07	64%	-10%	-20%	-19%	-17%	-16%	-12%
Yamana	YRI	\$3.54	\$2,573	BUY	\$5.50	\$0.02	56%	-10%	-7%	-1%	-10%	2%	-10%
Agnico Eagle	AEM	\$46.52	\$8,285	BUY	\$66.00	\$0.33	43%	-11%	-23%	-16%	-14%	-22%	-20%
Barrick	ABX	\$13.10	\$11,691	HOLD	\$17.00	\$0.11	31%	-8%	-22%	-23%	-21%	-39%	-28%
Newmont	NEM	\$32.06	\$13,128	HOLD	US\$40.00	\$0.25	26%	-10%	-13%	-19%	-18%	-11%	-15%
Eldorado	ELD	\$1.23	\$747	HOLD	\$1.45	\$0.00	18%	-8%	-12%	-3%	-12%	-48%	-32%
Centerra Gold	CG	\$5.73	\$1,293	HOLD	\$6.75	\$0.00	18%	-3%	-6%	-22%	-12%	-19%	-11%
New Gold	NGD	\$1.32	\$593	HOLD	\$1.50	\$0.00	14%	-11%	-48%	-55%	-60%	-70%	-68%
AVERAGE							52%	-10%	-20%	-18%	-20%	-29%	-25%
MID/SMALL CAP													
Argonaut Gold	AR	\$1.92	\$262	BUY	\$5.25	\$0.00	173%	-7%	-11%	-22%	-19%	-25%	-20%
Premier Gold	PG	\$1.99	\$308	BUY	\$5.00	\$0.00	151%	-6%	-27%	-26%	-43%	-46%	-45%
Alamos Gold	AGI	\$5.72	\$1,716	BUY	\$13.00	\$0.00	127%	-9%	-23%	-13%	-19%	-42%	-30%
Atlantic Gold	AGB	\$1.62	\$253	SPEC BUY	\$3.50	\$0.00	116%	-2%	-16%	-15%	-1%	13%	6%
Roxgold	ROXG	\$0.93	\$271	BUY	\$2.00	\$0.00	115%	-4%	-12%	-28%	-17%	-19%	-34%
Teranga Gold	TGZ	\$3.63	\$300	BUY	\$7.50	\$0.00	107%	-10%	-20%	-31%	-2%	26%	21%
Leagold Mining Corp	LMC	\$2.07	\$373	BUY	\$4.25	\$0.00	105%	-13%	-16%	-33%	-28%	-31%	-29%
Endeavour Mining	EDV	\$18.96	\$1,741	BUY	\$35.50	\$0.00	87%	-11%	-18%	-11%	-20%	-19%	-26%
Torex Gold	TXG	\$8.09	\$522	BUY	\$15.00	\$0.00	85%	-8%	-27%	-37%	-37%	-58%	-32%
SSR Mining	SSRM	\$11.37	\$1,062	BUY	\$20.00	\$0.00	76%	-16%	-15%	-13%	5%	-10%	3%
Asanko Gold	AKG	\$1.11	\$185	HOLD	\$1.50	\$0.00	35%	-13%	-24%	-30%	-2%	-3%	25%
Pretium Resources	PVG	\$11.20	\$1,574	SPEC BUY	\$15.00	\$0.00	34%	-8%	2%	25%	28%	3%	-22%
OceanaGold	OGC	\$3.73	\$1,754	BUY	\$4.30	\$0.00	15%	-6%	-3%	14%	17%	4%	15%
AVERAGE							94%	-9%	-16%	-17%	-10%	-16%	-13%
COMMODITIES/INDICIES													
Gold		1,185						-1%	-3%	-8%	-12%	-8%	-9%
Silver		14.81						-1%	-5%	-10%	-11%	-13%	-13%
Copper		2.63						-4%	-4%	-15%	-19%	-11%	-20%
TSX Global Gold Index		158						-10%	-17%	-15%	-16%	-21%	-19%

Source: Company Reports, Canaccord Genuity estimates

Gold caught in the Trump Trade War crossfire

- Gold back below \$1,200/oz** - Gold fell through the \$1,200/oz mark this week for the first time in over 18 months and is down 13% since late January amid a 9% surge in the US dollar. We believe the stronger dollar is being driven by the escalating rounds of US trade tariffs and counter tariffs. A strong dollar, not only affects gold, but the broader commodity complex. Silver has declined 16%, copper is down 18% and zinc has fallen 35%. As we show in Figures 3 and 4, the direction of dollar is generally inversely correlated with gold and commodity prices.

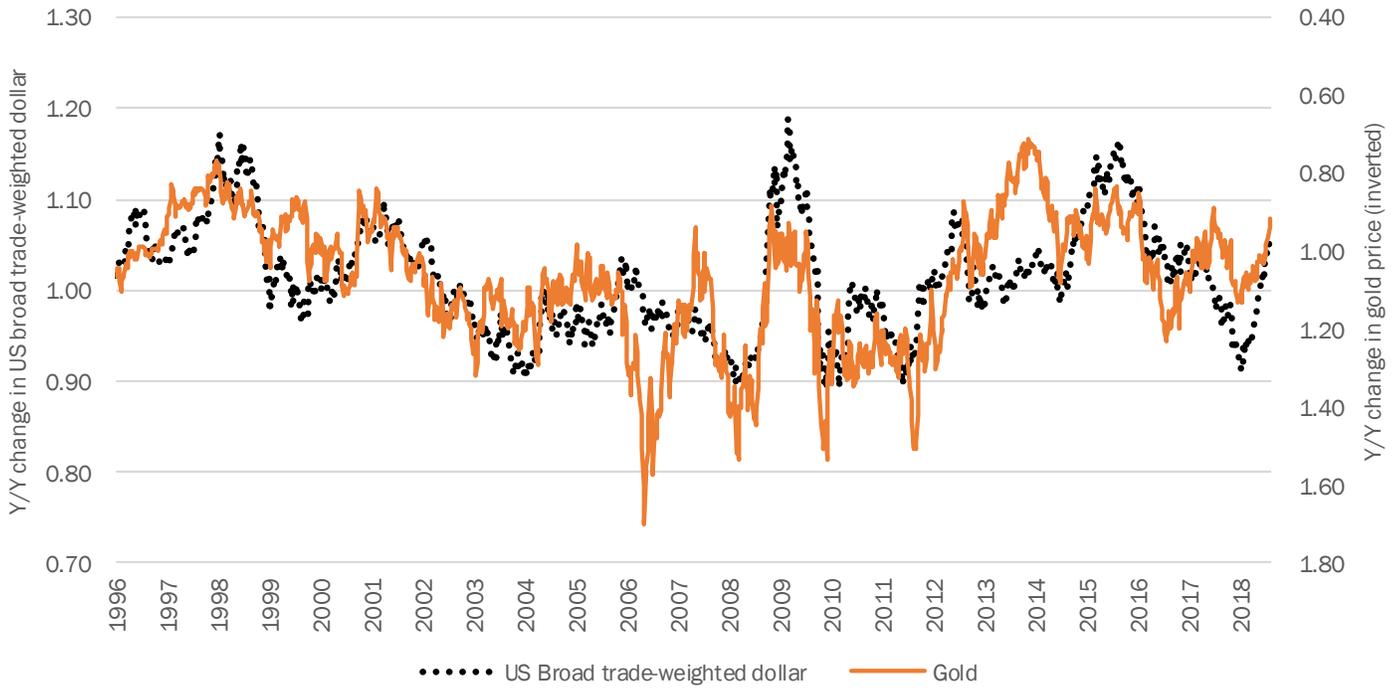
Figure 2: Gold vs. the US dollar



Source: Bloomberg, Canaccord Genuity estimates

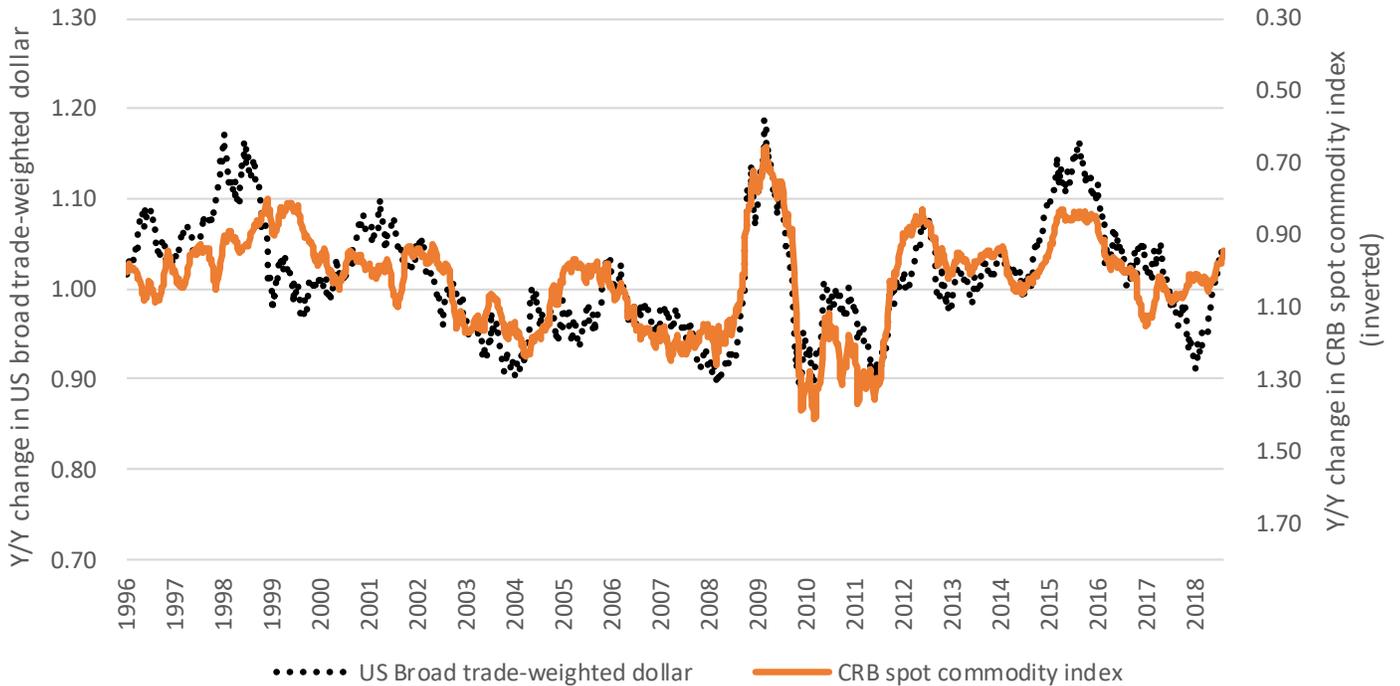
- Correction or new bear market?** In our view, while tariffs may be short-term inflationary, we believe that the potential combination of reduced global trade (and consumption) and a stronger dollar is ultimately deflationary. It also doesn't help that the Federal Reserve is tightening monetary policy. It remains to be seen whether the trade tension will continue to escalate and spill over into global economic data. And it is quite unclear what the Trump administration's ultimate goal is or whether it will stay the course (particularly ahead of mid-term elections or the President's own re-election cycle) and/or whether it will achieve some sort of new trade agreement. In addition, US economic data to date appears strong suggesting that the Fed is unlikely to change its tightening course any time soon. With the dollar setting new recent highs, we suspect that gold prices could go lower in the short term.
- But ultimately, we think gold prices move higher.** Mining tends to operate in cycles of overinvestment followed by underinvestment. We believe that we are in a period of underinvestment in gold (and most other commodities) following a lengthy bear market over 2011-2016. We believe that global gold production has peaked, and current prices are insufficient to sustain production and replace reserves. We believe gold prices of >\$1,350/oz are required to incentivize large greenfield gold projects.

Figure 3: Year-over-year change in the US dollar vs. gold price (inverted)



Source: Bloomberg, Canaccord Genuity estimates

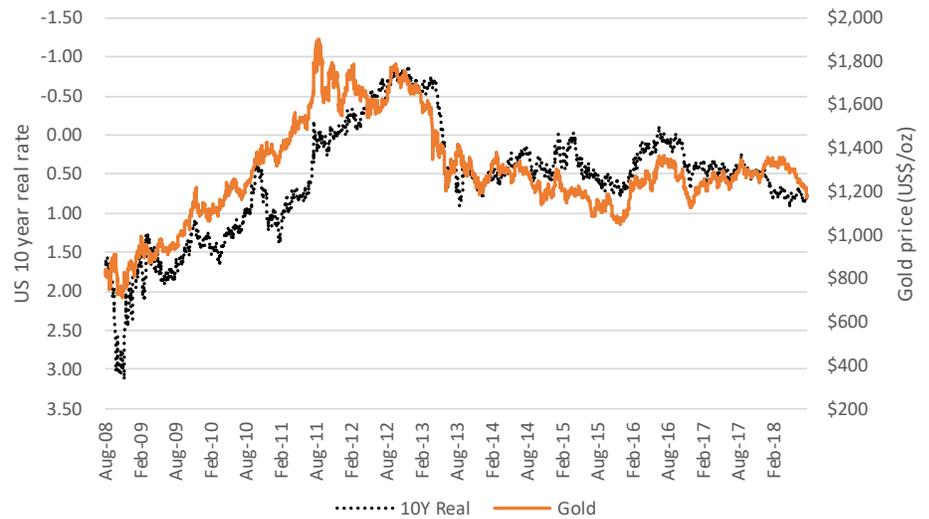
Figure 4: Year-over-year change in the US dollar vs. CRB Spot commodity index (inverted)



Source: Bloomberg, Canaccord Genuity estimates

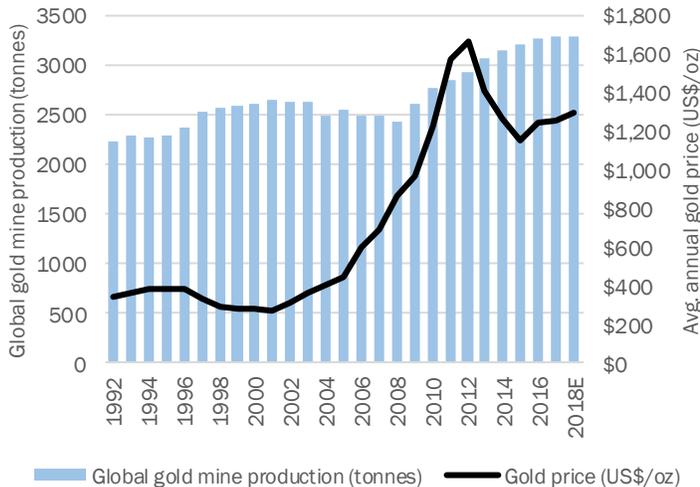
Risk/reward trade skewed to the upside - The most recent cyclical bottom in gold of \$1,051/oz came in December 2015 with the S&P/TSX Gold Index (in US\$ terms) at 729. At the same time, copper was at \$2.06/lb and WTI oil was trading at \$35/bbl, both of which are unsustainable prices in our view. We believe that period was driven by fears of a significant slowdown in China which ultimately did not materialize. With the S&P/TSX gold index currently at 899, retesting the December 2015 low implies 19% downside from here and 11% downside in the gold price. Conversely, assuming global growth continues, and the USD strength fades and we revisit, we see ~15% upside in gold and 50-90% upside in the equities by reverting back to recent highs.

Figure 5: US 10-year real yield vs. gold



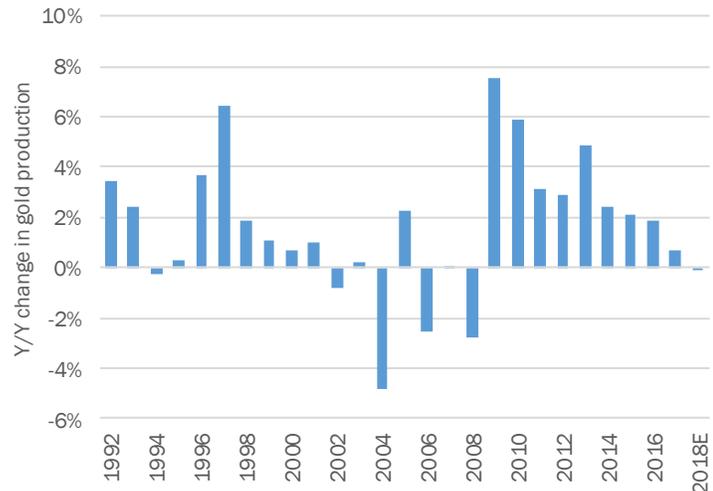
Source: Bloomberg, Canaccord Genuity estimates

Figure 6: Global gold production (tonnes)



Source: Bloomberg, Canaccord Genuity estimates

Figure 7: Year-over-year change in global gold production



Source: Bloomberg, Canaccord Genuity estimates

Gold and dollar cycles

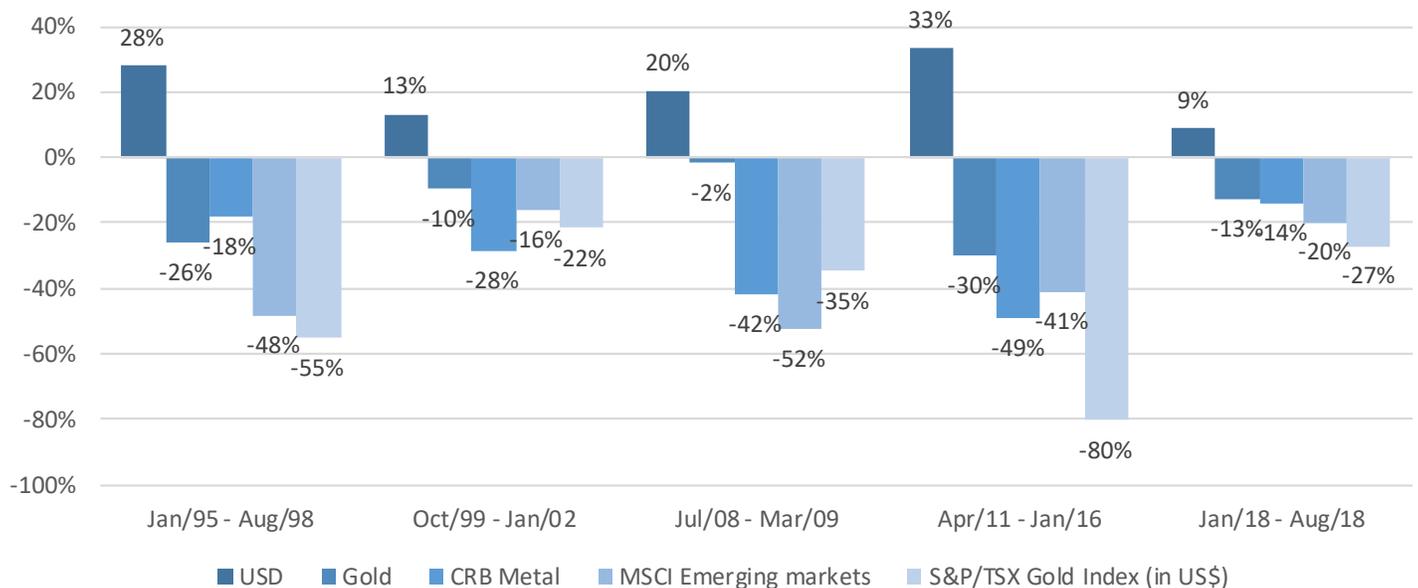
Gold is often thought of as an alternative to the US dollar. Up until 1971, the US dollar was officially backed by gold, so the reign of the US dollar as the world’s reserve currency is still relatively young at <50 years.

We believe gold’s role as an alternative to the US dollar as the United States’ share of global output declines particularly in key emerging markets including China, Russia, and India. As we show in Figures 9 and 10, emerging central bank holdings of gold have increased 67% since 2009; China and Russia holdings have more than tripled and India’s gold holdings have grown almost 60%. By comparison, central bank gold holdings in developed countries have been largely flat.

Given the inverse relationship between gold and the dollar, we have taken a look at how gold and gold equities have performed during periods of a strengthening US dollar. A stronger dollar affects not just gold but commodities in general and emerging markets. In our view, a strong dollar and weakening commodity prices signal slowing global growth expectations.

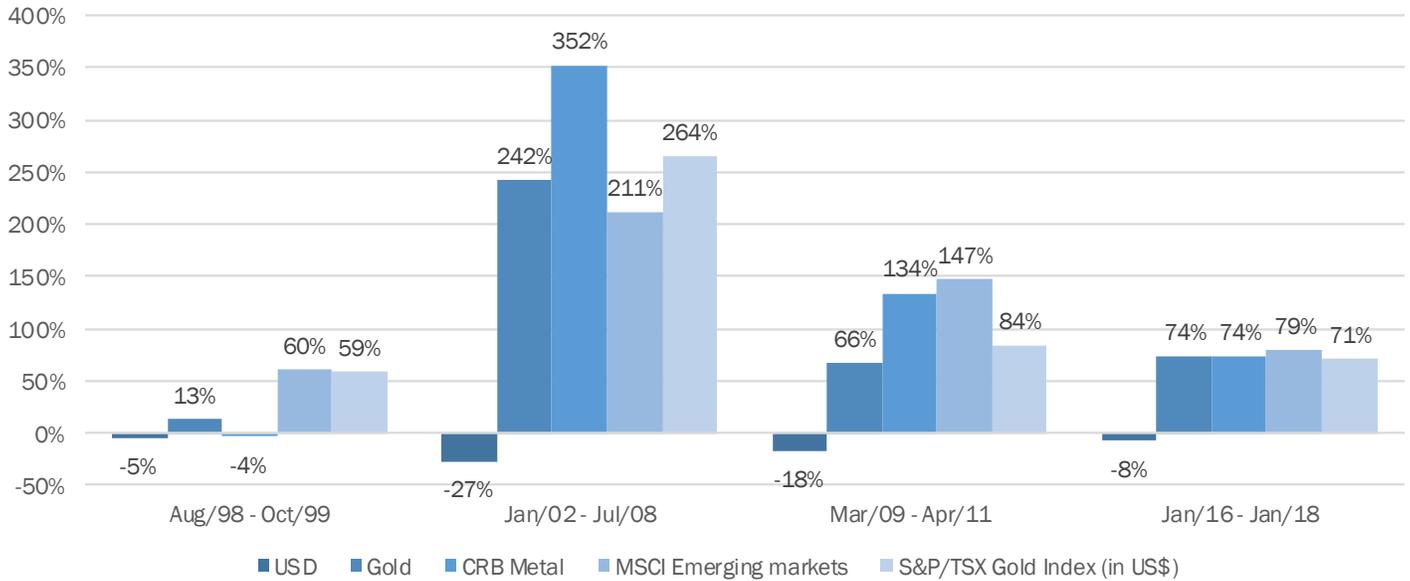
As we show in Figure 6, the US dollar is up 9% since January. Previous USD rallies since 1995 have seen gains of 13% to 33% suggesting there is potential for the dollar to continue to move higher and therefore for gold and commodities to move lower. In Figure 8, we show that sharp rallies in the dollar have coincided with financial crises and/or recessions.

Figure 8: Gold, metals, and emerging markets performance during periods of a strengthening US dollar



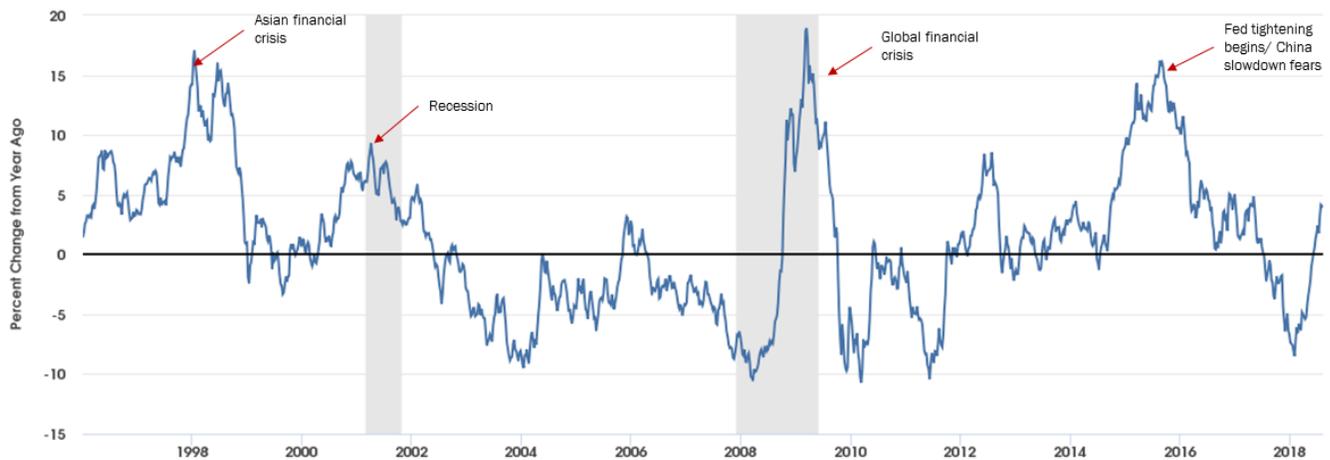
Source: Bloomberg, Canaccord Genuity estimates

Figure 9: Gold, metals, and emerging markets performance during periods of a weakening US dollar



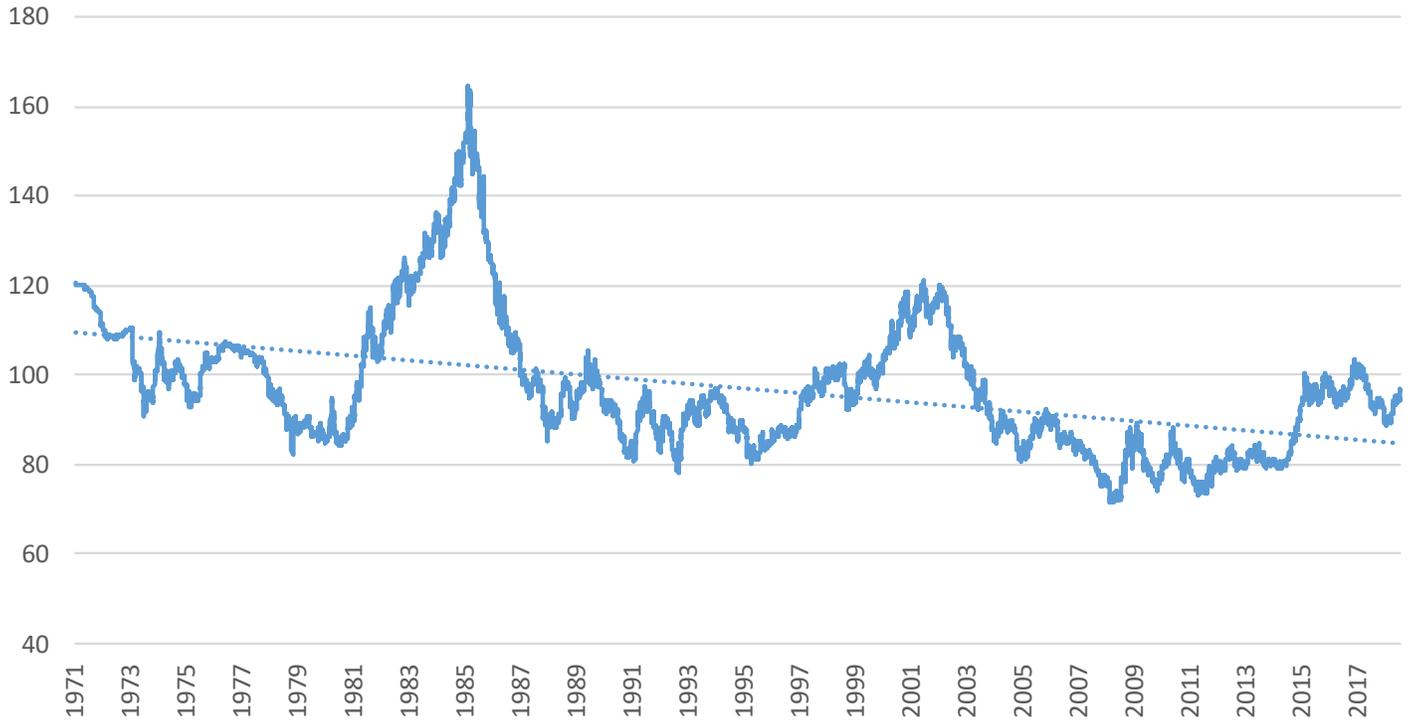
Source: Bloomberg, Canaccord Genuity estimates

Figure 10: A sharply stronger US dollar has coincided with financial crises and recessions. Year-over change in US trade-weighted dollar



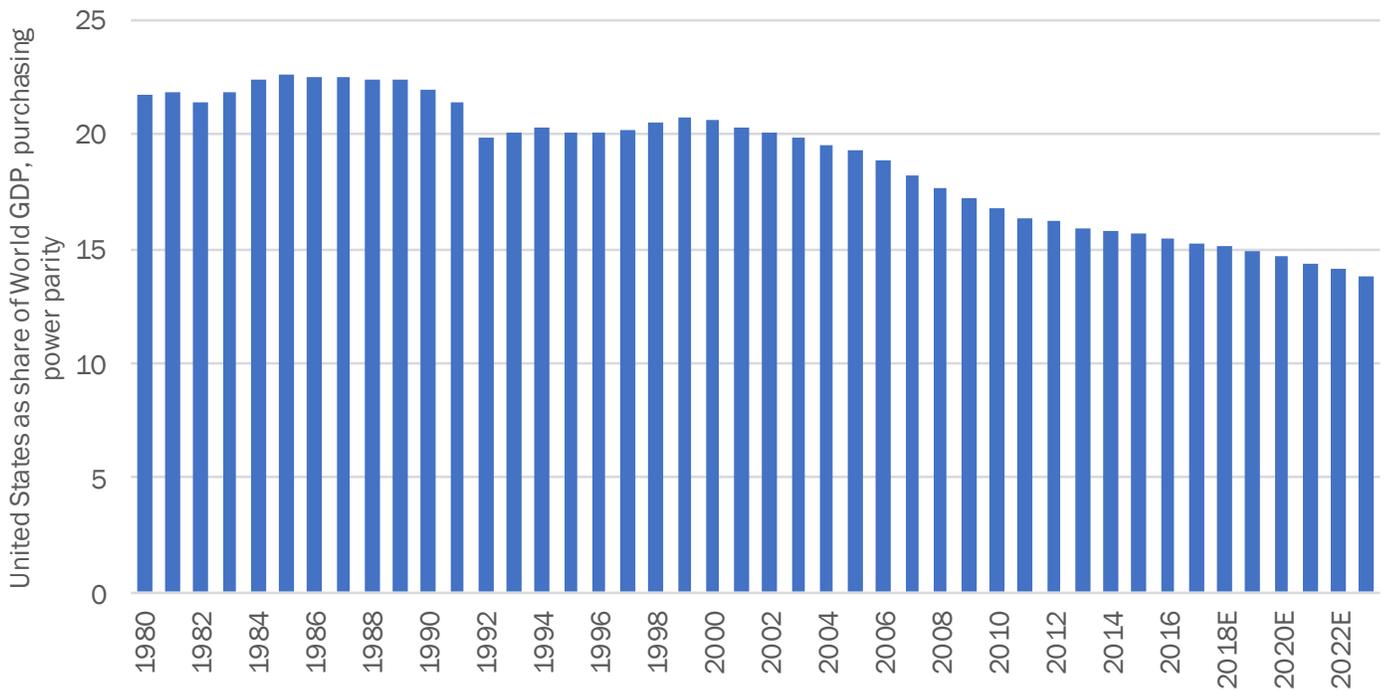
Source: Federal Reserve Bank of St. Louis, Canaccord Genuity estimates

Figure 11: Long-term trend in the US dollar (DXY index)

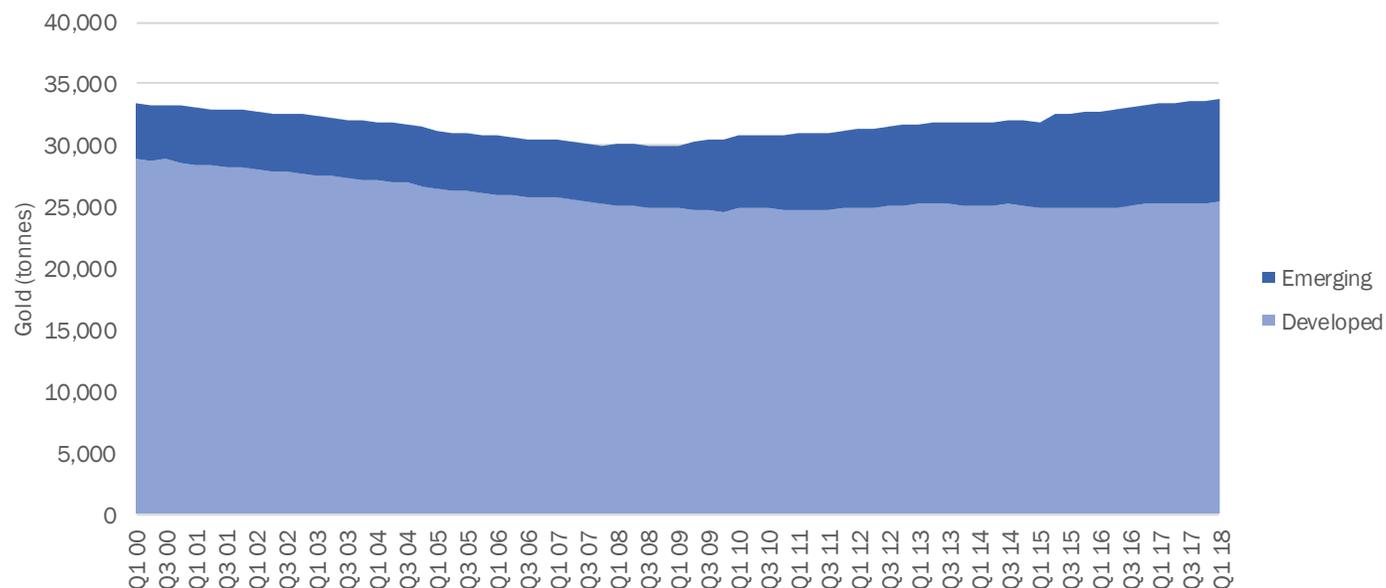


Source: Bloomberg, Canaccord Genuity estimates

Figure 12: The United States as a % of global GDP



Source: IMF

Figure 13: Global central bank gold holdings (tonnes)

Source: World Gold Council, Canaccord Genuity estimates

Figure 14: Top-20 Global Central Bank Gold Holdings (tonnes)

	Q1 09	Q1 18	% Chg
United States	8,133	8,133	-
Germany	3,413	3,372	-1%
IMF	3,217	2,814	-13%
Italy	2,452	2,452	-
France	2,453	2,436	-1%
Russia	532	1,891	256%
Mainland China	600	1,843	207%
Switzerland	1,040	1,040	-
Japan	765	765	-
BIS	120	630	427%
Netherlands	612	612	-
India	358	560	57%
ECB	537	505	-6%
Taiwan	424	424	-
Portugal	383	383	-
Saudi Arabia	323	323	-
United Kingdom	310	310	-
Kazakhstan	72	310	331%
Lebanon	287	287	-
Spain	282	282	-
Total emerging	5,057	8,432	67%
Total developed	24,863	25,381	2%
Total	29,921	33,813	13%

Source: World Gold Council, Canaccord Genuity estimates

Stress-testing Producers at \$1,100/oz

Our baseline view is that while gold prices could go lower in the near term, we believe that ultimately gold prices will move higher. Our top picks are Goldcorp, IAMGOLD, B2Gold among the senior producers; Atlantic Gold and Teranga among the intermediate/junior producers and Wheaton Precious Metals among the royalty companies.

Figure 15: CG forward-curve derived price deck

	2017A	2018E	2019E	2020E	2021E	2022E	2023E+
Gold (US\$/oz)	\$1,258	\$1,262	\$1,291	\$1,330	\$1,378	\$1,417	\$1,456
Silver (US\$/oz)	17.07	16.09	16.46	16.90	17.67	17.78	17.78
Copper (US\$/lb)	2.80	2.88	2.90	2.92	2.93	2.93	2.93
Zinc (US\$/lb)	1.31	1.23	1.21	1.18	1.14	1.10	1.10
Lead (US\$/lb)	1.05	1.07	1.07	1.06	1.06	1.06	1.06
C\$/US\$	0.77	0.77	0.77	0.78	0.78	0.78	0.78
EURO/US\$	1.13	1.21	1.24	1.29	1.32	1.32	1.32
AUD/US\$	1.30	1.34	1.34	1.33	1.33	1.33	1.33

Priced as of July 5, 2018
Source: Company Reports, Canaccord Genuity estimates

However, we have taken a look at what balance sheets, free cash flow, and valuations look like at \$1,100/oz gold and silver at \$13.72/oz (Figure 16) and which producers are best positioned to operate at \$1,100/oz. In general, most producers continue to generate FCF after sustaining capital and net debt/EBITDA is <2.5x suggesting producers have time to wait out low metal prices without requiring asset sales, selling streams or issuing equity.

Producers that we think are best positioned in an \$1,100/oz environment include:

Goldcorp (BUY, C\$23.00 target price)

- At \$1,100/oz, we forecast improving FCF in 2019/2020 relative to 2018 as Penasquito grade profile improves and Cerro Negro and Eleonore ramp ups are completed.
- Balance is in good shape with net debt/EBITDA of 1.6x at \$1,100/oz.
- Low political risk exposure
- Attractive valuation at 1.1x NAV at \$1,100/oz and 6.1% FCF yield after sustaining capital

Franco-Nevada (BUY, C\$120 target price)

- Less downside torque than WPM and improving FCF profile at \$1,100/oz as Cobre Panama ramps up and oil & gas provides growth
- \$1 billion in available liquidity if stream opportunities arise in a down market
- Less operating leverage than producers so a safe place to hide
- Diversified, lower risk portfolio
- Valuation multiples at \$1,100/oz are still reasonable by Franco's historical standards at 1.9x NAV, 23.3x EBITDA and 4.0% FCF yield

B2Gold (BTO, C\$6.50 target price)

- At \$1,100/oz we forecast that FCF should continue to grow in 2019/2020 relative to 2018, as Fekola continues to ramp-up production. We see upside to our forecasts based on the potential for a further expansion of the Fekola Mill (beyond our modeled 5.5 Mtpa) and a meaningful expansion of the Limon Mill to process the higher margin El Limon Central open-pit material. Both these opportunities are excluded from our forecasts.
- We also see the potential to boost free cash flow in the short term by increasing grades to the mill, particularly at Fekola, thanks to higher-than-expected mining productivity levels and the benefit of maintaining a sizeable high-grade ore stockpile.
- Following the expected settlement of the \$259 M convertible notes (due Oct 2019) the balance sheet should continue to improve. At \$1,100/oz, we forecast Net Debt/EBITDA of 1.0x by YE18 (below the group average of 1.5x) improving to 0.7x in 2019 (below the group average of 1.3x).
- Conclusion of Mali elections and finalization of Fekola ownership agreement with the agreement should remove overhang.
- Attractive valuation at 5.1x EV/EBITDA and 0.9x P/NAV at \$1,100/oz and 12% FCF yield after sustaining capital.

Teranga Gold (TGZ, C\$7.50 target price)

- At \$1,100/oz we forecast that FCF should continue to grow in 2019/2020 relative to 2018, as Wahgnion commences production (Q4/19). We see upside to our forecasts for 2019 based on the potential for a quicker ramp-up relative to our forecasts.
- We also see the potential to boost free cash flow in the short term by increasing grades to the mill at Sabodala, thanks to continued positive reconciliation and strong mine productivity that has helped create a sizeable high-grade ore stockpile.
- While Net Debt to EBITDA of 1.9x appears higher than the mid/small cap average in 2018, we forecast an improvement to 1.2x in 2019 and to 1.0x in 2020 as Wahgnion ramps up. If low gold prices persist, we would anticipate a slower pace of development at Golden Hill and the Cote d'Ivoire Assets, but the impact on our valuation would be modest considering the early stage.
- Attractive valuation at 4.0x EV/EBITDA and 1.1x P/NAV at \$1,100/oz, particularly considering the growth potential and 17% FCF yield after sustaining capital.

Atlantic Gold (AGB, C\$3.50 target price)

- At \$1,100/oz we forecast that FCF should continue to grow in 2019/2020 relative to 2018, as the Moose River Consolidated Operation continues to ramp-up (2019 will be the first full year of commercial production). Very low forecast costs (average AISC of US\$561/oz) are expected to drive robust free cash flow.
- A large proportion of the production (~ 80% of our forecast production) from 2018 to 2020 is hedged at C\$1,550/oz (US\$1,178/oz at C\$0.76/US\$), minimizing the variability to our FCF forecasts.
- While debt levels should remain relatively flat as the company advances the MRC expansion and the development of satellite deposits (Fifteen Mile Stream, Cochrane and Beaver Dam), Net Debt/EBITDA appears manageable at <1.0x through the period.

- Attractive valuation at 4.0x EV/EBITDA and 0.8x P/NAV at \$1,100/oz, and 18% FCF yield after sustaining capital.

Other producers that are well positioned in a \$1,100/oz environment include **Endeavour Mining (BUY, Target: C\$35.50)** and **Roxgold (BUY, Target: C\$2.00)**. Endeavour Mining does have a meaningful amount of growth capital ahead of it with the Ity CIL project (under development) and the Kalana project (likely to be staged after Ity CIL pending a positive feasibility study and construction decision). For Roxgold, the key catalyst to generate market interest remains exploration results and the company's ability to replace/grow reserves at Yaramoko.

Producers that we think are worst positioned in an \$1,100/oz environment include:

Eldorado (HOLD, C\$1.45 target price)

- At \$1,100/oz we forecast negative FCF and a deteriorating balance sheet as the company completes its Lamaque project and the Kisladag mill.
- Without assets sales, which could be tougher to execute favourable amid lower gold prices, we are concerned about the ability to refinance its \$600 million in notes maturing in 2020.

New Gold (HOLD, C\$1.50 target price)

- While sustaining FCF does grow from 2018 to 2020, we note that the majority of the free cash flow comes from the New Afton mine, which we believe will be difficult to sustain without the development of the C-Zone.
- We forecast that Rainy River will generate negative FCF during the period, and with \$980 M in debt coming due (\$180 M from the RCF due 2020, \$500 M in Senior Unsecured Notes due in 2022, and \$300M in Senior Unsecured Notes due in 2025), we expect that development of the C-Zone could be difficult in a low gold price environment. In that even, our FCF forecasts in 2019/20 will likely be difficult to sustain.
- Net Debt to EBITDA is expected to remain high >2.3x through 2020. At this stage, we do not forecast a liquidity crisis in the near term but we believe New Gold's cash generation potential will be adversely impacted in a \$1,100/oz environment.

Figure 16: Summary statistics at \$1,100/oz

Prices Close Date: 17-Aug-18												
Company	Price	Mkt Cap	Valuation at \$1,100/oz Au (2019)				Key Metrics at \$1,100/oz Au (2019)			Leverage to \$100 chg		
	(US\$/sh)		P/CF	EV/EBITDA	P/NAV	Sust FCF Yield	Sustaining FCF (US\$mm)	Sustaining FCF Margin (%)	ND/EBITDA (x)	NAV Sensitivity	EBITDA Sensitivity	
ROYALTY												
Franco-Nevada	\$66.89	\$12,526	24.6x	23.3x	1.9x	4.0%	\$505	71.1%	-0.3x	(6.7%)	(8.0%)	
Osisko Gold Royalties	\$8.06	\$1,259	21.2x	16.2x	1.0x	4.7%	\$59	65.7%	0.3x	(7.0%)	(9.8%)	
Royal Gold	\$78.09	\$5,115	17.4x	14.5x	1.9x	5.7%	\$294	63.7%	-0.1x	(8.7%)	(8.0%)	
Sandstorm Gold	\$3.60	\$696	11.8x	11.7x	1.2x	7.4%	\$52	63.0%	-1.5x	(7.8%)	(8.9%)	
Wheaton Precious Metals	\$18.47	\$8,196	21.1x	20.1x	2.4x	4.7%	\$387	52.1%	2.3x	(15.8%)	(12.1%)	
AVERAGE			19.2x	17.2x	1.7x	5.3%		63.1%	0.1x	(9.2%)	(9.4%)	
LARGE CAP												
B2Gold	\$2.18	\$2,180	5.7x	5.1x	0.9x	12.3%	\$268	24.7%	0.7x	(13.7%)	(14.2%)	
New Gold	\$1.01	\$593	2.2x	4.2x	1.3x	19.8%	\$118	15.2%	2.4x	(28.2%)	(11.9%)	
Tahoe Resources	\$3.77	\$1,192	4.5x	3.9x	0.9x	11.4%	\$136	14.9%	0.0x	(19.9%)	(16.4%)	
Goldcorp	\$10.75	\$9,295	8.7x	8.2x	1.1x	6.1%	\$571	14.7%	1.6x	(18.4%)	(17.0%)	
Agnico Eagle	\$35.61	\$8,285	13.8x	15.0x	1.9x	3.5%	\$288	14.2%	2.5x	(15.3%)	(18.1%)	
Barrick	\$10.03	\$11,691	6.7x	6.6x	0.9x	7.3%	\$856	13.4%	1.4x	(15.1%)	(14.7%)	
Newmont	\$32.06	\$17,152	12.0x	8.5x	1.8x	4.0%	\$681	11.3%	0.0x	(17.2%)	(20.0%)	
Yamana	\$2.71	\$2,574	6.0x	7.0x	1.1x	6.9%	\$178	10.4%	2.6x	(23.9%)	(14.2%)	
Kinross	\$2.91	\$3,655	5.4x	7.9x	1.1x	6.0%	\$220	8.0%	2.1x	(18.8%)	(22.7%)	
Centerra Gold	\$4.39	\$1,365	6.0x	5.7x	1.0x	3.0%	\$41	4.5%	1.4x	(22.5%)	(14.5%)	
IAMGOLD	\$4.13	\$1,932	8.2x	7.3x	1.0x	2.0%	\$39	3.9%	-0.2x	(17.6%)	(20.8%)	
Eldorado	\$0.94	\$747	10.9x	8.4x	0.9x	(5.8%)	(\$44)	(5.3%)	2.8x	(21.3%)	(16.5%)	
Detour Gold	\$7.87	\$1,391	9.6x	11.9x	0.7x	(3.3%)	(\$46)	(6.4%)	1.9x	(13.8%)	(23.6%)	
AVERAGE			7.7x	7.7x	1.1x	5.6%		9.5%	1.5x	(18.9%)	(17.3%)	
MID/SMALL CAP												
Premier Gold	\$1.52	\$496	6.2x	6.7x	0.6x	5.7%	\$28	57.9%	0.0x	(14.9%)	(16.4%)	
Atlantic Gold	\$1.24	\$248	5.5x	4.0x	0.8x	18.3%	\$45	47.8%	0.3x	(11.8%)	(2.1%)	
Pretium Resources	\$8.57	\$1,580	6.1x	5.4x	0.9x	13.2%	\$209	44.3%	0.2x	(12.1%)	(11.4%)	
Roxgold	\$0.71	\$268	4.1x	2.8x	0.7x	23.5%	\$63	35.5%	-0.8x	(10.7%)	(11.1%)	
Endeavour Mining	\$14.51	\$1,765	4.3x	4.6x	1.0x	16.2%	\$286	30.8%	0.5x	(13.2%)	(12.1%)	
Oceana Gold	\$2.85	\$1,756	7.1x	5.6x	1.3x	12.1%	\$213	30.4%	0.1x	(12.0%)	(14.3%)	
Teranga Gold	\$6.19	\$526	3.6x	4.1x	1.1x	16.6%	\$87	18.3%	1.2x	(26.2%)	(15.9%)	
Argonaut Gold	\$1.47	\$262	5.0x	5.3x	0.7x	12.1%	\$32	16.0%	1.3x	(17.2%)	(20.8%)	
Alamos Gold	\$4.38	\$1,717	9.3x	7.7x	0.7x	5.1%	\$87	15.2%	-0.3x	(12.0%)	(16.6%)	
Torex Gold	\$2.78	\$300	5.8x	5.0x	1.0x	2.6%	\$8	3.7%	2.3x	(17.6%)	(10.8%)	
Asanko Gold	\$0.85	\$192	13.5x	10.3x	1.0x	0.6%	\$1	0.4%	-2.8x	(17.0%)	(40.0%)	
Leagold Mining Corp	\$1.58	\$452	6.3x	10.8x	1.2x	(1.3%)	(\$6)	(1.2%)	2.1x	(21.2%)	(24.2%)	
SSR Mining	\$8.70	\$1,057	13.5x	10.4x	1.0x	(0.6%)	(\$6)	(1.6%)	-2.5x	(12.9%)	(23.0%)	
AVERAGE			7.0x	6.4x	0.9x	9.6%		22.9%	0.1x	(15.3%)	(16.8%)	
GROUP AVERAGE			9.2x	8.6x	1.1x	0.1x		23.8%	69.7%	(15.8%)	(15.8%)	

Source: Company Reports, Canaccord Genuity estimates

Figure 17: Implied target prices and returns predicated on \$1,100/oz and historic EV/EBITDA multiples

Prices Close Date: 17-Aug-18						
Company	Price (US\$/sh)	2019 (US\$mm)		2yr Avg EV/EBITDA Multiple	Implied Target (US\$/sh)	Implied Return
		EBITDA	NET DEBT			
ROYALTY						
Sandstorm Gold	\$3.59	\$53	(\$82)	14.6x	\$4.39	22.2%
Osisko Gold Royalties	\$8.05	\$79	\$26	19.5x	\$9.73	20.9%
Royal Gold	\$78.09	\$348	(\$30)	16.2x	\$86.43	10.7%
Franco-Nevada	\$66.79	\$530	(\$183)	23.5x	\$67.42	0.9%
Wheaton Precious Metals	\$18.44	\$444	\$1,023	16.1x	\$13.83	(25.0%)
AVERAGE				18.0x		6.0%
LARGE CAP						
B2Gold	\$2.18	\$481	\$333	6.6x	\$2.85	31.0%
Tahoe Resources	\$3.77	\$296	(\$6)	4.6x	\$4.35	15.5%
New Gold*	\$1.01	\$324	\$780	4.4x	\$1.10	8.7%
Goldcorp	\$10.74	\$1,402	\$2,196	7.9x	\$10.31	(4.0%)
Barrick	\$10.02	\$2,276	\$3,274	6.2x	\$9.27	(7.5%)
Newmont	\$32.06	\$1,546	\$30	8.3x	\$23.89	(25.5%)
Yamana	\$2.70	\$592	\$1,548	5.7x	\$1.92	(28.8%)
IAMGOLD	\$4.13	\$249	(\$61)	5.3x	\$2.94	(28.8%)
Agnico Eagle	\$35.56	\$664	\$1,672	11.3x	\$25.01	(29.7%)
Centerra Gold	\$4.38	\$279	\$40	3.4x	\$2.96	(32.5%)
Eldorado	\$0.94	\$132	\$364	6.4x	\$0.61	(34.6%)
Detour Gold	\$7.86	\$134	\$262	6.7x	\$3.61	(54.0%)
Kinross	\$2.89	\$622	\$1,297	4.6x	\$1.24	(57.2%)
AVERAGE				6.3x		(19.0%)
MID/SMALL CAP						
Torex Gold	\$6.18	\$185	\$229	5.7x	\$9.66	56.3%
Pretium Resources*	\$8.56	\$291	\$60	7.5x	\$11.48	34.1%
Roxgold	\$0.71	\$75	(\$58)	3.5x	\$0.86	20.4%
Endeavour Mining	\$14.49	\$438	\$230	5.3x	\$17.26	19.1%
Alamos Gold	\$4.37	\$211	(\$55)	7.9x	\$4.37	(0.1%)
Oceana Gold	\$2.85	\$279	\$40	5.0x	\$2.22	(22.1%)
SSR Mining	\$8.69	\$81	(\$206)	6.1x	\$5.74	(33.9%)
Leagold Mining Corp**	\$1.58	\$153	\$201	2.8x	\$0.81	(48.6%)
Argonaut Gold	\$1.47	\$62	\$82	3.5x	\$0.74	(49.5%)
Asanko Gold*	\$0.85	\$14	(\$40)	3.2x	\$0.38	(55.0%)
Teranga Gold**	\$2.77	\$94	\$155	2.3x	\$0.58	(79.2%)
Atlantic Gold	\$1.24	\$62	\$19	nmf	nmf	nmf
Premier Gold	\$1.52	\$95	(\$2)	nmf	nmf	nmf
AVERAGE				4.8x		(14.4%)
GROUP AVERAGE				7.7x		(13.0%)

*Due to recent changes to the fundamental outlook of this company a one-year average multiple has been used

**2020 EBITDA has been used for this company as it is more reflective of the longer-term value

Source: Company Reports, Canaccord Genuity estimates

Figure 18: P/NAV

Prices Close Date: 17-Aug-18						
Company	Price C\$/sh	Price US\$/sh	CG Price Deck		Flat \$1,100/oz Au	
			Adj. NAV US\$/sh	P/NAV	Adj. NAV US\$/sh	P/NAV
ROYALTY						
Wheaton Precious Metals	\$24.13	\$18.47	\$12.56	1.47x	\$7.73	2.39x
Royal Gold	\$102.03	\$78.09	\$51.42	1.52x	\$40.50	1.93x
Franco-Nevada	\$87.40	\$66.89	\$42.91	1.56x	\$35.11	1.91x
Sandstorm Gold	\$4.70	\$3.60	\$3.47	1.04x	\$2.90	1.24x
Osisko Gold Royalties	\$10.53	\$8.06	\$9.57	0.84x	\$7.72	1.04x
AVERAGE				1.29x		1.70x
LARGE CAP						
Agnico Eagle	\$46.52	\$35.61	\$35.85	0.99x	\$18.71	1.90x
Newmont	\$41.89	\$32.06	\$34.32	0.93x	\$17.40	1.84x
New Gold	\$1.32	\$1.01	\$2.74	0.37x	\$0.78	1.30x
Goldcorp	\$14.04	\$10.75	\$16.01	0.67x	\$9.41	1.14x
Kinross	\$3.80	\$2.91	\$6.16	0.47x	\$2.62	1.11x
Yamana	\$3.54	\$2.71	\$4.59	0.59x	\$2.46	1.10x
IAMGOLD	\$5.40	\$4.13	\$9.38	0.44x	\$4.09	1.01x
Centerra Gold	\$5.73	\$4.39	\$8.59	0.51x	\$4.36	1.01x
B2Gold	\$2.85	\$2.18	\$4.10	0.53x	\$2.30	0.95x
Eldorado	\$1.23	\$0.94	\$2.23	0.42x	\$1.02	0.92x
Barrick	\$13.10	\$10.03	\$16.97	0.59x	\$10.91	0.92x
Tahoe Resources	\$4.93	\$3.77	\$7.57	0.50x	\$4.24	0.89x
Detour Gold	\$10.28	\$7.87	\$21.68	0.36x	\$11.30	0.70x
AVERAGE				0.57x		1.14x
MID/SMALL CAP						
Oceana Gold	\$3.73	\$2.85	\$3.16	0.90x	\$2.22	1.29x
Leagold Mining Corp	\$2.07	\$1.58	\$3.93	0.40x	\$1.32	1.20x
Teranga Gold	\$8.09	\$6.19	\$15.64	0.40x	\$5.82	1.06x
Asanko Gold	\$1.11	\$0.85	\$1.94	0.44x	\$0.84	1.02x
Endeavour Mining	\$18.96	\$14.51	\$24.83	0.58x	\$14.48	1.00x
Torex Gold	\$3.63	\$2.78	\$8.12	0.34x	\$2.84	0.98x
SSR Mining	\$11.37	\$8.70	\$14.06	0.62x	\$9.09	0.96x
Pretium Resources	\$11.20	\$8.57	\$15.22	0.56x	\$9.17	0.94x
Atlantic Gold	\$1.62	\$1.24	\$2.70	0.46x	\$1.51	0.82x
Alamos Gold	\$5.72	\$4.38	\$10.13	0.43x	\$5.84	0.75x
Roxgold	\$0.93	\$0.71	\$1.55	0.46x	\$1.04	0.69x
Argonaut Gold	\$1.92	\$1.47	\$4.99	0.29x	\$2.20	0.67x
Premier Gold	\$1.99	\$1.52	\$5.51	0.28x	\$2.49	0.61x
AVERAGE				0.47x		0.92x
GROUP AVERAGE				0.64x		1.14x

Source: Company Reports, Canaccord Genuity estimates

Figure 19: NAV Sensitivity

Prices Close Date:		17-Aug-18		NAV (US\$/sh)		NAV Sensitivity (%)
Company	Price C\$/sh	Price US\$/sh	CG Price Deck	CG Price Deck Less \$100/oz Au		
ROYALTY						
Franco-Nevada	\$87.40	\$66.89	\$42.91	\$40.03		(6.7%)
Osisko Gold Royalties	\$10.53	\$8.06	\$9.57	\$8.90		(7.0%)
Sandstorm Gold	\$4.70	\$3.60	\$3.47	\$3.20		(7.8%)
Royal Gold	\$102.03	\$78.09	\$51.42	\$46.97		(8.7%)
Wheaton Precious Metals	\$24.13	\$18.47	\$12.56	\$10.57		(15.8%)
AVERAGE						(9.2%)
LARGE CAP						
B2Gold	\$2.85	\$2.18	\$4.10	\$3.54		(13.7%)
Detour Gold	\$10.28	\$7.87	\$21.68	\$18.69		(13.8%)
Barrick	\$13.10	\$10.03	\$16.97	\$14.41		(15.1%)
Agnico Eagle	\$46.52	\$35.61	\$35.85	\$30.35		(15.3%)
Newmont	\$41.89	\$32.06	\$34.32	\$28.43		(17.2%)
IAMGOLD	\$5.40	\$4.13	\$9.38	\$7.73		(17.6%)
Goldcorp	\$14.04	\$10.75	\$16.01	\$13.07		(18.4%)
Kinross	\$3.80	\$2.91	\$6.16	\$5.00		(18.8%)
Tahoe Resources	\$4.93	\$3.77	\$7.57	\$6.07		(19.9%)
Eldorado	\$1.23	\$0.94	\$2.23	\$1.75		(21.3%)
Centerra Gold	\$5.73	\$4.39	\$8.59	\$6.66		(22.5%)
Yamana	\$3.54	\$2.71	\$4.59	\$3.50		(23.9%)
New Gold	\$1.32	\$1.01	\$2.74	\$1.97		(28.2%)
AVERAGE						(18.9%)
MID/SMALL CAP						
Roxgold	\$0.93	\$0.71	\$1.55	\$1.39		(10.7%)
Atlantic Gold	\$1.62	\$1.24	\$2.70	\$2.38		(11.8%)
Alamos Gold	\$5.72	\$4.38	\$10.13	\$8.92		(12.0%)
Oceana Gold	\$3.73	\$2.85	\$3.14	\$2.77		(12.0%)
Pretium Resources	\$11.20	\$8.57	\$15.22	\$13.39		(12.1%)
SSR Mining	\$11.37	\$8.70	\$14.06	\$12.24		(12.9%)
Endeavour Mining	\$18.96	\$14.51	\$24.83	\$21.56		(13.2%)
Premier Gold	\$1.99	\$1.52	\$5.51	\$4.69		(14.9%)
Asanko Gold	\$1.11	\$0.85	\$1.94	\$1.61		(17.0%)
Argonaut Gold	\$1.92	\$1.47	\$4.99	\$4.13		(17.2%)
Torex Gold	\$3.63	\$2.78	\$8.12	\$6.69		(17.6%)
Leagold Mining Corp	\$2.07	\$1.58	\$3.93	\$3.10		(21.2%)
Teranga Gold	\$8.09	\$6.19	\$15.64	\$11.55		(26.2%)
AVERAGE						(15.3%)
GROUP AVERAGE						(15.8%)

Source: Company Reports, Canaccord Genuity estimates

Figure 20: EV/EBITDA

Prices Close Date:		17-Aug-18						
Company	Price	Price	EV/EBITDA on CG Deck			EV/EBITDA at \$1,100 Au		
	C\$/sh	US\$/sh	2018	2019	2020	2018	2019	2020
ROYALTY								
Franco-Nevada	\$87.40	\$66.89	24.5x	19.5x	17.1x	26.2x	23.3x	21.4x
Wheaton Precious Metals	\$24.13	\$18.47	17.1x	15.1x	13.5x	19.1x	20.1x	19.0x
Osisko Gold Royalties	\$10.53	\$8.06	13.7x	12.9x	8.9x	15.0x	16.2x	11.8x
Royal Gold	\$102.03	\$78.09	15.7x	12.1x	12.2x	16.9x	14.5x	15.3x
Sandstorm Gold	\$4.70	\$3.60	14.5x	9.5x	7.8x	15.8x	11.7x	10.3x
AVERAGE			17.1x	13.8x	11.9x	18.6x	17.2x	15.5x
LARGE CAP								
Agnico Eagle	\$46.52	\$35.61	12.5x	9.5x	7.8x	15.2x	15.0x	13.5x
Detour Gold	\$10.28	\$7.87	5.4x	5.9x	4.5x	6.7x	11.9x	10.5x
Newmont	\$41.89	\$32.06	5.3x	5.0x	4.3x	6.4x	8.5x	8.3x
Eldorado	\$1.23	\$0.94	7.5x	5.6x	5.9x	7.6x	8.4x	9.1x
Goldcorp	\$14.04	\$10.75	7.5x	5.3x	4.3x	9.1x	8.2x	7.1x
Kinross	\$3.80	\$2.91	4.0x	4.1x	3.5x	5.1x	7.9x	7.7x
IAMGOLD	\$5.40	\$4.13	4.2x	3.9x	2.9x	5.3x	7.3x	6.0x
Yamana	\$3.54	\$2.71	5.4x	4.8x	3.7x	6.4x	7.0x	5.7x
Barrick	\$13.10	\$10.03	5.1x	4.6x	4.4x	5.9x	6.6x	7.0x
Centerra Gold	\$5.73	\$4.39	3.7x	3.7x	2.4x	4.6x	5.7x	4.0x
B2Gold	\$2.85	\$2.18	4.5x	3.5x	2.4x	5.1x	5.1x	4.1x
New Gold	\$1.32	\$1.01	-28.5x	2.9x	2.4x	-16.4x	4.2x	4.2x
Tahoe Resources	\$4.93	\$3.77	6.7x	2.4x	1.4x	6.7x	3.9x	2.9x
AVERAGE			3.3x	4.7x	3.8x	5.2x	7.7x	6.9x
MID/SMALL CAP								
Leagold Mining Corp	\$2.07	\$1.58	5.7x	5.2x	2.7x	7.7x	10.8x	6.3x
SSR Mining	\$11.37	\$8.70	6.0x	5.3x	2.9x	7.7x	10.4x	6.1x
Asanko Gold	\$1.11	\$0.85	0.9x	1.9x	0.7x	1.1x	10.3x	2.0x
Alamos Gold	\$5.72	\$4.38	6.3x	4.9x	4.8x	7.8x	7.7x	8.4x
Premier Gold	\$1.99	\$1.52	18.7x	4.5x	3.5x	28.5x	6.7x	6.7x
Oceana Gold	\$3.73	\$2.85	3.8x	3.9x	3.6x	4.1x	5.6x	5.8x
Pretium Resources	\$11.20	\$8.57	6.2x	4.2x	4.3x	7.2x	5.4x	5.8x
Argonaut Gold	\$1.92	\$1.47	3.5x	1.9x	1.1x	6.2x	5.3x	4.0x
Torex Gold	\$3.63	\$2.78	5.1x	2.6x	-0.4x	5.9x	5.0x	1.3x
Endeavour Mining	\$18.96	\$14.51	6.3x	3.2x	2.3x	7.0x	4.6x	3.9x
Teranga Gold	\$8.09	\$6.19	4.1x	2.5x	2.2x	5.0x	4.1x	4.4x
Atlantic Gold	\$1.62	\$1.24	5.2x	3.8x	4.2x	5.5x	4.0x	4.5x
Roxgold	\$0.93	\$0.71	3.6x	2.0x	1.9x	4.0x	2.8x	3.1x
AVERAGE			5.8x	3.5x	2.6x	7.5x	6.4x	4.8x
GROUP AVERAGE			6.6x	5.7x	4.6x	8.3x	8.6x	7.4x

Source: Company Reports, Canaccord Genuity estimates

Figure 21: Net Debt/EBITDA

Prices Close Date: 17-Aug-18								
Company	Price C\$/sh	Price US\$/sh	ND/EBITDA on CG Deck			ND/EBITDA at \$1,100 Au		
			2018	2019	2020	2018	2019	2020
ROYALTY								
Wheaton Precious Metals	\$24.13	\$18.47	2.3x	1.4x	0.6x	2.6x	2.3x	1.7x
Osisko Gold Royalties	\$10.53	\$8.06	0.4x	0.0x	-0.9x	0.5x	0.3x	-0.7x
Royal Gold	\$102.03	\$78.09	0.4x	-0.2x	-0.9x	0.5x	-0.1x	-0.7x
Franco-Nevada	\$87.40	\$66.89	0.2x	-0.5x	-1.1x	0.3x	-0.3x	-1.0x
Sandstorm Gold	\$4.70	\$3.60	-0.7x	-1.5x	-2.4x	-0.7x	-1.5x	-2.4x
AVERAGE			0.5x	-0.2x	-0.9x	0.7x	0.1x	-0.6x
LARGE CAP								
Eldorado	\$1.23	\$0.94	1.9x	1.7x	2.6x	1.9x	2.8x	4.4x
Yamana	\$3.54	\$2.71	2.0x	1.6x	0.9x	2.5x	2.6x	1.9x
Agnico Eagle	\$46.52	\$35.61	1.8x	1.3x	0.8x	2.3x	2.5x	2.1x
New Gold	\$1.32	\$1.01	-16.8x	1.6x	1.1x	-9.8x	2.4x	2.3x
Kinross	\$3.80	\$2.91	0.7x	0.8x	0.5x	1.1x	2.1x	2.0x
Detour Gold	\$10.28	\$7.87	0.6x	0.4x	-0.2x	0.9x	1.9x	1.6x
Goldcorp	\$14.04	\$10.75	1.5x	0.8x	0.4x	2.0x	1.6x	1.2x
Barrick	\$13.10	\$10.03	1.2x	0.9x	0.6x	1.4x	1.4x	1.4x
Centerra Gold	\$5.73	\$4.39	-0.1x	0.6x	0.2x	0.0x	1.4x	1.0x
B2Gold	\$2.85	\$2.18	0.8x	0.2x	-0.4x	1.0x	0.7x	0.0x
Newmont	\$41.89	\$32.06	0.1x	-0.3x	-0.6x	0.2x	0.0x	-0.1x
Tahoe Resources	\$4.93	\$3.77	0.3x	-0.3x	-1.0x	0.3x	0.0x	-0.7x
IAMGOLD	\$5.40	\$4.13	-1.0x	-0.6x	-0.5x	-1.0x	-0.2x	0.3x
AVERAGE			-0.5x	0.7x	0.3x	0.2x	1.5x	1.3x
MID/SMALL CAP								
Torex Gold	\$3.63	\$2.78	1.1x	1.7x	0.4x	1.2x	2.3x	1.4x
Leagold Mining Corp	\$2.07	\$1.58	0.8x	0.6x	-0.2x	1.3x	2.1x	0.9x
Argonaut Gold	\$1.92	\$1.47	-0.2x	-0.6x	-0.6x	1.7x	1.3x	1.3x
Teranga Gold	\$8.09	\$6.19	1.5x	0.6x	0.0x	1.9x	1.2x	1.0x
Endeavour Mining	\$18.96	\$14.51	0.8x	0.1x	-0.4x	1.0x	0.5x	0.1x
Atlantic Gold	\$1.62	\$1.24	1.0x	0.2x	0.5x	1.3x	0.3x	0.6x
Pretium Resources	\$11.20	\$8.57	0.9x	-0.1x	-0.9x	1.2x	0.2x	-0.5x
Oceana Gold	\$3.73	\$2.85	0.2x	-0.1x	-0.5x	0.3x	0.1x	-0.2x
Premier Gold	\$1.99	\$1.52	-0.3x	-0.3x	0.8x	-0.1x	0.0x	2.4x
Alamos Gold	\$5.72	\$4.38	-1.0x	-0.5x	-0.2x	-1.1x	-0.3x	0.6x
Roxgold	\$0.93	\$0.71	-0.3x	-0.8x	-1.5x	-0.2x	-0.8x	-1.5x
SSR Mining	\$11.37	\$8.70	-1.8x	-1.9x	-1.6x	-2.1x	-2.5x	-1.7x
Asanko Gold	\$1.11	\$0.85	-0.6x	-1.2x	-0.5x	-0.6x	-2.8x	-0.2x
AVERAGE			0.2x	-0.2x	-0.4x	0.5x	0.1x	0.3x
GROUP AVERAGE			-0.1x	0.2x	-0.2x	0.4x	0.7x	0.6x

Source: Company Reports, Canaccord Genuity estimates

Figure 22: EBITDA Sensitivity

Prices Close Date: 17-Aug-18					
Company	Price C\$/sh	Price US\$/sh	2019 EBITDA (US\$mm)		EBITDA Change (%)
			CG Price Deck	Flat \$1,100/oz Au	
ROYALTY					
Royal Gold	\$102.03	\$78.09	\$411	\$348	(15.3%)
Franco-Nevada	\$87.40	\$66.89	\$626	\$530	(15.4%)
Sandstorm Gold	\$4.70	\$3.60	\$63	\$53	(17.0%)
Osisko Gold Royalties	\$10.53	\$8.06	\$98	\$79	(18.7%)
Wheaton Precious Metals	\$24.13	\$18.47	\$577	\$444	(23.2%)
AVERAGE					(17.9%)
LARGE CAP					
New Gold	\$1.32	\$1.01	\$420	\$324	(22.8%)
Yamana	\$3.54	\$2.71	\$812	\$592	(27.1%)
B2Gold	\$2.85	\$2.18	\$659	\$481	(27.1%)
Centerra Gold	\$5.73	\$4.39	\$438	\$317	(27.7%)
Barrick	\$13.10	\$10.03	\$3,164	\$2,276	(28.1%)
Tahoe Resources	\$4.93	\$3.77	\$431	\$296	(31.4%)
Eldorado	\$1.23	\$0.94	\$193	\$132	(31.5%)
Goldcorp	\$14.04	\$10.75	\$2,080	\$1,402	(32.6%)
Agnico Eagle	\$46.52	\$35.61	\$1,016	\$664	(34.7%)
Newmont	\$41.89	\$32.06	\$2,503	\$1,546	(38.2%)
IAMGOLD	\$5.40	\$4.13	\$413	\$249	(39.8%)
Kinross	\$3.80	\$2.91	\$1,099	\$622	(43.4%)
Detour Gold	\$10.28	\$7.87	\$245	\$134	(45.1%)
AVERAGE					(33.0%)
MID/SMALL CAP					
Atlantic Gold	\$1.62	\$1.24	\$65	\$62	(4.1%)
Torex Gold	\$3.63	\$2.78	\$84	\$67	(20.7%)
Roxgold	\$0.93	\$0.71	\$95	\$75	(21.3%)
Pretium Resources	\$11.20	\$8.57	\$373	\$291	(21.8%)
Endeavour Mining	\$18.96	\$14.51	\$569	\$438	(23.1%)
Oceana Gold	\$3.73	\$2.85	\$384	\$279	(27.4%)
Teranga Gold	\$8.09	\$6.19	\$266	\$185	(30.4%)
Premier Gold	\$1.99	\$1.52	\$139	\$95	(31.5%)
Alamos Gold	\$5.72	\$4.38	\$309	\$211	(31.7%)
Argonaut Gold	\$1.92	\$1.47	\$102	\$62	(39.9%)
SSR Mining	\$11.37	\$8.70	\$144	\$81	(44.1%)
Leagold Mining Corp	\$2.07	\$1.58	\$174	\$94	(46.4%)
Asanko Gold	\$1.11	\$0.85	\$61	\$14	(76.6%)
AVERAGE					(32.2%)
GROUP AVERAGE					(30.3%)

Source: Company Reports, Canaccord Genuity estimates

Figure 23: Free Cash Flow

Prices Close Date: 17-Aug-18													
Company	Mkt Cap (US\$mm)	FCF on CG Deck (US\$mm)			FCF Yield on CG Deck			FCF at \$1,100 Au (US\$mm)			FCF Yield at \$1,100 Au		
		2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
ROYALTY													
Sandstorm Gold	\$696	\$43	\$63	\$66	6.2%	9.0%	9.5%	\$40	\$52	\$52	5.7%	7.4%	7.5%
Royal Gold	\$5,115	\$292	\$345	\$336	5.7%	6.7%	6.6%	\$272	\$294	\$280	5.3%	5.7%	5.5%
Wheaton Precious Metals	\$8,196	\$509	\$523	\$594	6.2%	6.4%	7.2%	\$456	\$387	\$423	5.6%	4.7%	5.2%
Osisko Gold Royalties	\$1,259	\$79	\$78	\$110	6.3%	6.2%	8.7%	\$71	\$59	\$82	5.7%	4.7%	6.5%
Franco-Nevada	\$12,526	\$214	\$597	\$661	1.7%	4.8%	5.3%	\$183	\$505	\$539	1.5%	4.0%	4.3%
AVERAGE					5.2%	6.6%	7.5%				4.7%	5.3%	5.8%
LARGE CAP													
New Gold	\$593	\$14	\$167	\$226	2.4%	28.2%	38.1%	(\$24)	\$80	\$113	(4.0%)	13.4%	19.1%
Tahoe Resources	\$1,192	(\$138)	\$208	\$356	(11.6%)	17.4%	29.9%	(\$138)	\$94	\$214	(11.6%)	7.9%	17.9%
B2Gold	\$2,180	\$100	\$300	\$459	4.6%	13.7%	21.1%	\$54	\$169	\$313	2.5%	7.7%	14.4%
Yamana	\$2,574	\$227	\$336	\$552	8.8%	13.0%	21.5%	\$159	\$195	\$375	6.2%	7.6%	14.6%
Goldcorp	\$9,295	\$147	\$779	\$922	1.6%	8.4%	9.9%	\$4	\$391	\$477	0.0%	4.2%	5.1%
Barrick	\$11,691	\$819	\$864	\$949	7.0%	7.4%	8.1%	\$706	\$488	\$391	6.0%	4.2%	3.3%
Newmont	\$17,152	\$903	\$1,127	\$1,167	5.3%	6.6%	6.8%	\$671	\$576	\$516	3.9%	3.4%	3.0%
Agnico Eagle	\$8,285	(\$409)	\$174	\$511	(4.9%)	2.1%	6.2%	(\$514)	(\$36)	\$231	(6.2%)	(0.4%)	2.8%
Detour Gold	\$1,391	(\$48)	\$65	\$161	(3.4%)	4.7%	11.6%	(\$96)	(\$46)	\$22	(6.9%)	(3.3%)	1.6%
Kinross	\$3,655	\$22	(\$27)	\$383	0.6%	(0.7%)	10.5%	(\$100)	(\$310)	\$42	(2.7%)	(8.5%)	1.2%
IAMGOLD	\$1,932	\$24	(\$46)	(\$91)	1.2%	(2.4%)	(4.7%)	(\$28)	(\$179)	(\$267)	(1.4%)	(9.3%)	(13.8%)
Eldorado	\$747	(\$183)	(\$152)	(\$278)	(24.5%)	(20.3%)	(37.2%)	(\$184)	(\$191)	(\$327)	(24.6%)	(25.5%)	(43.8%)
Centerra Gold	\$1,365	(\$161)	(\$277)	\$187	(11.8%)	(20.3%)	13.7%	(\$213)	(\$385)	\$35	(15.6%)	(28.2%)	2.5%
AVERAGE					(1.9%)	4.4%	10.4%				(4.2%)	(2.1%)	2.1%
MID/SMALL CAP													
Roxgold	\$268	\$6	\$62	\$51	2.3%	23.2%	19.0%	\$1	\$46	\$35	0.5%	17.1%	12.9%
Teranga Gold	\$526	\$35	\$144	\$148	6.6%	27.4%	28.1%	\$13	\$87	\$84	2.5%	16.6%	15.9%
Pretium Resources	\$1,580	\$167	\$288	\$286	10.5%	18.2%	18.1%	\$134	\$209	\$210	8.5%	13.2%	13.3%
Atlantic Gold	\$248	\$34	\$17	(\$15)	13.8%	6.8%	(5.9%)	\$33	\$14	(\$18)	13.2%	5.8%	(7.2%)
Argonaut Gold	\$262	\$6	\$47	\$28	2.2%	17.9%	10.9%	(\$7)	\$13	(\$9)	(2.6%)	4.9%	(3.4%)
Endeavour Mining	\$1,765	(\$79)	\$186	\$334	(4.5%)	10.5%	18.9%	(\$103)	\$65	\$177	(5.8%)	3.7%	10.0%
Oceana Gold	\$1,756	\$108	\$128	\$203	6.1%	7.3%	11.6%	\$86	\$54	\$101	4.9%	3.1%	5.8%
SSR Mining	\$1,057	\$19	\$44	\$111	1.8%	4.2%	10.5%	(\$2)	(\$6)	\$36	(0.2%)	(0.6%)	3.4%
Alamos Gold	\$1,717	\$40	(\$70)	(\$99)	2.3%	(4.1%)	(5.8%)	\$6	(\$148)	(\$194)	0.4%	(8.6%)	(11.3%)
Leagold Mining Corp	\$452	\$39	\$15	\$153	8.6%	3.2%	33.9%	\$11	(\$59)	\$56	2.3%	(13.0%)	12.5%
Torex Gold	\$300	(\$171)	(\$35)	\$78	(57.0%)	(11.5%)	26.1%	(\$174)	(\$44)	\$29	(58.0%)	(14.7%)	9.5%
Asanko Gold	\$192	\$11	(\$27)	\$18	5.5%	(14.3%)	9.6%	(\$7)	(\$74)	(\$44)	(3.6%)	(38.5%)	(23.1%)
Premier Gold	\$496	(\$70)	(\$219)	(\$147)	(14.1%)	(44.1%)	(29.6%)	(\$75)	(\$253)	(\$199)	(15.1%)	(51.1%)	(40.1%)
AVERAGE					(1.2%)	3.4%	11.2%				(4.1%)	(4.8%)	(0.1%)
GROUP AVERAGE					(0.5%)	4.4%	10.3%				(2.7%)	(2.0%)	1.8%

Source: Company Reports, Canaccord Genuity estimates

Figure 24: Free Cash Flow After Sustaining Capital

Prices Close Date: 17-Aug-18															
Company	Mkt Cap USD MM	CG Price Deck							Flat \$1,100/oz Au						
		Sustaining FCF (US\$m)			Sustaining FCF Yield (%)			Sust FCF Margin 2019	Sustaining FCF (US\$m)			Sustaining FCF Yield (%)			Sust FCF Margin 2019
		2018	2019	2020	2018	2019	2020		2018	2019	2020	2018	2019	2020	
ROYALTY															
Franco-Nevada	\$12,526	\$490	\$597	\$661	3.9%	4.8%	5.3%	73.6%	\$456	\$505	\$539	3.6%	4.0%	4.3%	71.1%
Osisko Gold Royalties	\$1,259	\$79	\$78	\$110	6.3%	6.2%	8.7%	74.6%	\$71	\$59	\$82	5.7%	4.7%	6.5%	65.7%
Royal Gold	\$5,115	\$292	\$345	\$336	5.7%	6.7%	6.6%	64.8%	\$272	\$294	\$280	5.3%	5.7%	5.5%	63.7%
Sandstorm Gold	\$696	\$43	\$63	\$66	6.2%	9.0%	9.5%	66.1%	\$40	\$52	\$52	5.7%	7.4%	7.5%	63.0%
Wheaton Precious Metals	\$8,196	\$509	\$523	\$594	6.2%	6.4%	7.2%	59.4%	\$456	\$387	\$423	5.6%	4.7%	5.2%	52.1%
AVERAGE					5.7%	6.6%	7.5%	67.7%				5.2%	5.3%	5.8%	63.1%
LARGE CAP															
B2Gold	\$2,180	\$268	\$399	\$506	12.3%	18.3%	23.2%	31.3%	\$221	\$268	\$360	10.2%	12.3%	16.5%	24.7%
New Gold	\$593	\$33	\$205	\$271	5.6%	34.6%	45.6%	23.5%	(\$5)	\$118	\$158	(0.8%)	19.8%	26.7%	15.2%
Tahoe Resources	\$1,192	(\$6)	\$250	\$356	(0.5%)	21.0%	29.9%	23.4%	(\$6)	\$136	\$214	(0.5%)	11.4%	17.9%	14.9%
Goldcorp	\$9,295	\$655	\$959	\$1,197	7.0%	10.3%	12.9%	20.8%	\$513	\$571	\$752	5.5%	6.1%	8.1%	14.7%
Agnico Eagle	\$8,285	\$304	\$498	\$581	3.7%	6.0%	7.0%	20.9%	\$198	\$288	\$301	2.4%	3.5%	3.6%	14.2%
Barrick	\$11,691	\$1,314	\$1,232	\$1,316	11.2%	10.5%	11.3%	16.9%	\$1,201	\$856	\$759	10.3%	7.3%	6.5%	13.4%
Newmont	\$17,152	\$1,127	\$1,232	\$1,199	6.6%	7.2%	7.0%	17.6%	\$895	\$681	\$548	5.2%	4.0%	3.2%	11.3%
Yamana	\$2,574	\$312	\$313	\$479	12.1%	12.2%	18.6%	16.1%	\$245	\$178	\$298	9.5%	6.0%	11.6%	10.4%
Kinross	\$3,655	\$522	\$503	\$603	14.3%	13.8%	16.5%	15.5%	\$400	\$220	\$262	11.0%	6.0%	7.2%	8.0%
Centerra Gold	\$1,365	\$37	\$149	\$161	2.7%	10.9%	11.8%	14.4%	(\$15)	\$41	\$8	(1.1%)	3.0%	0.6%	4.5%
IAMGOLD	\$1,932	\$191	\$167	\$276	9.9%	8.6%	14.3%	14.1%	\$141	\$39	\$111	7.3%	2.0%	5.7%	3.9%
Eldorado	\$747	\$0	(\$5)	\$31	0.0%	(0.6%)	4.1%	(0.5%)	(\$0)	(\$44)	(\$19)	(0.0%)	(5.8%)	(2.5%)	(5.3%)
Detour Gold	\$1,391	\$12	\$65	\$161	0.9%	4.7%	11.6%	8.5%	(\$36)	(\$46)	\$22	(2.6%)	(3.3%)	1.6%	(6.4%)
AVERAGE					6.6%	12.1%	16.4%	17.1%				4.3%	5.6%	8.2%	9.5%
MID/SMALL CAP															
Premier Gold	\$496	\$12	\$63	\$150	2.4%	12.6%	30.2%	75.2%	\$7	\$28	\$98	1.4%	5.7%	19.7%	57.9%
Atlantic Gold	\$248	\$41	\$48	\$48	16.5%	19.5%	19.5%	43.5%	\$39	\$45	\$45	15.6%	18.3%	17.9%	47.8%
Pretium Resources	\$1,580	\$164	\$288	\$286	10.4%	18.2%	18.1%	52.0%	\$132	\$209	\$210	8.3%	13.2%	13.3%	44.3%
Roxgold	\$268	\$37	\$79	\$65	13.9%	29.6%	24.2%	38.0%	\$32	\$63	\$49	12.0%	23.5%	18.1%	35.5%
Endeavour Mining	\$1,765	\$188	\$407	\$448	10.6%	23.1%	25.4%	37.3%	\$163	\$286	\$291	9.2%	16.2%	16.5%	30.8%
Oceana Gold	\$1,756	\$299	\$287	\$335	17.1%	16.3%	19.1%	35.4%	\$277	\$213	\$233	15.8%	12.1%	13.2%	30.4%
Teranga Gold	\$526	\$82	\$144	\$148	15.6%	27.4%	28.1%	25.7%	\$60	\$87	\$84	11.5%	16.6%	15.9%	18.3%
Argonaut Gold	\$262	\$30	\$66	\$104	11.3%	25.1%	39.7%	31.0%	\$17	\$32	\$66	6.5%	12.1%	25.4%	16.0%
Alamos Gold	\$1,717	\$151	\$165	\$210	8.8%	9.6%	12.2%	24.5%	\$117	\$87	\$115	6.8%	5.1%	6.7%	15.2%
Torex Gold	\$300	\$15	\$17	\$78	5.0%	5.8%	26.1%	7.1%	\$12	\$8	\$29	4.0%	2.6%	9.5%	3.7%
Asanko Gold	\$192	\$30	\$48	\$119	15.7%	24.8%	61.9%	14.5%	\$13	\$1	\$56	6.5%	0.6%	29.2%	0.4%
Leagold Mining Corp	\$452	\$81	\$68	\$158	17.9%	14.9%	35.0%	12.0%	\$53	(\$6)	\$61	11.6%	(1.3%)	13.6%	(1.2%)
SSR Mining	\$1,057	\$2	\$44	\$111	0.2%	4.2%	10.5%	9.3%	(\$19)	(\$6)	\$36	(1.8%)	(0.6%)	3.4%	(1.6%)
AVERAGE					11.2%	17.8%	26.9%	31.2%				8.3%	9.6%	15.6%	22.9%
GROUP AVERAGE					8.4%	13.6%	19.4%	31.2%				6.1%	7.2%	10.9%	23.8%

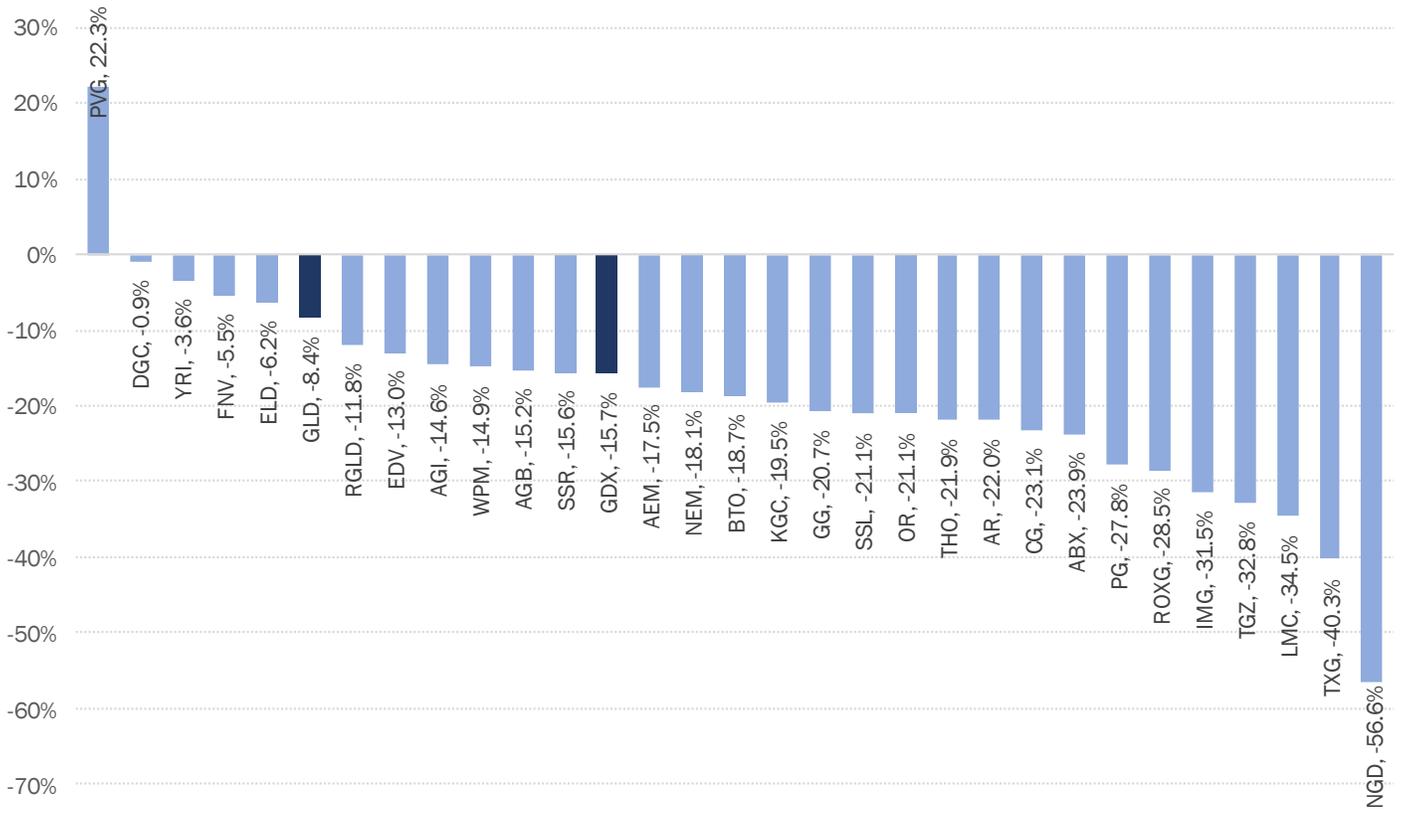
Source: Company Reports, Canaccord Genuity estimates

Figure 25: P/CF

Prices Close Date: 17-Aug-18								
Company	Price C\$/sh	Price US\$/sh	P/CF on CG Deck			P/CF at \$1,100 Au		
			2018	2019	2020	2018	2019	2020
ROYALTY								
Franco-Nevada	\$87.40	\$66.89	25.5x	20.8x	18.9x	27.2x	24.6x	23.2x
Osisko Gold Royalties	\$10.53	\$8.06	16.0x	16.2x	11.5x	17.6x	21.2x	15.3x
Wheaton Precious Metals	\$24.13	\$18.47	16.4x	15.6x	13.8x	18.2x	21.1x	19.2x
Royal Gold	\$102.03	\$78.09	17.5x	14.8x	15.2x	18.8x	17.4x	18.3x
Sandstorm Gold	\$4.70	\$3.60	13.2x	9.9x	9.1x	14.2x	11.8x	11.2x
AVERAGE			17.7x	15.5x	13.7x	19.2x	19.2x	17.4x
LARGE CAP								
Agnico Eagle	\$46.52	\$35.61	13.2x	10.2x	8.8x	15.9x	13.8x	12.5x
Newmont	\$41.89	\$32.06	9.1x	8.7x	8.5x	10.4x	12.0x	12.6x
Eldorado	\$1.23	\$0.94	8.7x	7.0x	5.9x	8.7x	10.9x	9.6x
Detour Gold	\$10.28	\$7.87	4.9x	5.4x	4.7x	5.9x	9.6x	8.7x
Goldcorp	\$14.04	\$10.75	8.8x	6.6x	5.8x	9.9x	8.7x	7.7x
IAMGOLD	\$5.40	\$4.13	5.7x	5.2x	3.9x	6.7x	8.2x	6.1x
Barrick	\$13.10	\$10.03	5.2x	5.0x	5.0x	5.8x	6.7x	7.0x
Yamana	\$3.54	\$2.71	4.6x	4.5x	3.4x	5.2x	6.0x	4.5x
Centerra Gold	\$5.73	\$4.39	4.7x	4.0x	2.7x	5.8x	6.0x	3.9x
B2Gold	\$2.85	\$2.18	5.2x	4.3x	3.8x	5.8x	5.7x	5.2x
Kinross	\$3.80	\$2.91	3.5x	3.8x	3.4x	3.9x	5.4x	5.1x
Tahoe Resources	\$4.93	\$3.77	10.9x	3.2x	2.6x	11.0x	4.5x	3.9x
New Gold	\$1.32	\$1.01	1.9x	1.6x	1.6x	2.1x	2.2x	2.4x
AVERAGE			6.6x	5.4x	4.6x	7.5x	7.7x	6.9x
MID/SMALL CAP								
SSR Mining	\$11.37	\$8.70	10.0x	8.2x	5.4x	12.4x	13.5x	8.6x
Asanko Gold	\$1.11	\$0.85	1.6x	3.2x	1.3x	1.9x	13.5x	2.2x
Alamos Gold	\$5.72	\$4.38	8.2x	6.5x	5.9x	9.7x	9.3x	8.8x
Oceana Gold	\$3.73	\$2.85	5.2x	5.5x	4.8x	5.5x	7.1x	6.6x
Leagold Mining Corp	\$2.07	\$1.58	3.3x	3.1x	1.9x	4.3x	6.3x	3.3x
Premier Gold	\$1.99	\$1.52	9.9x	4.4x	3.2x	11.7x	6.2x	4.7x
Pretium Resources	\$11.20	\$8.57	7.1x	4.7x	4.7x	8.4x	6.1x	6.0x
Torex Gold	\$3.63	\$2.78	3.6x	4.9x	2.4x	3.7x	5.8x	4.0x
Atlantic Gold	\$1.62	\$1.24	5.7x	5.3x	5.5x	5.8x	5.5x	5.9x
Argonaut Gold	\$1.92	\$1.47	4.4x	3.0x	2.2x	5.6x	5.0x	3.3x
Endeavour Mining	\$18.96	\$14.51	5.5x	3.3x	3.1x	6.0x	4.3x	4.4x
Roxgold	\$0.93	\$0.71	4.6x	3.3x	4.0x	5.0x	4.1x	5.3x
Teranga Gold	\$8.09	\$6.19	3.5x	2.6x	3.0x	4.1x	3.6x	4.6x
AVERAGE			5.6x	4.5x	3.6x	6.5x	7.0x	5.2x
GROUP AVERAGE			8.0x	6.6x	5.7x	8.9x	9.2x	7.9x

Source: Company Reports, Canaccord Genuity estimates

Figure 26: Relative share price performance (3 months)



Source: Company Reports, Canaccord Genuity estimates

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Date and time of first dissemination: August 20, 2018, 04:09 ET

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